

COMPANY ANNOUNCEMENT

No. 146/2022

Tvis, 18 August 2022

Interim report Q2 2022 (April 1 - June 30)

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

Double-digit revenue growth in the quarter. Earnings temporarily impacted by price increases on raw material. Outlook on EBIT revised.**CEO Torben Paulin:**

"In Q2 we delivered a significant revenue growth of 12% through an increase of 11% in the Danish market and a strong growth of 24% in Other countries driven by the Norwegian business.

We are pleased that the supply chain situation normalised during the quarter, and that we through huge efforts from our committed employees were able to meet the strong demand for kitchens in the quarter and deliver significant topline growth. The growth consisted of both volume growth and impact from the implemented sales price increases.

The Russian invasion of Ukraine impacted the overall supply in the European market, which led to significant further price increases on raw material and components as well as higher energy and transportation costs in the quarter. During Q2 we implemented two further sales price increases, however due to the nature of our business, the positive effect from these mitigation actions comes with some delay. Input costs have now stabilised, and from the middle of the third quarter the implemented sales price increases will expectedly level out the negative impact from the higher input costs so far.

On a positive note, the order pipeline going into Q3 is solid, providing some visibility and assurance of the short term customer demand. However, the high inflation combined with increasing interest rates and other macro economic indicators creates a high level of uncertainty regarding the housing market and the future demand for kitchens.

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. A 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.

Based on the current market conditions, which is subject to a high degree of uncertainty, we revise our financial outlook: a full year revenue guidance in the range DKK 1,150-1,225 million (unchanged), corresponding to organic growth of 4-11%, and an adjusted EBIT in the range DKK 130-160 million (previously DKK 140-170 million)."

Financial highlights Q2

- Revenue DKK 324.8 million (DKK 290.7 million) corresponding to a revenue growth of 11.7%. Organic like-for-like growth was 11% excluding revenue from third party products (core business).
- Adjusted EBITDA DKK 43.5 million (DKK 47.7 million). Adjusted EBITDA margin was 13.4% (16.4%).
- Adjusted EBIT down DKK 5.0 million to DKK 39.1 million (DKK 44.1 million). Adjusted EBIT margin was 12.0% (15.2%).
- Non-recurring items had a total positive impact of DKK 3.6 million (negative impact of DKK 1.5 million). Non-recurring items included a technical gain from the final settlement of the Celebert/kitchn.dk transaction.
- EBIT up DKK 0.1 million to DKK 42.7 million (DKK 42.6 million), corresponding to an EBIT margin of 13.1% (14.6%).
- Net profit up DKK 0.3 million to DKK 32.2 million (DKK 31.9 million).
- Free cash flow was DKK 26.5 million (DKK 52.2 million).
- Cash conversion ratio was 49.5% (71.5%).

Financial highlights H1 2022

- Revenue DKK 606.2 million (DKK 571.8 million) corresponding to a revenue growth of 6.0%. Organic like-for-like growth was 9%.
- Adjusted EBITDA DKK 73.8 million (DKK 85.4 million). Adjusted EBITDA margin was 12.2% (14.9%).
- Adjusted EBIT down DKK 11.9 million to DKK 65.1 million (DKK 77.0 million). Adjusted EBIT margin was 10.7% (13.5%).
- Non-recurring items had a negative impact of DKK 1.8 million (DKK 2.8 million).
- EBIT down DKK 10.9 million to DKK 63.3 million (DKK 74.2 million), corresponding to an EBIT margin of 10.4% (13.0%).
- Net profit down DKK 7.8 million to DKK 48.8 million (DKK 56.6 million).
- Free cash flow was DKK -6.4 million (DKK 27.7 million).
- 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 130-160 million.

Contact

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Presentation

The interim report will be presented on Friday 19 August at 9:30 CEST in a teleconference that can be followed on TCM Groups website or on <https://edge.media-server.com/mmc/p/37g4fgn6>.

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/BI1fa61cc9c1cb4e59858a753650670243>.

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.