

TCM Group Management's review

Interim report Q1 2024 (January 1 - March 31)

(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)

Continued B2C recovery in Q1 under challenging market conditions.

CEO Torben Paulin:

“Sales in the quarter developed in line with our expectations, with the order-intake in the B2C market in Denmark continuing to improve across most of our brands. B2B sales, as expected, continued to contract primarily within project sales. Revenue in Q1, was DKK 293 million compared to DKK 264 million in Q1 last year. Underlying organic like-for-like sales declined by 12% in the quarter. Sales in Norway, which accounted for 20% of the Groups revenue, were negatively impacted by the slowdown in the B2B market which plays a large role in the Norwegian sales. Together with our Norwegian distributor we have directed our focus on gaining market share in the B2C market until the B2B market recovers.

As a result of higher margin B2C sales growing as a percentage of total sales and the inclusion of AUBO sales (AUBO Production was acquired in Q3 of 2023), the overall gross margin grew significantly in Q1 compared to the same quarter last year, going from 18.9% to 20.7%.

Adjusted EBIT in Q1 was DKK 16 million compared to DKK 13 million in Q1 last year, and the adjusted EBIT margin increased to 5.4% from 4.9% in Q1 last year.

Free cash-flow was DKK 13 million, compared to DKK -36 million last year, due to a significant improvement in working capital management, and leverage at the end of Q1 was 3.73, well within the covenants agreed.

In the first quarter TCM Group continued to expand its Danish footprint adding three new branded stores during the quarter, two in AUBO and one in Nettoline.

In TCM Group, our employees are our greatest asset. Therefore, it is very important to us that our employees are safe and secure while working, and we continue to build a culture where work-related accidents are not acceptable. We are therefore also satisfied that we in Q1 at one of the production sites could celebrate three years without accidents.

Based on the results of Q1 we reiterate 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 in the range of DKK 1,000-1,150 million with earnings (adjusted EBIT) in the range of DKK 55-85 million.”

Financial highlights Q1 2024

- Revenue DKK 292.5 million (DKK 263.8 million) corresponding to a revenue increase of 10.9%.
- Adjusted EBITDA DKK 24.4 million (DKK 17.9 million). Adjusted EBITDA margin was 8.3% (6.8%).
- Adjusted EBIT of DKK 15.8 million (DKK 13.1 million). Adjusted EBIT margin was 5.4% (4.9%).
- Non-recurring items had a total negative impact of DKK 0.0 million (DKK 1.7 million).
- EBIT of DKK 15.8 million (DKK 11.4 million), corresponding to an EBIT margin of 5.4% (4.3%).
- Net profit of DKK 7.0 million (DKK 5.4 million).
- Free cash flow was DKK 12.6 million (DKK -35.9 million).
- Cash conversion ratio was 69.2% (61.5%).
- Full-year guidance for the financial year 2024 is revenue in the range DKK 1,000-1,150 million with earnings (adjusted EBIT) in the range of DKK 55-85 million.

Contact

For further information, please contact:

CEO Torben Paulin +45 21210464

CFO Thomas Hjannung +45 25174233

IR Contact – ir@tcmgroun.dk

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

| DKK million | Q1 2024 | Q1 2023 | FY 2023 |
|--|----------------|----------------|----------------|
| Income statement | | | |
| Revenue | 292.5 | 263.8 | 1,084.1 |
| Gross profit | 60.5 | 49.9 | 215.8 |
| Earnings before interest, tax, depreciation, and amortisation (EBITDA) | 24.4 | 16.2 | 77.4 |
| Adjusted EBITDA | 24.4 | 17.9 | 85.3 |
| Earnings before interest, tax, and amortisation (EBITA) | 17.4 | 11.4 | 52.3 |
| Adjusted EBIT | 15.8 | 13.1 | 55.6 |
| Operating profit (EBIT) | 15.8 | 11.4 | 45.8 |
| Financial items | (8.9) | (4.8) | (20.9) |
| Profit before tax | 8.6 | 6.8 | 27.1 |
| Net profit for the period | 7.0 | 5.4 | 21.5 |
| Balance sheet | | | |
| Total assets | 1,213.7 | 993.1 | 1,200.9 |
| Net working capital (NWC) | (9.1) | (15.5) | (16.0) |
| Net interest-bearing debt (NIBD) | 346.6 | 315.0 | 349.3 |
| Equity | 538.1 | 426.0 | 529.7 |
| Cash Flow | | | |
| Free cash flow excl. acquisitions of operations | 12.6 | (35.9) | 40.3 |
| Cash conversion, % | 69.2% | 61.5% | 37.6% |
| Growth ratios | | | |
| Revenue growth, % | 10.9% | (6.3%) | (5.4%) |
| Gross profit growth, % | 21.1% | (14.7%) | (6.4%) |
| Adjusted EBIT growth, % | 21.1% | (49.9%) | (46.2%) |
| EBIT growth, % | 39.2% | (44.9%) | (52.7%) |
| Net profit growth, % | 30.1% | (67.4%) | (69.5%) |
| Margins | | | |
| Gross margin, % | 20.7% | 18.9% | 19.9% |
| Adjusted EBITDA margin, % | 8.3% | 6.8% | 7.9% |
| Adjusted EBIT margin, % | 5.4% | 4.9% | 5.1% |
| EBIT margin, % | 5.4% | 4.3% | 4.2% |
| Other ratios | | | |
| Solvency ratio, % | 44.3% | 42.9% | 44.1% |
| Leverage ratio | 3.73 | 2.95 | 4.08 |
| NWC ratio, % | (0.8%) | (1.4%) | (1.5%) |
| Capex ratio excl. acquisitions, % | 1.0% | 1.0% | 2.0% |
| Share information | | | |
| Number of outstanding shares | 10,438,638 | 9,067,294 | 10,438,638 |
| Weighted average number of outstanding shares | 10,438,638 | 9,067,294 | 9,767,408 |
| Number of treasury shares | 75,000 | 75,000 | 75,000 |
| Earnings per share before dilution, DKK | 0.67 | 0.61 | 2.20 |
| Earnings per share after dilution, DKK | 0.67 | 0.60 | 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 Q1 was DKK 292.5 million compared to DKK 263.8 million in Q1 last year, equal to an increase of 10.9%, but representing an organic decline of 12.3%. Revenue in Q1 in AUBO Production A/S amounted DKK 61.2 million.

TCM Group's primary market is Denmark which contributed with 78.9% of Group revenue in Q1 2024. Revenue in Denmark was down 2.1% compared to Q1 last year to DKK 230.8 million, with an organic decline of 10.6%. While B2C sales were slightly down compared to Q1 last year, but with a significantly lower decline than B2B-sales, order-intake in B2C grew by more than 10% on a comparable basis. Total order-intake in Denmark increased by 3% compared to Q1 last year.

Revenue in Norway increased by 134.8% compared to Q1 2023 to DKK 58.7 million, driven by the inclusion of AUBO Production A/S. Organically revenue in Norway declined by 27.1% in the quarter, because of very difficult trading conditions, especially in the B2B market.

Revenue in other countries was roughly unchanged at DKK 3.0 million in Q1 2024 compared to DKK 3.1 million in Q1 last year.

Gross margin increased significantly from 18.9% in Q1 2023 to 20.7% in Q1 2024. The improvement was due to the changed sales mix, where B2C sales generally attracts higher margins, and a positive impact from the inclusion of AUBO Production A/S. These positive effects were slightly diluted by an increased share of low-margin 3rd party revenue.

At the end of Q1 2024, the total number of branded stores was 112 (93). Three stores opened in Denmark during the quarter, AUBO in Thisted and Slagelse, and Nettoline in Hobro.

Total number of employees at the end of the quarter was 466 (449 end of Q1 2023).

Events after the reporting period

The annual general meeting was held on 11 April 2024. The annual general meeting approved the proposal not to distribute dividend.

Björn Johan Olsson Lissner was appointed as new board member at the annual general meeting. The Board of Directors hereafter consists of five independent and one dependent board members, all elected by the annual general meeting. Following the annual general meeting the Board of Directors constituted itself with Anders Skole-Sørensen as chairman and Søren Mygind Eskildsen as vice-chairman.

Besides from the above, no events of importance to the consolidated interim financial statements have occurred after the reporting period.

Financial outlook

We reiterate our full year guidance: A full year revenue for 2024 in the range of DKK 1,000-1,150 million and adjusted EBIT in the range of DKK 55-85 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 will be 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 Q1 2024 revenue increased by 10.9% to DKK 292.5 million (DKK 263.8 million). Revenue in AUBO Production A/S amounted to DKK 61.2 million in Q1.

Revenue in Denmark in Q1 2024 was DKK 230.8 million (DKK 235.7 million) corresponding to a decrease of 2.1%. Revenue in Norway in Q1 2024 was up 134.8% to DKK 58.7 million (DKK 25.0 million) driven by the inclusion of AUBO Production A/S. Revenue in other countries in Q1 2024 was DKK 3.0 million (DKK 3.1 million).

Gross profit

Gross profit in Q1 2024 was DKK 60.5 million (DKK 49.9 million), corresponding to a gross margin of 20.7% (18.9%).

Operating expenses

Operating expenses in Q1 2024 were DKK 46.2 million (DKK 37.5 million). Operating expenses represented 15.8% of revenue in Q1 2024 (14.2%). The increase in operating expenses is fully attributable to the inclusion of AUBO Production A/S, as operating expenses on a comparable basis were reduced by DKK 7.6 million.

Adjusted EBITDA

Adjusted EBITDA in Q1 2024 was DKK 24.4 million (DKK 17.9 million), corresponding to an adjusted EBITDA margin of 8.3% (6.8%).

Adjusted EBIT

Adjusted EBIT in Q1 2024 was DKK 15.8 million (DKK 13.1 million), corresponding to an adjusted EBIT margin of 5.4% (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 Q1 2024 there were no non-recurring items. In Q1 2023 non-recurring items were restructuring costs. These costs are considered non-recurring by nature and material and are therefore presented as non-recurring items.

| Non-recurring items, DKK m | Q1 | | 12 months |
|--|------------|------------|------------|
| | 2024 | 2023 | 2023 |
| Transaction costs related to business combinations | 0.0 | 0.0 | 2.8 |
| Write-off ERP Project, AUBO Production A/S | 0.0 | 0.0 | 1.9 |
| Restructuring costs | 0.0 | 1.7 | 5.1 |
| Total | 0.0 | 1.7 | 9.8 |

EBIT

EBIT in Q1 2024 was DKK 15.8 million (DKK 11.4 million). The increase was due to higher EBITDA, partly offset by higher depreciations and amortisations. Depreciations and amortizations in Q1 2024 were DKK 8.6 million (DKK 4.9 million), including amortisations on intangible assets recognized as part of the purchase price allocation related to the acquisition of AUBO Production A/S.

Net profit

Net profit in Q1 2024 increased to DKK 7.0 million (DKK 5.4 million). Financial income and expenses in Q1 2024 were DKK 4.1 million higher than in Q1 2023, due to the higher level of interest-bearing debt during the quarter, higher interest rates and foreign exchange rate losses.

Free cash flow

Free cash flow in Q1 2024 was DKK 12.6 million (DKK -35.9 million). The cash flow in Q1 2024 was positively impacted by change in NWC of DKK -4.5 million compared to DKK -35.0 million in Q1 2023 as further described below. Investments were DKK 7.3 million in Q1 2024 compared to DKK 6.4 million last year. The investments related primarily to digitalisation and modernisation of the production equipment.

Net working capital

Net working capital at the end of Q1 2024 was DKK -9.1 million (DKK -15.5 million). NWC ratio at the end of Q1 2024 was -0.8% (-1.4%). The higher net working capital ratio compared to last year is explained by the acquisition of AUBO Production A/S, which due to a different operating model in Norway, carries a higher amount of working capital.

| DKK million | End of Q1 | |
|-----------------------------|---------------|---------------|
| | 2024 | 2023 |
| Inventories | 87.1 | 77.4 |
| Trade and other receivables | 128.2 | 94.9 |
| Trade and other payables | (224.4) | (187.9) |
| Net working capital | (9.1) | (15.5) |
| NWC ratio | (0.8%) | (1.4%) |

During the quarter inventories at all sites were reduced by a total amount of DKK 5.4 million through reduction of buffer stocks and improved procurement processes.

Trade receivables and other receivables increased by DKK 13.7 million in the quarter, due to normal seasonal trading movements. Other receivables are measured excluding the value of short-term lease receivables amounting to DKK 7.7 million, as this is not considered part of the net working capital.

Operating liabilities increased by DKK 1.3 million in the quarter.

Net interest-bearing debt

Net interest-bearing debt amounted to DKK 346.6 million at the end of Q1 2024 (DKK 315.0 million).

Leverage ratio, measured as net interest-bearing debt excluding tax liabilities divided by adjusted EBITDA LTM, end of Q1 2024 was 3.73 (2.95 as of end of Q1 2023).

Equity

Equity at the end of Q1 2024 amounted to DKK 538.1 million (DKK 426.0 million). The solvency ratio was 44.3% at the end of Q1 2024 (42.9%).

Additional information

Financial calendar

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

| | |
|------------------|---|
| 21 August 2024 | Interim report Q2 2024 |
| 22 November 2024 | Interim report Q3 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 Thursday 16 May 2024 at 9:30 CEST in a teleconference that can be followed on TCM Groups website or on <https://edge.media-server.com/mmc/p/2ezitred>.

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/BI6d7867feb2e14a598cc87b2cf85cabd1>

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

TCM Group A/S
Skautrupvej 16
DK-7500 Holstebro, Denmark
Business Registration No: 37 29 12 69

Phone: +45 97435200
Internet: investor-en.tcmgroup.dk
E-mail: ir@tcmgroup.dk

Consolidated interim financial statements

Consolidated income statement

| DKK m | Note | Q1 | | 12 months |
|--|------|-------------|-------------|--------------|
| | | 2024 | 2023 | 2023 |
| Revenue | 2 | 292.5 | 263.8 | 1,084.1 |
| Cost of goods sold | | (232.1) | (213.9) | (868.3) |
| Gross profit | | 60.5 | 49.9 | 215.8 |
| Selling expenses | | (26.2) | (24.2) | (104.7) |
| Administrative expenses | | (20.0) | (13.3) | (61.9) |
| Other operating income | | 1.6 | 0.6 | 6.4 |
| Operating profit before non-recurring items | | 15.8 | 13.1 | 55.6 |
| Non-recurring items | 3 | 0.0 | (1.7) | (9.8) |
| Operating profit | | 15.8 | 11.4 | 45.8 |
| Share of profit/loss in associated companies | | 1.6 | 0.2 | 2.2 |
| Financial income and expenses | | (8.9) | (4.8) | (20.9) |
| Profit before tax | | 8.6 | 6.8 | 27.1 |
| Tax for the period | | (1.5) | (1.4) | (5.6) |
| Net profit for the period | | 7.0 | 5.4 | 21.5 |
| Earnings per share before dilution, DKK | | 0.67 | 0.61 | 2.20 |
| Earnings per share after dilution, DKK | | 0.67 | 0.60 | 2.20 |

Consolidated statement of comprehensive income

| DKK m | Q1 | | 12 months |
|---|------------|--------------|-------------|
| | 2024 | 2023 | 2023 |
| Net profit for the period | 7.0 | 5.4 | 21.5 |
| Other comprehensive income | | | |
| Items that are or may be reclassified subsequently to profit or loss | | | |
| Value adjustments of currency hedges before tax | 1.8 | (0.0) | (0.0) |
| Tax on value adjustments of currency hedges | (0.4) | 0.0 | 0.0 |
| Other comprehensive income for the period | 1.4 | (0.0) | 0.0 |
| Total comprehensive income for the period | 8.4 | 5.4 | 21.5 |

Consolidated balance sheet

| DKK m | Note | End of Q1 2024 | 2023 | End of 2023 |
|--|------|-------------------|--------------|----------------|
| ASSETS | | | | |
| Intangible assets | | | | |
| Goodwill | | 412.0 | 369.8 | 412.0 |
| Brand | | 178.3 | 172.0 | 178.7 |
| Customer contract | | 43.9 | 0.0 | 45.1 |
| Other intangible assets | | 2.5 | 1.9 | 2.8 |
| Other intangible assets in progress | | 38.1 | 15.7 | 33.7 |
| | | 674.8 | 559.4 | 672.3 |
| Tangible assets | | | | |
| Land and buildings | | 128.1 | 95.7 | 128.9 |
| Tangible assets under construction and prepayments | | 6.1 | 2.1 | 6.1 |
| Machinery and other technical equipment | | 53.4 | 40.3 | 54.0 |
| Equipment, tools, fixtures and fittings | | 6.4 | 6.3 | 7.1 |
| Right-of-use assets | | 40.2 | 34.2 | 41.5 |
| | | 234.2 | 178.6 | 237.6 |
| Financial assets | | | | |
| Investments in associated companies | | 49.6 | 48.9 | 48.0 |
| Lease receivables | | 9.5 | 15.1 | 10.8 |
| Other financial assets | | 12.5 | 8.3 | 11.1 |
| | | 71.6 | 72.3 | 69.9 |
| Total non-current assets | | 980.5 | 810.2 | 979.8 |
| Inventories | | 87.1 | 77.4 | 92.5 |
| Current receivables | | | | |
| Trade receivables | | 108.2 | 76.9 | 80.6 |
| Lease receivables | | 7.7 | 7.5 | 8.5 |
| Receivables from associated companies | | 0.6 | 0.5 | 1.9 |
| Current tax receivables | | 0.0 | 6.8 | 0.0 |
| Other receivables | | 10.1 | 10.7 | 23.1 |
| Prepaid expenses and accrued income | | 0.0 | 0.0 | 1.2 |
| | | 126.5 | 102.4 | 115.2 |
| Cash and cash equivalents | | 19.5 | 3.0 | 13.3 |
| Total current assets | | 233.1 | 182.9 | 221.1 |
| Total assets | | 1,213.7 | 993.1 | 1,200.9 |

Consolidated balance sheet

| DKK m | Note | End of Q1 | | End of |
|---|------|----------------|--------------|----------------|
| | | 2024 | 2023 | 2023 |
| SHAREHOLDERS' EQUITY AND LIABILITIES | | | | |
| Share capital | | 1.1 | 0.9 | 1.1 |
| Treasury shares | | (12.1) | (12.1) | (12.1) |
| Value adjustments of currency hedging | | 0.5 | (0.9) | (0.9) |
| Retained earnings | | 548.6 | 438.1 | 541.6 |
| Proposed dividend for the financial year | | 0.0 | 0.0 | 0.0 |
| Total shareholders' equity | | 538.1 | 426.0 | 529.7 |
| Deferred tax | | 67.5 | 54.4 | 68.0 |
| Mortgage loans | | 22.1 | 24.4 | 22.7 |
| Bank loans | | 197.6 | 0.0 | 145.3 |
| Lease liabilities | | 45.9 | 47.4 | 48.1 |
| Other liabilities | | 54.3 | 0.8 | 52.5 |
| Total long-term liabilities | | 387.3 | 126.9 | 336.8 |
| Mortgage loans | | 2.5 | 2.8 | 2.5 |
| Bank loans | | 43.9 | 239.0 | 93.0 |
| Lease liabilities | | 13.3 | 11.3 | 14.2 |
| Trade payables | | 151.1 | 144.5 | 144.7 |
| Liabilities to associated companies | | 0.0 | 0.0 | 0.0 |
| Current tax liabilities | | 4.1 | 0.0 | 1.7 |
| Other liabilities | | 73.3 | 42.6 | 77.8 |
| Deferred income | | 0.0 | 0.0 | 0.6 |
| Total short-term liabilities | | 288.2 | 440.2 | 334.5 |
| Total shareholders' equity and liabilities | | 1,213.7 | 993.1 | 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 | 5.4 | 0.0 | 5.4 |
| Other comprehensive income for the period | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total comprehensive income for the period | 0.0 | 0.0 | 0.0 | 5.4 | 0.0 | 5.4 |
| Closing balance 31.03.2023 | 0.9 | (12.1) | (0.9) | 438.1 | 0.0 | 426.0 |
| | | | | | | |
| 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 | 7.0 | 0.0 | 7.0 |
| Other comprehensive income for the period | 0.0 | 0.0 | 1.4 | 0.0 | 0.0 | 1.4 |
| Total comprehensive income for the period | 0.0 | 0.0 | 1.4 | 7.0 | 0.0 | 8.4 |
| Closing balance 31.03.2024 | 1.1 | (12.1) | 0.5 | 548.6 | 0.0 | 538.1 |

Consolidated cash flow statement

| DKK m | Note | Q1 2024 | 2023 | 12 months 2023 |
|---|------|--------------|---------------|-------------------|
| Operating activities | | | | |
| Operating profit | | 15.8 | 11.4 | 45.8 |
| Depreciation and amortization | | 8.6 | 4.9 | 31.5 |
| Other non-cash operating items | | 0.0 | 0.0 | 0.1 |
| Income tax paid | | (0.1) | (10.8) | (18.3) |
| Change in net working capital | | (4.5) | (35.0) | 22.2 |
| Cash flow from operating activities | | 19.8 | (29.5) | 81.3 |
| Investing activities | | | | |
| Investments in fixed assets | | (7.3) | (6.4) | (43.4) |
| Sale of fixed assets | | 0.1 | 0.0 | 0.2 |
| Acquisition of operations, net | | 0.0 | 0.0 | (100.9) |
| Dividends from associates | | 0.0 | 0.0 | 2.2 |
| Cash flow from investing activities | | (7.2) | (6.4) | (141.9) |
| Financing activities | | | | |
| Interest paid | | (6.6) | (2.2) | (21.4) |
| Proceeds from loans | | 3.0 | 38.7 | 149.6 |
| Repayments of loans | | (0.6) | (0.7) | (131.3) |
| Repayments of lease liabilities | | (1.4) | (1.0) | (4.8) |
| Rights issue, net proceeds | | 0.0 | 0.0 | 77.0 |
| Cash flow from financing activities | | (5.6) | 34.8 | 69.1 |
| Cash flow for the period | | 7.0 | (1.1) | 8.5 |
| Cash and cash equivalents at the beginning of the period | | | | |
| | | 13.3 | 4.4 | 4.4 |
| Cash flow for the period | | 7.0 | (1.1) | 8.5 |
| Exchange-rate differences in cash and cash equivalents | | (0.8) | (0.3) | 0.4 |
| Cash and cash equivalents at the end of the period | | 19.5 | 3.0 | 13.3 |

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.

| | Q1 | | 12 months |
|-----------------------------------|--------------|--------------|----------------|
| | 2024 | 2023 | 2023 |
| Revenue by region, DKK m | | | |
| Denmark | 230.8 | 235.7 | 915.5 |
| Norway | 58.7 | 25.0 | 155.8 |
| Other countries | 3.0 | 3.1 | 12.8 |
| | 292.5 | 263.8 | 1,084.1 |
| | | | |
| Revenue by category, DKK m | 2024 | 2023 | 2023 |
| Revenue, core business | 224.0 | 203.8 | 830.8 |
| Revenue, 3rd party | 68.5 | 60.0 | 253.3 |
| | 292.5 | 263.8 | 1,084.1 |

Revenue consists of sale of goods and services.

3. Non-recurring items

| Non-recurring items, DKK m | Q1 | | 12 months |
|--|------------|------------|------------|
| | 2024 | 2023 | 2023 |
| Transaction costs related to business combinations | 0.0 | 0.0 | 2.8 |
| Write-off ERP Project, AUBO Production A/S | 0.0 | 0.0 | 1.9 |
| Restructuring costs | 0.0 | 1.7 | 5.1 |
| Total | 0.0 | 1.7 | 9.8 |

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

| | DKK m |
|---|--------------|
| 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

The annual general meeting was held on 11 April 2024. The annual general meeting approved the proposal not to distribute dividend.

Björn Johan Olsson Lissner was appointed as new board member at the annual general meeting. The Board of Directors hereafter consists of five independent and one dependent board members, all elected by the annual general meeting. Following the annual general meeting the Board of Directors constituted itself with Anders Skole-Sørensen as chairman and Søren Mygind Eskildsen as vice-chairman.

Besides from the above, 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 – 31 March 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 31 March 2024 and of the results of the Group's operations and cash flows for the period 1 January to 31 March 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, 16 May 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 | Q1 2023 | Q2 2023 | Q3 2023 | Q4 2023 | Q1 2024 |
|--|--------------|--------------|--------------|--------------|--------------|
| Income statement | | | | | |
| Revenue | 263.8 | 255.5 | 258.6 | 306.2 | 292.5 |
| Gross profit | 49.9 | 51.7 | 45.9 | 68.3 | 60.5 |
| Earnings before interest, tax, depreciation, and amortisation (EBITDA) | 16.2 | 24.7 | 10.1 | 26.3 | 24.4 |
| Adjusted EBITDA | 17.9 | 27.5 | 10.8 | 29.0 | 24.4 |
| Earnings before interest, tax and amortisation (EBITA) | 11.4 | 19.5 | 3.3 | 18.1 | 17.4 |
| Adjusted EBIT | 13.1 | 22.3 | 2.5 | 17.8 | 15.8 |
| Operating profit (EBIT) | 11.4 | 19.5 | 1.8 | 13.1 | 15.8 |
| Financial items | (4.8) | (3.4) | (4.1) | (8.6) | (8.9) |
| Profit before tax | 6.8 | 16.3 | (2.3) | 6.3 | 8.6 |
| Net profit for the period | 5.4 | 12.2 | (1.7) | 5.6 | 7.0 |
| Balance sheet | | | | | |
| Total assets | 993.1 | 1,003.0 | 1,250.3 | 1,200.9 | 1,213.7 |
| Net working capital | (15.5) | (0.6) | 40.2 | (16.0) | (9.1) |
| Net interest-bearing debt (NIBD) | 315.0 | 258.7 | 417.3 | 349.3 | 346.6 |
| Equity | 426.0 | 516.0 | 523.8 | 529.7 | 538.1 |
| Cash Flow | | | | | |
| Free cash flow excl. acquisitions of operations | (35.9) | (1.6) | 17.5 | 60.3 | 12.6 |
| Margins | | | | | |
| Gross margin, % | 18.9% | 20.2% | 17.7% | 22.3% | 20.7% |
| Adjusted EBITDA margin, % | 6.8% | 10.8% | 4.2% | 9.5% | 8.3% |
| Adjusted EBIT margin, % | 4.9% | 8.7% | 1.0% | 5.8% | 5.4% |
| EBIT margin, % | 4.3% | 7.6% | 0.7% | 4.3% | 5.4% |
| Other ratios | | | | | |
| Solvency ratio, % | 42.9% | 51.4% | 41.9% | 44.1% | 44.3% |