

**TCM Group Management's review**  
**Interim report Q4 2020 (October 1 - December 31)**

(All figures in brackets refer to the corresponding period in 2019)

**Continued strong financial performance. Proposal of an extraordinary dividend and a share buy back program.****CEO Torben Paulin:**

“2020 was an unprecedented year for TCM Group. In a year dominated by the Covid-19 pandemic, TCM Group managed to continue to grow with turnover reaching DKK 1,025 million, up 1.8%, and with an adjusted EBIT of DKK 140 million. Overall, revenue and EBIT was in line with our expectations.

In 2020 TCM Group continued to generate a considerable positive cash flow, building on an already strong financial position from previous years. As a consequence of this and in light of the capital structure goal set out by the Board of Directors earlier, the Board of Directors will be recommending the following measures to the upcoming Annual General Meeting:

1. Ordinary dividend for 2020 of DKK 5.50 per share corresponding to 54% of net profit
2. Extraordinary dividend of DKK 7.50 per share
3. The implementation of a share buy back program of in total up to DKK 150 million

The extraordinary dividend should also be seen in light of the fact that due to the emerging Covid-19 pandemic, no dividend was distributed during 2020.

If the Annual General Meeting follows the recommendation of the Board of Directors, these measures will move TCM Group towards a capital structure in line with the long term guidelines set out by the Board of Directors.

The results that TCM Group has achieved in 2020 would not have been possible without the dedication and determination of our employees and the employees in the franchisee and dealer operated stores. We thank you for your determination, flexibility and strong contribution to bringing TCM Group and our brands through a challenging year.

We will maintain our focus on growth a.o. through gaining a stronger foothold in Norway and expanding our online sales channel, while continuing to gain market share in mature markets and brands.

For 2021 we predict a revenue in the range of DKK 1,040-1,100 million, corresponding to an expected organic growth of 4-10% on the continuing business excluding the divestment of the Svane store in Copenhagen, and EBIT in the range of DKK 145-160 million.”

## Financial highlights Q4

- Revenue DKK 262.8 million (DKK 261.6 million) corresponding to a revenue growth of 0.5%.
- Adjusted EBITDA DKK 41.6 million (DKK 48.5 million). Adjusted EBITDA margin was 15.8% (18.5%). The decrease in adjusted EBITDA margin was primarily driven by a lower gross margin impacted from a change in sales mix, costs related to new product launches and additional costs related to the replacement of the main automatised board cutting and stacking solution.
- Adjusted EBIT down DKK 7.0 million to DKK 36.4 million (DKK 43.4 million). Adjusted EBIT margin was 12.7% (15.0%)
- Non-recurring items had a negative impact of DKK 3.0 million due to Covid-19 precautions.
- EBIT down DKK 6.0 million to DKK 33.4 million (DKK 39.4 million), corresponding to an EBIT margin of 12.7% (15.0%).
- Net profit down DKK 4.7 million to DKK 25.1 million (DKK 29.8 million).
- Free cash flow was DKK 29.9 million (DKK 44.7 million).
- Cash conversion ratio was 85.8% (99.9%).

## Financial highlights 2020

- Revenue DKK 1,024.6 million (DKK 1,006.9 million) corresponding to an organic growth of 1.8%.
- Adjusted EBITDA DKK 161.1 million (DKK 174.4 million). EBITDA margin was 15.7% (17.3%).
- Adjusted EBIT down DKK 13.9 million to DKK 139.7 million (DKK 153.6 million). Adjusted EBIT margin was 13.6% (15.3%).
- Non-recurring items had a negative impact of DKK 5.0 million due to Covid-19 precautions.
- EBIT down DKK 11.9 to DKK 134.7 million (DKK 146,6 million), corresponding to an EBIT margin of 13.1% (14.6%).
- Net profit down DKK 9.1 million to DKK 102.2 million (DKK 111.3 million).
- Free cash flow was DKK 101.0 million (DKK 132.3 million).
- Full-year guidance for the financial year 2021 is revenue in the range DKK 1,040-1,100 million, and EBIT in the range DKK 145-160 million.

## Contact

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**Key figures and ratios**

DKK million	Q4 2020	Q4 2019	FY 2020	FY 2019
<b>Income statement</b>				
<b>Revenue</b>	<b>262.8</b>	<b>261.6</b>	<b>1,024.6</b>	<b>1,006.9</b>
Gross profit	70.4	75.7	272.8	279.6
Earnings before interest, tax, depreciation and amortisation (EBITDA)	38.6	44.5	156.1	167.4
Adjusted EBITDA	41.6	48.5	161.1	174.4
Earnings before interest, tax and amortisation (EBITA)	35.3	41.3	142.3	154.1
Adjusted EBIT	36.4	43.4	139.7	153.6
<b>Operating profit (EBIT)</b>	<b>33.4</b>	<b>39.4</b>	<b>134.7</b>	<b>146.6</b>
Profit before tax	32.2	38.3	130.7	142.4
Net profit for the period	25.1	29.8	102.2	111.3
<b>Balance sheet</b>				
Total assets	929.5	911.1	929.5	911.1
Net working capital (NWC)	(117.0)	(108.9)	(117.0)	(108.9)
Net interest-bearing debt (NIBD)	(42.9)	51.7	(42.9)	51.7
Equity	574.4	472.7	574.4	472.7
<b>Cash Flow</b>				
Free cash flow excl. acquisitions of operations	29.9	44.7	101.0	132.3
Cash conversion, %	85.8%	99.9%	85.8%	99.9%
<b>Growth ratios</b>				
Revenue growth, %	0.5%	3.9%	1.8%	11.9%
Gross profit growth, %	(7.1%)	(2.9%)	(2.4%)	6.4%
Adjusted EBIT growth, %	(16.1%)	(2.0%)	(9.0%)	9.6%
EBIT growth, %	(15.2%)	(11.1%)	(8.1%)	6.1%
Net profit growth, %	(15.8%)	(10.9%)	(8.2%)	7.3%
<b>Margins</b>				
Gross margin, %	26.8%	28.9%	26.6%	27.8%
Adjusted EBITDA margin, %	15.8%	18.5%	15.7%	17.3%
Adjusted EBIT margin, %	13.8%	16.6%	13.6%	15.3%
EBIT margin, %	12.7%	15.0%	13.1%	14.6%
<b>Other ratios</b>				
Solvency ratio, %	61.8%	51.9%	61.8%	51.9%
Leverage ratio	(0.23)	0.31	(0.23)	0.31
NWC ratio, %	(11.4%)	(10.8%)	(11.4%)	(10.8%)
Capex ratio excl. acquisitions, %	6.4%	2.0%	3.0%	1.5%
<b>Share information</b>				
Earnings per share before dilution, DKK	2.51	2.98	10.22	11.13
Earnings per share after dilution, DKK	2.51	2.98	10.22	11.13

Reference is made to the consolidated financial statements for 2020 prepared in accordance with IFRS for definitions of key figures and ratios.

## Business review

In Q4 2020 revenue increased by 0.5% to DKK 262.8 million (DKK 261.6 million).

TCM Group's primary market is Denmark which contributed with 92% of Group revenue in Q4 2020. The kitchen market in Denmark has up to this point shown robust resilience, and demand has kept up despite the increased macro economic uncertainty following the virus outbreak. Revenue in Denmark was up 0.9% driven by growth within Nettoline and our e-commerce platform kitchn.dk offset by a decline in B2C revenue through the branded stores.

Our Norwegian business has been softer in the quarter resulting in a decline of 4.0% compared to Q4 2019. During Q4 2020 we signed an agreement with a dealer to open a new store in Oslo, which is an important milestone to leverage on the significant potential we see for Svane Køkkenet in Norway.

In Q4 2020 the gross margin was negatively impacted by a change in sales mix (B2B vs. B2C) and additional discounts supporting the launch of the new kitchen lines S12 RAW Limited edition for Svane Køkkenet and Momento for Tvis Køkkener. Furthermore, additional costs in our supply chain related to the replacement of our main automatised board cutting and stacking solution had a significant impact on the cost of goods sold in the quarter. The new solution is expected to be in full operation at the end of Q1 2021.

At the end of Q4 2020, the total number of Svane and Tvis branded stores was 69 (68). We continue our focus to add new branded stores to our business primarily new Svane Køkkenet stores in Norway and new Tvis Køkkener and Nettoline stores in Denmark. Nettoline has converted most of its Danish dealers into the Nettoline store concept, and therefore we now consider these stores to be branded in line with the Svane and Tvis branded stores. During Q4 2020 Nettoline opened a new store in Skive, Denmark. At the end of Q4 2020, Nettoline had 21 branded stores in Denmark, bringing the total number of branded stores in TCM Group to 90.

During 2021 a new Svane Køkkenet store will open in Oslo, Norway. Tvis Køkkener will open a new store in Roskilde, Denmark during 2021. Furthermore, during Q1 2021 Nettoline will open two new branded stores in Køge and Fjerritslev, Denmark.

During Q4 2020 Tvis Køkkener launched the new kitchen line Momento including the launch of the new Pocketgrip, while the focus within Svane Køkkenet was the new S12 RAW Limited edition kitchen line. S12 RAW Limited edition is based on uncompromising design with fully veneered frame and wooden fronts with a raw and dark look.

Total number of employees at the end of Q4 2020 was 496 (493).

## **Dividend and share buy back program**

The Board of Directors recommends to the Annual General Meeting the following:

1. An ordinary dividend payout of DKK 5.50 per share (totaling DKK 55 million) corresponding to 54% of net profit
2. An extraordinary dividend payout of DKK 7.50 per share (totaling DKK 75 million)
3. The implementation of a share buy back program of in total up to DKK 150 million

## **Events after the reporting period**

The subsidiary which owns and operates the Svane store in Copenhagen has been sold with effect from 5 January 2021. Assets and liabilities in the company are presented in the balance as assets and liabilities held for sale.

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

## **Financial outlook**

Based on an assumption that Denmark will not be subject to further extension of the lockdown measures, we estimate a full-year revenue in the range DKK 1,040-1,100 million, and EBIT in the range of DKK 145-160 million.

## **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 2020 Annual Report prepared in accordance with IFRS.

The Covid-19 situation and the possible risk of this leading to a macro economic recession is a significant risk to impact TCM Group's financial results.

## Financial review

### Revenue

In Q4 2020 revenue grew by 0.5% to DKK 262.8 million (DKK 261.6 million).

Revenue in Denmark in Q4 2020 was DKK 241.0 million (DKK 238.9 million) with organic growth of 0.9%. The organic growth was driven by growth in Nettoline and our e-commerce platform kitchn.dk off-set by a decline in B2C revenue through the branded stores. Revenue in other countries in Q4 2020 was down 4.0% to DKK 21.8 million (DKK 22.7 million).

Revenue for 2020 was up 1.8% to DKK 1,024.6 million (DKK 1,006.9 million). Revenue in Denmark for 2020 was up 2.5% to DKK 941.6 million (DKK 918.6 million) and revenue in other countries for 2020 was down 6.1% to DKK 83.0 million (DKK 88.4 million).

### Gross profit

Gross profit in Q4 2020 was DKK 70.4 million (DKK 75.7 million), corresponding to a gross margin of 26.8% (28.9%). The lower gross margin was primarily driven by a change in sales mix, costs related to new product launches and additional costs related to the replacement of the main automatised board cutting and stacking solution.

Gross profit for 2020 was DKK 272.8 million (DKK 279.6 million), corresponding to a gross margin of 26.6% (27.8%).

### Operating expenses

Operating expenses in Q4 2020 were DKK 34.0 million (DKK 32.3 million). Operating expenses represented 12.9% of revenue in Q4 2020 (12.4%). The increase in operating expenses were primarily due to higher marketing spend related to the new product launches of S12 RAW Limited edition for Svane Køkkenet and Momento for Tvis Køkkener, and increased activity level within our e-commerce platform kitchn.dk.

Operating expenses for 2020 were DKK 133.1 million (DKK 126.1 million). Operating expenses represented 13.0% of revenue (12.5%).

### Adjusted EBITDA

Adjusted EBITDA in Q4 2020 was DKK 41.6 million (DKK 48.5 million), corresponding to an adjusted EBITDA margin of 15.8% (18.5%). The decrease in adjusted EBITDA was primarily due to the lower gross profit.

Adjusted EBITDA for 2020 was DKK 161.1 million (DKK 174.4 million), corresponding to an adjusted EBITDA margin of 15.7% (17.3%).

### Adjusted EBIT

Adjusted EBIT in Q4 2020 was DKK 36.4 million (DKK 43.4 million), corresponding to an adjusted EBIT margin of 13.8% (16.6%)

Adjusted EBIT for 2020 was DKK 139.7 million (DKK 153.6 million), corresponding to an adjusted EBIT margin of 13.6% (15.3%).

### 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 Q4 2020 costs related to Covid-19 precautions amounted to DKK 3.0 million. These costs are considered non-recurring by nature, and since the impact has risen to a material level, the costs related to Covid-19 precautions are presented as non-recurring items. Costs related to Covid-19 precautions in previous quarters (DKK 1.0 million in Q2, and DKK 1.0 million in Q3) were until now considered immaterial, but have been included in non-recurring items retrospectively.

Non-recurring items, DKK m	Q4		12 months	
	2020	2019	2020	2019
Costs related to Covid-19	3.0	0.0	5.0	0.0
Costs related to production setback following a lightning strike	0.0	4.0	0.0	7.0
<b>Total</b>	<b>3.0</b>	<b>4.0</b>	<b>5.0</b>	<b>7.0</b>

### EBIT

EBIT in Q4 2020 decreased to DKK 33.4 million (DKK 39.4 million). The decrease was primarily due to the decrease in EBITDA. Depreciations and amortizations in Q4 2020 were on par with 2019. EBIT Q4 2020 included non-recurring items of DKK 3.0 million (DKK 4.0 million).

EBIT for 2020 decreased to DKK 134.7 million (DKK 146.6 million). The decrease was primarily due to the decrease in EBITDA. Depreciations and amortizations increased by DKK 0.5 million compared to 2019. EBIT 2020 included non-recurring items of DKK 5.0 million (DKK 7.0 million).

### Net profit

Net profit in Q4 2020 decreased to DKK 25.1 million (DKK 29.8 million). Financial income and expenses were DKK 0.1 million higher in Q4 2020 than in Q4 2019.

Net profit for 2020 decreased to DKK 102.2 million (DKK 111.3 million). Change in the financial income and expenses had a positive impact on the net profit of DKK 0.2 million due to lower debt.

### Free cash flow

Free cash flow in Q4 2020 was DKK 29.9 million (DKK 44.7 million). The decrease in cash flow in Q4 2020 compared to Q4 2019 was primarily due to investments of DKK 17.2 million (DKK 5.5 million). The reversed impact from extended credit for VAT and income taxes provided in the government's stimulus packages had a negative cash flow impact in Q4 2020 of c. DKK 8 million. The cash flow in 2021 will be negatively impacted in total by DKK 15 million, when the extended credit expires.

Free cash flow for 2020 was DKK 101.0 million (DKK 132.3 million). Investments in 2020 were DKK 31.0 million (DKK 15.3 million).

### Net working capital

Net working capital at the end of Q4 2020 was DKK -117.0 million (DKK -108.9 million). NWC ratio at the end of Q4 2020 was -11.4% (-10.8%).

DKK million	End of Q4	
	2020	2019
Inventories	49.8	40.2
Trade and other receivables	47.1	42.2
Trade and other payables	(213.8)	(191.3)
<b>Net working capital</b>	<b>(117.0)</b>	<b>(108.9)</b>
<b>NWC ratio</b>	<b>(11.4%)</b>	<b>(10.8%)</b>

Inventories increased by DKK 9.6 million, which was primarily due to building up buffer stock to ensure high delivery assurance. Trade receivables and other receivables increased by DKK 4.9 million. Other receivables as of 31 December 2020 presented above is excluding the value of DKK 5.9 million, which relates to subleases due to the implementation of IFRS 16. This is not included in the net working capital. The increase in trade payables and other payables of DKK 22.5 million was primarily due to the extended credit for VAT and payroll taxes provided in the government's stimulus package of c. DKK 15 million as of 31 December 2020.

### Net interest-bearing debt

Net interest-bearing debt amounted to DKK -42.9 million (deposit) at the end of Q4 2020 (DKK 51.7 million). Net interest-bearing debt decreased by DKK 43.2 million in Q4 2020. The implementation of IFRS 16 resulted in an increase in net interest-bearing debt of DKK 34.5 million as per end of Q4 2020 compared to DKK 39.6 million last year.

### Equity

Equity at the end of Q4 2020 amounted to DKK 574.4 million (DKK 472.7 million). The equity increased by DKK 24.5 million in Q4 2020.

The solvency ratio was 61.8% at the end of Q4 2020 (51.9%). The solvency ratio is negatively affected by the implementation of IFRS 16 by 2.3%-points (2.4%-points).

The Board of Directors recommends to the Annual General Meeting 13 April 2021 an ordinary dividend payout of DKK 55 million and an extraordinary dividend payout of DKK 75 million to be distributed. Furthermore, the Board of Directors recommends to the Annual General Meeting the implementation of a share buy back program of up to DKK 150 million.



## Additional information

### Financial calendar

The financial year covers the period 1 January – 31 December, and the following dates have been fixed for releases etc. in the financial year 2020 and 2021:

2 March 2021	Deadline for submission of shareholder proposals to Annual General Meeting
13 April 2021	Annual General Meeting
19 May 2021	Interim report Q1 2021
20 August 2021	Interim report Q2 2021
12 November 2021	Interim report Q3 2021
25 February 2022	Interim report Q4 2021 and Annual report 2021
5 April 2022	Annual General Meeting

### Presentation

The interim report will be presented on Wednesday 24 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/sq94wu4q>.

To participate in the teleconference, and thus have the possibility to ask questions, call one of the following numbers:

Confirmation Code: **9697988**

Denmark, Copenhagen ... **+45 327 28042**

United Kingdom..... **+44 (0) 8445718892**

Sweden, Stockholm..... **+46 (0) 850692180**

### About TCM Group A/S

TCM Group is Scandinavia's third largest kitchen manufacturer, with the 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 manufactures to a specific customer order. Production sites are located in Denmark, with three factories in Tvis and Aulum (outskirts of Holstebro).

The Group pursues a multi-brand strategy, under which the main brand is Svane Køkkenet and the secondary brands are Tvis Køkkener, Nettoline, kitchn 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.

**Company information**

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## Consolidated interim financial statements

### Consolidated income statement

DKK m	Note	Q4		12 month	
		2020	2019	2020	2019
Revenue	2	262.8	261.6	1,024.6	1,006.9
Cost of goods sold		(192.5)	(185.9)	(751.8)	(727.3)
<b>Gross profit</b>		<b>70.4</b>	<b>75.7</b>	<b>272.8</b>	<b>279.6</b>
Selling expenses		(20.6)	(19.2)	(78.4)	(73.5)
Administrative expenses		(13.4)	(13.2)	(54.7)	(52.6)
Other operating income		(0.0)	0.1	(0.0)	0.1
<b>Operating profit before non-recurring items</b>		<b>36.4</b>	<b>43.4</b>	<b>139.7</b>	<b>153.6</b>
Non-recurring items	3	(3.0)	(4.0)	(5.0)	(7.0)
<b>Operating profit</b>		<b>33.4</b>	<b>39.4</b>	<b>134.7</b>	<b>146.6</b>
Financial income		0.1	0.4	0.3	0.5
Financial expenses		(1.3)	(1.5)	(4.3)	(4.7)
<b>Profit before tax</b>		<b>32.2</b>	<b>38.3</b>	<b>130.7</b>	<b>142.4</b>
Tax for the period		(7.0)	(8.4)	(28.5)	(31.0)
<b>Net profit for the period</b>		<b>25.1</b>	<b>29.8</b>	<b>102.2</b>	<b>111.3</b>
Earnings per share before dilution, DKK		2.51	2.98	10.22	11.13
Earnings per share after dilution, DKK		2.51	2.98	10.22	11.13

## Consolidated statement of comprehensive income

DKK m	Q4		12 month	
	2020	2019	2020	2019
Net profit for the period	25.1	29.8	102.2	111.3
<b>Other comprehensive income</b>				
<b>Items that are or may be reclassified subsequent to profit or loss</b>				
Value adjustments of currency hedges before tax	(0.8)	0.0	(0.8)	0.0
Tax on value adjustments of currency hedges	0.2	0.0	0.2	0.0
Value adjustments of cash-flow hedges before tax	0.0	0.0	0.0	0.1
Tax on value adjustments of cash-flow hedges	0.0	0.0	0.0	0.0
<b>Other comprehensive income for the period</b>	<b>(0.6)</b>	<b>0.0</b>	<b>(0.6)</b>	<b>0.1</b>
<b>Total comprehensive income for the period</b>	<b>24.5</b>	<b>29.8</b>	<b>101.6</b>	<b>111.4</b>

## Consolidated balance sheet

DKK m	Note	End of	
ASSETS		2020	2019
<b>Intangible assets</b>			
Goodwill		369.8	369.8
Brand		172.0	172.0
Other intangible assets		1.7	9.2
		<b>543.5</b>	<b>551.0</b>
<b>Tangible assets</b>			
Land and buildings		87.1	86.5
Tangible assets under construction and prepayments		11.9	0.0
Machinery and other technical equipment		27.7	19.4
Equipment, tools, fixtures and fittings		6.6	5.1
		<b>133.3</b>	<b>111.0</b>
Financial assets		13.2	19.1
<b>Total non-current assets</b>		<b>689.9</b>	<b>681.1</b>
<b>Inventories</b>		<b>48.3</b>	<b>40.2</b>
<b>Current receivables</b>			
Trade receivables		24.4	22.3
Other receivables		5.0	2.5
Tax receivables		23.7	23.2
Prepaid expenses and accrued income		0.4	2.5
		<b>53.6</b>	<b>50.4</b>
Cash and cash equivalents		125.9	139.4
Assets held for sale		11.8	0.0
<b>Total current assets</b>		<b>239.5</b>	<b>230.0</b>
<b>Total assets</b>		<b>929.5</b>	<b>911.1</b>

## Consolidated balance sheet

DKK m	Note	End of 2020	2019
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Share capital		1.0	1.0
Value adjustments of cash flow hedges		(0.6)	0.0
Retained earnings		444.0	419.2
Proposed dividend for the financial year		130.0	52.5
<b>Total shareholders' equity</b>		<b>574.4</b>	<b>472.7</b>
Deferred tax		53.2	53.5
Mortgage loans		30.6	33.4
Bank loans		9.7	97.6
Lease liabilities		24.1	30.3
Other liabilities		24.2	12.3
<b>Total long-term liabilities</b>		<b>141.8</b>	<b>227.2</b>
Mortgage loans		2.8	2.8
Bank loans		9.9	18.8
Lease liabilities		10.9	10.6
Prepayments from customers		0.0	4.6
Trade payables		125.4	128.6
Other liabilities		55.2	45.7
Liabilities held for sale		9.0	0.0
<b>Total short-term liabilities</b>		<b>213.3</b>	<b>211.1</b>
<b>Total shareholders' equity and liabilities</b>		<b>929.5</b>	<b>911.1</b>

## Change in consolidated shareholders' equity

	<b>Share capital</b>	<b>Value ad-just-ments of currency hedges after tax</b>	<b>Retained earnings</b>	<b>Propo-sed divi-dend</b>	<b>Total</b>
	<b>DKK m</b>	<b>DKK m</b>	<b>DKK m</b>	<b>DKK m</b>	<b>DKK m</b>
<b>Opening balance 01.01.2019</b>	<b>1.0</b>	<b>(0.1)</b>	<b>360.4</b>	<b>47.5</b>	<b>408.8</b>
Net profit for the period	0.0	0.0	58.8	52.5	111.3
Other comprehensive income for the period	0.0	0.1	0.0	0.0	0.1
<b>Total comprehensive income for the period</b>	<b>0.0</b>	<b>0.1</b>	<b>58.8</b>	<b>52.5</b>	<b>111.4</b>
Dividend paid	0.0	0.0	0.0	(47.5)	(47.5)
<b>Closing balance 31.12.2019</b>	<b>1.0</b>	<b>0.0</b>	<b>419.2</b>	<b>52.5</b>	<b>472.7</b>
<b>Opening balance 01.01.2020</b>	<b>1.0</b>	<b>0.0</b>	<b>419.2</b>	<b>52.5</b>	<b>472.7</b>
Reversed proposed dividend*	0.0	0.0	52.5	(52.5)	0.0
Net profit for the period	0.0	0.0	(27.7)	130.0	102.3
Other comprehensive income for the period	0.0	(0.6)	0.0	0.0	(0.6)
<b>Total comprehensive income for the period</b>	<b>0.0</b>	<b>(0.6)</b>	<b>(27.7)</b>	<b>130.0</b>	<b>101.7</b>
<b>Closing balance 31.12.2020</b>	<b>1.0</b>	<b>(0.6)</b>	<b>444.0</b>	<b>130.0</b>	<b>574.4</b>

\*At the general meeting on 11 June 2020, it was concluded that no dividend were to be distributed regarding the financial year 2019.

## Consolidated cash flow statement

DKK m	Note	Q4		12 month	
		2020	2019	2020	2019
<b>Operating activities</b>					
Operating profit		33.4	39.4	134.7	146.6
Depreciation and amortization		5.2	5.1	21.3	20.8
Income tax paid		(25.3)	(30.5)	(31.2)	(35.4)
Change in net working capital		33.8	36.1	7.4	14.5
<b>Cash flow from operating activities</b>		<b>47.1</b>	<b>50.2</b>	<b>132.2</b>	<b>146.5</b>
<b>Investing activities</b>					
Investments in fixed assets		(17.2)	(5.5)	(31.0)	(15.3)
Sale of fixed assets		0.0	0.0	(0.2)	0.1
Divestments of operations		0.0	0.0	0.0	1.0
<b>Cash flow from investing activities</b>		<b>(17.2)</b>	<b>(5.5)</b>	<b>(31.2)</b>	<b>(14.2)</b>
<b>Financing activities</b>					
Interest paid		(0.7)	(1.0)	(3.3)	(3.8)
Repayments of loans		(98.2)	(23.7)	(100.3)	(37.3)
Repayments of lease liabilities		(1.4)	(1.3)	(5.1)	(5.2)
Dividend paid		0.0	0.0	0.0	(47.5)
<b>Cash flow from financing activities</b>		<b>(100.3)</b>	<b>(26.0)</b>	<b>(108.7)</b>	<b>(93.8)</b>
<b>Cash flow for the period</b>		<b>(70.4)</b>	<b>18.7</b>	<b>(7.7)</b>	<b>38.5</b>
<b>Cash and cash equivalents at the beginning of the period</b>					
		<b>202.1</b>	<b>120.7</b>	<b>139.4</b>	<b>100.9</b>
Cash flow for the period		(70.4)	18.7	(7.7)	38.5
<b>Cash and cash equivalents at the end of the period</b>		<b>131.7</b>	<b>139.4</b>	<b>131.7</b>	<b>139.4</b>
<b>Specification:</b>					
Cash and cash equivalents at the end of the period		125.9	139.4	125.9	139.4
Cash and cash equivalents assets held for sales		5.8	0.0	5.8	0.0
		<b>131.7</b>	<b>139.4</b>	<b>131.7</b>	<b>139.4</b>



## 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 2020 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 45-53 and 72.

#### *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 2020 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. The result of the operating segment is monitored by the Group’s management to evaluate it and to allocate resources.

Revenue by region, DKK m	Q4		12 month	
	2020	2019	2020	2019
Denmark	241.0	238.9	941.6	918.6
Other countries	21.8	22.7	83.0	88.4
	<b>262.8</b>	<b>261.6</b>	<b>1,024.6</b>	<b>1,006.9</b>

Revenue consists of sale of goods and services.

### 3. Non-recurring items

Non-recurring items, DKK m	Q4		12 months	
	2020	2019	2020	2019
Costs related to Covid-19	3.0	0.0	5.0	0.0
Costs related to production setback following a lightning strike	0.0	4.0	0.0	7.0
<b>Total</b>	<b>3.0</b>	<b>4.0</b>	<b>5.0</b>	<b>7.0</b>

### 4. Related party transactions

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

## 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 2020 – 31 December 2020.

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 31 December 2020 and of the results of the Group's operations and cash flows for the period 1 January to 31 December 2020.

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, 24 February, 2021

### Executive Management

Torben Paulin  
CEO

Mogens Elbrønd Pedersen  
CFO

### Board of Directors

Sanna Mari Suvanto-Harsaae  
Chairman

Anders Tormod Skole-Sørensen  
Deputy Chairman

Søren Mygind Eskildsen

Carsten Bjerg

Danny Feltmann Espersen

## Supplementary financial disclosure

### Quarterly overview

DKK million	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020
<b>Income statement</b>					
<b>Revenue</b>	<b>261.6</b>	<b>254.2</b>	<b>260.2</b>	<b>247.4</b>	<b>262.8</b>
Gross profit	75.7	65.3	72.3	64.9	70.4
Earnings before interest, tax, depreciation and amortisation (EBITDA)	44.5	35.0	44.9	37.6	38.6
Adjusted EBITDA	48.5	35.0	45.9	38.6	41.6
Earnings before interest, tax and amortisation (EBITA)	41.3	31.6	41.5	34.0	35.3
Adjusted EBIT	43.4	29.7	40.6	33.1	36.4
<b>Operating profit (EBIT)</b>	<b>39.4</b>	<b>29.7</b>	<b>39.6</b>	<b>32.1</b>	<b>33.4</b>
Profit before tax	38.3	28.9	38.7	31.0	32.2
Net profit for the period	29.8	22.6	30.1	24.4	25.1
<b>Balance sheet</b>					
Total assets	911.1	915.2	989.2	1,020.7	929.5
Net working capital	(108.9)	(61.3)	(89.0)	(82.4)	(117.0)
Net interest-bearing debt (NIBD)	51.7	76.7	18.9	0.3	(42.9)
Equity	472.7	495.3	525.5	549.8	574.4
<b>Cash Flow</b>					
Free cash flow excl. acquisitions of operations	44.7	(22.4)	68.6	25.0	29.9
<b>Margins</b>					
Gross margin, %	28.9%	25.7%	27.8%	26.2%	26.8%
Adjusted EBITDA margin, %	18.5%	13.8%	17.3%	15.2%	15.8%
Adjusted EBIT margin, %	16.6%	11.7%	15.6%	13.4%	13.8%
EBIT margin, %	15.0%	11.7%	15.2%	13.0%	12.7%
<b>Other ratios</b>					
Solvency ratio, %	51.9%	54.1%	53.1%	53.9%	61.8%