TCM Group A/S

Interim Report October-December 2022

February 24, 2023

Business update Q4 2022

- Organic like-for-like growth (core business) of 1%
- Decline in high margin B2C sales offset by growth in lower margin B2B project sales, resulting in an unfavorable change in sales mix and reduced earnings.
- Increased efficiency in the production sites enabled shutdown of the third shift (night shift)
- Further organisational restructuring
- Number of branded stores was 94 (93).
- Svane launched INFINITY
- High uncertainty in the current market

Revenue growth in Q4 of 1% in Core business

Revenue
275 mDKK
(274 mDKK)

0.3%
revenue growth

Adjusted EBIT
18 DKK
(29 mDKK)

Adjusted
EBIT margin
6.5%
(10.6%)

NWC ratio
-5.0%
(-7.4%)

Cash conversion
61.0%
(58.3%)

Q4: Revenue development

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	2022 Oct-Dec	2021 Oct-Dec	2022 Jan-Dec	2021 Jan-Dec
Net revenue (mDKK)	275	274	1,146	1,108
- Revenue growth	*0.3%*		*3.4%*	

Q4 comments:

- ❑ Reported revenue in Denmark increased by 0.3% - organic like-for-like growth excluding third party revenue (core business) in Denmark was 1%. Full year revenue growth in Denmark was 2.1% - 4.5% in Core business in Denmark
- ❑ Revenue outside Denmark was on par with Q4 LY. Growth in revenue to the branded Svane Køkkenet stores was offset by a decline within the DIY segment. Full year revenue growth was 17.2%

4.5% growth in core DK revenue in 2022

17.2% growth in revenue outside DK in 2022

P&L highlights

	2022 Oct-Dec	2021 Oct-Dec	2022 Jan-Dec	2021 Jan-Dec
Net revenue (mDKK)	275	274	1,146	1,108
- Gross Margin	*20.1%*	*21.1%*	*20.4%*	*23.0%*
Adjusted EBIT (mDKK)	18	29	103	138
- Adjusted EBIT margin	*6.5%*	*10.6%*	*9.0%*	*12.4%*

Q4 comments:

- Decline in high margin B2C sales, offset by growth in lower margin B2B project sales leading to negative impact on gross margin.
- Additional negative impact from higher input cost. Limited positive impact from implemented sales price increases during 2022, which will have full effect in 2023.
- Gross margin declined from 21.1% to 20.1%.
- Higher operating expenses driven by higher marketing spend a.o. related to product launches, higher costs related to new stores opened during the year, and an increase in the provisions made to cover potential losses on debtors given the higher macro economic uncertainty.

Increased headroom from renegotiated leverage covenant

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	2022 Dec	2021 Dec
Net working capital (mDKK)	-57	-82
NWC ratio	-5.0%	-7.4%
NIBD (mDKK)	288	200
Leverage (incl. IFRS 16)	2.35	1.33

Q4 comments:

- Slight decrease in NWC compared to Q4 LY primarily due to higher trade receivables and lower trade payables.
- Buffer levels in inventories have been reduced during Q4.
- NIBD excluding liabilities related to IFRS 16 NIBD was 228mDKK compared to 175mDKK LY.
- Leverage ratio was 2.35 (1.33), excluding IFRS 16 leverage ratio was 1.91 (1.20).
- Leverage covenant in bank credit facility increased from 3.0 to 4.0.

Cash flow

	2022 Oct-Dec	2021 Oct-Dec	2022 Jan-Dec	2021 Jan-Dec
Operating profit (mDKK)	18	21	97	138
Depreciation and amortization (mDKK)	4	4	18	17
Other non-cash operating items	2	0	2	-17
Change in NWC (mDKK)	44	33	-36	-38
Tax a.o (mDKK)	-2	-19	-9	-26
Capex excl. acquisitions, net (mDKK)	-14	-11	-33	-29
Free cash flow excl. acquisitions (mDKK)	52	29	40	45
Cash conversion			61.0%	58.3%
Capex ratio			2.0%	2.6%

Q4 comments:

- Free cash flow was 52mDKK compared to 29mDKK in Q4 LY.
- Development primarily driven by the change in NWC in the quarter compared to Q4 LY and lower tax payments compared to Q4 LY.
- Capex ratio YTD was 2.0% of revenue compared to 2.6% LY.
- Cash conversion in Q4 at 61%.

Financial outlook 2023

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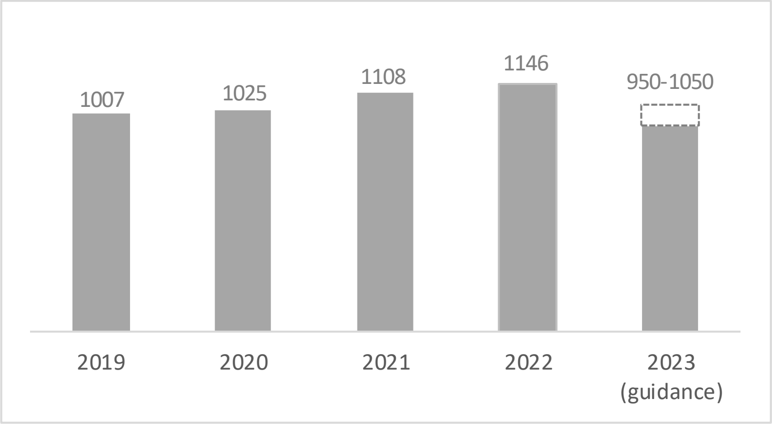
Financial outlook:

- High degree of uncertainty. Expected lower activity in 2023 in general and B2C sales expected to continue to be low going into 2023.
- Net revenue: 950-1,050mDKK
- EBIT: 70-100mDKK

(EBIT excluding non-recurring items)

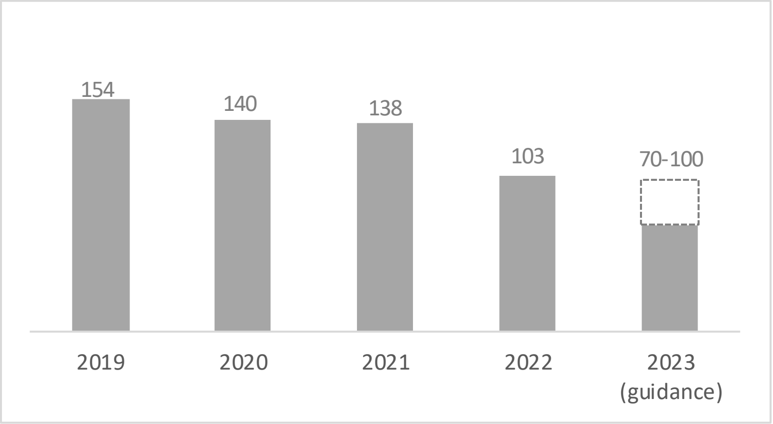
Revenue development

DKKm



Adjusted EBIT development

DKKm



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Q&A