

Agreement regarding purchase of IMG

Ikornnes, 4. August 2014.

Ekornes ASA [EKO.OL] has entered into an agreement to purchase the furniture producer IMG (International Mobel Group).

This announcement is prepared and made available in accordance with section 3.4.1 and 3.4.2 of the Continuing obligations for listed companies on OSE.

Reference is made to the stock market announcement dated 13 December 2013, where Ekornes ASA announced that it had entered into a letter of intent (LOI) to acquire the furniture producer International Møbel Gruppe («IMG»). On 1 August 2014, the parties reached a final agreement regarding the takeover of all operations and assets of IMG. The closing of the agreement is expected to be completed on or around 31 October 2014.

«We are happy to announce that we have succeeded in negotiating an agreement with IMG and its largest shareholder Nils Gunnar Hjellegjerde, which has been approved by the Board of Directors of both companies. IMG will strengthen Ekornes' position in international furniture markets with products at attractive prices. At the same time both companies will contribute to strengthen each others businesses. Ekornes and IMG complement each other well with regards to products and markets. IMG's performance as a standalone case is good, and we have in addition identified synergies both in revenues and costs», says Nils-Fredrik Drabløs, CEO of Ekornes ASA.

1. The parties of the agreement and the agreed transaction.

On 1 August 2014, Ekornes ASA («Ekornes») has signed a Sales and Purchase Agreement («SPA») to acquire IMG. The transaction is a combination of purchase of shares and assets. The parties of the agreement are Ekornes' newly established subsidiaries IMG Group AS and IMG Norway AS on the buyer side, and Nils Gunnar Hjellegjerde, IMG AS, International Mobel Group Limited, IMG of Norway Limited, Furniture Traders Limited and Kaiser Limited AS on the seller side.

2. Consideration and time plan

According to the SPA, Ekornes will acquire IMG at an agreed consideration close to NOK 400 million, and with an additional consideration over three years up to NOK 150 million, based on certain conditions. The agreed price relates to a combination of purchase of shares, assets and net value of equity of the IMG operations, as agreed. In

addition adjustments will be made towards maximum debt on NOK 66 mill and net working capital at minimum 124 mill.

Ekornes is assuming the financial risk of IMG with effect as of 1. January 2014. The final purchase price will be available following an adjustment to be made at closing of the SPA, by reducing the agreed consideration by the remaining equity left in the companies from which Ekornes will only buy certain assets and operations. Expected time of closing is on or about 31 October 2014. Hence, the operations of IMG will be consolidated into the Ekornes group for the 2014 fourth quarter from the date of closing.

The acquisition of IMG will be fully financed by equity and debt.

3. Description of IMG

IMG produces attractively priced seating furniture that delivers high comfort, based on Norwegian design and quality. Since 2006, IMG has been headed by its majority shareholder Nils Gunnar Hjellegjerde. IMG has its main operations in Asia with production facilities in Vietnam and Thailand. The key markets are Scandinavia (34%), North America (25%), Oceania (29%), Asia (8%) and other European markets (4%), based on 2013 revenues. Design, product development and marketing activities are located in Sykkylven in Norway. IMG has about 750 employees, where most are employed at the production facilities in Vietnam and Thailand. The facilities meet the UN Global Compact principles regarding employee rights, facilities and social benefits.

Revenue for 2013 based on pro forma accounts for the companies included in the IMG Group totalled NOK 293 million with a normalised EBITDA of NOK 86 million, adjusted for NOK 6 million in extraordinary revenue. Ekornes has identified significant potential to expand IMG's distribution in markets where Ekornes currently has a strong market position. Due to the organisation of the current IMG operations, the acquisition is structured as a combination of operations and shares in various IMG companies. The pro forma accounts for IMG are based on a consolidation of financial figures from the companies encompassed by the transaction.

IMG	2013P (MNOK)
Operating Revenue	293
EBITDA	92
EBITDA (before extraordinary items)	86
Cash	25
Longterm assets	42
Equity	101
Total Capital	208
Interest bearing debt	81

The agreement does not include any significant off-balance liabilities.

4. The strategic rationale for the agreement

The takeover of IMG will give Ekornes a desired additional growth platform in international markets. IMG has in only a few years gained a solid position in several international furniture markets with attractive products..

Ekornes and IMG complement each other well with regards to products and markets. Following the acquisition, synergies in revenues and costs have been identified, in addition to the fact that IMG is a good stand-alone project.

IMG will continue as a separate business unit, organised as a group 100% owned by Ekornes ASA, with its own management team, as well as separate products and brands, production facilities, product development and marketing.

The transaction will not bring about any other changes in the current operations of Ekornes. As the production of Stressless® is based on high technological competence we do not see any reasons to move the production from Norway to another country. Our strong efforts to improve productivity and develop new technology will continue.

5. Agreements in connection with the transaction

Nils Gunnar Hjellegjerde will continue to work with IMG on product development and business development as a consultant for a minimum three years. The agreement may be extended if the parties agree to do so. The remaining management of IMG has entered into agreements with the newly established group companies they will be a part

of. For over ten years, Nils Gunnar Hjellegjerde has worked out of Thailand where he will continue to be based.

For additional information, please contact:

Nils-Fredrik Drabløs, Managing Director Ekornes ASA, tel. +47 900 17 892

This information is subject of the disclosure requirements pursuant to section 5-12 of the Norwegian Securities Trading Act.

Consolidated Proforma Balance Sheet for the
IMG Group

31.12.2013

(NOK million)

Buildings, sites etc.	23,6	11 %
Machinery and equipment	13,7	7 %

Total property, plant, equipment	37,3	18 %
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Software and licenses	0,1	0 %
Land lease	4,5	2 %
Other long term receivables and investments	0,4	0 %

Inventory	78,5	38 %
Trade receivables	50,1	24 %
Other short term receivables	12,4	6 %

Cash, bank deposits and short term financial investments	24,7	12 %
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Total	208,1	100 %
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Share capital	37,5	18 %
Retained earnings	63,0	30 %

Total Equity	100,5	48 %
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Long term pension liabilities	0,2	0 %
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Trade payables	15,0	7 %
Public charges payable	1,1	1 %
Tax payable	2,2	1 %
Bank loans - interest bearing	17,0	8 %
Loans from directors/owners	63,9	31 %
Other current liabilities	8,1	4 %

Total Equity and Liabilities	208,1	100 %
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