

## COMPANY ANNOUNCEMENT

No. 187/2024

Tvis, 28 February 2024

### Interim report Q4 2023 (October 1 - December 31)

(All figures in brackets refer to the corresponding period in 2022 – AUBO Production A/S is incl. in the figures as from 3 July 2023)

## Q4 results confirmed.

### CEO Torben Paulin:

“As stated in our Company Announcement no. 185 dated 18 January 2024, the kitchen market in Denmark developed more positively in Q4 than previously expected. Performance was better across all brands, leading to sales exceeding our previous expectations. Revenue in Q4, which included sales from Aubo, was DKK 316 million compared to DKK 275 million in Q4 last year, corresponding to an organic decline of 7.6% in the quarter.

In Q4 the gross margin improved on Q4 last year, driven by an improved sales mix, which in turn was due to the inclusion of AUBO sales and the full impact of the sales price increases implemented earlier.

Earnings in Q4 were negatively affected by an increase in our provisions for potential losses on our accounts receivables, amounting to DKK 5.7 million in the quarter. This increase was carried out as a pre-cautionary measure in light of the uncertain trading environment in which we find ourselves at present.

Adjusted EBIT in Q4 ended at DKK 18 million compared to DKK 18 million Q4 last year, and adjusted EBIT for the full year ended at DKK 56 million compared to DKK 103 million last year.

As previously communicated, we further reduced the white-collar workforce with 20 full-time employees in November 2023, to reflect our expectations to the overall activity level in the coming year, and to ensure that the Group can improve operating margins going forward. Considering the short-term headwinds, and to consolidate the business following the strategic acquisition of AUBO Production A/S, the Board of Directors has decided not to propose a distribution of an ordinary dividend for 2023.”

For TCM Group, expectations for the development in 2024 are characterized by a high degree of uncertainty with regards to both the macro-economic development and the geopolitical situation. The effect this uncertainty will have on consumer confidence in general, and the demand for kitchens in particular is difficult to quantify. Market expectations are that inflation will continue to fall, and that short term interest rates will start to decline in 2024, which should support the Danish housing market and thereby the demand for kitchens, especially within B2C sales. However, the timing as to when and by how much short-term interest rates will fall remains highly uncertain, and in addition the present slowdown in B2B sales seem poised to continue well into 2024. In view of this TCM Group does not expect the kitchen market in neither Denmark nor Norway to make a speedy recovery in 2024.

Based on the above, the financial outlook for 2024 for the TCM Group contains fairly wide ranges both with respect to sales and earnings, in line with last year. Our financial outlook for full year revenue for 2024 is in the range of DKK 1,000-1,150 million with earnings (adjusted EBIT) in the range of DKK 55-85 million.

## Financial highlights Q4 2023

- Revenue DKK 316.1 million (DKK 274.9 million) corresponding to a revenue increase of 15.0%.
- Adjusted EBITDA DKK 29.0 million (DKK 22.2 million). Adjusted EBITDA margin was 9.2% (8.1%).
- Adjusted EBIT of DKK 17.8 million (DKK 17.7 million). Adjusted EBIT margin was 5.6% (6.5%).
- Non-recurring items had a total negative impact of DKK 4.7 million (DKK 0.0 million). Non-recurring items included restructuring costs and write-down of capitalized of ERP-development cost in AUBO Production A/S.
- EBIT of DKK 13.1 million (DKK 17.7 million), corresponding to an EBIT margin of 4.1% (6.5%).
- Net profit of DKK 5.6 million (DKK 11.9 million).
- Free cash flow was DKK 59.9 million (DKK 52.3 million).
- Cash conversion ratio was 37.6% (53.3%).

## Financial highlights full year 2023

- Revenue DKK 1,111.3 million (DKK 1,146.1 million) corresponding to a revenue decrease of 3.0%.
- Adjusted EBITDA of DKK 85.3 million (DKK 121.3 million). Adjusted EBITDA margin was 7.7% (10.6%).
- Adjusted EBIT of DKK 55.6 million (DKK 103.4 million). Adjusted EBIT margin was 5.0% (9.0%).
- Non-recurring items had a negative impact of DKK 9.8 million (DKK 6.5 million).
- EBIT of DKK 45.8 million (DKK 96.9 million), corresponding to an EBIT margin of 4.1% (8.5%).
- Net profit of DKK 21.5 million (DKK 70.5 million).
- Free cash flow was DKK 39.9 million (DKK 39.5 million).

## For further information please contact:

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## Presentation

The interim report will be presented on Wednesday 28 February 2024 at 9:30 CET in a teleconference that can be followed on TCM Groups website or on <https://edge.media-server.com/mmc/p/nakdsgbb>.

To participate in the teleconference, and thus have the possibility to ask questions, participants are required 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/BI9d06d3bc957e4564957721176e19ebc6>

## **About TCM Group**

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, Netto-line and AUBO. Combined, the brands cater for the entire price spectrum, and are sold through c. 220 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 Wood. See [www.tcmgroup.dk](http://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.