

TCM Group Management's review

Interim report Q3 2024 (July 1 - September 30)

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

Organic revenue growth and improved earnings, despite challenging B2B-market conditions.

CEO Torben Paulin:

“Sales in the third quarter developed positively despite the continued weak B2B kitchen market. Organically, sales grew by 7% year-on-year, supported by B2C sales growth of around 20% y-o-y, driven by the strong order intake in Q2 2024. As expected, B2B sales declined in the quarter due to the slowdown in the project sales market.

The strong growth in B2C order intake that we experienced in the first 6 months of 2024 slowed down during the summer months, resulting in a largely flat development in B2C order intake in the quarter. This, combined with a negative B2B market, resulted in a small decrease in total order intake in the quarter compared to Q3 2023.

Overall revenue in Q3 was DKK 278 million compared to DKK 259 million in Q3 last year. Sales in Denmark, which accounts for more than 80% of the Group revenue, increased organically by 11%, supported by strong growth in sales of third-party products.

Gross margin increased to 20.3% in Q3, compared to 17.7% in the same period last year. This improvement was driven by two factors: the normalization of gross margin following last year's downward adjustment of third-party income, and the improved sales mix with higher share of B2C.

Adjusted EBIT in Q3 was DKK 17 million compared to DKK 3 million in Q3 last year, and the adjusted EBIT margin was 6.0% compared to 1.0% in Q3 last year.

Free cash-flow was DKK 6 million, compared to DKK 18 million last year, where Q3 last year benefitted from net working capital improvements following the acquisition of AUBO Production A/S. Leverage decreased further to 2.78 (down from 3.20 in the previous quarter), well within the agreed covenants.

In the third quarter, TCM Group continued to expand its Danish footprint by adding two new Nettoline-branded stores.

We narrow 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 1,150-1,200 million (previously DKK 1,125-1,200 million) with earnings (adjusted EBIT) in the range of DKK 75-90 million (previously DKK 70-90 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 8-10 million.”

Financial highlights Q3 2024

- Revenue DKK 277.7 million (DKK 258.6 million) corresponding to a revenue increase of 7.4%.
- Adjusted EBITDA DKK 26.0 million (DKK 10.8 million). Adjusted EBITDA margin was 9.4% (4.2%).
- Adjusted EBIT of DKK 16.7 million (DKK 2.5 million). Adjusted EBIT margin was 6.0% (1.0%).
- Non-recurring items had a total impact of DKK 0.0 million (DKK 0.7 million).
- EBIT of DKK 16.7 million (DKK 1.8 million), corresponding to an EBIT margin of 6.0% (0.7%).
- Net profit of DKK 8.8 million (DKK -1.7 million).
- Free cash flow was DKK 6.0 million (DKK 17.5 million).
- Cash conversion ratio was 120.6% (13.2%).

Financial highlights 9 months 2024

- Revenue DKK 902.4 million (DKK 777.9 million) corresponding to a revenue increase of 16.0%.
- Adjusted EBITDA of DKK 87.1 million (DKK 56.2 million). Adjusted EBITDA margin was 9.7% (7.2%).
- Adjusted EBIT of DKK 60.5 million (DKK 37.8 million). Adjusted EBIT margin was 6.7% (4.9%).
- Non-recurring items had a negative impact of DKK 0.0 million (DKK 5.2 million).
- EBIT of DKK 60.5 million (DKK 32.7 million), corresponding to an EBIT margin of 6.7% (4.2%).
- Net profit of DKK 34.7 million (DKK 15.9 million).
- Free cash flow was DKK 44.4 million (DKK -19.9 million).
- Full-year guidance for the financial year 2024 is revenue in the range DKK 1,150-1,200 million with earnings (adjusted EBIT) in the range of DKK 75-90 million.

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Key figures and ratios (incl. AUBO Production A/S from 3 July 2023)

DKK million	Q3 2024	Q3 2023	9mth 2024	9mth 2023	FY 2023
Income statement					
Revenue	277.7	258.6	902.4	777.9	1,084.1
Gross profit	56.3	45.9	187.7	147.5	215.8
Earnings before interest, tax, depreciation, and amortisation (EBITDA)	26.0	10.1	87.1	51.1	77.4
Adjusted EBITDA	26.0	10.8	87.1	56.2	85.3
Earnings before interest, tax, and amortisation (EBITA)	18.3	3.3	65.2	34.2	52.3
Adjusted EBIT	16.7	2.5	60.5	37.8	55.6
Operating profit (EBIT)	16.7	1.8	60.5	32.7	45.8
Financial items	(6.9)	(4.1)	(21.6)	(12.3)	(20.9)
Profit before tax	11.0	(2.3)	43.2	20.8	27.1
Net profit for the period	8.8	(1.7)	34.7	15.9	21.5
Balance sheet					
Total assets	1,211.3	1,264.2	1,211.3	1,264.2	1,200.9
Net working capital (NWC)	(1.2)	40.2	(1.2)	40.2	(16.0)
Net interest-bearing debt (NIBD)	329.4	417.3	329.4	417.3	349.3
Equity	566.2	523.8	566.2	523.8	529.7
Cash Flow					
Free cash flow excl. acquisitions of operations	6.0	17.5	44.4	(19.9)	40.3
Cash conversion, % (LTM)	120.6%	13.2%	120.6%	13.2%	37.6%
Growth ratios					
Revenue growth, %	7.4%	(2.4%)	16.0%	(10.7%)	(5.4%)
Gross profit growth, %	22.7%	(6.2%)	27.2%	(16.2%)	(6.4%)
Adjusted EBIT growth, %	572.5%	(87.9%)	59.9%	(55.8%)	(46.2%)
EBIT growth, %	810.2%	(88.4%)	85.1%	(58.7%)	(52.7%)
Margins					
Gross margin, %	20.3%	17.7%	20.8%	19.0%	19.9%
Adjusted EBITDA margin, %	9.4%	4.2%	9.7%	7.2%	7.9%
Adjusted EBIT margin, %	6.0%	1.0%	6.7%	4.9%	5.1%
EBIT margin, %	6.0%	0.7%	6.7%	4.2%	4.2%
Other ratios					
Solvency ratio, %	46.7%	41.4%	46.7%	41.4%	44.1%
Leverage ratio	2.78	5.21	2.78	5.21	4.08
NWC ratio, %	(0.1%)	3.8%	(0.1%)	3.8%	(1.5%)
Capex ratio excl. acquisitions, %	0.6%	1.8%	1.0%	1.7%	2.0%
Share information					
Number of outstanding shares	10,440,587	10,438,638	10,440,587	10,438,638	10,438,638
Weighted average number of outstanding shares	10,440,587	10,433,749	10,439,819	9,541,207	9,767,408
Number of treasury shares	73,051	75,000	73,051	75,000	75,000
Earnings per share before dilution, DKK	0.84	(0.16)	3.32	1.67	2.20
Earnings per share after dilution, DKK	0.84	(0.16)	3.32	1.67	2.20

Reference is made to the consolidated financial statements for 2023 prepared in accordance with IFRS for definitions of key figures and ratios.

Business review

(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)

Revenue in Q3 was DKK 277.7 million compared to DKK 258.6 million in Q3 last year, representing an organic increase of 7.4%. As the revenue from AUBO Production A/S from Q3 2024 is now included in the comparative figures, this is no longer disclosed separately.

TCM Group's primary market is Denmark, which contributed 81.9% of Group revenue in Q3 2024. Revenue in Denmark was up 10.5% compared to Q3 last year to DKK 227.5 million. As expected, B2B sales, especially within Project sales, declined in the quarter, while B2C sales were significantly up compared to Q3 last year. The strong growth in B2C order intake that we experienced in the first 6 months of 2024 slowed down during the summer months, resulting in a largely flat development in B2C order intake in the quarter. This, combined with a negative B2B market, resulted in a 5% decrease in total order intake in the quarter.

Revenue in Norway decreased by 4.4% compared to Q3 2023 to DKK 47.3 million due to very difficult trading conditions. Revenue in other countries decreased by 9.4% in the quarter to DKK 2.9 million.

Gross margin increased from 17.7% in Q3 2023 to 20.3% in Q3 2024. It should be noted that the gross margin in Q3 2023 was negatively impacted by a correction related to third-party income. However, even when adjusting for this, gross margin improved slightly year-on-year. The improvement was due to the changed sales mix, with an increased share of generally higher-margin B2C-sales. Specifically in Q3 production costs were negatively impacted as high demand for e.g. lacquered products led to increased cost for overtime in production and external sourcing.

In Q3, TCM Group launched new products for both Svane Køkkenet and Tvis Køkken. In Svane Køkkenet, we launched 'New Tradition,' which is a modern interpretation of the classic kitchen design, and in Tvis Køkken, we launched 'Harmoni' which is a classic kitchen design with a contemporary twist.

At the end of Q3 2024, the total number of branded stores was 114 (112). Two stores opened in Denmark during the quarter: Nettoline in Brønshøj and Aars.

Total number of employees at the end of the quarter was 489 (496 end of Q3 2023).

Events after the reporting period

No events of importance to the consolidated interim financial statements have occurred after the reporting period.

Financial outlook

We narrow our full year guidance: A full year revenue for 2024 in the range of DKK 1,150-1,200 million (previously DKK 1,125-1,200 million) and adjusted EBIT in the range of DKK 75-90 million (previously DKK 70-90 million).

From 2024 TCM Group has changed the classification of certain income types from Revenue to reduction in Cost of Goods Sold. The change in classification will reduce the revenue in the range of DKK 20-25 million annually. Comparative historical figures in the 2024 financial reports are restated accordingly.

Forward looking statements

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.

Significant risks in the Group

TCM Group is exposed to strategic, operating, and financial risks, which are described in the management review and note 2 of the 2023 Annual Report prepared in accordance with IFRS. The macroeconomic turbulence following the Russian invasion of Ukraine combined with rising inflation and higher interest rates have had and can continue to have a short-term negative impact on demand for kitchens, and thereby impacting TCM Group's financial results negatively.

Financial review

(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)

Revenue

In Q3 2024 revenue increased by 7.4% to DKK 277.7 million (DKK 258.6 million).

Revenue in Denmark in Q3 2024 was DKK 227.5 million (DKK 205.9 million) corresponding to an increase of 10.5%. Revenue in Norway in Q3 2024 was down 4.4% to DKK 47.3 million (DKK 49.5 million). Revenue in other countries in Q3 2024 was DKK 2.9 million (DKK 3.2 million).

Total revenue for the first nine months of 2024 was up 16.0% to DKK 902.4 million (DKK 777.9 million). Revenue in Denmark for the first nine months of 2024 was up 7.6% to DKK 725.3 million (DKK 674.3 million), while revenue in Norway for the first nine months of 2024 was up 78.2% to DKK 168.0 million (DKK 94.3 million). Revenue in other countries for the first nine months of 2024 was down 2.2% to DKK 9.1 million (DKK 9.3 million).

Gross profit

Gross profit in Q3 2024 was DKK 56.3 million (DKK 45.9 million), corresponding to a gross margin of 20.3% (17.7%).

Gross profit for the first nine months of 2024 was DKK 187.7 million (DKK 147.5 million), corresponding to a gross margin of 20.8% (19.0%).

Operating expenses

Operating expenses in Q3 2024 were DKK 42.2 million (DKK 45.0 million), equal to a decrease of 7%. Operating expenses represented 15.2% of revenue in Q3 2024 (17.4%). The decrease in operating expenses is explained by lower provisions for impairment of trade receivables.

Operating expenses for the first nine months of 2024 were DKK 134.3 million (DKK 112.8 million). Operating expenses represented 14.9% of revenue for the first nine months in 2024 (14.5%).

Adjusted EBITDA

Adjusted EBITDA in Q3 2024 was DKK 26.0 million (DKK 10.8 million), corresponding to an adjusted EBITDA margin of 9.4% (4.2%).

Adjusted EBITDA for the first nine months of 2024 was DKK 87.1 million (DKK 56.2 million), corresponding to an adjusted EBITDA margin of 9.7% (7.2%).

Adjusted EBIT

Adjusted EBIT in Q3 2024 was DKK 16.7 million (DKK 2.5 million), corresponding to an adjusted EBIT margin of 6.0% (1.0%).

Adjusted EBIT for the first nine months of 2024 was DKK 60.5 million (DKK 37.8 million), corresponding to an adjusted EBIT margin of 6.7% (4.9%).

Non-recurring items

TCM Group presents non-recurring items separately to ensure comparability. Non-recurring items consist of income and expenses that are special and of a non-recurring nature. In Q3 2024 there were no non-recurring items. In Q3 2023 non-recurring items were transaction costs related to organisational restructuring.

Non-recurring items, DKK m	Q3		9 months	
	2024	2023	2024	2023
Transaction costs related to business combinations	0.0	0.0	0.0	2.8
Restructuring costs	0.0	0.7	0.0	2.4
Total	0.0	0.7	0.0	5.2

EBIT

EBIT in Q3 2024 was DKK 16.7 million (DKK 1.8 million). The increase was due to higher EBITDA. Depreciations and amortizations in Q3 2024 were DKK 9.2 million (DKK 8.3 million), including amortisations on intangible assets recognized as part of the purchase price allocation related to the acquisition of AUBO Production A/S.

EBIT for the first nine months of 2024 increased to DKK 60.5 million (DKK 32.7 million). The increase was primarily due to the increase in EBITDA, and lower non-recurring items. Depreciations, amortizations, and impairment charges for the first nine months of 2024 were DKK 26.6 million (DKK 18.4 million).

Net profit

Net profit in Q3 2024 increased to DKK 8.8 million (DKK -1.7 million). Net Financial expenses in Q3 2024 were DKK 2.8 million higher than in Q3 2023, due foreign exchange rate losses related to the weakening of the NOK.

Net profit for the first nine months of 2024 increased to DKK 34.7 million (DKK 15.9 million). Net Financial expenses were DKK 9.3 million higher than the same period last year, primarily due to the higher level of interest-bearing debt during the year, higher interest rates and foreign exchange rate losses.

Free cash flow

Free cash flow in Q3 2024 was DKK 6.0 million (DKK 17.5 million). Compared to Q3 2023, free cash flow in Q3 2024 was positively impacted by higher operating profit, but negatively impacted by an increase in the net working capital of DKK 12.6 million compared to a decrease of DKK 17.5 million in Q3 2023. Q3 last year benefitted from net working capital improvements following the acquisition of AUBO Production A/S. Investments were DKK 7.6 million in Q3 2024 compared to DKK 10.0 million last year. The investments related primarily to digitalisation and modernisation of the production equipment.

Free cash flow for the first nine months of 2024 was DKK 44.4 million (DKK -19.9 million).

Net working capital

Net working capital at the end of Q3 2024 was DKK -1.2 million (DKK 40.2 million). NWC ratio at the end of Q3 2024 was -0.1% (3.8%).

DKK million	End of Q3	
	2024	2023
Inventories	92.3	108.0
Trade and other receivables	112.0	148.4
Operating liabilities	(205.5)	(216.1)
Net working capital	(1.2)	40.2
NWC ratio	(0.1%)	3.8%

The decrease in inventory of DKK 15.7 million was due to the decision to decrease the stock of parts and raw materials following the normalisation of the supply situation.

Trade receivables and other receivables decreased by DKK 36.4 million compared to Q3 last year, primarily due to timing of customer payments at the end of the quarter. Other receivables are measured excluding the value of short-term lease receivables amounting to DKK 7.5 million, as this is not considered part of the net working capital.

Operating liabilities decreased by DKK 10.7 million compared to Q3 last year. The development in operating liabilities was primarily due to lower other payables.

Net interest-bearing debt

Net interest-bearing debt amounted to DKK 329.4 million at the end of Q3 2024 (DKK 417.3 million end Q3 2023).

Leverage ratio, measured as net interest-bearing debt excluding tax liabilities divided by adjusted EBITDA LTM, end of Q3 2024 was 2.78, compared 5.21 end of Q3 2023 reported, and 3.58 end of Q3 2023 on a pro-forma basis adjusting for AUBO Production A/S.

Equity

Equity at the end of Q3 2024 amounted to DKK 566.2 million (DKK 523.8 million end Q3 2023). The solvency ratio was 46.7% at the end of Q3 2024 (41.4%).

Additional information

Financial calendar

The financial year covers the period 1 January – 31 December, and the following dates have been fixed for releases etc. related to the financial year 2024:

26 February 2025	Interim report Q4 2024 and Annual report 2024
9 April 2025	Annual General Meeting

Presentation

The interim report will be presented on Friday 22 November 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/oypp57wh>.

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/B1a1bf608e2c0646f48c23a9ecc134eed5>

About TCM Group A/S

TCM Group is Scandinavia's third largest kitchen manufacturer, with a major part of its business concentrated in Denmark. The product offering includes cabinets, table tops and storage.

Manufacturing is generally carried out in-house and more than 90% is manufactured to a specific customer order. Production sites are located in Denmark, with four factories in Tvis and Aulum (in the western part of Denmark).

The Group pursues a multi-brand strategy, under which the main brand is Svane Køkkenet and the secondary brands are Tvis Køkken, Nettoline, AUBO and private label. Combined, the brands cater for the entire price range. Products are mainly marketed through a network of franchise stores and independent kitchen retailers. Furthermore, 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.

Company information

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Consolidated interim financial statements

Consolidated income statement

DKK m	Note	Q3		9 months	
		2024	2023	2024	2023
Revenue	2	277.7	258.6	902.4	777.9
Cost of goods sold		(221.4)	(212.7)	(714.7)	(630.4)
Gross profit		56.3	45.9	187.7	147.5
Selling expenses		(23.7)	(27.4)	(76.1)	(69.4)
Administrative expenses		(18.5)	(17.6)	(58.3)	(43.4)
Other operating income		2.6	1.6	7.2	3.1
Operating profit before non-recurring items		16.7	2.5	60.5	37.8
Non-recurring items	3	0.0	(0.7)	0.0	(5.2)
Operating profit		16.7	1.8	60.5	32.7
Share of profit/loss in associated companies		1.1	0.0	4.3	0.4
Financial income and expenses		(6.9)	(4.1)	(21.6)	(12.3)
Profit before tax		11.0	(2.3)	43.2	20.8
Tax for the period		(2.2)	0.6	(8.5)	(4.8)
Net profit for the period		8.8	(1.7)	34.7	15.9
Earnings per share before dilution, DKK		0.84	(0.16)	3.32	1.67
Earnings per share after dilution, DKK		0.84	(0.16)	3.32	1.67

Consolidated statement of comprehensive income

DKK m	Q3		9 months	
	2024	2023	2024	2023
Net profit for the period	8.8	(1.7)	34.7	15.9
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss				
Value adjustments of currency hedges before tax	0.4	(0.6)	1.5	0.3
Tax on value adjustments of currency hedges	(0.1)	0.1	(0.3)	(0.1)
Other comprehensive income for the period	0.3	(0.5)	1.2	0.2
Total comprehensive income for the period	9.1	(2.2)	35.9	16.1

Consolidated balance sheet

DKK m	Note	End of Q3 2024	2023	End of 2023
ASSETS				
Intangible assets				
Goodwill		412.0	412.0	412.0
Brand		177.6	179.1	178.7
Customer contract		41.6	46.3	45.1
Other intangible assets		1.4	6.0	2.8
Other intangible assets in progress		51.7	27.5	33.7
		684.3	670.9	672.3
Tangible assets				
Land and buildings		126.7	127.7	128.9
Tangible assets under construction and prepayments		4.3	0.0	6.1
Machinery and other technical equipment		52.8	57.3	54.0
Equipment, tools, fixtures and fittings		5.5	8.0	7.1
Right-of-use assets		39.4	54.3	41.5
		228.7	247.3	237.6
Financial assets				
Investments in associated companies		47.8	47.3	48.0
Lease receivables		8.9	12.5	10.8
Other financial assets		11.0	10.6	11.1
		67.7	70.4	69.9
Total non-current assets		980.6	988.7	979.8
Inventories		92.3	108.0	92.5
Current receivables				
Trade receivables		93.5	130.5	80.6
Lease receivables		7.5	6.0	8.5
Receivables from associated companies		1.7	0.0	1.9
Other receivables		9.3	11.1	23.1
Prepaid expenses and accrued income		0.0	0.0	1.2
		112.1	147.5	115.2
Cash and cash equivalents		26.3	20.0	13.3
Total current assets		230.7	275.5	221.1
Total assets		1,211.3	1,264.2	1,200.9

Consolidated balance sheet

DKK m	Note	End of Q3		End of
		2024	2023	2023
SHAREHOLDERS' EQUITY AND LIABILITIES				
Share capital		1.1	1.0	1.1
Treasury shares		(11.8)	(12.1)	(12.1)
Value adjustments of currency hedging		0.2	(0.7)	(0.9)
Retained earnings		576.7	535.6	541.6
Proposed dividend for the financial year		0.0	0.0	0.0
Total shareholders' equity		566.2	523.8	529.7
Deferred tax		66.4	67.9	68.0
Mortgage loans		13.1	23.1	22.7
Bank loans		204.6	129.8	145.3
Lease liabilities		44.6	61.9	48.1
Other liabilities		47.0	54.0	52.5
Total long-term liabilities		375.8	336.8	336.8
Mortgage loans		16.7	2.8	2.5
Bank loans		21.9	163.4	93.0
Lease liabilities		13.1	12.6	14.2
Trade payables		134.4	134.3	144.7
Liabilities to associated companies		0.0	0.5	0.0
Current tax liabilities		6.1	8.6	1.7
Other liabilities		77.1	81.3	77.8
Deferred income		0.0	0.0	0.6
Total short-term liabilities		269.3	403.6	334.5
Total shareholders' equity and liabilities		1,211.3	1,264.2	1,200.9

Change in consolidated shareholders' equity

	Share capital DKK m	Treas- ury shares DKK m	Value adjust- ments of currency hedges after tax DKK m	Re- tained earnings DKK m	Pro- posed dividend DKK m	Total DKK m
Opening balance 01.01.2023	0.9	(12.1)	(0.9)	432.7	0.0	420.6
Net profit for the period	0.0	0.0	0.0	15.9	0.0	15.9
Other comprehensive income for the period	0.0	0.0	0.2	0.0	0.0	0.2
Total comprehensive income for the period	0.0	0.0	0.2	15.9	0.0	16.1
Share capital increase	0.1	0.0	0.0	88.6	0.0	88.8
Cost related to share capital in- crease	0.0	0.0	0.0	(1.8)	0.0	(1.8)
Closing balance 30.09.2023	1.0	(12.1)	(0.7)	535.6	0.0	523.8
Opening balance 01.01.2024	1.1	(12.1)	(0.9)	541.6	0.0	529.7
Net profit for the period	0.0	0.0	0.0	34.7	0.0	34.7
Other comprehensive income for the period	0.0	0.0	1.2	0.0	0.0	1.2
Total comprehensive income for the period	0.0	0.0	1.2	34.7	0.0	35.9
Adjustment, cash flow hedges	0.0	0.0	(0.1)	0.1	0.0	0.0
Share based incentive program Transfer, exercised share based payment	0.0	0.0	0.0	0.7	0.0	0.7
	0.0	0.3	0.0	(0.3)	0.0	0.0
Closing balance 30.09.2024	1.1	(11.8)	0.2	576.7	0.0	566.3

Consolidated cash flow statement

DKK m	Note	Q3		9 months	
		2024	2023	2024	2023
Operating activities					
Operating profit		16.7	1.8	60.5	32.7
Depreciation and amortization		9.2	8.2	26.6	18.3
Other non-cash operating items		0.2	0.0	0.7	0.0
Income tax paid		0.0	0.0	(6.1)	(10.7)
Change in net working capital		(12.6)	17.5	(15.0)	(31.3)
Cash flow from operating activities		13.6	27.5	66.7	9.0
Investing activities					
Investments in fixed assets		(7.6)	(10.0)	(26.9)	(28.9)
Sale of fixed assets		0.0	0.0	0.1	0.0
Acquisition of operations, net		0.0	(100.8)	0.0	(100.8)
Dividends from associates		0.0	0.0	4.5	0.0
Cash flow from investing activities		(7.6)	(110.8)	(22.3)	(129.7)
Financing activities					
Interest paid		(5.6)	(5.7)	(18.3)	(11.5)
Proceeds from loans		18.1	149.6	21.4	149.6
Repayments of loans		(7.7)	(42.8)	(29.0)	(75.6)
Repayments of lease liabilities		(1.5)	(1.7)	(4.4)	(4.0)
Rights issue, net proceeds		0.0	0.0	0.0	77.0
Cash flow from financing activities		3.3	99.4	(30.3)	135.5
Cash flow for the period		9.3	16.1	14.1	14.8
Cash and cash equivalents at the beginning of the period					
		17.5	3.0	13.3	4.4
Cash flow for the period		9.3	16.1	14.1	14.8
Exchange-rate differences in cash and cash equivalents		(0.5)	0.8	(1.1)	0.7
Cash and cash equivalents at the end of the period		26.3	19.9	26.3	19.9

Notes to the consolidated interim financial statements

1. Accounting policies

This interim report has been prepared in accordance with IAS 34 “Interim Financial Reporting” as adopted by the EU and Danish disclosure requirements for listed companies. TCM Group has applied the same accounting policies in this interim report as were applied in the consolidated financial statements for 2023 prepared in accordance with IFRS, why reference is made to note 1 of these financial statements for accounting policies and for definitions of key figures and ratios on pages 43-47 and 66.

From 2024 TCM Group has changed the classification of certain income types from Revenue to reduction in Cost of Goods Sold. The change in classification has reduced the revenue in the range of DKK 20-25 million annually. Comparative figures in 2024 financial reports are restated accordingly.

Impact from new IFRS standards

TCM Group A/S has implemented the latest International Financial Reporting Standards (IFRS) and amendments effective as of 1 January 2024 as adopted by the European Union.

Implementation of the standards and amendments have not had any material impact on the Group’s Financial Statements and are likewise not expected to have any significant future impact.

2. Revenue and segment information

The Group’s business activities are managed within a single operating segment that is producing and selling kitchens, bathrooms and storage solutions. The result of the operating segment is monitored by the Group’s management to evaluate it and to allocate resources.

	Q3		9 months	
	2024	2023	2024	2023
Revenue by region, DKK m				
Denmark	227.5	205.9	725.3	674.3
Norway	47.3	49.5	168.0	94.3
Other countries	2.9	3.2	9.1	9.3
	277.7	258.6	902.4	777.9
Revenue by category, DKK m				
Revenue, core business	205.0	203.0	680.2	596.0
Revenue, 3rd party	72.7	55.6	222.2	181.9
	277.7	258.6	902.4	777.9

Revenue consists of sale of goods and services.

3. Non-recurring items

Non-recurring items, DKK m	Q3		9 months	
	2024	2023	2024	2023
Transaction costs related to business combinations	0.0	0.0	0.0	2.8
Restructuring costs	0.0	0.7	0.0	2.4
Total	0.0	0.7	0.0	5.2

4. Acquisition of operations (business combinations)

2023: Acquisition of AUBO Production A/S

On 3 July 2023, TCM Group A/S acquired 100% of the share capital of AUBO Production A/S. The acquisition supports TCM Group's strategy of strengthening the market position of TCM in the core markets and grow the presence of TCM in Norway.

Purchase consideration	DKK m
Cash paid	105.1
Ordinary shares issued	10.0
Vendor note	35.0
Contingent consideration	18.5
Purchase price	168.6

The fair value of the 149,925 shares issued as part of the consideration paid for AUBO Production A/S (DKK 10.0 million) was DKK 66.7 per share based on the share value calculated as the volume-weighted average closing price as shown by Nasdaq Copenhagen between and including 19 June 2023 and 23 June 2023.

Contingent consideration of potential DKK 60 million is linked to the performance of the company going forward. The fair value of the contingent consideration was estimated at DKK 18.5 million as of the acquisition date and revalued to DKK 17.5 million as of 31 December 2023.

Assets and liabilities included in the acquisition	Fair value DKK m	Acquired carrying amount DKK m
Cash and cash equivalents	4.4	4.4
Tangible assets	55.4	47.0
Intangible assets	3.4	3.4
Intangible assets: Customer contract	47.5	0.0
Intangible assets: Brand value	7.5	0.0
Financial assets	1.0	1.0
Inventories	34.9	34.3

Trade receivable and other receivables	65.2	65.2
Accounts payable and other operating liabilities	(42.1)	(42.1)
Tax payable	(9.1)	(9.1)
Debt to parent company	(16.8)	(16.8)
Interest-bearing liabilities	(8.4)	0.0
Deferred taxes, net	(16.4)	(4.1)
Net identifiable assets acquired	126.4	83.1
Goodwill	42.2	
Net assets acquired	168.6	

Goodwill is attributable to the workforce and the high profitability of the acquired business. It will not be deductible for tax purposes.

In 2023, revenue attributable to AUBO Production A/S since the date of acquisition amounted to DKK 117.0 million and net profit amounted to DKK 1.5 million.

If the acquisition had occurred on 1 January 2023, consolidated pro-forma revenue and profit for the period ended 31 December 2023 would have been approximately DKK 260 million and DKK 6 million respectively.

These amounts have been calculated using the subsidiary's results and adjusting them for:

- differences in the accounting policies between the group and the subsidiary, and
- the additional depreciation and amortization that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 January 2023, together with the consequential tax effects.

Fair value of trade receivable amounted to DKK 57.3 million. The gross contractual receivables amounted to DKK 57.3 million of which DKK 0.0 million is considered uncollectible.

Purchase consideration - cash outflow

		<u>DKK m</u>
Purchase consideration paid in cash		105.1
Cash and cash equivalents in acquired subsidiaries		(4.4)
Reduction in the Group's cash and cash equivalents in conjunction with acquisition		100.7

Transaction costs for the acquisition amounted to DKK 2.8 million and are presented under non-recurring items. Of the transaction costs DKK 2.8 million was recognized in Q2 2023.

5. Related party transactions

Except for remuneration to senior executives and Board of Directors, there were no other transactions with related parties.

6. Events after the reporting period

No events of importance to the consolidated interim financial statements have occurred after the reporting period.

Statement by the Board of Directors and the Executive Management

The Board of Directors and the Executive Management today considered and adopted the interim report of TCM Group A/S for the period 1 January 2024 – 30 September 2024.

The interim report, which has been neither audited nor reviewed by the company's auditors, was prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU and Danish disclosure requirements for listed companies.

In our opinion, the interim report gives a true and fair view of the Group's assets and liabilities and financial position at 30 September 2024 and of the results of the Group's operations and cash flows for the period 1 January to 30 September 2024.

Furthermore, in our opinion, the management review includes a fair review of the development and performance of the business, the results for the period and of the Group's financial position in general and describes the principal risks and uncertainties that it faces.

Tvis, 22 November 2024

Executive Management

Torben Paulin
CEO

Thomas Hjannung
CFO

Board of Directors

Anders Tormod Skole-Sørensen
Chairman

Søren Mygind Eskildsen
Deputy Chairman

Pernille Wendel Mehl

Jan Amtoft

Erika Hummel

Björn Johan Olsson Lissner

Supplementary financial disclosure

Quarterly overview

DKK million	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024
Income statement					
Revenue	258.6	306.2	292.5	332.2	277.7
Gross profit	45.9	68.3	60.1	71.3	56.3
Earnings before interest, tax, depreciation, and amortisation (EBITDA)	10.1	26.3	24.4	36.7	26.0
Adjusted EBITDA	10.8	29.0	24.4	36.7	26.0
Earnings before interest, tax and amortisation (EBITA)	3.3	18.1	17.4	29.6	18.3
Adjusted EBIT	2.5	17.8	15.8	28.0	16.7
Operating profit (EBIT)	1.8	13.1	15.8	28.0	16.7
Financial items	(4.1)	(8.6)	(8.9)	(5.9)	(6.9)
Profit before tax	(2.3)	6.3	8.6	23.7	11.0
Net profit for the period	(1.7)	5.6	7.0	18.9	8.8
Balance sheet					
Total assets	1,264.2	1,200.9	1,213.7	1,226.1	1,211.3
Net working capital	40.2	(16.0)	(9.1)	(15.8)	(1.2)
Net interest-bearing debt (NIBD)	417.3	349.3	346.6	326.0	329.4
Equity	523.8	529.7	538.1	556.9	566.2
Cash Flow					
Free cash flow excl. acquisitions of operations	17.5	60.3	12.6	25.8	6.0
Margins					
Gross margin, %	17.7%	22.3%	20.5%	21.5%	20.3%
Adjusted EBITDA margin, %	4.2%	9.5%	8.3%	11.1%	9.4%
Adjusted EBIT margin, %	1.0%	5.8%	5.4%	8.4%	6.0%
EBIT margin, %	0.7%	4.3%	5.4%	8.4%	6.0%
Other ratios					
Solvency ratio, %	41.4%	44.1%	44.3%	45.4%	46.7%