

COMPANY ANNOUNCEMENT

No. 194/2024

Tvis, 21 August 2024

Interim report Q2 2024 (April 1 - June 30)

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

Organic growth in sales and improved earnings, despite challenging market conditions.

CEO Torben Paulin:

“Sales in the second quarter have developed positively despite the, as expected, weak B2B-kitchen market. Organically sales grew by 5% year-on-year supported by a growth in B2C sales of more than 25% y-o-y. As expected B2B sales declined in the quarter due to the slowdown in the Project sales market. Overall revenue in Q2 was DKK 332 million compared to DKK 256 million in Q2 last year. Sales in Denmark, which accounts for 80% of the Group revenue, increased by 15%, with an underlying organic growth of 6%.

Overall gross margin increased to 21.5% in Q2 compared to 20.2% in the same quarter last year. The growth in margin was caused by the inclusion of AUBO sales (AUBO Production was acquired in Q3 of 2023) and an increase in the share of higher margin B2C sales in the turnover.

Adjusted EBIT in Q2 was DKK 28 million compared to DKK 22 million in Q2 last year, and the adjusted EBIT margin was 8.4% compared to 8.7% in Q2 last year. If the amortisation of intangible assets recognized as part of the AUBO acquisition is taken into account, the underlying adjusted EBIT-margin improved from 8.7% in Q2 last year to 8.9% in Q2 this year.

Free cash-flow was DKK 26 million, compared to DKK -2 million last year, due to the higher earnings and a significant improvement in working capital. Leverage decreased further to 3.20 (down from 3.73 in the previous quarter), well within the agreed covenants.

In the second quarter TCM Group continued to expand its Danish footprint adding two new AUBO branded stores.

As part of the TCM Group's journey towards creating full transparency of our products environmental impact, we released third party approved and validated Environmental Product declarations (EPD) for the AUBO brand in the quarter. This means that all brands now are covered by EPDs.

As stated in Company announcement no. 193 dated 15. August 2024, we adjust the financial outlook for 2024 for the TCM Group with respect to sales and earnings. Our financial outlook for full year revenue for 2024 is now in the range of DKK 1,125-1,200 million (previously DKK 1,000-1,150 million) with earnings (adjusted EBIT) in the range of DKK 70-90 million (previously DKK 55-85 million). The outlook for adjusted EBIT includes an expected positive effect from adjustment of the contingent consideration related to the acquisition of AUBO Production A/S in the range of DKK 3-5 million.”

Financial highlights Q2 2024

- Revenue DKK 332.2 million (DKK 255.5 million) corresponding to a revenue increase of 30.0%.
- Adjusted EBITDA DKK 36.7 million (DKK 27.5 million). Adjusted EBITDA margin was 11.1% (10.8%).
- Adjusted EBIT of DKK 28.0 million (DKK 22.3 million). Adjusted EBIT margin was 8.4% (8.7%).
- Non-recurring items had a total impact of DKK 0.0 million (DKK 2.8 million).
- EBIT of DKK 28.0 million (DKK 19.5 million), corresponding to an EBIT margin of 8.4% (7.6%).
- Net profit of DKK 18.9 million (DKK 12.2 million).
- Free cash flow was DKK 25.8 million (DKK -1.6 million).
- Cash conversion ratio was 94.8% (48.8%)

Financial highlights H1 2024

- Revenue DKK 624.7 million (DKK 519.4 million) corresponding to a revenue increase of 20.3%.
- Adjusted EBITDA of DKK 61.1 million (DKK 45.5 million). Adjusted EBITDA margin was 9.8% (8.8%).
- Adjusted EBIT of DKK 43.8 million (DKK 35.4 million). Adjusted EBIT margin was 7.0% (6.8%).
- Non-recurring items had a negative impact of DKK 0.0 million (DKK 4.7 million).
- EBIT of DKK 43.8 million (DKK 30.9 million), corresponding to an EBIT margin of 7.0% (5.9%).
- Net profit of DKK 25.9 million (DKK 17.6 million).
- Free cash flow was DKK 38.4 million (DKK -37.4 million).
- Full-year guidance for the financial year 2024 is revenue in the range DKK 1,125-1,200 million with earnings (adjusted EBIT) in the range of DKK 70-90 million.

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Presentation

The interim report will be presented on Wednesday 21 August 2024 at 9:30 CEST in a teleconference that can be followed on TCM Groups website or on <https://edge.media-server.com/mmc/p/5atfeaup>.

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/B1c049f0a905b44997b5408ac2d547d39a>

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 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.