

## TCM Group Management's review

### 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.

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**Key figures and ratios**

DKK million	Q2 2022	Q2 2021	H1 2022	H1 2021	FY 2021
<b>Income statement</b>					
<b>Revenue</b>	<b>324.8</b>	<b>290.7</b>	<b>606.2</b>	<b>571.8</b>	<b>1,108.3</b>
Gross profit	69.3	74.6	129.2	140.6	254.6
Earnings before interest, tax, depreciation and amortisation (EBITDA)	47.1	46.2	71.9	82.6	155.4
Adjusted EBITDA	43.5	47.7	73.8	85.4	154.7
Earnings before interest, tax and amortisation (EBITA)	42.7	42.6	63.3	75.5	139.7
<b>Adjusted EBIT</b>	<b>39.1</b>	<b>44.1</b>	<b>65.1</b>	<b>77.0</b>	<b>137.8</b>
<b>Operating profit (EBIT)</b>	<b>42.7</b>	<b>42.6</b>	<b>63.3</b>	<b>74.2</b>	<b>138.4</b>
Financial items	(2.7)	(1.8)	(3.4)	(2.0)	(3.3)
Profit before tax	40.1	40.8	61.0	72.2	135.7
Net profit for the period	32.2	31.9	48.8	56.6	110.7
<b>Balance sheet</b>					
Total assets	1,006.4	838.9	1,006.4	838.9	907.3
Net working capital (NWC)	(29.4)	(76.3)	(29.4)	(76.3)	(81.6)
Net interest-bearing debt (NIBD)	333.3	152.9	333.3	152.9	199.5
Equity	397.8	418.4	397.8	418.4	419.7
<b>Cash Flow</b>					
Free cash flow excl. acquisitions of operations	26.5	52.2	(6.4)	27.7	44.5
Cash conversion, %	49.5%	71.5%	49.5%	71.5%	58.3%
<b>Growth ratios</b>					
Revenue growth, %	11.7%	11.7%	6.0%	11.2%	8.2%
Gross profit growth, %	(7.1%)	3.2%	(8.1%)	2.2%	(6.7%)
Adjusted EBIT growth, %	(11.4%)	8.6%	(15.5%)	9.6%	(1.4%)
EBIT growth, %	0.2%	7.6%	(14.7%)	7.2%	2.8%
Net profit growth, %	1.0%	5.8%	(13.7%)	7.3%	8.3%
<b>Margins</b>					
Gross margin, %	21.3%	25.7%	21.3%	24.6%	23.0%
Adjusted EBITDA margin, %	13.4%	16.4%	12.2%	14.9%	14.0%
Adjusted EBIT margin, %	12.0%	15.2%	10.7%	13.5%	12.4%
EBIT margin, %	13.1%	14.6%	10.4%	13.0%	12.5%
<b>Other ratios</b>					
Solvency ratio, %	39.5%	49.9%	39.5%	49.9%	46.3%
Leverage ratio	2.35	0.90	2.35	0.90	1.33
NWC ratio, %	(2.6%)	(7.0%)	(2.6%)	(7.0%)	(7.4%)
Capex ratio excl. acquisitions, %	1.0%	1.3%	1.4%	2.0%	2.6%
<b>Share information</b>					
Number of outstanding shares	9,067,294	9,514,123	9,067,294	9,514,123	9,174,073
Weighted average number of outstanding shares	9,067,294	9,715,213	9,082,524	9,856,820	9,584,933
Number of treasury shares	7,500	485,877	7,500	485,877	825,927
Earnings per share before dilution, DKK	3.55	3.28	5.38	5.74	11.55
Earnings per share after dilution, DKK	3.55	3.28	5.37	5.74	11.54

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 Q2 2022 revenue increased by 11.7% to DKK 324.8 million (DKK 290.7 million). The organic like-for-like growth excluding third party revenue (core business) was 11% in the quarter. The revenue growth in the quarter was supported by a higher share of revenue from third party products, and negatively affected by the technical impact from the merge of the e-commerce activities in kitchn.dk and Celebert.

TCM Group's primary market is Denmark which contributed with 89% of Group revenue in Q2 2022. Customer demand in the Danish kitchen market remained solid in the quarter. For TCM Group, revenue in Denmark was up 10.5% (organic like-for-like growth excluding third party revenue (core business) was 9%) driven by growth within our DIY segment (Nettoline and e-commerce) and within Svane Køkkenet.

Revenue outside Denmark increased by 23.5% compared to Q2 2021. The growth was driven by increased sales to the Norwegian market, both organic growth and growth from new stores.

Gross margin decreased from 25.7% in Q2 2021 to 21.3% in Q2 2022. The merge of the e-commerce activities in kitchn.dk and Celebert had a technical negative impact on gross margin of in total 0.6%-point in the quarter. Furthermore, the gross margin was negatively affected by further increased prices on raw material and energy following the Russian invasion of Ukraine. The higher input costs have been mitigated by increased sales price, which however comes with a delay. The net impact from increased prices on raw material and energy was c. 3%-points in the quarter.

At the end of Q2 2022, the total number of branded stores was 94 (91). In Q1 2022, a new Nettoline store opened in Næstved and in Q2 2022, a new Svane Køkkenet store opened in Frederikstad, Norway. Furthermore, new Svane Køkkenet stores will open during Q3 in Arendal and Oslo in Norway, and in addition a new store in Copenhagen. Furthermore, a new Tvis Køkken store is expected to open in Slagelse during Q3 2022. In Q2 2022, a Svane Køkkenet store closed in Mandal, Norway.

Total number of employees at the end of Q2 2022 was 535 (504).

## Other events in Q2 2022

The annual general meeting was held on 5 April 2022. The annual general meeting approved the proposed dividend distribution of DKK 6 per share, in total DKK 54 million with no dividend distributed for TCM Group's treasury shares. Furthermore, it was approved to authorize the Board of Directors to distribute an extraordinary dividend up to a maximum of DKK 75,000,000 in total in the calendar year 2022.

Jan Amtoft was appointed as new board member at the annual general meeting. Jan Amtoft is CIO in Rockwool A/S. He brings to the Board of Directors experience within digitalisation and automation in production. The Board of Directors hereafter consists of six independent board members, all elected by the annual general meeting.

It was approved to reduce the share capital of TCM Group A/S by DKK 85,770.6 from DKK 1,000,000 to DKK 914,229.4 by allocation of a special reserve. The capital reduction was carried out through annulment of the company's holding of treasury shares. Following the capital reduction the company's holding of treasury shares totals DKK 7,500.

## Events after the reporting period

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

## Financial outlook

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).

## 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 2021 Annual Report prepared in accordance with IFRS. The Russian invasion of Ukraine has impacted the overall supply of raw materials in the European market. For TCM Group the impact has primarily been felt through the further pressure on raw material prices and higher energy and transportation costs. There is a possible risk, that the current high inflation and increasing interest levels among other macro economic indicators could impact the housing market and demand for kitchens, which can impact TCM Group's financial results negatively.

## Financial review

### Revenue

In Q2 2022 revenue grew by 11.7% to DKK 324.8 million (DKK 290.7 million).

Revenue in Denmark in Q2 2022 was DKK 290.1 million (DKK 262.6 million) corresponding to an increase of 10.5%. The organic like-for-like growth excluding third party revenue (core business) was 9% in the quarter. The revenue growth in the quarter was supported by a higher share of revenue from third party products, and negatively affected by the technical impact from the merge of the e-commerce activities in kitchn.dk and Celebert. Revenue in other countries in Q2 2022 was up 23.5% to DKK 34.7 million (DKK 28.1 million).

Revenue for the first six months of 2022 was up 6.0% to DKK 606.2 million (DKK 571.8 million). Revenue in Denmark for the first six months of 2022 was up 4.8% to DKK 542.5 million (DKK 517.9 million) and revenue in other countries for the first six months of 2022 was up 18.2% to DKK 63.7 million (DKK 53.9 million).

### Gross profit

Gross profit in Q2 2022 was DKK 69.3 million (DKK 74.6 million), corresponding to a gross margin of 21.3% (25.7%). The merge of the e-commerce activities in kitchn.dk and Celebert had a technical negative impact on gross margin of 0.6%-point in the quarter. Furthermore, the gross margin was negatively affected by further increased costs on raw material and energy following the Russian invasion of Ukraine.

Gross profit for the first six months of 2022 was DKK 129.2 million (DKK 140.6 million), corresponding to a gross margin of 21.3% (24.6%).

### Operating expenses

Operating expenses in Q2 2022 were DKK 30.2 million (DKK 30.5 million). Operating expenses represented 9.3% of revenue in Q2 2022 (10.5%). The decrease in operating expenses was primarily due to the merge of the e-commerce activities in kitchn.dk and Celebert.

Operating expenses for the first six months of 2022 were DKK 64.1 million (DKK 63.6 million). Operating expenses represented 10.6% of revenue for the first six months of 2022 (11.1%).

### Adjusted EBITDA

Adjusted EBITDA in Q2 2022 was DKK 43.5 million (DKK 47.7 million), corresponding to an adjusted EBITDA margin of 13.4% (16.4%).

Adjusted EBITDA for the first six months of 2022 was DKK 73.8 million (DKK 85.4 million), corresponding to an adjusted EBITDA margin of 12.2% (14.9%).

### Adjusted EBIT

Adjusted EBIT in Q2 2022 was DKK 39.1 million (DKK 44.1 million), corresponding to an adjusted EBIT margin of 12.0% (15.2%). The Celebert/kitchn.dk transaction in Q3 2021 has a negative impact on adjusted EBIT when

compared to historic data, since the profit from the activities in kitchn.dk previously included in EBIT is now presented as profit in associated companies and thereby not included in EBIT. The full year technical impact from this is a lower single digit DKK million figure.

Adjusted EBIT for the first six months of 2022 was DKK 65.1 million (DKK 77.0 million), corresponding to an adjusted EBIT margin of 10.7% (13.5%).

### 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 Q2 2022 non-recurring items consisted of a technical gain from the final settlement of the Celebert/kitchn.dk transaction. This is considered non-recurring by nature and material, and is presented as non-recurring items.

Non-recurring items, DKK m	Q2		H1	
	2022	2021	2022	2021
Costs related to Covid-19 and supply chain disruptions	0.0	1.5	5.4	4.0
Restructuring	0.0	0.0	0.0	1.3
Net gain from the Celebert/kitchn.dk transaction	(3.6)	0.0	(3.6)	0.0
Gain from the divestment of an own operated store	0.0	0.0	0.0	(2.5)
<b>Total</b>	<b>(3.6)</b>	<b>1.5</b>	<b>1.8</b>	<b>2.8</b>

### EBIT

EBIT in Q2 2022 increased to DKK 42.7 million (DKK 42.6 million). The increase was primarily due to a positive impact from non-recurring items of DKK 3.6 million (DKK -1.5 million) off-set by the decrease in EBITDA. Depreciations and amortizations in Q2 2022 were DKK 4.4 million (DKK 3.7 million).

EBIT for the first six months of 2022 decreased to DKK 63.3 million (DKK 74.2 million). The decrease was primarily due to the decrease in EBITDA. Depreciations and amortizations for the first six months of 2022 were DKK 8.7 million (DKK 8.3 million).

### Net profit

Net profit in Q2 2022 increased to DKK 32.2 million (DKK 31.9 million). Financial income and expenses in Q2 2022 were DKK 0.9 million higher than in Q2 2021.

Net profit for the first six months of 2022 decreased to DKK 48.8 million (DKK 56.6 million).

## Net working capital

Net working capital at the end of Q2 2022 was DKK -24.9 million (DKK -76.3 million). NWC ratio at the end of Q2 2022 was -2.6% (-7.0%).

<b>DKK million</b>	<b>End of Q2</b>	
	<b>2022</b>	<b>2021</b>
Inventories	87.1	64.3
Trade and other receivables	87.1	75.1
Trade and other payables	(203.7)	(215.7)
<b>Net working capital</b>	<b>(29.4)</b>	<b>(76.3)</b>
<b>NWC ratio</b>	<b>(2.6%)</b>	<b>(7.0%)</b>

The increase in inventory of DKK 22.8 million was due to impact from increased raw material prices, and a decision to increase the stock of parts and raw materials to ensure a high delivery assurance.

Trade receivables and other receivables increased by DKK 12.0 million. Other receivables as of 30 June 2022 is excluding the value of DKK 7.7 million, which relates to subleases due to the implementation of IFRS 16. This is not included in the net working capital.

The operating liabilities decreased by DKK 12.0 million. The development in operating liabilities was a mix of higher trade payables and significantly lower other payables. Other payables as of 30 June 2022 was compared to last year affected by the transfer of the holiday allowance to the government fund during Q3 2021, which had a negative impact when comparing to 30 June 2021 of DKK 19 million. Furthermore, the extended credit for VAT and payroll taxes provided in the government's stimulus package impacted the operating liabilities last year positively by c. DKK 10 million as of 30 June.

## Free cash flow

Free cash flow in Q2 2022 was DKK 26.5 million (DKK 52.2 million). The cash flow in Q2 2022 was negatively impacted by change in NWC of DKK -15.2 million compared to DKK 10.2 million in Q2 2021 as described above. Investments were DKK 5.7 million in Q2 2022 compared to DKK 4.2 million last year.

Free cash flow for the first six months of 2022 was DKK -6.4 million (DKK 27.7 million). Free cash flow was negatively impacted by lower operating profit compared to the first six months of 2021 and change in NWC of DKK -57.9 million compared to DKK -38.3 million in the first six months of 2021. Cash conversion was 49.5% (71.5%).



**Net interest-bearing debt**

Net interest-bearing debt amounted to DKK 333.3 million at the end of Q2 2022 (DKK 152.9 million). Net interest-bearing debt increased by DKK 55.5 million in Q2 2022. Leasing liabilities related to IFRS 16 increased net interest-bearing debt by DKK 26.8 million in the quarter. Net interest-bearing debt excluding the leasing liabilities related to IFRS 16 amounted to DKK 263.5 million at the end of Q2 2022 (DKK 118.4 million). Leverage ratio, measured as net interest bearing debt excluding tax liabilities divided by adjusted EBITDA LTM, end of Q2 2022 was 2.35 (0.90). Excluding the leasing liabilities related to IFRS 16, leverage ratio end of Q2 2022 was 1.89 (0.73).

During Q2 2022 the credit line in Nykredit Bank was expanded by DKK 100 million to DKK 300 million.

**Equity**

Equity at the end of Q2 2022 amounted to DKK 397.8 million (DKK 418.4 million). The equity decreased by DKK 25.3 million in Q2 2022 due to the distribution of dividend of DKK 54.4 million.

The solvency ratio was 39.5% at the end of Q2 2022 (49.9%).

## **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 2022:

15 November 2022	Interim report Q3 2022
24 February 2023	Interim report Q4 2022 and Annual report 2022
13 April 2023	Annual General Meeting

### **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 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/BI1fa61cc9c1cb4e59858a753650670243>

### **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 (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 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	Q2		H1	
		2022	2021	2022	2021
Revenue	2	324.8	290.7	606.2	571.8
Cost of goods sold		(255.5)	(216.1)	(477.0)	(431.2)
<b>Gross profit</b>		<b>69.3</b>	<b>74.6</b>	<b>129.2</b>	<b>140.6</b>
Selling expenses		(17.7)	(18.7)	(39.0)	(38.2)
Administrative expenses		(12.5)	(11.8)	(25.1)	(25.3)
Other operating income		0.0	0.0	0.0	0.0
<b>Operating profit before non-recurring items</b>		<b>39.1</b>	<b>44.1</b>	<b>65.1</b>	<b>77.0</b>
Non-recurring items	3	3.6	(1.5)	(1.8)	(2.8)
<b>Operating profit</b>		<b>42.7</b>	<b>42.6</b>	<b>63.3</b>	<b>74.2</b>
Share of profit/loss in associated companies		0.1	0.0	1.1	0.0
Financial income		0.0	0.0	0.4	0.1
Financial expenses		(2.7)	(1.8)	(3.8)	(2.2)
<b>Profit before tax</b>		<b>40.1</b>	<b>40.8</b>	<b>61.0</b>	<b>72.2</b>
Tax for the period		(7.9)	(8.9)	(12.2)	(15.6)
<b>Net profit for the period</b>		<b>32.2</b>	<b>31.9</b>	<b>48.8</b>	<b>56.6</b>
Earnings per share before dilution, DKK		3.55	3.28	5.38	5.74
Earnings per share after dilution, DKK		3.55	3.28	5.37	5.74

## Consolidated statement of comprehensive income

DKK m	Q2		H1	
	2022	2021	2022	2021
Net profit for the period	32.2	31.9	48.8	56.6
<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	(3.9)	1.2	(2.5)	(0.5)
Tax on value adjustments of currency hedges	0.9	(0.3)	0.6	0.1
<b>Other comprehensive income for the period</b>	<b>(3.1)</b>	<b>0.9</b>	<b>(2.0)</b>	<b>(0.4)</b>
<b>Total comprehensive income for the period</b>	<b>29.2</b>	<b>32.8</b>	<b>46.9</b>	<b>56.2</b>

## Consolidated balance sheet

DKK m	Note	End of Q2 2022	2021	End of 2021
<b>ASSETS</b>				
<b>Intangible assets</b>				
Goodwill		369.8	369.8	369.8
Brand		172.0	172.0	172.0
Other intangible assets		8.7	0.8	4.6
		<b>550.5</b>	<b>542.6</b>	<b>546.3</b>
<b>Tangible assets</b>				
Land and buildings		121.0	85.7	85.1
Tangible assets under constructions and prepayments		0.0	0.0	11.8
Machinery and other technical equipment		45.5	43.1	42.5
Equipment, tools, fixtures and fittings		6.7	8.9	6.6
		<b>173.2</b>	<b>137.7</b>	<b>146.0</b>
Investments in associated companies		48.4	0.0	47.4
Financial assets		34.9	12.1	8.5
<b>Total non-current assets</b>		<b>807.0</b>	<b>692.4</b>	<b>748.3</b>
<b>Inventories</b>		<b>87.1</b>	<b>64.3</b>	<b>77.8</b>
<b>Current receivables</b>				
Trade receivables		79.1	68.8	28.2
Receivables from associated companies		0.8	0.0	0.0
Current tax receivables		2.5	0.0	6.4
Other receivables		14.9	13.3	31.5
Prepaid expenses and accrued income		0.0	0.0	3.2
		<b>97.3</b>	<b>82.1</b>	<b>69.4</b>
Cash and cash equivalents		14.9	0.0	11.9
<b>Total current assets</b>		<b>199.4</b>	<b>146.4</b>	<b>159.0</b>
<b>Total assets</b>		<b>1,006.4</b>	<b>838.9</b>	<b>907.3</b>

## Consolidated balance sheet

DKK m	Note	End of Q2 2022	2021	End of 2021
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>				
Share capital		0.9	1.0	1.0
Treasury shares		(12.1)	(82.3)	(136.0)
Value adjustments of currency hedging		(2.0)	(1.0)	0.0
Retained earnings		411.0	500.6	500.3
Proposed dividend for the financial year		0.0	0.0	54.4
<b>Total shareholders' equity</b>		<b>397.8</b>	<b>418.4</b>	<b>419.7</b>
Deferred tax		54.0	51.9	53.7
Mortgage loans		26.5	29.3	27.8
Lease liabilities		62.5	20.9	15.2
Other liabilities		1.8	0.6	1.1
<b>Total long-term liabilities</b>		<b>144.8</b>	<b>102.6</b>	<b>97.8</b>
Mortgage loans		2.8	2.8	2.8
Bank loans		248.0	84.0	160.7
Lease liabilities		11.0	11.5	11.2
Prepayments from customers		0.0	0.0	3.0
Trade payables		144.9	131.5	158.9
Liabilities to associated companies		0.0	0.0	0.9
Other liabilities		57.0	83.6	52.2
<b>Total short-term liabilities</b>		<b>463.8</b>	<b>317.9</b>	<b>389.8</b>
<b>Total shareholders' equity and liabilities</b>		<b>1,006.4</b>	<b>838.9</b>	<b>907.3</b>

## Change in consolidated shareholders' equity

	Share capital DKK m	Trea- sury shares DKK m	Value adjust- ments of currency hedges after tax DKK m	Retained earnings DKK m	Propo- sed divi- dend DKK m	Total DKK m
<b>Opening balance 01.01.2021</b>	<b>1.0</b>	<b>0.0</b>	<b>(0.6)</b>	<b>444.0</b>	<b>130.0</b>	<b>574.4</b>
Net profit for the period	0.0	0.0	0.0	56.6	0.0	56.6
Other comprehensive income for the period	0.0	0.0	(0.4)	0.0	0.0	(0.4)
<b>Total comprehensive income for the period</b>	<b>0.0</b>	<b>0.0</b>	<b>(0.4)</b>	<b>56.6</b>	<b>0.0</b>	<b>56.2</b>
Dividend paid	0.0	0.0	0.0	0.0	(130.0)	(130.0)
Purchase of treasury shares	0.0	(82.3)	0.0	0.0	0.0	(82.3)
<b>Closing balance 30.06.2021</b>	<b>1.0</b>	<b>(82.3)</b>	<b>(1.0)</b>	<b>500.6</b>	<b>0.0</b>	<b>418.4</b>
<b>Opening balance 01.01.2022</b>	<b>1.0</b>	<b>(136.0)</b>	<b>0.0</b>	<b>500.3</b>	<b>54.4</b>	<b>419.7</b>
Net profit for the period	0.0	0.0	0.0	48.8	0.0	48.8
Other comprehensive income for the period	0.0	0.0	(2.0)	0.0	0.0	(2.0)
<b>Total comprehensive income for the period</b>	<b>0.0</b>	<b>0.0</b>	<b>(2.0)</b>	<b>48.8</b>	<b>0.0</b>	<b>46.8</b>
Dividend paid	0.0	0.0	0.0	0.0	(54.4)	(54.4)
Purchase of treasury shares	0.0	(14.4)	0.0	0.0	0.0	(14.4)
Reduction of share capital	(0.1)	138.3	0.0	(138.2)	0.0	0.0
<b>Closing balance 30.06.2022</b>	<b>0.9</b>	<b>(12.1)</b>	<b>(2.0)</b>	<b>411.0</b>	<b>0.0</b>	<b>397.8</b>

## Consolidated cash flow statement

DKK m	Note	Q2		H1	
		2022	2021	2022	2021
<b>Operating activities</b>					
Operating profit		42.7	42.6	63.3	74.3
Depreciation and amortization		4.4	3.7	8.7	8.3
Income tax paid		0.2	0.0	(7.4)	(7.2)
Change in net working capital		(15.2)	10.2	(57.9)	(38.3)
<b>Cash flow from operating activities</b>		<b>32.1</b>	<b>56.4</b>	<b>6.6</b>	<b>37.1</b>
<b>Investing activities</b>					
Investments in fixed assets		(5.7)	(4.2)	(13.1)	(12.3)
Acquisition of operations, net		(2.2)	0.0	(2.2)	0.0
Divestments of operations		0.0	0.0	0.0	2.8
<b>Cash flow from investing activities</b>		<b>(7.8)</b>	<b>(4.2)</b>	<b>(15.2)</b>	<b>(9.5)</b>
<b>Financing activities</b>					
Interest paid		(2.7)	(1.4)	(3.4)	(1.7)
Repayments of loans		(0.7)	(20.7)	(1.4)	(21.4)
Repayments of lease liabilities		(1.0)	(2.6)	(2.0)	(2.1)
Purchase of treasury shares		0.0	(82.3)	(14.4)	(82.3)
Dividend paid		(54.4)	(130.0)	(54.4)	(130.0)
<b>Cash flow from financing activities</b>		<b>(58.7)</b>	<b>(237.1)</b>	<b>(75.6)</b>	<b>(237.5)</b>
<b>Cash flow for the period</b>		<b>(34.5)</b>	<b>(184.8)</b>	<b>(84.2)</b>	<b>(209.8)</b>
<b>Cash and cash equivalents at the beginning of the period</b>					
		<b>(198.6)</b>	<b>100.9</b>	<b>(148.8)</b>	<b>125.9</b>
Cash flow for the period		(34.5)	(184.8)	(84.2)	(209.8)
<b>Cash and cash equivalents at the end of the period</b>		<b>(233.0)</b>	<b>(84.0)</b>	<b>(233.0)</b>	<b>(84.0)</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 2021 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 45-49 and 64.

#### *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 2022 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	Q2		H1	
	2022	2021	2022	2021
Denmark	290.1	262.6	542.5	517.9
Other countries	34.7	28.1	63.7	53.9
	<b>324.8</b>	<b>290.7</b>	<b>606.2</b>	<b>571.8</b>

Revenue consists of sale of goods and services.

### 3. Non-recurring items

Non-recurring items, DKK m	Q2		H1	
	2022	2021	2022	2021
Costs related to Covid-19 and supply chain disruptions	0.0	1.5	5.4	4.0
Restructuring	0.0	0.0	0.0	1.3
Net gain from the Celebert/kitchn.dk transaction	(3.6)	0.0	(3.6)	0.0
Gain from the divestment of an own operated store	0.0	0.0	0.0	(2.5)
<b>Total</b>	<b>(3.6)</b>	<b>1.5</b>	<b>1.8</b>	<b>2.8</b>

#### **4. Acquisition of operations (business combinations)**

##### ***2021: Acquisition 45% af Celebert ApS***

On 6 July 2021, TCM Group entered into a strategic partnership with, and acquired stake in the fast growing Danish e-commerce kitchen business Celebert. TCM Group merged its e-commerce activities in kitchen.dk with the activities of Celebert and has initially acquired a 45% stake in Celebert.

	<u>DKK m</u>
Purchase price	29.0
Merged activities	<u>32.2</u>
	<b>61.2</b>
Fair value of acquired net assets – 45%	<u>(15.5)</u>
<b>Goodwill before elimination</b>	<b>45.7</b>
Elimination of internal profit	<u>(14.3)</u>
<b>Goodwill after elimination</b>	<u><b>31.4</b></u>

Goodwill is attributable to future expected growth potential and expected synergies with the merger of our e-commerce activities in kitchen.dk with Celebert ApS.

#### **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 2022 – 30 June 2022.

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 June 2022 and of the results of the Group's operations and cash flows for the period 1 January to 30 June 2022.

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, 18 August, 2022

### **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

Jan Amtoft

## Supplementary financial disclosure

### Quarterly overview

DKK million	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022
<b>Income statement</b>					
<b>Revenue</b>	<b>290.7</b>	<b>262.4</b>	<b>274.2</b>	<b>281.4</b>	<b>324.8</b>
Gross profit	74.6	56.3	57.7	60.0	69.3
Earnings before interest, tax, depreciation and amortisation (EBITDA)	46.2	47.8	25.0	24.8	47.1
Adjusted EBITDA	47.7	35.8	33.5	30.3	43.5
Earnings before interest, tax and amortisation (EBITA)	42.6	43.7	20.5	20.6	42.7
<b>Adjusted EBIT</b>	<b>44.1</b>	<b>31.7</b>	<b>29.0</b>	<b>26.0</b>	<b>39.1</b>
<b>Operating profit (EBIT)</b>	<b>42.6</b>	<b>43.7</b>	<b>20.5</b>	<b>20.6</b>	<b>42.7</b>
Financial items	(1.8)	(0.5)	(0.7)	(0.7)	(2.7)
Profit before tax	40.8	43.6	20.0	20.9	40.1
Net profit for the period	31.9	38.0	16.1	16.6	32.2
<b>Balance sheet</b>					
Total assets	838.9	903.2	907.3	971.5	1,006.4
Net working capital	(76.3)	(50.4)	(81.6)	(37.6)	(29.4)
Net interest-bearing debt (NIBD)	152.9	223.9	199.5	277.8	333.3
Equity	418.4	424.9	419.7	423.0	397.8
<b>Cash Flow</b>					
Free cash flow excl. acquisitions of operations	52.2	(11.7)	28.6	(32.9)	26.5
<b>Margins</b>					
Gross margin, %	25.7%	21.5%	21.1%	21.3%	21.3%
Adjusted EBITDA margin, %	16.4%	13.7%	12.2%	10.8%	13.4%
Adjusted EBIT margin, %	15.2%	12.1%	10.6%	9.3%	12.0%
EBIT margin, %	14.6%	16.6%	7.5%	7.3%	13.1%
<b>Other ratios</b>					
Solvency ratio, %	49.9%	47.0%	46.3%	43.5%	39.5%