

COMPANY ANNOUNCEMENT

No. 148/2022

Tvis, 15 November 2022

Interim report Q3 2022 (July 1 - September 30)

(All figures in brackets refer to the corresponding period in 2021)

Q3: Flat topline. Reduced earnings in Q3 due to sales mix.**CEO Torben Paulin:**

"During Q3 and in particular towards the end of the quarter, the sales mix in TCM Group developed negatively with lower than expected B2C sales while B2B sales, albeit closer to expectations, mainly consisted of lower margin project based sales. In consequence, total revenue in Q3 was realised somewhat below expectations, with earnings being significantly lower than expected. Revenue in Q3 was DKK 265 million (DKK 262 million) corresponding to a growth of 1%. Adjusted EBIT in Q3 ended DKK 21 million (DKK 32 million).

As communicated in the company announcement October 20th we have lowered our guidance for both full year revenue and earnings. Based on the lower than expected sales and earnings in Q3 and given that an unfavorable sales mix is also expected in Q4, we estimate a full year revenue to be in the range DKK 1,120-1,160 million and a full year adjusted EBIT in the range DKK 100-130 million.

We have already undertaken a number of actions to address the situation and ensure the profitability of TCM Group going forward. To adjust production capacity and increase efficiency in the manufacturing process we decided to close down the third (night) shift at the Tvis facility from mid September. This will both cut costs and increase the operational efficiency of the company. In addition a reduction in the administrative staff of 10 FTEs was implemented in September. In view of the development, concrete actions to further improve efficiency and reduce costs have been initiated. Production capacity will be adjusted as needed. In order to combat the effect of rising energy costs in the new year, a further sales price increase with effect from December 2022 has been announced.

Given the current macro-economic uncertainty, we have chosen not to exercise the mandate to distribute an extraordinary dividend provided on the Annual General Meeting in April."

Financial highlights Q3

- Revenue DKK 265.0 million (DKK 262.4 million) corresponding to a revenue growth of 1.0%. Organic like-for-like growth was 4% excluding revenue from third party products (core business).
- Adjusted EBITDA DKK 25.4 million (DKK 35.8 million). Adjusted EBITDA margin was 9.6% (13.7%).
- Adjusted EBIT DKK 20.6 million (DKK 31.7 million). Adjusted EBIT margin was 7.8% (12.1%).
- Non-recurring items had a total negative impact of DKK 4.7 million (positive impact of DKK 12.0 million). Non-recurring items included restructuring of the store network as well as restructuring costs related to organisational restructuring, whereas non-recurring items LY primarily included a technical gain from the Celebert/kitchn.dk transaction.
- EBIT DKK 15.9 million (DKK 43.7 million), corresponding to an EBIT margin of 6.0% (16.6%).
- Net profit DKK 9.7 million (DKK 38.0 million).
- Free cash flow was DKK -6.3 million (DKK -11.7 million).
- Cash conversion ratio was 54.9% (56.4%).

Financial highlights 9 months 2022

- Revenue DKK 871.2 million (DKK 834.1 million) corresponding to a revenue growth of 4.4%. Organic like-for-like growth was 8%.
- Adjusted EBITDA DKK 99.2 million (DKK 121.2million). Adjusted EBITDA margin was 11.4% (14.5%).
- Adjusted EBIT down DKK 23.1 million to DKK 85.7 million (DKK 108.7 million). Adjusted EBIT margin was 9.8% (13.0%).
- Non-recurring items had a negative impact of DKK 6.5 million (positive impact of DKK 9.2 million).
- EBIT DKK 79.2 million (DKK 117.9 million), corresponding to an EBIT margin of 9.1% (14.1%).
- Net profit DKK 58.6 million (DKK 94.6 million).
- Free cash flow was DKK -12.7 million (DKK 15.9 million).
- Full-year guidance for the financial year 2022 is revenue in the range DKK 1,120-1,160 million, and adjusted EBIT in the range DKK 100-130 million.

Contact

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Presentation

The interim report will be presented on Tuesday 15 November at 9:30 CET in a teleconference that can be followed on TCM Groups website or on <https://edge.media-server.com/mmc/p/m8mpdbfu>.

To participate in the teleconference, and thus have the possibility to ask questions, participants are re-quired to register in advance of the conference using the link provided below. Upon registering, each participant will be provided with Participant Dial In Numbers, and a unique Personal PIN.

Online Registration to the call: <https://register.vevent.com/register/Blb1b53857db3d4e949cc61cd72a228149>.

About TCM Group A/S

TCM Group is Scandinavia's third largest manufacturer of kitchens and furniture for bathrooms and storage. The products are designed and produced in Denmark and rooted in a proud tradition of good quality and good craftsmanship. TCM Group pursues a multi-brand strategy, under which the main brand is Svane Køkkenet and the other brands are Tvis Køkken and Nettoline. Combined, the brands cater for the entire price spectrum, and are sold through c. 140 dealers in Denmark and the rest of the Scandinavia. TCM Group sells private label kitchens through DIY stores in Denmark and independent kitchen stores in Norway. TCM Group is supplier to the 45% owned e-commerce kitchen business Celebert, which operates under the brands kitchn.dk, billigskabe.dk, Celebert and Just Woods. See www.tcmgroup.dk for more information.

This interim report contains statements relating to the future, including statements regarding TCM Group's future operating results, financial position, cash flows, business strategy and plans for the future. The statements are based on management's reasonable expectations and forecasts at the time of the disclosure of the report. Any such statements are subject to risks and uncertainties, and a number of different factors, many of which are beyond TCM Group's control, could mean that actual performance and actual results will differ significantly from the expectations expressed in this interim report. Without being exhaustive, such factors include general economic and commercial factors, including market and competitive matters, supplier issues and financial issues.