

COMPANY ANNOUNCEMENT

No. 139/2022

Tvis, 18 May 2022

Interim report Q1 2022 (January 1 - March 31)

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

7% underlying revenue growth and solid order intake. Earnings impacted by an unstable supply chain situation in Q1 2022.**CEO Torben Paulin:**

“Reported revenue in Q1 was on par with a strong Q1 last year, where revenue grew organically 13% y-o-y. The reported revenue numbers consist of an underlying like-for-like growth of 7% in our core business excluding revenue from third party products. The low margin revenue from the sale of third party products, mainly white goods, declined, which led to a flat total revenue development. We continue to see encouraging growth rates in revenue outside Denmark, which was up 12% compared to Q1 last year.

The revenue growth in Q1 was primarily driven by sales price increases implemented in the quarter. Demand was solid in the quarter, but our ability to fully meet the demand was curtailed by continued supply chain challenges. A restricted flow of both raw materials and components limited our overall production capacity in the quarter.

The supply chain situation was almost back to a normal level by the end of the quarter. However, the unstable supply chain situation led to higher production costs and some loss of efficiency in the production processes throughout the quarter.

Gross margin in the quarter was negatively impacted by rising raw material prices causing a diluting effect on the margin. Furthermore, higher energy and transportation costs impacted earnings negatively. The negative effects were partly offset by the change in sales mix, mentioned above, with a lower share of revenue stemming from low margin third party products.

The Russian invasion of Ukraine has impacted the overall supply of raw materials in the European market. For TCM Group the impact has primarily been felt through further pressure on raw material prices and higher energy and transportation costs.

During the first quarter of 2022 we have announced a further sale price increase in response to the increase in raw material prices and rising cost inflation, in particular higher energy costs. Due to the nature of our business the positive effect on margins from the price increases will materialise with some delay.

The Russian invasion of Ukraine, increased inflation, and higher interest rates mean more uncertainty as to future consumer demand. In the short term, however, the order pipeline is solid for the coming 3-6 months providing some visibility and assurance of the short term customer demand.

We are constantly monitoring the development in customer behaviour and demand, and we have prepared a number of initiatives which can swiftly be put into action to mitigate a slump in demand if necessary. It is worth noting that a very substantial part of our cost base consists of variable costs, and we therefore have a very flexible setup and can quickly adjust our cost base according to demand thereby protecting our margin and profitability.

We reiterate our financial outlook: a full year revenue guidance in the range DKK 1,150-1,225 million, corresponding to organic growth of 4-11%, and an adjusted EBIT in the range DKK 140-170 million."

Financial highlights Q1

- Revenue DKK 281.4 million (DKK 281.1 million) corresponding to a revenue growth of 0.1%. Organic like-for-like growth was 7% excluding revenue from third party products (core business).
- Adjusted EBITDA DKK 30.3 million (DKK 37.6 million). Adjusted EBITDA margin was 10.8% (13.4%).
- Adjusted EBIT down DKK 6.9 million to DKK 26.0 million (DKK 33.0 million). Adjusted EBIT margin was 9.3% (11.7%).
- Non-recurring items had a total negative impact of DKK 5.4 million (DKK 1.3 million). Non-recurring items included costs related to related supply chain disruptions and Covid-19 precautions.
- EBIT down DKK 11.0 million to DKK 20.6 million (DKK 31.6 million), corresponding to an EBIT margin of 7.3% (11.3%).
- Net profit down DKK 9.1 million to DKK 15.6 million (DKK 24.7 million).
- Free cash flow was DKK -32.9 million (DKK -24.6 million).
- Cash conversion ratio was 60.5% (83.4%).
- Full-year guidance for the financial year 2022 is revenue in the range DKK 1,150-1,225 million, and adjusted EBIT in the range DKK 140-170 million.

Contact

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Presentation

The interim report will be presented on Wednesday 18 May at 9:30 CET in a teleconference that can be followed on TCM Groups website or on <https://edge.media-server.com/mmc/p/486yjh4n>.

To participate in the teleconference, and thus have the possibility to ask questions, call one of the following numbers:

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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.