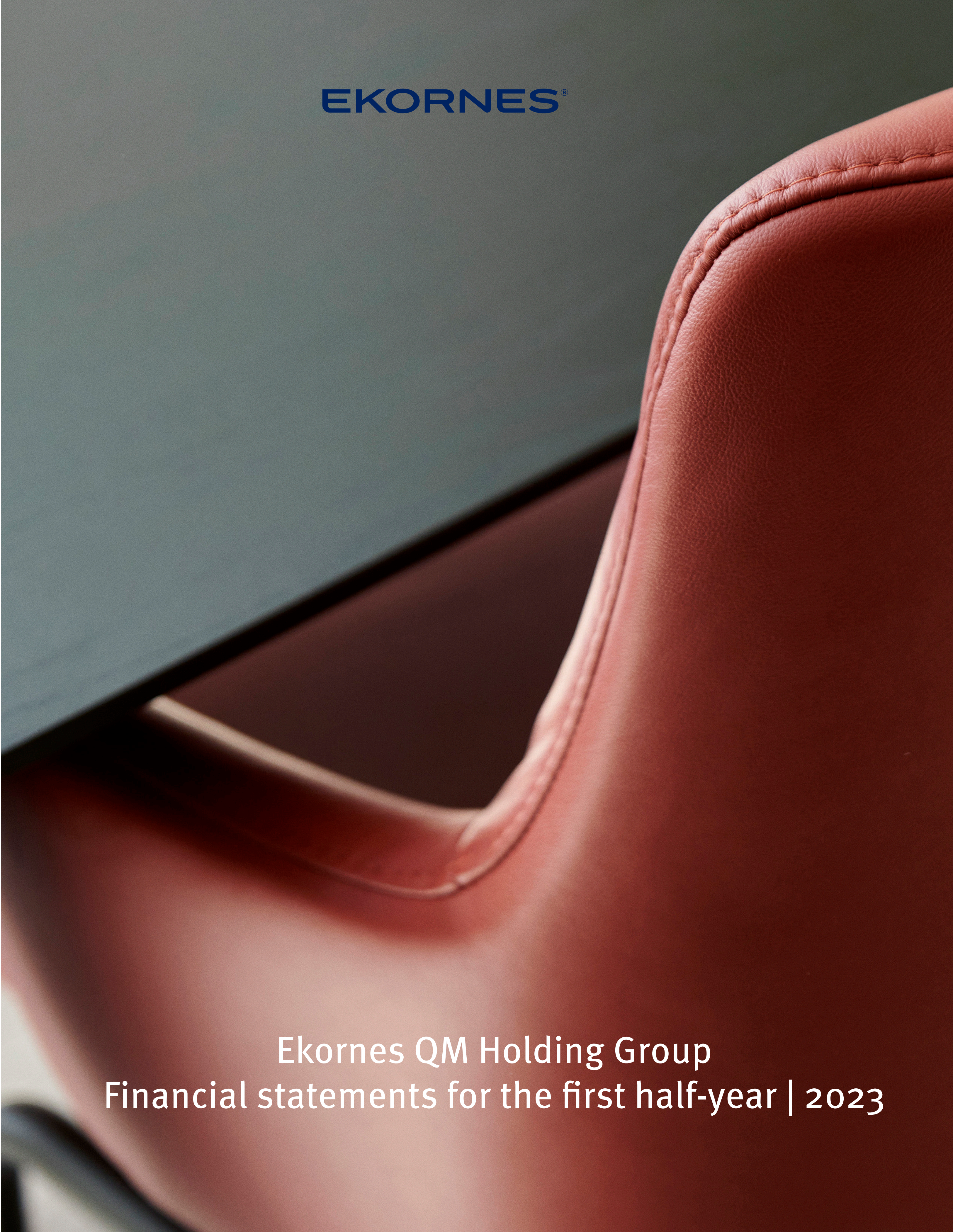
EKORNES



Ekornes QM Holding Group
Financial statements for the first half-year | 2023

Highlights

Second quarter and first half 2023 results

- Sales impacted by lower demand with Q2 2023 operating revenue of NOK 1 007 million, down 18% from Q2 2022
- Stressless® and Svane® revenues down 18% year-over-year while IMG revenues declined 21%
- Q2 2023 EBIT of NOK -17 million (86) impacted by continued high raw material prices, changes in product mix and losses on currency forward contracts
- "Focus 23" programme progressing as planned, effects expected to be gradually realised through the second half of 2023
- Net cash flow from operating activities positive at NOK 171 million for the quarter (125), driven by a reduction in working capital of NOK 172 million
- Solid financial position and strong liquidity, cash position of NOK 651 million at end of Q2 2023
- Order receipts down 10% from Q2 2022 and 22% from Q1 2023 to NOK 938 million
- Order reserve down 14% from Q1 2023 to NOK 694 million
- Tine Hammernes Leopold appointed as new CEO, starting 11 September 2023

ADAPTING TO A NEW PHASE

The furniture industry is in a new post-pandemic phase with sales stabilizing below the elevated levels experienced during the Covid-19 pandemic. The repercussions of the pandemic and Russia's war in Ukraine have led to high inflation and central banks worldwide are pursuing tight monetary policies in response. This has resulted in higher costs for the industry and impacted demand due to lower consumer spending.

In current market conditions, Ekornes has delivered robust sales and the company is implementing a series of initiatives through the "Focus 23" programme to control costs and protect profitability. Production capacity has been aligned with the current market sentiment and the company has restructured its operations in Asia, concentrating production into the Thailand facility. Furthermore, the Group is consolidating operations elsewhere, including the newly opened warehouse facility in Melbourne, which will serve as a common storage site for Stressless® and IMG in the Australian market. This underpins the strategic priority of maximizing operational efficiency and will lead to more cost-efficient production and reduced lead times, while supporting future growth.

As a part of the initiatives, Ekornes has also taken actions to optimize its product portfolio and adjust inventory levels. During the second quarter, inventories were reduced by NOK 145 million driven by lower stocks of raw materials and work-in-progress goods. The company maintains its targets to reduce the working capital by NOK 300 million and total operating expenses by NOK 200 million for the full year through the "Focus 23" programme. The implementation of the initiatives is progressing according to plan and the effects are expected to gradually materialize through the second half of 2023, as earlier indicated.

Ekornes remains committed to offer relevant and high-quality products through its strong brands. To enhance the service level and accelerate time to market for new products, the company continuously executes on its organisational restructuring and development programme "One Ekornes". Under the programme, the company has organized the product development and production departments in one unit. While this is expected to stimulate innovation and improve the product offering, the ambition to utilise the qualities and uniqueness of Ekornes' brands remains firm. This includes launching new products under the globally recognized premium Stressless® brand, such as the Stressless® Sky mattress, refining the established and affordable IMG brand and optimizing products of the high-quality Svane® brand.

In June, the company announced the appointment of Tine Hammernes Leopold as new CEO, starting 11 September 2023. Leopold comes from the position as CEO for Pierre Robert Group and has more than 20 years executive and board experience in Nordic-based branded consumer goods companies. Through her proven track of delivering successful commercial progress and long-term value, the Group is pleased to have Leopold lead Ekornes and continue developing the company. Interim CEO Fredrik Ødegård Nilsen will assume the position as deputy CEO and CFO.

With efficient production, strong brands and innovative product development, Ekornes is positioned to maintain a strong market position despite softer markets. The Group has a flexible operating model, proven resilient in economic downturns, and a solid financial position. As the initiated actions towards improving the margin materialize, Ekornes is building a solid foundation for long-term profitable growth.

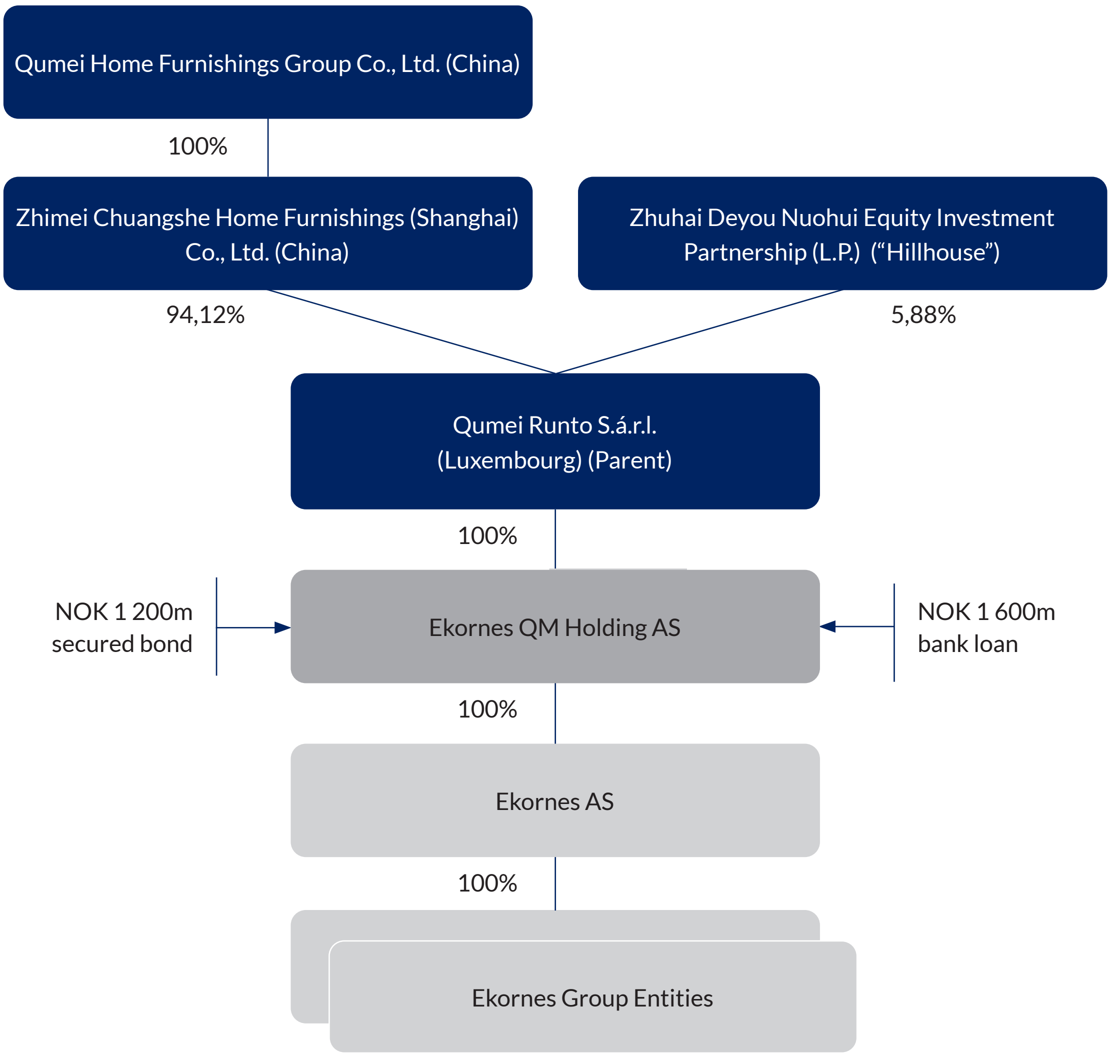
Company history and ownership

Ekornes QM Holding AS was founded 4 January 2018 with the purpose of acquiring the Ekornes Group. In May 2018, an offer was made to purchase the shares of all Ekornes shareholders. The share purchase was completed in August 2018 and Ekornes AS was delisted from the Oslo Stock Exchange in October 2018.

Norwegian ultimate parent company Ekornes QM Holding AS is a subsidiary of Qumei Home Furnishings Group. Qumei Group owns 94,12% of the shares in Qumei Runto S.à.r.l and Hillhouse owns the remaining shares.

Qumei Runto S.à.r.l owns 100% of the shares in Ekornes QM Holding AS. The Ekornes Group is the only operational part of the Ekornes QM Holding Group. The consolidated financial statements comprise the financial statements of the parent company Ekornes QM Holding AS and its subsidiaries as at 30 June 2023. Ekornes QM Holding AS had as at 30 June 2023 100% shareholding and voting rights in Ekornes AS who in its turn has a 100% ownership share and voting rights for all other consolidated companies.

(Ownership chart as at 30 June 2023)



Key figures

		Q2 2023	Q2 2022	Q1 2023	YTD Q2 2023	YTD Q2 2022	Y 2022
Gross operating revenue	**MNOK**	**1 007,0**	**1 232,7**	**1 134,6**	**2 141,5**	**2 720,2**	**4 928,2**
Stressless®	MNOK	744,5	903,1	895,8	1 640,3	2 008,9	3 645,9
IMG	MNOK	209,9	265,3	165,7	375,6	562,3	994,3
Svane®	MNOK	52,5	64,4	73,1	125,6	149,0	288,0
Gross operating earnings (EBITDA)	MNOK	63,9	167,3	48,1	112,0	476,9	675,0
Operating earnings (EBIT)	**MNOK**	**-16,8**	**85,9**	**-31,1**	**-47,9**	**319,9**	**355,5**
Operating margin (EBIT)	**%**	**-1,7%**	**7,0%**	**-2,7%**	**-2,2%**	**11,8%**	**7,2%**
Earnings before tax (EBT)	MNOK	-79,9	84,1	-75,5	-155,4	247,5	165,1
Net earnings	**MNOK**	**-63,4**	**66,8**	**-57,8**	**-121,2**	**195,4**	**138,6**
Net interest-bearing Debt (NIBD)	MNOK	2149,3	2 686,3	2 271,8	2149,3	2 686,3	2 628,6
Cash and Bank deposits end of period	MNOK	650,7	393,2	528,2	650,7	393,2	428,9

FINANCIAL REVIEW

(Figures in brackets represent the corresponding period in 2022).

SECOND QUARTER 2023 FINANCIAL REVIEW

Second quarter 2023 operating revenues came in at NOK 1 007 million, down 18% from the second quarter 2022. The reduction reflects sales normalizing at post-pandemic levels, driven by a decrease in households' disposable income due to cost inflation and higher interest rates. However, sales are still well above pre-pandemic levels, with revenues some 31% higher than the corresponding period in 2019.

Sales revenue from the Stressless® segment was NOK 745 million, down 18% from the second quarter 2022. Revenue from IMG declined 21% to NOK 210 million (263), but was up 27% from the previous quarter following the ramp-up in production at the Thailand facility. Revenue from Svane® decreased by 18% to NOK 53 million (64), impacted by fewer visitors in stores and reduced demand.

Cost of goods sold ended at NOK 362 million (388), with the improvement mainly driven by reduced production capacity and consolidation of operations. The cost level in the quarter was still affected by high raw material prices, which are currently declining. Ekornes expects the trend to continue, positively impacting costs in the second half of the year.

Payroll expenses decreased by 13% to NOK 300 million (344) following a reduction in the workforce and lower production. Other operating expenses came in at NOK 257 million (289), a reduction of 11% mainly due to lower transportation costs as shipping rates have continued to decline.

Net other gains and losses amounted to NOK 23 million (45), related to realized and unrealized losses on currency forward contracts. The losses were driven by a continued weakening of the NOK versus the EUR and USD during the quarter. See note 3 in the financial statements for more information.

Total operating expenses for the period ended at NOK 1 024 million, down 11% from NOK 1 147 million in the second quarter 2022. Compared to the previous quarter, operating expenses were reduced by 12%.

Operating earnings (EBIT) for the quarter came in at negative NOK 17 million (86), corresponding to an EBIT margin of -1.7%. This compared to 7.0% in the second quarter 2022 and -2.7% in the previous quarter. The negative margin reflects continued cost inflation, losses on currency forward contracts and changes in product mix due to shifting consumer patterns after the Covid-19 pandemic. Addressing the weaker margin, Ekornes continues cost reductions, price increases, concentration of operations and product portfolio optimization. The company expects the initiatives to gradually materialize during the second half of 2023.

For the second quarter 2023, net financial items were negative NOK 63 million (-2), including financial expenses of NOK 83 million (61). Financial income amounted to NOK 17 million during the quarter (6), while net foreign exchange gains came in at 3 million (53). Earnings before tax for the quarter ended at NOK -80 million (84). Tax benefit for the period is calculated to NOK 17 million, compared to a tax expense of NOK 17 million in the second quarter 2022. The net result for the quarter was negative NOK 63 million, compared to a net profit of 67 million in the corresponding period in 2022.

FIRST HALF 2023 FINANCIAL REVIEW

For the first half year, Ekornes generated operating revenue of NOK 2 142 million (2 720). The decline in revenues compared to the same period in 2022 largely reflects sales coming down from the elevated levels during the Covid-19 pandemic, with consumer spending weakened from higher interest rates and rising living costs. The reduction in revenues was partly offset by increased product prices and growing sales of the dining segment and motorized sofas.

Underlying sales revenue from the Stressless® segment was NOK 1 640 million (2 009), revenue from IMG was NOK 376 million (562), while revenue from Svane® amounted to NOK 126 million (149).

Due to lower sales and reduced capacity, payroll expenses decreased to NOK 644 million during the period, from NOK 708 million for the first six months of 2022. Cost of goods sold was NOK 759 million (856). Other operating expenses, including sales and marketing costs, ended at NOK 547 million, compared to NOK 648 million in the first half year 2022. The first half 2023 also included restructuring costs in relation to implementation of the "Focus 23" programme.

Operating earnings (EBIT) for the first half 2023 came in at a negative NOK 48 million, down from NOK 320 million in the first half 2022. The negative operating result is mainly attributed to lower sales in challenging markets, high raw material prices, changes in customers preferences shifting the product mix compared to last year and unrealized losses on currency forward contracts.

Net financial items were negative at NOK 108 million (-72), driven by financial expenses of NOK 199 million (117). The increase reflects expenses related to the refinanced capital structure in the first quarter 2023. Earnings before tax for the first half year were negative at NOK 155 million (248). Tax benefit for the first six months is calculated at NOK 34 million compared to a tax expense of NOK 52 million in the same period in 2022. This gave a net loss of NOK 121 million compared to a net result of 195 million for the first half 2022.

Order receipts and order reserve

		Q2 2023	**Q2 2022**	**Q1 2023**	**YTD Q2 2023**	**YTD Q2 2022**	**Y 2022**	**Change YTD 2023/ Change 2022**
Order receipts	MNOK	938,3	1 039,4	1 202,9	2 141,2	2 422,1	4 350,7	-13%
Order reserve	MNOK	694,2	1 052,7	804,4	694,2	1 052,7	750,7	-36%

Order receipts in the second quarter 2023 amounted to 938 million, down 10% from NOK 1 039 million in the second quarter 2022. Compared to the first quarter 2023, order receipts fell by 22%.

As of 30 June 2023, Ekornes' combined order reserve was NOK 694 million, down 34% from NOK 1 053 million at the end of the second quarter 2022. The order reserve at the end of the previous quarter was NOK 804 million.

Balance Sheet

		30.6.2023	30.6.2022	31.3.2023	31.12.2022
Working capital*	MNOK	1 313,9	1 694,8	1 486,5	1 481,5
Bank deposits	MNOK	650,7	393,2	528,2	428,9
Total assets	MNOK	8 211,1	8 472,1	8 212,4	8 104,9
Interest-bearing loans	MNOK	2 800,0	3 079,5	2 800,0	3 057,5
Total liabilities	MNOK	4 488,4	5 059,2	4 468,1	4 749,1
Equity	MNOK	3 722,7	3 412,9	3 744,4	3 355,9
Equity ratio	%	45,3%	40,3%	45,6%	41,4%
Value of forward contracts	MNOK	-43 ,0	-25,3	-40,9	-2,7
Net interest-bearing Debt (NIBD)	MNOK	2149,3	2 686,3	2 271,8	2 628,6

* Working capital = trade receivables + inventory – trade payables

As of 30 June 2023, Ekornes had total assets of NOK 8 211 million, stable from three months earlier. Inventory and trade receivables decreased by NOK 145 million and NOK 26 million, respectively, while cash and bank deposits increased by NOK 122 million. Total equity was NOK 3 723 million at the end of the quarter, corresponding to an equity ratio of 45%. This compares to NOK 3 744 million and 46% at the end of the previous quarter.

Total interest-bearing debt at the end of the period amounted to NOK 2 800 million, unchanged from the preceding quarter. Ekornes refinanced its bond and bank debt in the first quarter 2023. The current debt structure includes a NOK 1.2 billion bond and a NOK 1.6 billion term loan with DNB and Sparebank Møre. The bond matures in September 2026 and the bank loan in March 2026.

The bond was issued 10 March 2023 by Ekornes QM Holding AS and partly refinanced the former NOK 2.0 billion bond which Ekornes exercised call options to redeem 3 April 2023. The new bond was listed on Oslo Stock Exchange on 29 June 2023 under the name "Ekornes QM Holding AS 23/26 FRN Floor C". Ekornes has call options to redeem the bond prior to maturity.

The new financing structure with more equity, less bond debt and more bank debt reduces the company's total financing cost and improves the Group's financial position.

Financial covenants

The bond agreement is subject to a set of financial covenants, including a minimum liquidity of NOK 350 million and a maximum leverage ratio of 8.0 at issuance. The maximum allowed leverage ratio has a gradual step-down mechanism towards 4.5 by end-2024. The covenants are measured quarterly on a 12-month rolling basis for Ekornes QM Holding Group. The bond agreement also includes restrictions on dividend payments from Ekornes QM Holding AS and the company is currently not in position to distribute any dividends. See note 6 for more information.

As at 30 June 2023, Ekornes was compliant with all covenant requirements in the bond agreement. The leverage ratio at the end of the quarter 2023 was 6.49 well below the maximum allowed.

Cash flow

		Q2 2023	Q2 2022	Q1 2023	YTD Q2 2023	YTD Q2 2022	Y 2022
Net cash flow from operating activities	MNOK	170,6	124,6	19,8	190,4	199,9	340,5
Net cash flow from investing activities	MNOK	-22,2	-60,0	-21,3	-43,6	-88,4	-145,3
Net cash flow from financing activities	MNOK	-15,9	-26,7	91,5	75,5	-54,0	-112,0
Change in net cash & cash equivalents	**MNOK**	**132,4**	**37,9**	**89,9**	**222,3**	**57,5**	**83,3**
Effect of exchange gains / (losses) on cash and cash equivalents	MNOK	-9,9	-12,7	9,5	-0,5	-14,4	-4,5
Net cash & cash equivalents at the start of the period	MNOK	528,2	368,0	428,9	428,9	350,1	428,9
Net cash & cash equivalents at the close of the period	**MNOK**	**650,7**	**393,2**	**528,2**	**650,7**	**393,2**	**528,2**

Net cash flow from operating activities in the second quarter 2023 was NOK 171 million (125), driven by a NOK 172 million reduction in working capital. This includes NOK 145 million in lower inventory, primarily raw materials and work-in-progress goods, and a reduction of NOK 26 million in trade receivables. Ekornes has a sharp focus on bringing down the working capital from the levels seen during the extraordinary demand boost in the Covid-19 pandemic, and current initiatives of optimizing the product portfolio have already proved effective. The company seeks to continue reducing the working capital in the coming quarters, to be aligned with current market conditions.

Net cash flow from investing activities was negative at NOK 22 million in the quarter (-60), all related to ongoing investments in day-to-day operations. As part of the initiatives to safeguard operations through times of softer market conditions, Ekornes has temporarily reduced investments to ensure adequate cash flow generation.

Net cash flow from financing activities was negative at NOK 16 million during the quarter, compared to negative NOK 27 million in the corresponding period in 2022. The amount is entirely due to payment of lease liabilities in the quarter.

Net change in cash and cash equivalents was positive NOK 132 million during the quarter and as at 30 June 2023, Ekornes had a strong cash position of NOK 651 million. This compares to NOK 393 million 12 months earlier and NOK 528 million at the end of the first quarter 2023.

The division into product areas is based on the Group's management and internal reporting structures and coincides with the division into segments.

Stressless®

		Q2 2023	Q2 2022	Q1 2023	YTD Q2 2023	YTD Q2 2022	Y 2022
Gross operating revenue	MNOK	744,5	903,1	895,8	1640,3	2008,9	3 645,9
Gross operating earnings (EBITDA)	MNOK	30,3	114,9	32,2	62,5	358,0	538,1
Operating earnings (EBIT)	**MNOK**	**-26,9**	**54,8**	**-23,7**	**-50,6**	**243,2**	**305,4**
Operating margin (EBIT)		-3,6%	6,1%	-2,6 %	-3,1%	12,1%	8,4%

Sales of Stressless® were impacted by lower demand for furniture in the second quarter, with higher interest rates and rising overall living costs reducing consumers' purchasing power. However, as these effects impact the overall industry, the brand has maintained its strong position across core markets. Revenues for the second quarter decreased by 18% to NOK 745 million compared to the second quarter 2022 and by 17% from the previous quarter. Revenues were still considerably above the corresponding period in 2019, with an increase of 25%.

Operating earnings (EBIT) for the quarter ended at negative NOK 27 million, corresponding to an operating margin of -3.6% (6.1%). The weak margin reflects higher costs and a different sales mix following changes to consumer patterns after the Covid-19 pandemic. Ekornes is addressing the weak margin development through ongoing initiatives to reduce the cost base, increase prices and to optimize operations and the product portfolio.

In North America, sales have come down from the elevated levels experienced during the pandemic, when the region was the main contributor to strong sales. The high inflation and tight household finances have led to somewhat lower activity and sales. However, inflation has started to slow, and over the years Stressless® has gained a strong market position in the region. Shipping rates to the US markets have also continued to decline, positively affecting cost levels. Additionally, the launch of the Stressless® Sky mattress in April has been well received and roll-outs in several more locations are scheduled in the second half of the year.

Market conditions in Europe remained challenging during the second quarter with fewer visitors in stores and reduced consumer spending. Sales were also impacted by retailers working to reduce their in-house stock. In addition, markets in Southern Europe were impacted by numerous strikes during the period.

Despite slowing overall demand, Stressless® remains one of the top performing brands in the European markets, and the successful launch of new products has offset some of the lower activity. Recliners have benefitted from the introduction of new models and the refreshing of classic products, while Stressless® Dining continues to grow sales. However, the outlook in Europe remains uncertain and Ekornes has a strong focus on promotion initiatives and product development to stimulate growth in the region.

Sales in the Nordic markets have also been impacted by lower consumer spending and reduced traffic in stores. Premium products have shown indications of declining sales due to increased price sensitivity among customers. Nevertheless, Stressless® is keeping its markets share, considering the overall industry's reduced sales in the Nordic region. Looking ahead, the strategic focus is on further developing the product portfolio while supporting growth of the most popular products.

In Asia-Pacific, activity has picked up and traffic in store increased alongside liftings of Covid-19-related restrictions. The positive trend on order intake was further supported by successful launches of new products in stores and at furniture fairs, particularly in Japan. In China, Stressless® continues its expansion with six new stores opened in six cities during the first half of 2023. Although economic uncertainties in the region have impacted the rebound, the recovery in demand is expected to continue.

Sales in New Zealand saw a positive trend in the second quarter, driven by a sharpening of the product portfolio, winter discount campaigns and opening of new stores. The Australian market, on the other hand, experienced a decline in sales during the quarter with higher interest rates and spiking energy prices impacting household spending. Over the last decade, Stressless® has experienced significant growth across Australia and New Zealand with the brand now selling in over 110 leading premium retailers across both countries. To support continued future growth while maximizing operational efficiency, Ekornes gathered Stressless® and IMG operations in one common warehouse facility in Melbourne. The top-modern facility has been developed over several years and will be instrumental in offering a broad range of products at significantly reduced lead times in the Australian market.

Despite the impact from a global slowdown in demand, Stressless® continues to deliver a robust performance, and sales in the second quarter also indicate that the brand is selling above pre-pandemic levels. While cost levels remain a challenge, Ekornes is focused on implementing the initiatives outlined above. Overall, Ekornes is committed to offering relevant Stressless® products with premium quality to customers. Efforts are ongoing to revamp existing models while introducing new innovative products. These include further roll-out of Stressless® mattresses in North America and supporting continued growth of the dining segment. With a strong market position and a proven, flexible operating model, Stressless® has a solid foundation for long-term profitable growth.

IMG

		Q2 2023	Q2 2022	Q1 2023	YTD Q2 2023	YTD Q2 2022	Y 2022
Gross operating revenue	MNOK	209,9	265,3	165,7	375,6	562,3	994,3
Gross operating earnings (EBITDA)	MNOK	32,8	57,8	20,0	52,8	121,0	145,8
Operating earnings (EBIT)	**MNOK**	**10,2**	**37,2**	**-2,6**	**7,6**	**80,2**	**62,0**
Operating margin (EBIT)		4,9%	14,0%	-1,6%	2,0%	14,3%	6,2%

IMG delivered solid performance in the second quarter 2023, driven by the ramp-up in production at the facility in Thailand and positive development in order intake. IMG revenues for the quarter came in at NOK 209 million, down 21% from the corresponding period in 2022, but up 27% from NOK 166 million in the previous quarter.

Operating earnings (EBIT) for the segment ended at NOK 10 million (37), corresponding to an operating margin of 4.9% (14.0%). The lower margin reflects lower revenues and non-recurring costs associated with the consolidation of Asian operations in Thailand. The upgraded facility is currently ramping-up production and the capacity will be utilized for both Stressless® and IMG operations. As efficiency gradually increases and operations are further streamlined, costs are expected to decline going forward.

The first half of 2023 indicates IMG sales are stabilizing at healthy levels, with year-to-date order intake down approximately 10% compared to last year. Europe delivered strong sales as the brand has gained market share in all core markets.

In the Nordics, IMG showed a positive development in the quarter for all markets. With interest rates continuing to increase and living costs rising, customers are seeking more affordable alternatives favouring the IMG brand. The development going forward is still expected to be challenging, with lower demand and with especially the weak NOK and SEK currencies causing price increases across the market in general.

North America posted stable sales during the quarter, with large orders from major retailers driving performance. The region also benefitted from production picking up pace at the Thailand facility and the introduction of new recliners and sofas. Expanding the IMG footprint by accessing more retailers and stimulating sales through product launches and furniture fairs will be main priorities for the second half of the year.

In Asia-Pacific, the Australian market is the largest and is expected to benefit from the before mentioned common warehouse for Stressless® and IMG through reduced lead times and more efficient operations. In the quarter, a gradual recovery in demand in China, India and Japan further supported sales.

IMG remains focused on right-sizing operations to match expected demand for 2023. Throughout recent quarters, Ekornes has put significant efforts into increasing efficiency in production and streamlining the product portfolio. These efforts will continue in the second half of 2023 and are expected to positively impact performance alongside activity picking up in Asia.

Svane®

		Q2 2023	Q2 2022	Q1 2023	YTD Q2 2023	YTD Q2 2022	Y 2022
Gross operating revenue	MNOK	52,5	64,4	73,1	125,6	149,0	288,0
Gross operating earnings (EBITDA)	MNOK	1,5	-4,9	-3,1	-1,6	-0,7	-6.8
Operating earnings (EBIT)	**MNOK**	**0,7**	**-5,6**	**-3,9**	**-3,2**	**-2,2**	**-9,9**
Operating margin (EBIT)		1,3%	-8,7%	-5,3%	-2,5%	-1,5%	-3,4%

The low demand for beds and mattresses continued to weigh on Svane® in the quarter, with operating revenues of NOK 53 million (64), down 18% from the second quarter 2022 and down 28% from the previous quarter. Operating earnings (EBIT) came in slightly positive at NOK 1 million which compares to a negative NOK 6 million in the corresponding period last year. The operating margin of 1.3% reflects a generally low demand for premium products and cost pressure across the value chain.

The Norwegian market continued to be characterized by demand for lower-priced products as customers' purchasing power has weakened, reducing demand for high-quality products in the Svane® product offering. Due to the shift in consumer preferences, retailers continue to favour their own low-priced labels.

The weak trend in Denmark and Sweden, with low store traffic, continued in the second quarter. Svane® has launched new products in response which is expected to have a positive impact on sales and margins in the second half of the year.

In Central Europe, sales of Svane® products declined in the quarter and the trend with fewer visitors in store continued. However, opposite to the Nordic markets, the high-end mattress segment delivered stable sales and marketing campaigns are planned in the second half of the year to boost activity and sales.

In Finland, the development for Svane® improved, as newly signed agreements with leading retailers supported its performance. In pursuit of enhancing its market position in Finland, Ekornes is prioritizing robust campaigns for its best-selling products.

Outlook

The furniture industry is experiencing a slower post-pandemic pace with lower demand as consumer spending on household and furniture suffers from rising living expenses. Although demand for quality furniture is expected to be firm in the longer term, the short-term outlook remains uncertain.

Ekornes has adapted to the challenging market conditions by right-sizing capacity and implementing the “Focus 23” programme to control costs and protect profitability. The programme is progressing according to plan and the Group expects to gradually realize effects during the second half of 2023, including an overall reduction in operating expenses by NOK 200 million and reduced working capital by NOK 300 million by year end.

Amidst this, cost pressure has persisted across the industry and the first half of the year saw high raw material prices. Currently, however, prices are declining and the trend is expected to continue in the second half of the year, positively affecting the margin development. In parallel, Ekornes continues to increase prices for its products and the effects are expected to gradually materialize through the remainder of the year.

To further improve resilience and sharpen the product offering, Ekornes continues to streamline operations and simplify its organization. This includes combining Stressless® and IMG operations and organizing the product development and production department in one unit. These efforts aim to stimulate product development while increasing operational efficiency, and will continue going forward.

Ekornes remains committed to deliver relevant products with short delivery times. Through efficient production, strong brands and a comprehensive distribution network, Ekornes is positioned to maintain a strong market position despite softer markets. The Group has a flexible operating model, proven resilient in economic downturns, and a solid financial position. As the initiated actions towards improving the margin gradually materialize, Ekornes is building a solid foundation for long-term profitable growth.

Related parties

The Group’s related parties comprise members of the board and management, as well as companies those individuals` control or have a significant influence over.

Ruihai Zhao, who chairs the board of directors, is one of the primary shareholders of Qumei Home Furnishings Group. IMG sells furniture in the Chinese market through Qumei`s stores in China. The agreement regulating these transactions has been entered into at market terms and based on the arm’s length principle.

No other material transactions were undertaken with related parties in the quarter.

H & S

As at 30 June 2023, Ekornes employed a total of 2 719 people, of which 39% were employed in Norway.

Ekornes gives high priority to the safety of its workforce and aims for zero work-related personal injuries. The Group is working actively in the areas of prevention and emergency preparedness to reduce the number of personal injuries incurred. There were 3 lost-time injuries in the second quarter 2023. This gives an H1-value for the period of 2,2 compared to 4,8 the same period the year before.

The Group had a sickness absence rate of 3,4% in the second quarter 2023, compared to 3,9% in the second quarter 2022.

Risks and uncertainties

Ekornes' business risk relates to fluctuations in the economic cycle, changes in market conditions, competitors, political and legal conditions as well as general patterns of consumption in the markets in which the Group operates.

During the Covid-19 pandemic, Ekornes initiated a series of operational and financial actions to mitigate market, operational and financial risk. However, due to the "home nesting" effect with increased consumer spending on home refurbishment and furniture, the company experienced a significant rebound in demand during the second half of 2020, continuing well into 2022. At the same time, the SARS-CoV-2 virus impacted both markets and operations with shutdowns and restrictions.

During the pandemic, logistics and transportation became increasingly challenging for the furniture industry, impacting both the ability to bring products to market and secure access to input factors. An already stressed value chain became increasingly stretched by the resurgence of post-pandemic economic activity, as well as the Russian invasion of Ukraine last February.

The result has been rising inflationary pressures, not least from energy prices, which in turn is being combatted by central banks worldwide through rising interest rates. With higher prices and increasing interest rates impacting overall consumer spending, and a shift in spending away from home refurbishing and furniture, the "home nesting" effect from the pandemic has evaporated. As a result, Ekornes is facing lower economic activity that affects demand for its products, its sales channels and for other parts of the value chain.

In response, the company launched in January 2023 several initiatives to protect profitability and stay competitive through the "Focus 23" programme. The objective of the programme is to increase margins and efficiency, reduce the company's cost base and to safeguard cash flow. Initiatives include portfolio optimization, further price increases, renegotiations with partners and suppliers and rightsizing of operational capacity to align with prevailing consumer demand. Combined, the programme targets cost reductions of NOK 200 million by the end of 2023, ensuring a more resilient business model. There is no guarantee that the company achieves the targeted costs reductions within the indicated timeline. The demand level for Ekornes' products is continuously fluctuating and there is a risk of initiating further mitigating actions beyond those outlined above. The Group is closely following the implementation of the "Focus 23" programme and is continuously positioning itself to adjust production capacity to prevailing demand through its flexible operating model.

Ekornes has production facilities in Norway, Lithuania, Thailand and the USA. This implies that the company's market, currency and sourcing risks are naturally diversified, at the same time as the company's competitiveness is affected by changes in exchange rates versus the NOK. The Group seeks to minimize this risk by various forms of hedging, including currency forward contracts.
Product development and the launch of new concepts are part of Ekornes' growth strategy. How the market responds to new products is always uncertain. In addition, there is always a risk of unforeseen operational problems which may result in costs and earnings deviating from predictions.

For more information on the Group's risk factors and risk management, reference is made to the company's 2022 Annual Report scheduled published on ekornes.com/investor-relations.

Events after the balance sheet date

No significant events have occurred between the balance sheet date and the date of publication of the financial statements which have materially affected the Company's financial position, and which should have been reflected in the financial statements presented here. No material events have occurred from the balance sheet date until the publication of the financial statements that have had any material impact on the Group's financial position and that should have been reflected in the published financial statements.

Statement by the board of directors and CEO

We confirm, to the best of our knowledge, that the unaudited, condensed half-year financial statements for the period 1 January to 30 June 2023 have been prepared in conformity with IAS 34 Interim Reporting, and that the information in the financial statements provides a fair view of the enterprise and the Group's assets, liabilities, financial position and overall results, and that the half-year report provides a fair overview of the information specified in section 5-6, fourth paragraph, of the Norwegian Securities Trading Act.

Oslo, August 29th, 2023
The board of Ekornes QM Holding AS

Ruihai Zhao
Chair

Mogens Falsig
Director and CEO

Consolidated income statement

(Figures in MNOK, except per share data)	Note	Q2 2023	Q2 2022	Q1 2023	YTD Q2 2023	YTD Q2 2022	Y 2022
Gross operating revenue	**2**	**1 007,0**	**1 232,7**	**1 134,6**	**2 141,5**	**2 720,2**	**4 928,2**
Cost of goods sold		361,9	387,7	397,5	759,4	855,7	1 632,2
Payroll expenses		300,5	344,0	343,7	644,2	708,0	1 289,0
Depreciation and write downs	5	80,6	81,3	79,2	159,9	157,0	319,6
Other operating expenses		257,2	289,1	289,5	546,7	648,2	1 308,7
Net other losses (gains)	3	23,5	44,7	55,8	79,3	31,5	23,3
Total operating expenses		**1 023,8**	**1 146,8**	**1 165,6**	**2 189,4**	**2 400,3**	**4 572,7**
Operating earnings (EBIT)		**-16,8**	**85,9**	**-31,1**	**-47,8**	**319,9**	**355,5**
Financial income		17,4	6,2	16,6	34,0	10,4	33,9
Net gains (losses) on foreign exchange		2,5	52,8	54,9	57,4	34,5	39,5
Financial expenses		83,0	60,9	115,9	198,9	117,3	263,7
Net financial items		**-63,1**	**-1,8**	**-44,4**	**-107,5**	**-72,4**	**-190,3**
Earnings before tax (EBT)		**-79,9**	**84,1**	**-75,5**	**-155,4**	**247,5**	**165,1**
Calculated tax cost (Income)		16,5	17,3	17,7	34,2	52,1	26,6
Net earnings		**-63,4**	**66,8**	**-57,8**	**-121,2**	**195,4**	**138,6**
Earnings per share		-2 112,0	2 226,2	-1 927,3	-4 039,4	6 513,6	4 618,6
Earnings per share (diluted)		-2 112,0	2 226,2	-1 927,3	-4 039,4	6 513,6	4 618,6

Consolidated statement of comprehensive income

(Figures in MNOK)	Note	Q2 2023	Q2 2022	Q1 2023	YTD Q2 2023	YTD Q2 2022	Y 2022
Net earnings		**-63,4**	**66,8**	**-57,8**	**-121,2**	**195,4**	**138,6**
Other income and expenses:							
Items which can be reclassified to earnings and loss:							
Translation differences	5	41,7	149,4	94,3	136,1	134,5	134,3
Total other income and expenses		**41,7**	**149,4**	**94,3**	**136,1**	**134,5**	**134,3**
Total comprehensive income		**-21,6**	**216,2**	**36,5**	**14,9**	**329,9**	**272,9**

Consolidated balance sheets

(Figures in MNOK)	Note	30.6.2023	30.6.2022	31.3.2023	31.12.2022
ASSETS					
Non-current assets					
Buildings and sites		935,0	924,8	945,7	945,2
Machinery and equipment		255,4	276,4	258,0	283,1
Operating movables and fixtures		27,9	28,9	29,0	28,6
Assets under construction		36,2	68,4	32,8	5,8
Right-of-use assets		226,2	225,7	218,1	213,4
Total property, plant & equipment		**1 480,7**	**1 524,1**	**1 483,6**	**1 476,0**
Software and licenses		45,5	32,9	46,7	47,6
Brand name	5	1 459,8	1 500,5	1 470,0	1 480,2
Goodwill	5	1 561,1	1 561,1	1 561,1	1 561,1
Customer relations	5	1 268,3	1 230,9	1 253,1	1 194,2
Deferred tax assets		140,3	115,7	97,3	96,8
Total non-current intangible assets		**4 475,0**	**4 441,1**	**4 428,2**	**4 379,8**
Other receivables and investments		26,2	28,3	26,8	23,1
Total non-current financial assets		**26,2**	**28,3**	**26,8**	**23,1**
Total non-current assets		**5 982,0**	**5 993,6**	**5 938,7**	**5 878,9**
Current assets					
Inventory		948,2	1 334,3	1 093,4	1 197,2
Trade receivables		525,5	645,4	551,7	474,2
Other short-term receivables		104,7	105,6	100,4	125,7
Cash and bank deposits		650,7	393,2	528,2	428,9
Total current assets		**2 229,2**	**2 478,5**	**2 273,7**	**2 226,0**
TOTAL ASSETS		**8 211,1**	**8 472,1**	**8 212,4**	**8 104,9**

Consolidated balance sheets

(Figures in MNOK)	Note	30.6.2023	30.6.2022	31.3.2023	31.12.2022
EQUITY AND LIABILITIES					
Equity					
Contributed equity					
Share capital	7	0,2	0,1	0,2	0,1
Premium paid		3 159,3	2 807,4	3 159,3	2 807,4
Total contributed equity		**3 159,5**	**2 807,5**	**3 159,5**	**2 807,5**
Retained earnings					
Translation difference		329,3	193,4	287,5	193,2
Other equity		234,0	412,0	297,4	355,2
Total retained earnings		**563,3**	**605,4**	**584,9**	**548,4**
Total equity		**3 722,7**	**3 412,9**	**3 744,4**	**3 355,9**
Non-current liabilities					
Pension liabilities		7,8	8,3	7,9	7,4
Provisions		4,1	3,3	4,0	3,6
Deferred tax		803,5	802,5	796,9	783,8
Lease liabilities		181,9	189,0	173,3	171,8
Interest-bearing debt - Bond	6	1 187,5	2 017,0	1 188,2	0,0
Interest-bearing debt - Bank	6	1 594,4	0,0	1 592,0	0,0
Total non-current liabilities		**3 779,3**	**3 020,2**	**3 762,5**	**966,6**
Current liabilities					
Trade payables		159,8	284,9	158,6	189,9
Public charges payable		72,8	91,2	60,2	65,6
Tax payable		19,7	97,7	8,4	47,6
Forward currency contracts	3	43,0	25,3	40,9	2,7
Interest-bearing debt - Bank	6	0,0	1 062,5	0,0	1 037,5
Interest-bearing debt - Bond	6	0,0	0,0	0,0	2 020,0
Lease liabilities		63,9	51,9	62,9	58,1
Other current liabilities		349,9	425,4	374,6	361,1
Total current liabilities		**709,1**	**2 039,0**	**705,6**	**3 782,5**
Total liabilities		**4 488,4**	**5 059,2**	**4 468,1**	**4 749,1**
TOTAL EQUITY AND LIABILITIES		**8 211,1**	**8 472,1**	**8 212,4**	**8 104,9**

Consolidated statement of cash flows

(Figures in MNOK)	Note	Q2 2023	Q2 2022	Q1 2023	YTD Q2 2023	YTD Q2 2022	Y 2022
Cash flows from operating activities							
Earnings before tax (EBT)		-79,9	84,1	-75,5	-155,4	247,5	165,1
Tax paid for the period		-14,3	-33,6	-10,3	-24,6	-93,8	-139,8
Depreciation and write downs		80,6	81,3	79,2	159,9	157,0	319,6
Change in inventory		145,2	-124,9	103,8	249,0	-62,0	75,1
Change in trade receivables		26,2	37,4	-77,4	-51,3	-196,5	-25,3
Change in trade payables		1,2	-31,7	-31,3	-30,1	-47,3	-142,2
Change in other time limited records		11,6	112,0	31,3	42,8	194,9	88,1
Net cash flow from operating activities		**170,6**	**124,6**	**19,8**	**190,4**	**199,9**	**340,5**
Cash flows from investing activities							
Proceeds from sale of PP&E		0,5	0,0	0,1	0,6	9,6	9,7
Payments for purchase of PP&E		-22,7	-60,0	-21,5	-44,2	-98,0	-155,1
Net Cash flows from investing activities		**-22,2**	**-60,0**	**-21,3**	**-43,6**	**-88,4**	**-145,3**
Cash flows from financing activities							
Payment of lease liabilities		-15,9	-14,2	-15,5	-31,5	-29,0	-62,0
Proceeds from issue of share capital		0,0	0,0	352,0	352,0	0,0	0,0
Proceeds from bond borrowings	6	0,0	0,0	1 200,0	1 200,0	0,0	0,0
Repayment of bond borrowings	6	0,0	0,0	-2 020,0	-2 020,0	0,0	0,0
Proceeds from bank borrowings	6	0,0	-12,5	-1 025,0	-1 025,0	-25,0	-50,0
Repayment of bank borrowings	6	0,0	0,0	1 600,0	1 600,0	0,0	0,0
Net cash flow from financing activities		**-15,9**	**-26,7**	**91,5**	**75,5**	**-54,0**	**-112,0**
Change in net cash & cash equivalents		**132,4**	**37,9**	**89,9**	**222,3**	**57,5**	**83,3**
Effect of exchange gains / (losses) on cash and cash equivalents		-9,9	-12,7	9,5	-0,5	-14,4	-4,5
Net cash & cash equivalents at the start of the period		528,2	368,0	428,9	428,9	366,2	350,1
Net cash & cash equivalents at the close of the period		**650,7**	**393,2**	**528,2**	**650,7**	**393,2**	**428,9**
Restricted cash at the end of the period*		15,3	159,3	15,2	15,3	159,3	149,3
Unrestricted cash at the end of the period		635,4	233,9	513,0	635,4	233,9	279,6

In the statement of cash flow, cash and bank deposits are recognized as cash. The restricted cash on 30 June 2023 are related to the payment of employee tax deductions.

Consolidated statement of changes in equity

(Figures in MNOK)	Share capital	Premium paid	Translation difference	Other equity	Sum
Equity 31.12.2021	**0,1**	**2 807,4**	**58,9**	**216,6**	**3 083,0**
Earnings for the period	0,0	0,0	0,0	138,6	**138,6**
Other comprehensive income	0,0	0,0	134,3	0,0	**134,3**
Equity 31.12.2022	**0,1**	**2 807,4**	**193,2**	**355,2**	**3 355,9**
Equity 31.12.2022	**0,1**	**2 807,4**	**193,2**	**355,2**	**3 355,9**
Earnings for the period	0,0	0,0	0,0	-121,2	**-121,2**
Other comprehensive income	0,0	0,0	136,1	0,0	**136,1**
Proceeds from issue of share capital	0,0	352,0	0,0	0,0	**352,0**
Equity 30.6.2023	**0,2**	**3 159,3**	**329,3**	**234,0**	**3 722,7**

Notes to the consolidated financial statements

NOTE 1 Accounting principles

The consolidated financial statements for the second quarter 2023, closed as at 30 June 2023 have been prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the EU, and include Ekornes QM Holding AS and its subsidiaries.

The interim report has not been audited. The interim report does not include all the information required of a complete set of year-end financial statements and should therefore be read in conjunction with the consolidated financial statements for 2022. The 2022 annual report, which contains the Group's consolidated financial statements and the financial statements for the parent company Ekornes QM Holding AS , may be found on the company's website www.ekornes.com/en/investor-relations/reports.

The accounting principles used in the preparation of these interim financial statements are the same as those applied to the consolidated financial statements for 2022.

NOTE 2 Business areas – segments - markets

Segments
The division into product areas is based on the Group's management and internal reporting structures and coincides with the division into segments.

Ekornes QM Holding Group's business is divided into the segments/product areas:
- Stressless®, which covers the Stressless® product area
- IMG, which covers the IMG product area
- Svane®, which covers the Svane® product area

The Group's administration expenses and other shared overheads are allocated to the segments. Internal pricing between the segments is based on arm's length prices at corresponding terms as transactions with independent third parties. Management regularly monitors the business segments' profit/loss and uses this information to perform analyses of their performance and to make decisions regarding resource allocation. Each segment's performance is assessed on the basis of its operating profit and is measured consistently with the operating profit in the consolidated financial statements.

Information relating to the Group's reportable business segments is presented below:

(Figures in MNOK)	Q2 2023	Q2 2022	Q1 2023	YTD Q2 2023	YTD Q2 2022	Y 2022
Revenues per segment						
Stressless®	744,5	903,1	895,8	1 640,3	2 008,9	3 645,9
IMG	209,9	265,3	165,7	375,6	562,3	994,3
Svane®	52,5	64,4	73,1	125,6	149,0	288,0
Total	**1 007,0**	**1 232,7**	**1 134,6**	**2 141,5**	**2 720,2**	**4 928,2**
EBITDA per segment						
Stressless®	30,3	114,9	32,2	62,5	358,0	538,1
IMG	32,8	57,8	20,0	52,8	121,0	145,8
Svane®	1,5	-4,9	-3,1	-1,6	-0,7	-6,8
Other/eliminations *	-0,7	-0,5	-0,9	-1,6	-1,3	-2,1
Total	**63,9**	**167,3**	**48,1**	**112,0**	**476,9**	**675,0**
EBIT per segment						
Stressless®	-26,9	54,8	-23,7	-50,6	243,2	305,4
IMG	10,2	37,2	-2,6	7,6	80,2	62,0
Svane®	0,7	-5,6	-3,9	-3,2	-2,2	-9,9
Other/eliminations *	-0,7	-0,5	-0,9	-1,6	-1,3	-2,1
Total	**-16,8**	**85,9**	**-31,1**	**-47,9**	**319,9**	**355,5**
Operating revenues by market						
Norway	99,2	119,4	141,1	240,3	304,2	571,4
Other Nordic	38,9	56,1	52,8	91,6	122,2	218,3
Central Europe	199,8	210,9	218,7	418,5	451,4	813,0
Southern Europe	66,2	79,9	90,4	156,6	166,2	281,1
United Kingdom/Ireland	78,4	77,8	87,7	166,1	189,8	363,6
USA/Canada/Mexico	354,5	503,3	389,7	744,2	1 101,4	1 888,1
Japan	33,1	30,8	29,6	62,8	61,1	130,8
Australia	81,0	103,8	75,7	156,6	193,7	372,8
China	31,9	23,8	24,7	56,7	68,0	159,5
Other Markets	24,1	26,8	24,1	48,2	62,3	129,4
Total	**1 007,0**	**1 232,7**	**1 134,6**	**2 141,5**	**2 720,2**	**4 928,2**

* Other/eliminations contain results from activities carried out by the parent company Ekornes QM Holding AS

NOTE 3 Currency

The Group sells its products internationally and bills its customers primarily in the respective countries' own currencies. The Group manages all matters related to currency and foreign exchange risk from head office. Currency hedging is an integral part of The Group's operational activities. As part of the company's efforts to reduce its foreign exchange risk/currency exposure. The Group also seeks to purchase goods and services for use in Norway on international markets, where cost-effective. Together with the Group's distribution, sales and marketing activities, and associated administrative organization, this provides natural operational hedging of the company's foreign exchange risk (natural hedging) for part of its cash flow.

In addition to natural hedging, the company uses forward contracts for additional currency hedging. This does not reduce the long-term foreign exchange risk but provides predictability within the hedging horizon. According to the group's strategy, 80 per cent of the expected currency exposure in the coming six-month period is hedged in currencies where the expected annual exposure exceeds NOK 75 million, and correspondingly for 50 per cent of the expected exposure in the coming 6-12-month period. Financial risk is primarily associated with fluctuations in exchange rates and the ability of the Group's customers to pay what they owe. The Group's competitiveness is affected, over time, by movements in the value of the NOK in relation to other currencies. The Group actively seeks to limit this risk.

Forward contracts

In 2022 and 2023, the Group entered into forward contracts, and all realised and unrealised gains and losses associated with these contracts are recognised in net other gains/(losses). In second quarter, these contracts resulted in a NOK 21,4 million in realised loss and an unrealised loss of 2,1 million. All contracts that are open as at 30 June 2023 fall due for payment in the next 12 months. As at 30 June 2023, the market value of existing forward currency contracts came to negative NOK 43,0 million.

(Figures in MNOK)

Total net other gains/(losses) comprises:	**Q2 2023**	**YTD Q2 2023**	**Q2 2022**	**YTD Q2 2022**
Realised gains/(losses) on new forward contracts	-21,4	-38,9	-5,0	-2,0
Change in value of realised and unrealised contracts	-2,1	-40,4	-39,7	-29,5
Net other gains/(losses)	**-23,5**	**-79,3**	**-44,7**	**-31,5**

The following net foreign exchange volume was undertaken in YTD Q2 2023:

Currency	**Volume in Currency (Million)**	**Average exchange rate (in NOK)**
AUD	12,5	6,52
DKK	28,8	1,36
EUR	20,2	10,19
GBP	6,5	11,77
USD	12,4	9,57

NOTE 4 No. of employees

	30.6.2023	**30.6.2022**	**31.3.2023**	**31.12.2022**
Employees in Norway	1 073	1 380	1 107	1 256
Employees abroad	1 646	2 017	1 503	1 689
Total	**2 719**	**3 397**	**2 610**	**2 945**

NOTE 5 Goodwill, customer relations and brand names

In connection with the purchase price allocation following the acquisition of Ekornes AS in September 2018, excess values were identified related to brand names, customer relationships, real estate and fixed assets. Customer relationships and brand names are depreciated on a straight-line basis over estimated lifetime. Estimated lifetime customer relationships are rated at 25 years for the Stressless® segment and 20 years for the IMG segment. For brands, the estimated lifetime is estimated at 50 years for the Stressless® segment and 20 years for the IMG segment. Depreciation expense is included in ordinary depreciation in the income statement. Goodwill is not depreciated in the consolidated financial statements but is tested annually for impairment.

The customer related assets are allocated to the main markets for each segment based on their relative share of revenue. For Stressless®, the main markets are USA, Germany and France, while for IMG the main markets are USA, Australia and Norway. The deferred tax liabilities have been calculated based on the applicable legal tax rate for each country. In addition, the customer relations and related deferred tax have been allocated to the main markets and denominated in their functional currencies. Changes in currency rates will cause translation differences, related to the book value of the customer relations and the corresponding DTL, which will be recognized through other comprehensive income ("OCI").

(Figures in MNOK)	Brand name	Goodwill	Customer relationships	Total
Acquisition value 1.1.2023	**1 656,4**	**1 561,1**	**1 302,3**	**4 519,8**
Accumulated depreciation 1.1.2023	**176,3**	**0,0**	**263,1**	**439,3**
The period's depreciation	20,3	0,0	34,2	**54,5**
Accumulated depreciation 30.6.2023	**196,6**	**0,0**	**297,3**	**493,9**
Accumulated currency translation 1.1.2023	**0,0**	**0,0**	**155,0**	**155,0**
The period`s currency translation differences	0,0	0,0	108,4	**108,4**
Accumulated currency translation 30.6.2023	**0,0**	**0,0**	**263,3**	**263,3**
Book value 30.6.2023	**1 459,8**	**1 561,1**	**1 268,3**	**4 289,3**
Split per segment				
Stressless®	1 269,1	676,6	816,3	**2 762,0**
IMG	190,7	884,5	452,1	**1 527,3**
Book value 30.6.2023	**1 459,8**	**1 561,1**	**1 268,3**	**4 289,3**

	Brand name	Goodwill	Customer relationships	Total
Acquisition value 1.1.2022	**1 656,4**	**1 561,1**	**1 302,3**	**4 519,8**
Accumulated depreciation 1.1.2022	**135,6**	**0,0**	**200,2**	**335,7**
The period's depreciation	40,7	0,0	62,9	**77,1**
Accumulated depreciation 31.12.2022	**176,3**	**0,0**	**263,1**	**412,8**
Accumulated currency translation 1.1.2022	**0,0**	**0,0**	**60,3**	**60,3**
The period`s currency translation differences	0,0	0,0	94,7	**169,9**
Accumulated currency translation 31.12.2022	**0,0**	**0,0**	**155,0**	**230,1**
Book value 31.12.2022	**1 480,2**	**1 561,1**	**1 194,2**	**4 337,2**
Split per segment				
Stressless®	1 283,2	676,6	759,1	**2 780,3**
IMG	197,0	884,5	435,0	**1 556,8**
Book value 31.12.2022	**1 480,2**	**1 561,1**	**1 194,2**	**4 337,2**

NOTE 6 Interest-bearing loans and credit facilities

In February 2023, Ekornes successfully refinanced outstanding debt with a NOK 1 200 million bond loan and term loan of NOK 1 600 million with DNB and Sparebank Møre. The new financing structure strengthens the financial position and supports the strategy for long-term profitable growth.

Long-term borrowing agreement 30 June 2023

Ekornes QM Holding AS has in March 2023 obtained NOK 1 600 million in term loan from DNB and Sparebanken Møre to refinance its exisiting debt. The old loans were repaid to DNB and Sparebank Møre on 30 March 2023.

The loan is secured with quarterly installments at NOK 32 million,- four times per year with the first installment 30 June 2024. Interest expenses are paid quarterly. Final maturity in March 2026.

During the second quarter of 2023 and as at 30 June 2023, Ekornes was compliant with all covenant requirements in the bank agreement.

Ekornes AS has also NOK 175 million in undrawn overdraft facility in DNB and Sparebanken Møre at 30 June 2023.

Senior Secured Bond at 30 June 2023

Ekornes QM Holding AS placed NOK 1 200 million in 3.5-year senior secured floating rate bonds due 10 September 2026. The net proceeds from the bond issue will be used to refinance (in whole) the outstanding bond issue with ticker EKO01 (ISIN: NO0010848401) and general corporate purposes.

An application will be made for the bonds to be listed on the Oslo Stock Exchange within six months. In conjunction with the new bond issue, Ekornes bought back EKO01 bonds from existing bondholders participating in the new bond issue, at a price of 103% of par. Ekornes called the remaining EKO01 bonds and the bond was repaid on 30 March 2023.

The bond agreement is subject to a set of financial covenants, including a minimum liquidity of NOK 350 million and a maximum leverage ratio of 8.0 at issuance. The maximum allowed leverage ratio has a gradual step-down mechanism towards 4.5 by end-2024. The covenants are measured quarterly on a 12-month rolling basis for Ekornes QM Holding Group. The bond agreement also includes restrictions on dividend payments from Ekornes QM Holding AS, and Ekornes QM Holding AS is not in position to distribute any dividends.

Since the refinancing and on 30 June 2023, Ekornes was compliant with all covenant requirements in the bond agreement. The leverage ratio at the end of the second quarter 2023 was 6.49 well below the maximum allowed.

NOTE 7 Shares and sole shareholder

As of 30 June 2023, Ekornes QM Holding AS's registered share capital comprised 30 000 ordinary shares. All shares have a face value of NOK 5.00. All shares in the company have equal voting and dividend rights. All shares give equal rights to the company's net assets.

Ekornes QM Holding AS has no treasury shares as of 30 June 2023.

As of 30 June 2023, the company's sole shareholder was

Shareholder	**Country**	**No. of shares held**	**Percentage**
Qumei Runto S.à.r.l.	Luxembourg	30 000	100%

As of 30 June 2023, the board has been granted the following authorizations:
The board has been granted no authorizations.


design anthology

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