

COMPANY ANNOUNCEMENT

No. 130/2022

Tvis, 25 February 2022

Interim report Q4 2021 (October 1 - December 31)

(All figures in brackets refer to the corresponding period in 2020)

Underlying revenue growth of 8%, but earnings below expectations impacted by an unstable supply chain situation.**CEO Torben Paulin:**

“In Q4 we delivered an organic like-for-like growth of 8%, and reported sales grew 4.3%, which included a negative impact from the divestment of the Svane Køkkenet store in Copenhagen to our franchisee, and the merge of the e-commerce activities in kitchn.dk and Celebert. We continue to see encouraging growth rates in revenue outside Denmark, which was up 16% compared to fourth quarter last year.

We have, however not been able to deliver earnings in line with our expectations as announced in January. Increasing raw material prices and an extremely unstable supply chain situation has impacted our earnings negatively. We deliver a full year EBIT of DKK 138m, overall on par with last year.

During the fourth quarter of 2021 adjustments to the sales prices have been introduced to mitigate the continued price increases on raw materials, but the positive effect hereof comes with some delay. A delay which is prolonged when many customers postpone the time of delivery of their orders.

We experienced an aggravation of the unstable supply chain situation during the fourth quarter, and specifically the quarter was characterized by a situation where the company's margin was negatively impacted by both a rise in the price of raw materials, and a, for the earnings, negative development in the sales mix. In the fourth quarter we saw customers postponing the delivery of high margin orders. The revenue was replaced by revenue from third party products which carried a lower margin.

For the upcoming Annual General Meeting we will propose to distribute an ordinary dividend of DKK 6 per share. Excluding treasury shares this corresponds to DKK 54 million. Furthermore, we will propose to the Annual General Meeting, that a mandate is provided to the Board of Directors with the option to distribute an extraordinary dividend during 2022 in the range DKK 25-75 million.

Coming into 2022, we continue to be negatively impacted by the supply chain situation, which has not yet stabilised. The uncertainty for the financial outlook is therefore higher than normal. We estimate 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 Q4

- Revenue DKK 274.2 million (DKK 262.8 million) corresponding to a revenue growth of 4.3%. Organic like-for-like growth was 8%.
- Adjusted EBITDA DKK 33.5 million (DKK 41.6 million). Adjusted EBITDA margin was 12.2% (15.8%).
- Adjusted EBIT down DKK 7.4 million to DKK 29.0 million (DKK 36.4 million). Adjusted EBIT margin was 10.6% (13.8%).
- Non-recurring items had a total negative impact of DKK 8.5 million (DKK 3.0 million). Non-recurring items included costs related to Covid-19 precautions and related supply chain disruptions, and cost related to the Celebert/kitchn.dk transaction.
- EBIT down DKK 12.8 million to DKK 20.5 million (DKK 33.4 million), corresponding to an EBIT margin of 7.4% (12.7%).
- Net profit down DKK 9.1 million to DKK 16.1 million (DKK 25.1 million).
- Free cash flow was DKK 28.6 million (DKK 29.9 million).
- Cash conversion ratio was 58.3% (85.8%).

Financial highlights 12 months 2021

- Revenue DKK 1,108.3 million (DKK 1,024.6 million) corresponding to a revenue growth of 8.2%. Organic like-for-like growth was 11%.
- Adjusted EBITDA DKK 155.4 million (DKK 156.1 million). Adjusted EBITDA margin was 14.0% (15.7%).
- Adjusted EBIT down DKK 2.0 million to DKK 137.8 million (DKK 139.7 million). Adjusted EBIT margin was 12.4% (13.6%).
- Non-recurring items had a positive impact of DKK 0.7 million (negative impact of DKK 5.0 million).
- EBIT up DKK 3.7 million to DKK 138.4 million (DKK 134.7 million), corresponding to an EBIT margin of 12.5% (13.1%).
- Net profit up DKK 8.5 million to DKK 110.7 million (DKK 102.2 million).
- Free cash flow was DKK 44.4 million (DKK 101.0 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 140-170 million.

Contact

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Presentation

The interim report will be presented on Friday 25 February at 9:30 CET in a teleconference that can be followed on TCM Groups website or on <https://edge.media-server.com/mmc/p/mkr6ebs7>.

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 Køkkener 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.