TCM Group

ANNUAL REPORT 2021

SVANE KØKKENET

nettoline Det personlige køkken

tvis køkkener

TCM Group A/S, Skautrupvej 16, DK-Holstebro, Denmark, CVR Nr. 37291269

OUR PURPOSE

Our overall purpose is to create a better home life for everyone. Regardless of family constellation's, housing type and financial situation.

We want to be a contributor to our customer's everyday happiness, and we do so by working together across teams and organizations, always with the customer in focus.

We create better kitchen environments for the heart of your home

Front page photo
Tvis Køkkener
M-line Momento

ABOUT TCM GROUP

TCM Group is Scandinavia's third largest kitchen manufacturer, with headquarter in Denmark and selling though approximately 140 stores across Scandinavia. A major part of our business is concentrated in Denmark with Norway being the primary export market. The product range includes kitchen, bathroom and storage solutions.

Manufacturing is to a large extent carried out in-house and more than 90% is manufactured to specific customer orders. Production sites are located in Denmark, with three factories in Tvis and Aulum (in the western part of Denmark).

TCM Group pursues a multi-brand strategy, under which the main brand is Svane Køkkenet and the secondary brands are Tvis Køkkener, Nettoline and private label. Combined, the brands cover the entire price spectrum. 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.

TCM Group is listed on Nasdaq Copenhagen.

2 NETTOLINE
Capri

1 SVANE KØKKENET
Nordic Natur Eg

We rethink expressions and materials. We add functional technology.

This is how we create modern living spaces that add tranquility, energy and luxury to everyday life.

CHAIRMAN AND CEO'S REPORT

SVANE KØKKENET
S12 RAW Ltd.

LETTER TO OUR SHAREHOLDERS

1,108 MIO.
Revenue

11%
Organic like-for-like revenue growth

We are pleased with a double-digit organic like-for-like growth rate and that we passed a new revenue milestone of DKK 1.1 billion.

* TCM Group has been a member of the United National Global Compact since 2011 and commits to the 10 UNGC principles.

2021 was in many ways an exceptional year. The shutdown following the pandemic a.o. led to a booming housing market and a home improvement and DIY trend that favourably supported the demand for kitchens in the Danish market especially in the first quarters of 2021.

We are pleased with a double-digit organic like-for-like growth rate and that we passed a new revenue milestone of DKK 1.1 billion. Besides organic growth in a solid Danish kitchen market, we are also pleased to see even higher growth rates outside Denmark, driven by same store growth combined with the additions of new stores in Norway within the Svane brand.

Increased demand and supply chain constraints led to significant higher prices on raw materials and components, which was passed on to our customers via sales price increases, however with some delay. Therefore impact from price fluctuations during the year was a significant adverse net influence on TCM Group's earnings in the year.

The supply chain was exceptionally unstable during 2021, and we have struggled to limit the impact on our customers from the shortages in the supply to our production. Especially in the second half of the year we were impacted by unstable supply of critical components such as drawer systems. The situation has led to efficiency losses and the efforts to limit the impact on our customers have led to additional costs, and the postponement of some deliveries and thereby revenue and earnings.

We are determined to mitigate the current supply chain situation as well as possible, and together with our suppliers bring the supply chain situation back to normal.

TCM Group has a long track record as a growth case, and our ambitions is to continue the growth journey and strive for double-digit growth rates in the coming years. We see potential in all our brands and believe that we can continue to gain market share in the Danish market as well as exploit the significant potential outside Denmark with the focus in the Norwegian market. During Q1 and Q2 2022 we will add three new Svane Køkkenet stores to the Norwegian store network.

In July 2021 we entered into a strategic partnership with the online kitchen business Celebert. We have merged our mutual online brands and aim to exploit the significant potential in this sales channel. TCM Group owns 45% of the merged activity with an option to acquire on the remaining shares. We strongly believe, that the market for selling kitchens online has a great potential, and we will support the growth journey a.o. by supplying products from our product assortment.

To support our growth ambitions, we will continue to utilize and expand our production capacity in our existing sites. Continuous improvements and investments will provide an estimated additional production capacity of c. 50% in the existing facilities.

Sustainability with regards to people, planet and products are key to us. During 2021 we have reduced our carbon emission with 25% compared to 2020 through various initiatives, and we have expanded our FSC certification to all cabinets with effect from January 2022. We continue our efforts and expand our focus to new areas with the intent to reduce our climate footprint (refer to further actions in the ESG section).

During 2021 we made a substantial payout to our shareholders through a combination of ordinary and extraordinary dividend together with a share buy back program of DKK 150 million. For 2021 we will propose to the Annual General Meeting the distribution of an ordinary dividend of DKK 6 per share. Excluding treasury shares this corresponds to DKK 54 million. Furthermore, we will propose to the Annual General Meeting, that a mandate is provided to the Board of Directors with the option to distribute an extraordinary dividend during 2022 in the range DKK 25-75 million.

For 2022 we expect a revenue in the range of DKK 1,150 to 1,225 million corresponding to an organic growth of 4-11%. The supply situation in the beginning of 2022 continues to be unstable, however we expect the situation to stabilize somewhat during the year, which will support an Adjusted EBIT in the range DKK 140 to 170 million.

In our final comments, we would like to give our utmost appreciation to our employees and business partners, for whom 2021 was a challenging year especially due to the unstable supply chain situation. The employees in the entire value chain have worked with great dedication to provide the best possible customer service despite the extraordinary challenges.

SANNA MARI SUVANTO-HARSAAE
Chairman

TORBEN PAULIN
CEO

At Svane Køkkenet, we are driven by innovation.

We are constantly challenging the established by curiously going new ways.

FINANCIAL HIGHLIGHTS

SVANE KØKKENET

Pure Lava with H22

FINANCIAL HIGHLIGHTS

TOTAL OF STORES

93
branded stores across Scandinavia

39
Svane Køkkenet

31
Tvis Køkkener

23
Nettoline

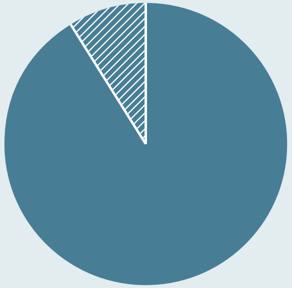
REVENUE, DKK

1,108 Mio.

ORGANIC REVENUE GROWTH

11 %

REVENUE



AVERAGE EMPLOYEES

504

ADJUSTED EBIT, DKK

138 Mio.

ADJUSTED EBIT MARGIN

12.4 %

NWC RATIO

-7.4 %

LEVERAGE RATIO

1.33

BUSINESS REVIEW

Reported revenue grew by 8.2% in 2021 to DKK 1,108 million (DKK 1,025 million). In January 2021 TCM Group sold its Svane Køkkenet store in Copenhagen to one of the existing franchisees, and in July 2021 TCM Group merged its online activities in kitchn.dk as part of the strategic partnership with Celebert. Like-for-like organic growth in 2021 was c. 11% disregarding the two elements above.

Revenue in Denmark grew from DKK 942 million in 2020 to DKK 1,011 million corresponding to an increase of 7.4%. Disregarding the negative revenue impact from the divestments of the Svane Køkkenet store in Copenhagen and the merge of the online activities in kitchn.dk and Celebert, the organic like-for-like growth in Denmark was c. 11%. Growth was driven by all three brands with the highest growth rates within our DIY segment (Nettoline and e-commerce).

Revenue outside Denmark grew from DKK 83 million in 2020 to DKK 97 million corresponding to an increase of 16.7%. The growth was driven by both same store growth and revenue from new stores in Norway primarily within Svane Køkkenet. The number of branded stores increased from 90 to 93 during 2021. Within Svane Køkkenet a new store opened in the city centre of Copenhagen, and within Tvis Køkkener a new store opened in Roskilde, whereas three new Nettoline stores were opened in Køge, Fjerritslev and Randers. The new store openings were offset by two smaller store closures in Tvis Køkkener and Nettoline.

In July TCM Group entered into a strategic partnership with fast growing online kitchen business Celebert.

In 2022 further new stores will be added to our store network. Within Svane Køkkenet this includes a new store in Copenhagen expected to open during the summer, and three new Svane Køkkenet stores in Fredrikstad, Arendal and Oslo in Norway expected to open during Q1 and Q2 2022. Within Nettoline we expect a new store to open in 2022 in Næstved.

In July TCM Group entered into a strategic partnership with fast growing online kitchen business Celebert and joined forces merging the activities in kitchn.dk with the existing brands within the Celebert business. TCM Group initially acquired a 45% stake in the combined e-commerce business with an option to acquire the remaining 55% of the Celebert/kitchn.dk business at a later date. TCM Group will act as a supplier to the e-commerce activities, primarily through the Aulum factory.

Gross margin was influenced by the technical impact from the divestment of the Svane Køkkenet store in Copenhagen and the merge of the e-commerce activities in kitchn.dk and Celebert during 2021. Furthermore, the margin was negatively impacted by higher input cost which was passed on to the customers, however with a delayed effect. In addition, the unstable supply chain situation and a change in sales mix with a higher share of revenue from 3rd party products with a structurally lower margin also had a negative impact on gross margin. Gross margin ended at 23.0% compared to 26.6% in 2020.

SVANE KØKKENET
S19 Grund with H22

We continue to invest in our manufacturing setup, and during 2021 we have implemented a new board cutting and stacking solution in the main factory. We have implemented various other machinery in our production, which a.o. has supported a lower carbon emission from our production. This should be seen in light of our continued volume growth.

Innovation and development of new attractive products following the latest trends and customer demands is an important part of TCM Group's strategy. In 2021 we have launched new products in all our three brands.

In Svane we have extended the colour options in our very popular S19 range in mat laminate. Wooden finishes is a strong trend and we have extended our veneer options with white oak and added solid oak drawers. Finally we have launched a new metal handle that create a very horizontal elegant look, and can be used for all existing fronts.

In Tvis we have launched a combination of our two very popular designs M-line and Momento, where we combine various solid wood fronts with trendy mat laminate and hereby combining two of the strongest trends in one. Also in Tvis we have extended our veneer options with white oak and added solid oak drawers.

In Nettoline we have extended the number of colour options within our most popular designs. In Tirano and in Stecca we have extended with a new dark oak colour. In addition we have introduced a new green front, made of recycled chipboard covered by a foil made of 100 % recycled plastic foil.

The strategic focus on innovation and product development will continue in 2022, where we will launch new exciting designs in our three brands.

93

Branded stores at the end of 2021

KEY FIGURES AND RATIOS

DKK'000	2021	2020	2019*	2018	2017
INCOME STATEMENT					
Revenue	**1,108,274**	**1,024,588**	**1,006,942**	**899,911**	**817,330**
Gross profit	254,601	272,819	279,622	262,835	231,126
Earnings before interest. tax. depreciation and amortisation (EBITDA)	155,365	156,058	167,387	153,594	97,070
Adjusted EBITDA	154,674	161,058	174,399	155,590	131,367
Earnings before interest. tax and amortisation (EBITA)	139,707	142,277	154,118	145,672	88,456
Adjusted operating profit (EBIT)	**137,756**	**139,717**	**153,570**	**140,108**	**115,193**
Operating profit (EBIT)	**138,447**	**134,717**	**146,558**	**138,112**	**80,896**
Financial items	-3,262	-3,997	-4,201	-5,812	-14,155
Profit before tax	135,738	130,720	142,357	132,300	66,741
Net profit for the year	110,709	102,243	111,322	103,710	47,993
BALANCE SHEET					
Total assets	907,321	929,451	911,096	844,044	805,541
Net working capital	-81,649	-116,978	-108,868	-94,092	-80,821
Net interest-bearing debt (NIBD)	199,461	-42,873	51,702	90,718	225,818
Equity	419,691	574,373	472,744	408,839	304,777
CASH FLOW					
Free cash flow excl. acquisitions of operations	44,462	101,048	132,326	141,409	99,797
Capex excl. acquisitions	29,168	30,993	14,996	9,192	8,418
Cash conversion, %	58.3%	85.8%	99.9%	102.6%	110.0%

* As of 1 January 2019 IFRS 16 Leases is implemented without restating comparative figures, why 2019 is not directly comparable to previus periods. Reference is made to description in note 1 Accounting policies.

DKK'000	2021	2020	2019*	2018	2017
GROWTH RATIOS					
Revenue growth, %	8.2%	1.8%	11.9%	10.1%	36.3%
Gross profit growth, %	-6.7%	-2.4%	6.4%	13.7%	29.1%
Adjusted EBIT growth, %	-1.4%	-9.0%	9.6%	21.6%	70.6%
EBIT growth, %	2.8%	-8.1%	6.1%	70.7%	34.9%
Net profit growth, %	8.3%	-8.2%	7.3%	116.1%	51.3%
MARGINS					
Gross margin, %	23.0%	26.6%	27.8%	29.2%	28.3%
Adjusted EBITDA margin, %	14.0%	15.7%	17.3%	17.3%	16.1%
Adjusted EBIT margin, %	12.4%	13.6%	15.3%	15.6%	14.1%
EBIT margin, %	12.5%	13.1%	14.6%	15.3%	9.9%
OTHER RATIOS					
Solvency ratio, %	46.3%	61.8%	51.9%	48.4%	37.8%
Leverage ratio	1.33	-0.23	0.31	0.58	1.72
NWC ratio, %	-7.4%	-11.4%	-10.8%	-10.5%	-9.9%
Capex ratio excl. acquisitions, %	2.6%	3.0%	1.5%	1.0%	1.0%
SHARE INFORMATION					
Number of outstanding shares	9,174,073	10,000,000	10,000,000	10,000,000	10,000,000
Weighted average number of outstanding shares	9,584,933	10,000,000	10,000,000	10,000,000	10,000,000
Number of treasury shares	825,927	0	0	0	0
Earnings per share before dilution, DKK	11.55	10.22	11.13	10.37	4.80
Earnings per share after dilution, DKK	11.54	10.22	11.13	10.37	4.51

FINANCIAL REVIEW

DEVELOPMENT IN ACTIVITIES AND FINANCES*

REVENUE - 8.2% ORGANIC GROWTH
Revenue in 2021 grew by 8.2% to DKK 1,108.3 million (DKK 1,024.6 million).

Revenue in Denmark was DKK 1,011.4 million (DKK 941.6 million). The organic like-for-like growth was 11% with total revenue growth being lower due to the divestment of the Svane Køkkenet store in Copenhagen to a franchisee and the merge of the e-commerce activities in kitchn.dk and Celebert. The organic growth was driven by all three brands with the highest growth rates within our DIY segment (Nettoline and e-commerce).

Revenue in Other countries was DKK 96.9 million (DKK 83.0 million), up 16.7%.

GROSS PROFIT - GROSS MARGIN OF 23.0%
Gross profit in 2021 was 254.6 DKK million (DKK 272.8 million), corresponding to a gross margin of 23.0% (26.6%). The divestment of the Svane Køkkenet store in Copenhagen and the merge of the e-commerce activities in kitchn.dk and Celebert had a technical negative impact on gross margin. Furthermore, the gross margin was negatively impacted by significantly increased raw material prices, the unstable supply chain situation and a change in sales mix.

* Figures in brackets refer to the corresponding period in 2020.

OPERATING EXPENSES - COST RATIO 10.5%
Operating expenses in 2021 were DKK 116.8 million (DKK 133.1 million). The decrease in operating expenses of DKK 16.3 million was primarily due to the divestment of the Svane Køkkenet store in Copenhagen and the merge of the e-commerce activities in kitchn.dk and Celebert. Operating expenses amounted to 10.5% of revenue in 2021 against 13.0% in 2020.

ADJUSTED EBITDA – 14.0% MARGIN
Adjusted EBITDA in 2021 was DKK 154.7 million (DKK 161.1 million), corresponding to an EBITDA margin of 14.0% (15.7%). The decrease in Adjusted EBITDA was primarily driven by a lower gross profit.

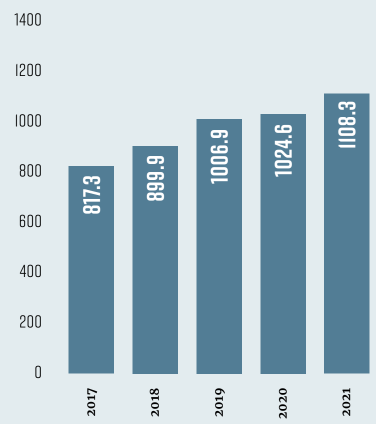
ADJUSTED EBIT – 12.4% MARGIN
Adjusted EBIT in 2021 was DKK 137.8 million (DKK 139.7 million), corresponding to an adjusted EBIT margin of 12.4% (13.6%). The decrease in adjusted EBIT was driven by a lower gross margin. Depreciations and amortizations were DKK 16.9 million (DKK 21.3 million).

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 and are specified below:

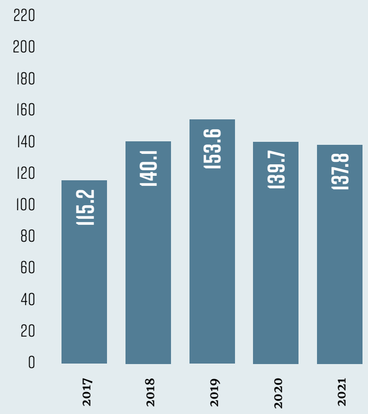
NON-RECURRING ITEMS

Non-recurring items, DKK m	2021	2020
Costs related to Covid-19 and supply chain disruptions	14.0	5.0
Restructuring	1.3	0.0
Net gain from the Celebert/ kitchn.dk transaction	-13.5	0.0
Gain from the divestment of an own operated store	-2.5	0.0
Total	**-0.7**	**5.0**

REVENUE (DKKM)



ADJUSTED EBIT (DKKM)



The organic growth was driven by all three brands with the highest growth rates within our DIY segment (Nettoline and e-commerce).

REPORTED REVENUE GROWTH
8.2%

ADJUSTED EBIT MARGIN
12.4%

EBIT

EBIT for the financial year 2021 increased to DKK 138.4 million (DKK 134.7 million). The increase in EBIT was driven of positive development in non-recurring items compaired to 2020 off-set by a lower gross profit.

NET PROFIT

Net profit for the financial year 2021 increased to DKK 110.7 million (DKK 102.2 million).

FREE CASH FLOW EXCL. ACQUISITIONS OF OPERATION

Free cash flow excl. acquisitions of operations for 2021 was DKK 44.5 million against DKK 101.0 million in 2020. Free cash flow was negatively impacted by change in NWC of DKK -38.3 million compared to DKK 7.3 million in 2020. The extended credit for VAT and payroll had a negative impact of DKK 9 million in 2021 compared to a positive impact of DKK 15 million in 2020.

Cash conversion in 2021 was 58.3% (85.8%).

NET WORKING CAPITAL - NWC RATIO -7.4%

Net working capital at the end of 2021 was DKK -81.6 million (DKK -117.0 million). NWC ratio at the end of 2021 was -7.4 (-11.4%).

The increase in inventory of DKK 29.5 million was due to impact from increased raw material prices, and a management decision to establish a buffer of parts and raw materials to ensure higher delivery assurance.

Trade receivables and other receivables increased by DKK 8.8 million. Other receivables as of 31 December 2021 is excluding the value of DKK 7.1 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 1.4 million. The extended credit for VAT and payroll taxes provided in the goverment's stimulus package impacted the operating liabilities positively by c. DKK 6 million as of 31 December 2021 compared to DKK 15.0 million last year. Furthermore, the transfer of the holiday allowance to the government fund lowered other payables by DKK 19 million in 2021.

NET INTEREST-BEARING DEBT – LEVERAGE RATIO 1.33

Net interest-bearing debt amounted to DKK 199.5 million at the end of 2021 (DKK -42.9 million).

EQUITY - SOLVENCY RATIO 46.3%

Equity at the end of 2021 amounted to DKK 419.7 million (DKK 574.4 million). The equity decreased by DKK 154.7 million since 1 January 2021 due to dividend distribution of DKK 130.0 million and the implementation of a share buy back program, of which DKK 136.0 million has been carried out during 2021.

The Board of Directors recommends to the Annual General Meeting to distribute an ordinary dividend of DKK 6 per share. Excluding treasury shares this corresponds to DKK 54 million. Furthermore, to provide a mandate to the Board of Directors with the option to distribute an extraordinary dividend during 2022 in the range DKK 25-75 million.

The solvency ratio was 46.3% at the end of 2021 (61.8%).

EVENTS AFTER THE BALANCE SHEET DATE

Apart from the events recognized or disclosed in the annual report, no other events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

TVIS KØKKENER
Momento Vulkansk sort
with M-line valnød

NET WORKING CAPITAL (DKKM)

The Board of Directors recommends to distribute an ordinary dividend of DKK 6 per share

NWC RATIO (%)	LEVERAGE RATIO
-7.4	1.33

Capri

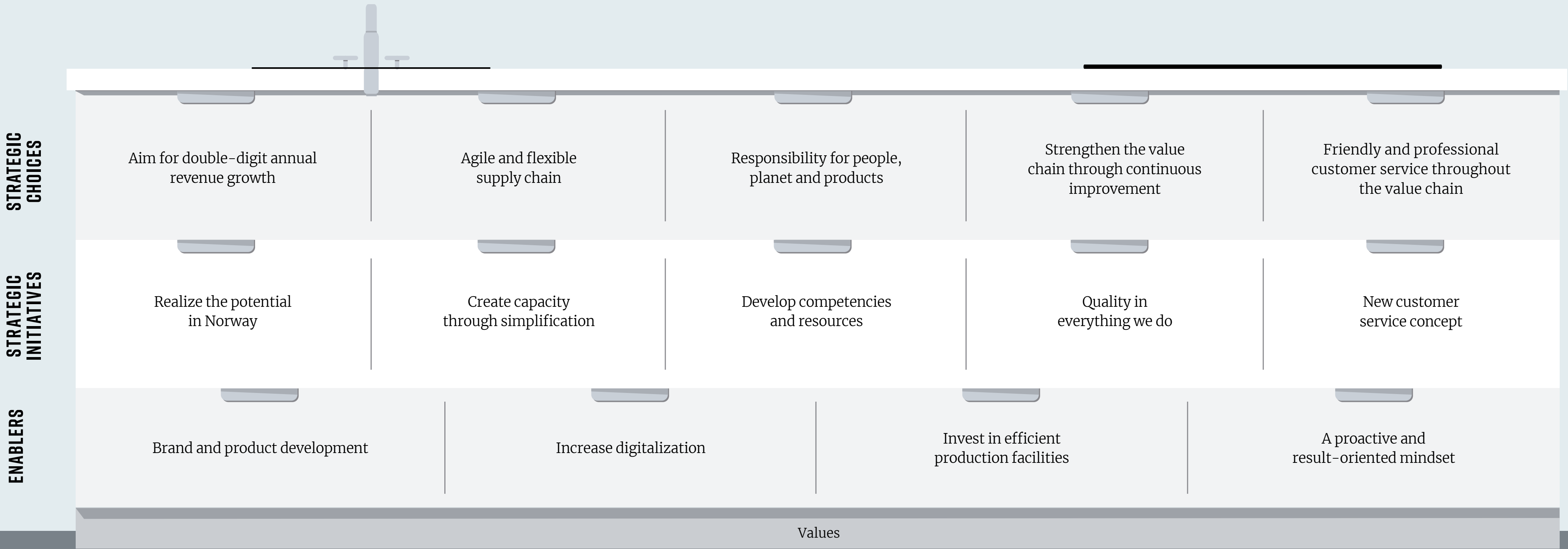
Nettoline kitchens are made for everyday life. Our kitchens are created for the user – not the other way around.

Our kitchens are born out of the idea that functionality, design, and price are not opposites.

OUR BUSINESS

WE CREATE BETTER KITCHEN ENVIRONMENTS FOR THE HEART OF YOUR HOME

We will be the customers' first choice of kitchens



STRATEGY AND FINANCIAL TARGETS

Even though we invest in growth, our target is to remain in the top tier of the kitchen industry with regards to profitability and cash flow.

4-11%

Estimated organic growth for the financial year 2022

STRATEGY

TCM Group's overall strategy is to aim for double-digit annual growth rates short- to mid-term. This means that we aim for growth in all brands, markets and channels. Even though we invest in growth, our target is to remain in the top tier of the kitchen industry with regards to profitability and cash flow. This will be achieved through investments and optimization in our production and supply chain setup. In addition to organic growth, the Group is monitoring the market for attractive acquisition opportunities primarily in Scandinavia and secondary in continental Europe.

STRATEGIC CHOICES AND INITIATIVES IN THE GROWTH STRATEGY:

The Svane Køkkenet branded store network is fully established in Denmark, however there is still room for growing market share, both within the B2C and the B2B segment. For Svane Køkkenet in Norway, the target is to open another 8-10 stores, and thereby to bring the store network up to 18-20 stores. 3 new stores will open up early in 2022, and the search for further new stores is ongoing. As market share and brand awareness for the Svane brand in Norway is relatively low, same store growth and marketing activities will grow hand in hand over the coming years.

The Tvis Køkkener brand has opened and relocated several stores in the past years, but there are still a few white spots in Denmark to be addressed. Market share and brand awareness is to be increased in line with the development of the store network.

The Nettoline brand is selling through single brand stores in Denmark and multibrand stores in Norway. In both markets there is room for additional stores, which will grow the brand awareness and turnover. The cooperation with private labels clients will continue as seen in the recent years.

The online activity with brands kitchn.dk, billigskabe.dk, Celebert and Just Wood is expected to continue to gain a greater share of the kitchen market in Denmark, and during 2022 we will start selling to the Norwegian and Swedish markets through the online channel.

To extend the different positionings of our brands and being our customers' first choice for the heart of their homes, we will continue to develop new, exciting and sustainable kitchen, bath and storage solutions, designs and functionalities.

To support the growth ambitions in all brands and markets, we continue to invest in extended capacity and flexibility in our three factories, step by step as demand emerge short-term while also having a focus on supporting our long-term growth ambitions. Furthermore, we focus on increasing productivity and efficiency as well as improving quality. We will invest in further digitalizing all important processes in the supply chain, in the administration and in the retail network, and thereby continuously improve and strengthen the entire value chain of our business.

In all that we do, we are determined to do this as responsible as possible with regards to people, planet and products. A cross functional task force is identifying and driving initiatives within these three important areas. We refer to the separate ESG section for further elaboration of our strategic targets and initiatives.

FINANCIAL OUTLOOK 2022

TCM Group estimates revenue for the financial year 2022 to be in the range DKK 1,150-1,225 million corresponding to an organic growth of 4-11%.

EBIT* is estimated to be in the range DKK 140-170 million.

*EBIT excluding non-recurring items

FORWARD LOOKING STATEMENTS

This 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 annual report. Without being exhaustive, such factors include general economic and commercial factors, including market and competitive matters, supplier issues and financial issues.

DANISH DESIGN AND DANISH PRODUCTION

BRANDED STORES

31 december 2021

93

STORE OPENINGS

2021

Total store openings

5

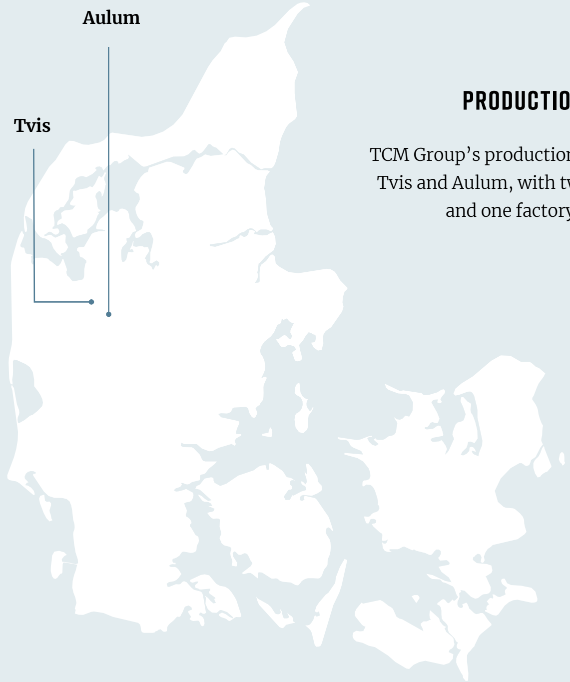
1 Svane Køkkenet
1 Tvis Køkkener
3 Nettoline

2022

Total planned store openings

5

4 Svane Køkkenet
0 Tvis Køkkener
1 Nettoline



PRODUCTION SITES

TCM Group's production sites are located in Tvis and Aulum, with two factories in Tvis and one factory in Aulum.

140

stores across Scandinavia

SVANE KØKKENET

Denmark
Norway

tvis køkkener

Denmark
Norway
Faroe Islands

E-COMMERCE IN CELEBERT

Denmark

Sweden and Norway to open in 2022

nettoline
Det personlige køkken

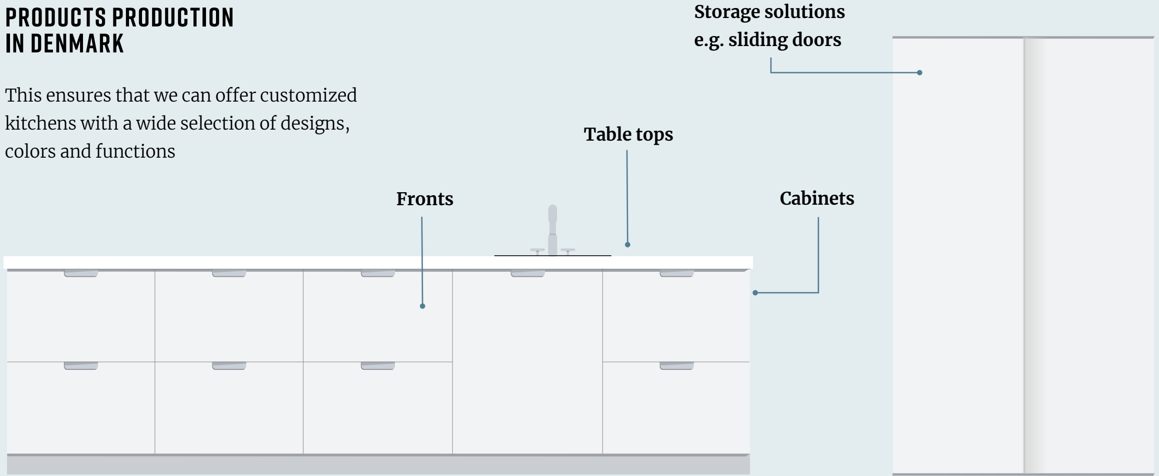
Denmark
Norway
Sweden
Iceland
Faroe Islands

PRIVATE LABEL

Denmark
Norway
Iceland
Faroe Islands

PRODUCTS PRODUCTION IN DENMARK

This ensures that we can offer customized kitchens with a wide selection of designs, colors and functions



RISK MANAGEMENT

Risk management is an integral part of the management process at TCM Group. The objective is to limit uncertainties and risks with respect to the defined financial targets and strategic objectives for the Group.

Management performs a yearly assessment of business risks. A follow-up process has been established with the purpose of describing and evaluating a variety of business risks within the Group and implementing procedures to ensure risk mitigation. This assessment is discussed and evaluated by the Board of Directors once a year.

Beside this yearly assessment, the Board of Directors and the Executive Management have a continuous dialogue regarding significant risks with possible material impact on the Group.

The risk management, including internal controls in the financial reporting process, is designed to effectively minimize the risk of errors and omissions in the financial reporting.

The Executive Management is responsible for ensuring that risks are continuously identified, evaluated and mitigated in order to reduce the economic impact and/or likelihood of risks being realized.

Below are the main identified business and financial risks as well as comments on the actions undertaken within the individual areas:

BUSINESS RISKS

MARKET RISKS

The Group is exposed to a decline in new housing construction and home sales as well as developments in the overall economy. The Group is orderproducing with a high degree of flexibility in the workforce, which means that the Group can respond quickly to market demand changes.

REPUTATIONAL RISKS

The Group considers the Svane Køkkenet, Tvis Køkkener and Nettoline brands to be some of the most important assets of the business. Thus, it is the Group's policy to register its trademarks and design rights in the main markets in which its products are sold. The reputation of the Group's brands is important for the products' attractiveness and customer appeal. Accordingly, the Group's brand reputation is important for sustaining and growing the Group's revenue and profitability.

STRATEGY RISKS

The success of the Group's strategy is subject to several factors, some of which depend in full or in part on the Group's ability to successfully execute certain initiatives, e.g. expansion via acquisitions of other players in the industry. Such acquisitions require financing and the Group may need to incur futher debts or raise further equity capital to fund its acquisitions.

CUSTOMER RISKS

The Group's risks relate primarily to the sales development of the stores, with sales being distributed through 93 Branded stores. Having typically a fragmented ownership of the stores, the operational risk is reduced. The debtor risk related to the stores represents the main financial risk and is closely monitored to minimize losses by primarily requiring appropriate collateral for current trading.

RAW MATERIAL PURCHASING RISKS

TCM Group aims to have multiple suppliers in each raw material category in order to improve commercial terms as well as to ensure adequate supply.

In 2021 the Covid-19 pandemic has caused global supply challenges. To ensure higher delivery assurance, the management decided to establish a buffer of parts and raw materials.

PRODUCTION RISKS

The Group is exposed to risks of not being able to fulfill customer orders e.g., due to fire, machine failure or lack of personnel. Fire prevention is a management priority and is carried out in cooperation with our insurance company. We have our own maintenance department who in cooperation with external experts conduct the necessary machine maintenance and repairs.

Finally, we have a constructive cooperation with our production employees typically based on multi-year collective wage negotiation agreements.

RISKS RELATED TO IT
The Group has its own IT system, which is regularly maintained and updated. IT security is a top Group priority. We work with external experts to achieve a level of security appropriate for the Group's type and size.

RISKS RELATED TO POLLUTION AND OCCUPATIONAL HEALTH
Optimizing occupational health conditions and preventing both internal and external contamination are important focus areas at TCM Group's production sites. The Group has a registration system for occupational accidents and near miss accidents focusing on the prevention of future incidents. An occupational health organization with participation from management and employee representatives is established and well functioning.

The Group is insured against significant damage to property, plant and equipment and is in close dialogue with authorities and insurance companies with a view to further improving the mitigation of risks related to, inter alia, fire and pollution. Production facilities are fully sprinkled and emphasis is placed on maintaining a high level of fire hygiene in the Group.

FINANCIAL RISKS

LIQUIDITY RISKS
The Board of Directors continuously assesses whether the Group's capital structure is in line with the interests of the Group and its stakeholders. The overall goal is to secure a capital structure that supports long-term profitable growth.

The Group's financial risks are managed centrally as well as the Group's liquidity management, including cash requirement and placement of excess liquidity.

It is Management's assessment that the current capital structure provides the necessary flexibility to accelerate and support the Group's future strategy.

CREDIT RISK
The Group's customer base comprises both professional customers and consumers. Credit management and payment terms are monitored for each customer group. The Group primarily provides credit to franchisees and dealers, which are the Group's primary customers. Credit assessments are continuously performed on customers who make regular purchases. Credit insurance, bank guarantees and other collaterals are utilized for the different markets and customer categories.

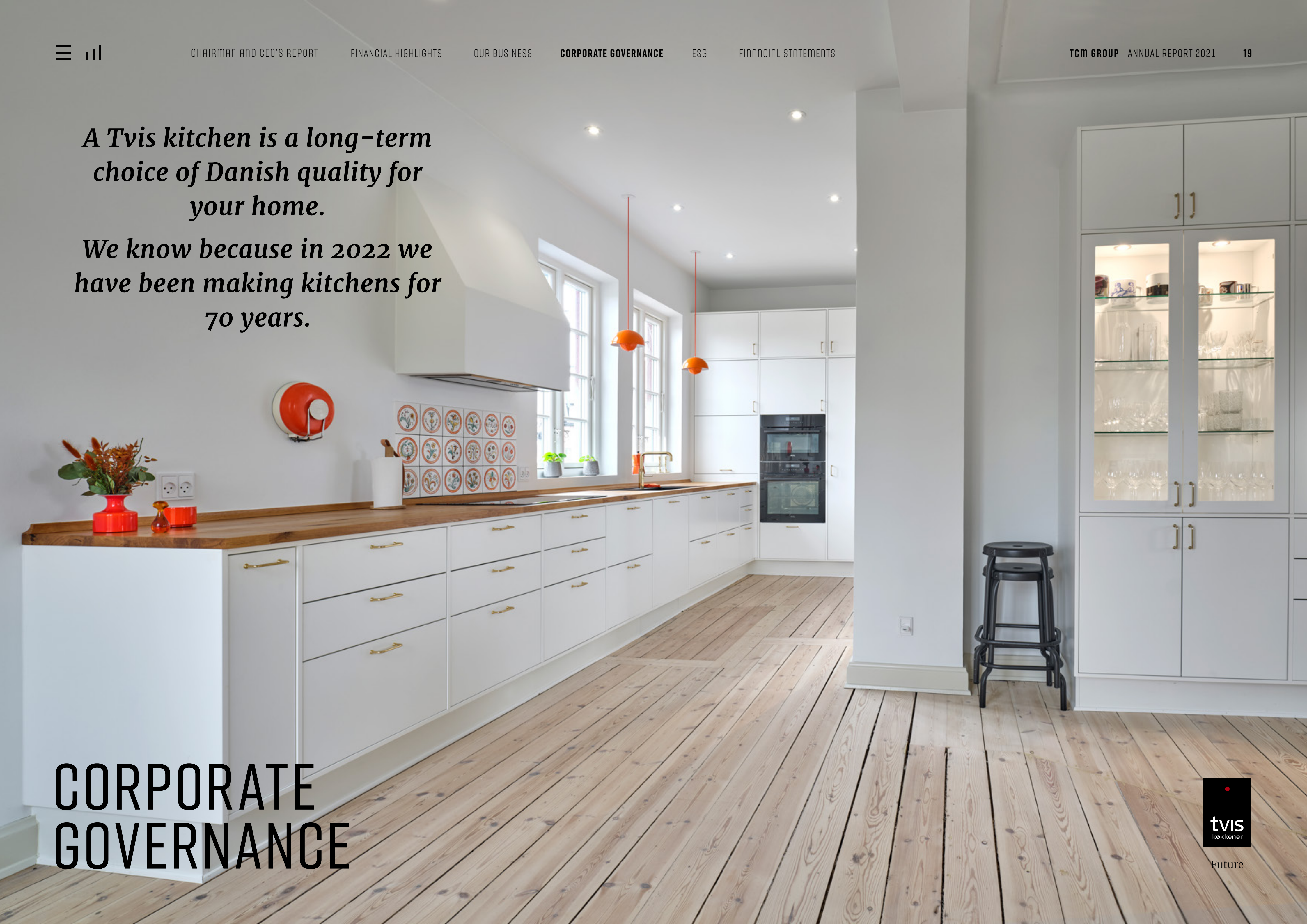
CURRENCY RISKS
The Group operates with a relatively low risk profile with regards to currency fluctuations. The Group does not purchase significant amounts of raw materials outside the EUR zone. Invoicing of sales is charged in DKK and NOK. In terms of invoicing of sales in NOK, we apply a hedging strategy to limit the impact of currency fluctuations. Close to all revenue relates to Denmark, the rest of the Nordic region or the EUR zone and, therefore, foreign exchange risks are limited.

INTEREST RATE RISK
It is Group policy to fully or partially hedge interest rate risks on loans if the interest rate risk is material. The group manages interest rate risk by maintaining an appropriate mix between fixed and floating rate borrowings, and by use of interest rate swap contracts.

TVIS KØKKENER
M-line Eg

A Tvis kitchen is a long-term choice of Danish quality for your home.

We know because in 2022 we have been making kitchens for 70 years.



CORPORATE GOVERNANCE

tvis køkkener

Future

CORPORATE GOVERNANCE

TCM Group is committed to exercising good corporate governance, and the Board of Directors therefore evaluates the Group's management systems at least once a year to ensure that the structure is appropriate relative to the Group's shareholders and other stakeholders.

DUTIES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

At TCM Group, management duties and responsibilities are divided between the company's Board of Directors and Executive Management. No one person is a member of both these bodies, and no member of the Board of Directors has previously been a member of the Executive Management. TCM Group has laid down rules of procedure for the Board of Directors, which are reviewed annually. The Board of Directors holds 6 ordinary meetings each year and will further convene as needed. In the financial year 2021, 11 board meetings were held.

The Group's Executive Management is in charge of the day-to-day management, while the Board of Directors supervises the work of the Executive Management and is responsible for the overall management and strategic direction. In relation hereto, every year the Board of Directors considers the group's overall strategy in order to ensure continuous value creation. The requirements for the Executive Management's timely, accurate and adequate reporting to the Board of Directors and for the communication between these two corporate bodies are laid down in the rules of procedure of the Executive Management, which are reviewed annually and approved by the Board of Directors.

COMPOSITION OF THE BOARD OF DIRECTORS

The Board of Directors currently consists of five members elected at general meetings and has elected a Chairman and a Deputy Chairman. The members of the Board of Directors are a group of professionally experienced business people who also represent diversity, international experience and skills that are considered to be relevant to TCM Group. All members of the Board of Directors elected by the shareholders are regarded as independent.

The Board of Directors determines once a year the qualifications, experience and skills the Board of Directors must possess in order for the Board of Directors to best perform its tasks, taking into account the Group's current needs. The Board of Directors evaluates its work on an annual basis. All Board Members are up for election on each Annual General Meeting.

AUDIT COMMITTEE

The Board of Directors has set up an Audit Committee. The Chairman of the Audit Committee is independent and is skilled in accounting. The purpose of the Audit Committee includes monitoring the financial reporting process, the company's internal control and risk management systems and the collaboration with the independent auditors. The Audit Committee consists currently of 2 members, Sanna Suvanto-Harsaae and Anders Skole-Sørensen, and is led by Anders Skole-Sørensen. The Audit Committee held 5 meetings in the financial year 2021.

NOMINATION COMMITTEE

The Board of Directors has set up a Nomination Committee comprising at least two members of the Board of Directors, where at least one is also member of the Remuneration Committee. The Chairman of the Board of Directors is also the Chaiman of the Nomination Committee. The overall purpose of the Nomination Committee is to help the Board of Directors ensure that appropriate plans and processes are in place for the nomination of candidates to the Board of Directors and the Executive Management. The Nomination Committee consists currently of 3 members, Sanna Suvanto-Harsaae, Anders Skole-Sørensen and Carsten Bjerg, and is led by Sanna Suvanto-Harsaae. The Nomination Committee held 4 meetings in the financial year 2021.

REMUNERATION COMMITTEE

The Board of Directors has set up a Remuneration Committee comprising at least two members of the Board of Directors. The purpose of the Remuneration Committee is to ensure that the Group maintains a remuneration policy for the members of the Board of Directors and the Executive Management as well as general guidelines for incentive pay to the Executive Management. The Remuneration Committee consists currently of 3 members, Sanna Suvanto-Harsaae, Anders Skole-Sørensen and Carsten Bjerg, and is led by Sanna Suvanto-Harsaae. The Remuneration Committee held 3 meetings in the financial year 2021.

REMUNERATION OF MEMBERS OF THE BOARD OF DIRECTORS AND THE EXECUTIVE MANAGEMENT

The Board of Directors has adopted a remuneration policy and general guidelines for incentive pay, which have been approved by the general meeting. Both policies are available at governance-en.tcmgroup.dk. The remuneration policy supports the goal of attracting, motivating and retaining qualified members of the Board of Directors and the Executive Management. The

DATA PROTECTION POLICY

In connection with TCM Group's delivery of products and services within kitchen, bathroom and storage, TCM Group collects relevant data. Our policy regarding data protection and confidentiality is accessible on our website at

investor-en.tcmgroup.dk/CorporateGovernance

CORPORATE GOVERNANCE RECOMMENDATIONS

Nasdaq Copenhagen has incorporated the recommendations of the Danish Committee on Corporate Governance in its Rules for Issuers of Shares. These recommendations are available at the website of the Committee on Corporate Governance, www.corporategovernance.dk. TCM Group complies with all these recommendations. The Group's corporate governance statements are available on our website at

investor-en.tcmgroup.dk/CorporateGovernance

11

Board meetings in 2021

remuneration is designed to align the interests of the Board of Directors, the Executive Management and the company's shareholders, to support the achievement of TCM Group's short-term and long-term strategic targets and stimulate value creation. Reference is made to note 4 in the consolidated financial statements for a specification of the remuneration paid to the Executive Management and the Board of Directors.

DESCRIPTION OF PROCEDURES AND INTERNAL CONTROL IN RELATION TO THE FINANCIAL REPORTING PROCESS

The Board of Directors and the Executive Management are ultimately responsible for the Group's risk management and internal controls in relation to its financial reporting, and approve the Group's general policies in this regard. The Audit Committee assists the Board of Directors in overseeing the reporting process and the most important risks. The Executive Management is responsible for the effectiveness of the internal controls and risk management and for the implementation of such controls aimed at mitigating the risk associated with the financial reporting.

The Company believes that the Group's reporting and internal control systems enable it to be compliant with disclosure obligations applying to issuers whose shares are admitted to trading and official listing on Nasdaq Copenhagen.

As part of the overall risk management, the Group has set up internal control systems, that are deemed appropriate and sufficient in relation to the Group's activities and operations. The internal control systems are evaluated on an ongoing basis.

The Group's procedures and internal controls are planned and executed to ensure a reasonable level of comfort that the financial reporting is reliable and in compliance with internal policies and gives a true and fair view of the Group's financial performance, the financial position and material risks. The procedures and controls are furthermore planned with a view to support the quality and efficiency of the Group's business processes and the safeguarding of the Group's assets. The evaluation of the risks includes an assessment of the likelihood that an error will occur and whether the financial impact of such error would be material.

In addition to the above, the Group has developed internal control and procedures in relation to the financial reporting process with the aim to enable the Group to monitor the Group's performance, operations, funding, risk and internal control. The Group continues to improve the internal control and procedures in relation to the financial reporting process and believes, that the current control and procedure in place enables the Group to be compliant with the disclosure obligations applying to issuers of shares on Nasdaq Copenhagen. The internal controls and procedures in relation to the financial reporting process include, among other things:

- Weekly reports of incoming orders and gross and net revenue by month;
- Monthly revenue reports, on a per store basis, of the Group's sales to stores;
- Consolidated monthly reports summarising results for legal entities including balance sheet and cash flow results in comparison to budgeted performance and previous year performance and explanations of deviations, together with key performance indicators;
- Four-eye principle within the finance department to ensure the quality of the accounting records;
- The predominant majority of all invoices received go through a standardised authorisation process. In addition, a detailed review of cost on account level is made in connection with the monthly reports.

TVIS KØKKENER
Future

BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

BOARD OF DIRECTORS

ANDERS SKOLE-SØRENSEN

Deputy Chairman

Chairman of Audit Committee and member of Nomination Committee and Remuneration Committee.
Independent.
Danish nationality.
Born in 1962.
Member since: 2017
Participated in 11 board meetings in 2021.
Number of shares end 2021: 7,653 (2020: 7,653)

Anders Skole-Sørensen holds a MSc econ. from the University of Copenhagen.

Other positions:
Anders Skole-Sørensen is CFO at Matas A/S (listed on Nasdaq Copenhagen).

In addition Anders Skole-Sørensen is a member of the board of directors of F. Uhrenholt Holding A/S and entities within the Matas group.

SØREN MYGIND ESKILDSEN

Board member

Independent.
Danish nationality.
Born in 1972.
Member since: 2018
Participated in 11 board meetings in 2021.
Number of shares end 2021: 3,850 (2020: 3,850)

Søren Mygind Eskildsen holds a Bachelor of Engineering and MBA from the Southern University of Denmark.

Other positions:
Søren Mygind Eskildsen is CEO of Louis Poulsen A/S.

Søren Mygind Eskildsen is chairman of board of directors of Ege Carpets A/S.

SANNA MARI SUVANTO-HARSAAE

Chairman of the company

Chairman of Nomination Committee and Remuneration Committee and member of Audit Committee.
Independent.
Danish and Finnish nationality.
Born in 1966.
Member since: 2016
Participated in 11 board meetings in 2021.
Number of shares end 2021: 19,781 (2020:19,781)

Sanna Mari Suvanto-Harsaae holds a Bachelor of Science from Lund University.

Other positions:
Sanna Mari Suvanto-Harsaae is member of the executive management of Rakaas ApS Sanna Mari Suvanto-Harsaae is chairman of the board of Babysam A/S, Nordic Pet Care Group A/S, BoConcept A/S, Orthex Oyj, and Posti Oy. Sanna Mari Suvanto-Harsaae is vice chairman of board Anora Oyj and Harvia Oyj. Sanna Mari Suvanto-Harsaae is also member of the board of directors of Elopak AS, Broman Group Oyj and CEPOS.

CARSTEN BJERG

Board member

Member of Nomination Committee and Remuneration Committee.
Independent.
Danish nationality.
Born in 1959.
Member since: 2018
Participated in 11 board meetings in 2021.
Number of shares end 2021: 2,441 (2020: 2,441)

Carsten Bjerg holds a Bachelor in Production Engineering from the Technical University of Denmark.

Other positions:
Carsten Bjerg is deputy chairman of the board of directors of Rockwool International A/S (listed on Nasdaq Copenhagen) and a member of the board of directors of COWI Holding A/S, Aarhus Universitet, Dansk Smede- og maskinteknik A/S, and Agrometer A/S.
Carsten Bjerg is chairman of board of directors of Guldager A/S, Robco Engineering A/S, Hydrema A/S, Bogballe A/S, Bjerringbro-Silkeborg EliteHåndbold A/S, and Arminox A/S.

DANNY FELTMANN ESPERSEN

Board member

Independent.
Danish nationality.
Born in 1968.
Member since: 2019
Participated in 11 board meetings in 2021.
Number of shares end 2021: 4,400 (2020: 4,400)

Danny Feltmann Espersen holds a MSc in accounting and Finance from Aarhus Business School.

Other positions:
Danny Feltmann Espersen is CEO of Designers Company A/S and associated entities.

EXECUTIVE MANAGEMENT

TORBEN PAULIN

Chief Executive Officer

Since March 2020
Danish nationality.
Born in 1965.
Number of shares end 2021: 10,000
(2020: 10,000)

Prior to joining TCM Group, Torben Paulin was CEO at BoConcept, a leading Danish design and lifestyle brand with nearly 300 franchise stores in 60 countries.

Other positions:
Torben Paulin is member of the board of directors of Zefyr Invest A/S.

MOGENS ELBRØND PEDERSEN

Chief Financial Officer

Since 2015
Danish nationality.
Born in 1975.
Number of shares end 2021: 39,902
(2020:39,902)

Prior to joining the Group, Mogens Elbrønd Pedersen had worked with Bang & Olufsen A/S (listed on Nasdaq OMX Copenhagen), Bestseller and PwC.

SVANE KØKKENET
S19 Strand with Echo

SHAREHOLDER INFORMATION

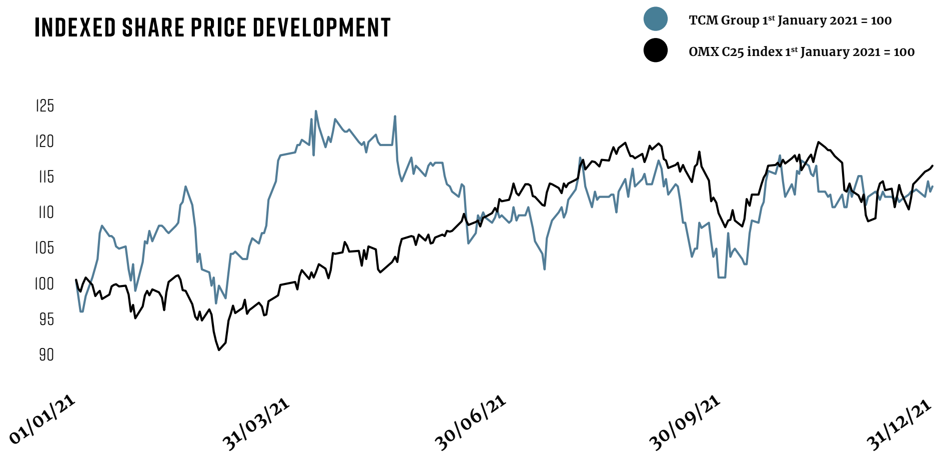
TCM GROUP SHARE PRICE DEVELOPMENT IN 2021
TCM Group A/S is a part of the Nasdaq OMX Copenhagen Mid Cap index. The share price closed at DKK 159.0 on 31 December 2021, equivalent to an increase of 14,4% in 2021. TCM Group was listed November 2017 with a share price of 98.

SHARE CAPITAL
The nominal value of the company's share capital at 31 December 2021 was DKK 1 million divided into shares of DKK 0.1, equivalent to 10 million shares and 10 million votes. As of 31 December 2021, TCM Group A/S ownes 832,227 treasury shares, corresponding to 8.3% of the share capital.

OWNERSHIP
At 31 December 2021, six shareholders had notified shareholdings above 5% of the share capital (see below).

Members of the Board of Directors held at 31 December 2021 38,125 shares, and members of the Executive Management held 49,902 shares, in total 88,027 shares, equivalent to 0.9% of the share capital.

INDEXED SHARE PRICE DEVELOPMENT



NAME	BUSINESS REGISTRATION NO	DOMICILE	SHARE
Arbejdsmarkedets Tillægspension	43405810	Hillerød, Denmark	10.2%
BI Asset Management Fondsmæglerselskab A/S	20896477	Copenhagen, Denmark	8.6%
Paradigm Capital Value Fund	B129149	Luxembourg, Luxembourg	8.4%
TCM Group A/S (treasury shares)	37291269	Holstebro, Denmark	8.3%
Handelsbanken Fonder AB	556418-8851	Stockholm, Sweden	7.1%
Luxempart S.A.	B232467	Leudelange, Luxembourg	5.6%

FINANCIAL CALENDER

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:

5 APRIL 2022
Annual General Meeting 2021

18 MAY 2022
Interim report Q1 2022

19 AUGUST 2022
Interim report Q2 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 2022

The Board of Directors has adopted a dividend policy with a target payout ratio of 40-60 percent of consolidated net profit for the year.

DIVIDEND

The Board of Directors has adopted a dividend policy with a target payout ratio of 40-60 percent of consolidated net profit for the year. The Board of Directors proposes an ordinary dividend of DKK 6 per share for the 2021 financial year. Excluding treasury shares this corresponds to DKK 54 million. Furthermore, to provide a mandate to the Board of Directors with the option to distribute an extraordinary dividend during 2022 in the range DKK 25-75 million.

Payment of dividends, and the amounts and timing thereof, will depend on a number of factors, including future revenue, profits, financial conditions, general economic and business conditions, future prospects, strategic initiatives such as M&A activities or large scale investments decided upon by the Board of Directors, and such other factors as the Board of Directors may deem relevant as well as applicable legal and regulatory requirements. There can be no assurance that in any given year a dividend or share buyback will be proposed or declared or that the Company's financial performance will allow it to adhere to the dividend policy or any increase in the pay-out ratio. The Company's ability to pay dividends or buy back shares may be impaired as a result of various factors. Furthermore, the dividend policy is subject to change as decided by the Board of Directors from time to time.

SVANE KØKKENET
S19 Light Grey

The company's investor relations website, investor.tcmgroup.dk, contains all official financial reports, investor presentations, the financial calendar, corporate governance documents and other material.

ANALYST COVERAGE

TCM Group is currently covered by five analysts:

ABG Sundal Collier **Benjamin Silverstone**
Aktieinfo **John Stihøj**
Carnegie **Lars Topholm**
Danske Bank **Poul Ernst Jessen**
SEB **Ulrik Bak**

CONTACT

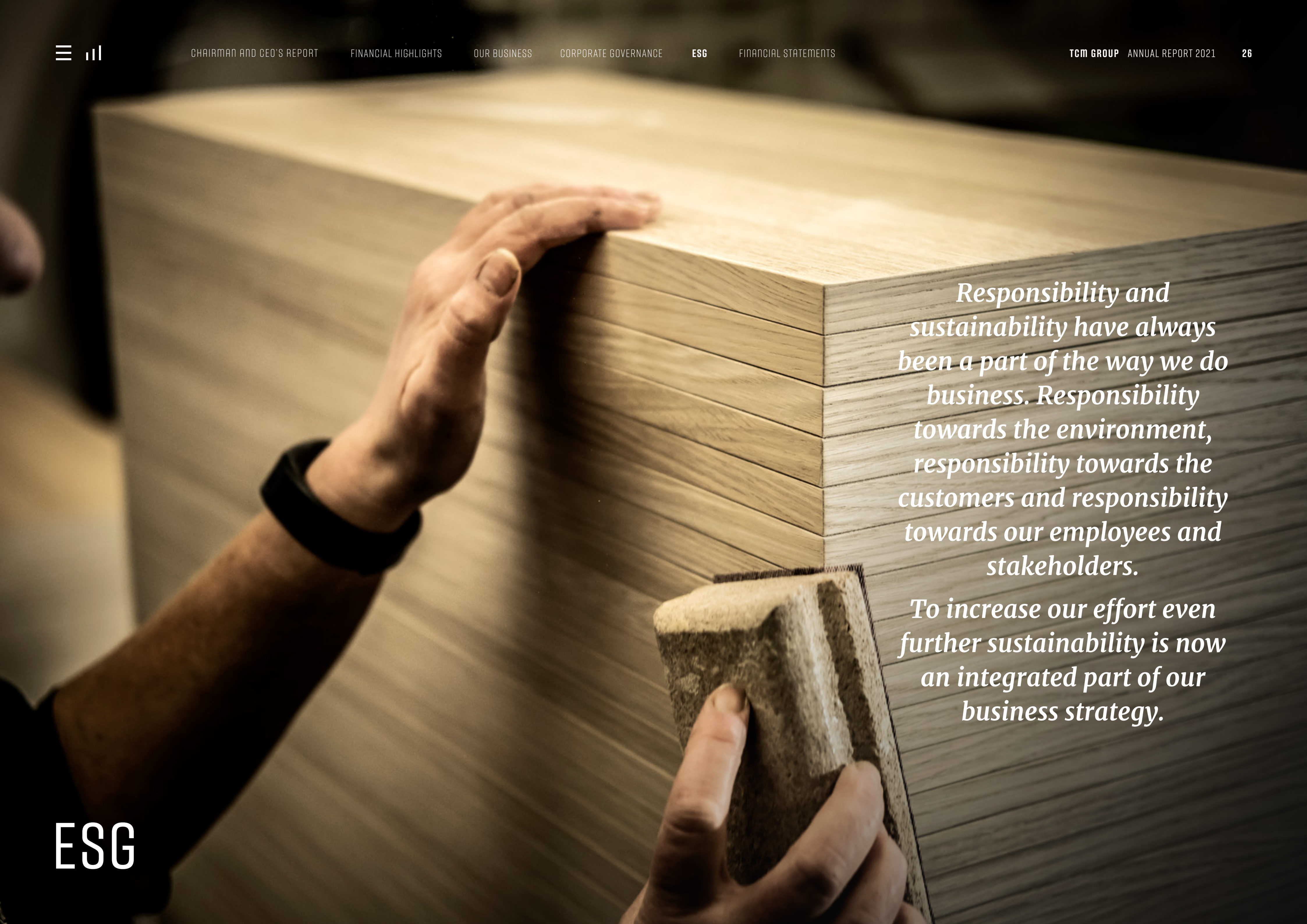
For further information, please contact:
CEO Torben Paulin +45 21210464
CFO Mogens Elbrønd Pedersen +45 97435200
IR Contact mail: ir@tcmgroup.dk

ANNUAL GENERAL MEETING

The annual general meeting will be held on Tuesday, 5 April 2022 at 5 p.m. at Skautrupvej 22b, Tvis, 7500 Holstebro.

SHARE INFORMATION

Exchange: Nasdaq Copenhagen
Trading symbol: TCM018
Identification number/ISIN: DK0060915478
Number of shares: 10 million shares of DKK 0.1 each with one vote
Share classes: 1
Sector: Kitchens, bathrooms and storage
Segment: MID CAP



Responsibility and sustainability have always been a part of the way we do business. Responsibility towards the environment, responsibility towards the customers and responsibility towards our employees and stakeholders.

To increase our effort even further sustainability is now an integrated part of our business strategy.

ESG

HIGHLIGHTS 2021

This section covers Communication on Progress according to United Nations Global Compact and the statutory statement by the Danish Financial Statements' Act 99a, 99b and 107b.

UN SUSTAINABLE DEVELOPMENT GOALS (SDG)

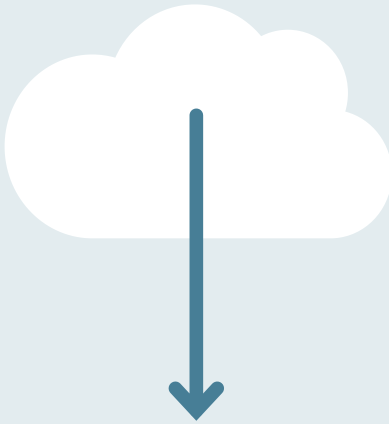
SGD, 5 Gender equality (target 5.5), 8. Decent work and economic growth (target 8.5 and 8.8), 12. Responsible consumption and production, 13. Climate action, 15. Life on Land.

SUSTAINABLE FORESTRY BY 2022

100%

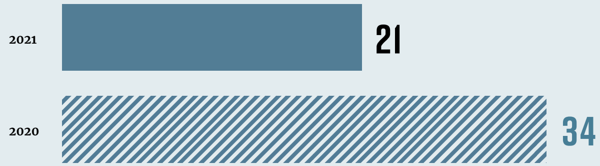
CO_2 EMISSION REDUCTION 2021

25%



ACCIDENTS 2021

Sickdays caused by work accidents



0.06‰ Absence ratio related to work accidents in 2021

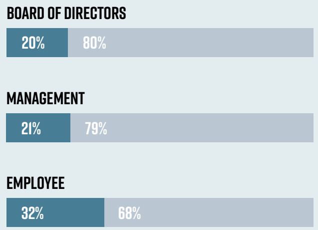
WASTE RECYCLE 2021

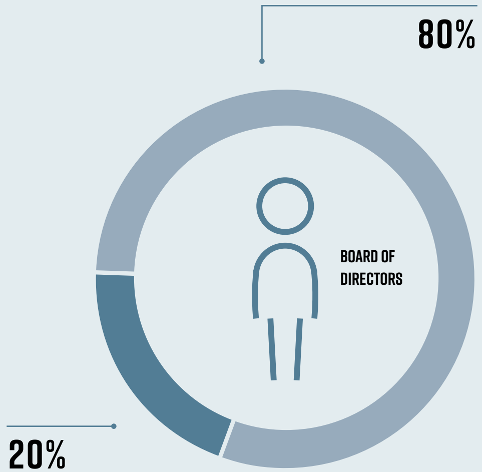
By weight

99.5%

GENDER EQUALITY

TCM Group has a target for the Board of Directors that both genders are represented by at least 20%. As of 31 December 2021, the distribution is 20%/80% underrepresented gender, which means that the target is met.





OUR VALUE CHAIN IMPACT

We work actively to promote sustainability throughout the entire value chain with innovative product design, close cooperation with business partners, and a constant focus to improve in everything we do.

PRODUCT DEVELOPMENT

Sustainability is an integrated part of our design process. We develop high quality products with long durability.

PRODUCTION OF RAW MATERIALS

Majority of our suppliers are placed locally
We audit the work of our suppliers on social, environmental an ethical issues.

TRANSPORT OF RAW MATERIALS

Together with our suppliers we work actively to secure the optimum transport form.

MANUFACTURE

In manufacturing we work continuously with health and safety and with optimizing and minimizing the use of materials.

SALES

We inspire and challenge to the most sustainable solution for our customers.

TRANSPORT

We coorporate very closely with our external distributors to maximize truck loads.

USE

Our kitchens are of high quality, very durable and indoor climate labelled to reduce impact on the indoor environment.

WASTE AND RECYCLING

RE:DUCE -RE:USE -RE:THINK
is the foundation for our work with materials and processes.

OUR ESG-STRATEGY

1.

A SUSTAINABLE WORK LIFE

2.

WE TAKE RESPONSIBILITY

3.

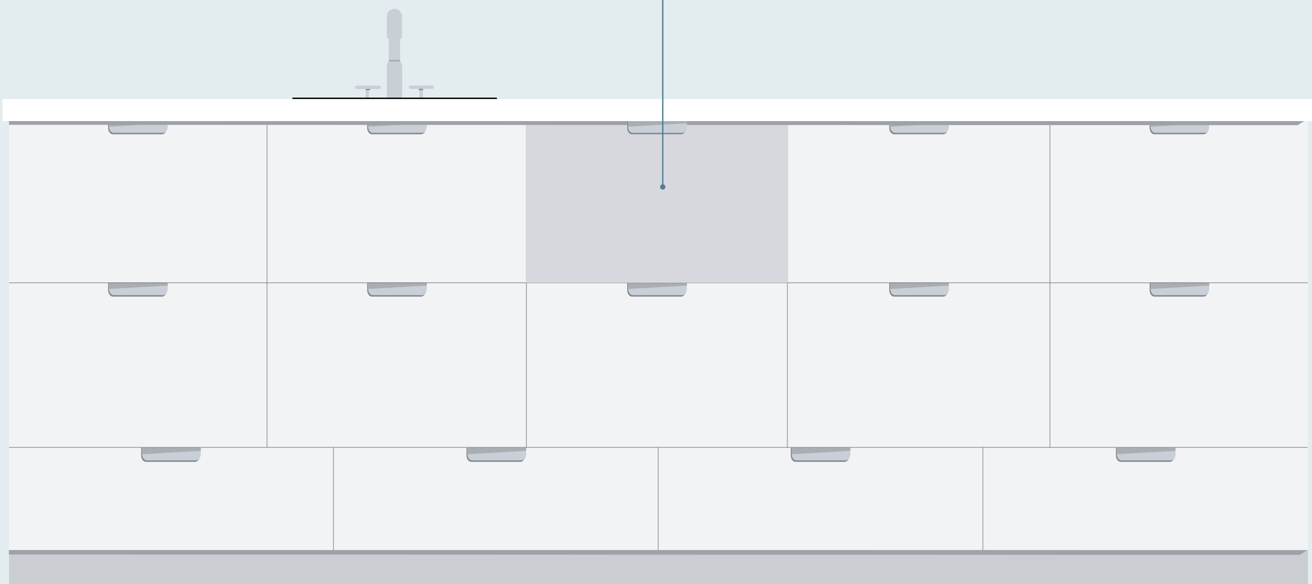
NEW WAYS AHEAD

4.

TOGETHER WE IMPROVE

STRATEGIC CHOICE NO 3

Responsibility for people, planet and products



Responsibility and sustainability have always been a part of the way we do business. Responsibility towards the environment, responsibility towards the customers and responsibility towards our employees and stakeholders. To increase our effort even further sustainability is now a integrated part of our business strategy (page 14-15).

The strategy is clearly linked to the UN Sustainability goals, and the 10 principles of Global Compact and have 4 strategic focus areas.

1. A SUSTAINABLE WORKLIFE

Our employees are our most important assets and the key to success both from a business and sustainability perspective. At TCM Group we work actively to create "a sustainable work life" characterized by the following principles

- *A safe and secure work environment that also enhances personal development.*
- *Flexibility to support a clear balance between work/private life, between individuals, teams, and organization.*
- *Diversity and social commitment.*

2. WE TAKE RESPONSIBILITY

All our products are designed and produced in Denmark. Production is based on proud traditions of high quality and good craftmanship, combined with innovative production methods. We set high standards for our business partners and ourselves to improve in everything we do.

The focus area of our production is a clear reduction in our impact on the climate. We aim to have a Co_2 neutral production by 2028 (scope 1+2), reduce our production waste and increase the volume of waste that is recycled.

3. NEW WAYS AHEAD

Innovation and product development has always been a part of our DNA. To accelerate our product development, we have included three focus areas in our current design and innovation process under the principle "New ways ahead". The areas are, extended lifecycle, circular design and healthy indoor climate.

4. TOGETHER WE IMPROVE

At TCM Group we want to promote a positive impact towards the climate. Through transparency, corporation and with focus on both downstream and upstream activities we work actively to promote a positive impact.

We aim to have a CO_2 neutral production by 2028 (scope 1+2), reduce our production waste and increase the volume of waste that is recycled.

A SUSTAINABLE WORKLIFE

UN Global Compact principle 1, 2, 3, 4, 5, 6, 10

Our employees are our most important assets and the key to success both from a business and sustainability perspective. At TCM Group we work actively to create "a sustainable work life" defined as our approach to how we work with social aspects of our business and characterized by the following principles

- *A safe and secure work environment that also enhances personal development.*
- *Flexibility to support a clear balance between work/private life, between individuals, teams, and organization.*
- *Diversity and social commitment.*

HUMAN RIGHTS

TCM Group strongly support and promote the principles regarding human rights outlined in the UN Global Compact principles, and it is of utmost importance to us that we comply with these principles at any point in time. The primary risks we face in connection to human rights non-compliance are discrimination of employees and cases where specific conditions at our suppliers do not comply with the human rights principles. TCM Group takes specific measures to ensure that no incompliance with human rights principles takes place within the company or via our suppliers. The measures are e.g., full implementation of a whistle blower system and conducting arbitrary supplier audits. Both measures will be further outlined in sections "Whistle Blower System" and "Supplier Management".

TCM Group can firmly state that no products sold in 2021 were developed or produced using child labor.

LABOUR AND WORKING CONDITIONS

In TCM Group, we continuously strive to create a working environment characterized by a high focus on safety both mentally and physically and a good collegial unity.

We encourage our employees to continuously improve their skills and capabilities through training and education, to contribute to both their own and the company's development.

In 2021, we have continued our intensive effort to live up to our ambition that one work-related accident is one too many. Due to the Covid-19 pandemic our safety effort has had to balance zero work related accidents as well as keeping Covid-19 away from our facilities.

We work systematically with continuous reporting and follow-up on both actual work-related accidents and near-miss incidents that under critical circumstance could have led to an accident. This effort has resulted in concrete improvements and preventive actions while contributing to a general understanding of and focus on which work situations and circumstances possess a potential risk.

The number of near-miss reported incidents is not at the same level as last year, but this combined with the large decrease in the number of accidents, clearly shows that we are able to prevent the incidents from becoming accidents. Since 2018 the number of work-related accidents has decreased by 89%, showing a clear trend in right direction. It is still our clear ambition to have zero work-related accidents in our organization.

Flexibility is defined differently in different working groups. Hence sustainable work life focus is to offer and support a higher degree of flexibility that supports a clear balance between work life/private life for the individual employees but also between teams.

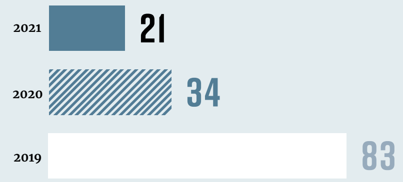
In 2021 the overall absence related to sickness (excl. absence due to sick children and maternity leave) in TCM Group was at 3.3% in 2021 versus 2.9% in 2020. The primary reason to this increase is due to covid-19. Even though we have managed to limit the virus from spreading within our organization, we have had a high number of employees affected by the virus, which is visible in the absence related to sickness.

We continue to offer light duty jobs for employees who temporarily are not able to perform their normal job, and we have a continuous dialogue with employees who have an absence level higher than the standard, to understand the reasoning behind their absence.

We conduct regular surveys of our workplace, by asking all employees to rate their working conditions and encourage them to give their recommendations and ideas on how we can improve our working environment and we use this input actively to support a sustainable worklife.

SICKDAYS AND ABSENCE

#sickdays caused by work accidents

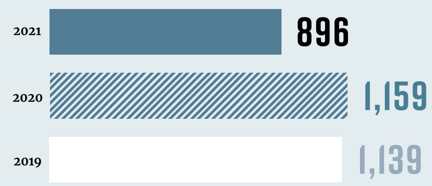


0.06‰ Absence ratio related to work accidents in 2021

3.3% Absence ratio related to sickness in 2021

REPORTED NEAR MISS WORK ACCIDENTS

#of reported near miss work accidents in TCM Group



APPRENTICES IN TCM GROUP

TCM Group is determined to support the education of our next generation workforce. We do so by hiring apprentices in our production and in our administration.

During 2021 we have increased collaboration with local educational institutions. To increase awareness of the opportunities for non-academic jobs as well as the opportunities that exist in the local environment.

In 2021 the number of apprentices in TCM Group was 13. In a Covid-19 environment we have not managed to attract the number of apprentices that we were aiming for. It is our clear ambition that in 2022 we will increase our focus on attracting and hiring apprentices.

	2021	2020	2019
# of apprentices in TCM group	13	16	17

DIVERSITY

TCM Group is determined to promote diversity and achieve a sensible gender diversity in both the Board of Directors and the Executive Management and other management levels. We believe that diversity is a strength. This applies to gender, culture, educational background, age and personality. Therefore, we try to the best of our ability to create balanced teams, by supporting diversity through our entire organization.

We believe diversity is a strength.

Through a structured job analysis, we always define what profile will benefit to business and team. This includes the diversity of a team, skills, knowledge, personality, etc. Based on that we identify new candidates for the board, executive management, and our workforce in general. As far as possible, we assure that the final pool of candidates is diversified. Our goal is to continue ensuring this diversity in the candidate field through clear recruitment and promotion processes.

TCM Group does not accept discrimination of any kind e.g., regarding age, nationality, gender, religion, sexual orientation, disability etc.

TCM Group has a target for the Board of Directors that both genders are represented by at least 20%. As of 31 December 2021, the split is 20%/80%, which means that the target is met.

We operate in an industry where several jobs traditionally have an overrepresentation of one gender. We are therefore proud of the fact that we have managed to attract employees who have taken non-gender stereotypical education choices. For instance, we have had 2 female apprentices in 2021 as production technicians.

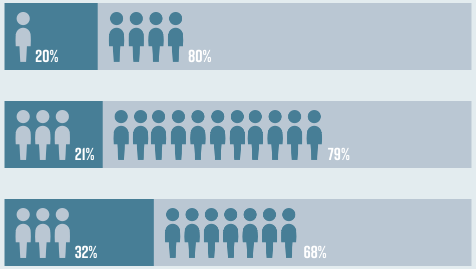
COMPENSATION

At TCM Group it is our clear policy that equal jobs are rewarded with equal pay. Any difference in pay is solely based on qualifications and experience.

CEO total compensation relative to FTE average total compensation	8.8

GENDER DIVERSITY (# OF UNDERREPRESENTED GENDER)

	2021	2020	2019
Board of directors	1 of 5 (20%)	1 of 5 (20%)	1 of 5 (20%)
Mgmt. (executive mgmt. and mgmt. group)	3 of 14 (21%)	4 of 15 (27%)	2 of 10 (20%)
Total workforce of underrepresented gender	32%	29%	29%



WE TAKE RESPONSIBILITY

UN Global Compact principles: 7, 8, 9

ENVIRONMENTAL SUSTAINABILITY

TCM Group is committed to reduce the environmental impact of our production and supply chain. To create transparency on the progress of our impact, we measure our CO2 emission, by following the GRI (Global reporting initiative) standards 305-1 Direct (Scope 1) GHG emissions and 305-2 Energy indirect (Scope 2) GHG emission. Scope 1 implies the direct emissions from our business activities whereas Scope 2 measure the indirect emissions via our electricity and heat consumption. Further information about the GRI standards is available at www.globalreporting.org/standards.

In 2021 we have initiated to measure our Other indirect (Scope 3) GHG emission (GRI standard 305-3) with focus on our impact from downstream transportation and distribution. The aim of TCM Group is to have a better overview of Scope 3 during 2023 and to be able to set significant reduction targets. To succeed, our primary focus is to enhance transparency and secure data validity through our value chain. While working to establish a baseline for our scope 3 impact, it is our clear ambition to ensure that our production will be CO2 neutral by 2028.

EMISSIONS

The main sources of emission are our electricity and heat consumption, which are mainly related to our production facilities. In 2021 the distribution of our total scope 1+2 emission was that 44% of the emission was related to our electricity consumption whereas our heat consumption accounted for 48% and the remaining 8% of the emissions was related to transport activities (company cars and vehicles at our production facilities). Compared to 2020 there has been a shift from indirect energy emissions (scope 2) to direct emissions (scope 1).

Our effort to reduce our CO_2 emission have in 2021 lead to a direct reduction of 7%. At the same time the infrastructure consisted of more green energy and in 2021 we updated the emission factor for CO_2 to 2020. This means that the overall reduction in CO_2 in 2021 is 25%.

A high degree of this decrease was due to the fact that during 2021 TCM Group have made several changes to our heating system in order to reduce our CO_2 impact. For instance our heating system has been changed from heating oil to air-to-air electrical heating pumps. At our factory in Aulum the compressors have been replaced. Heat generated by the compressors are reused as heating of the factory creating a significant reduction of the consumption of natural gas required for heating and reduction of electricity at this factory.

KEY FIGURES

2021

	Total [ton CO_2]	Percent of total
Scope 1 (GRI: G4-EN15)	1,299	55%
Scope 2 (GRI: G4-EN16)	1,041	45%
Total	**2,340**	**100%**

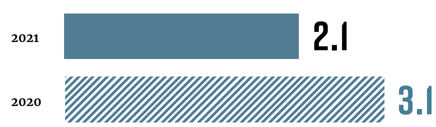
2020

	Total [ton CO_2]	Total [ton CO_2]
Scope 1 (GRI: G4-EN15)	1,435	46%
Scope 2 (GRI: G4-EN16)	1,703	54%
Total	**3,138**	**100%**

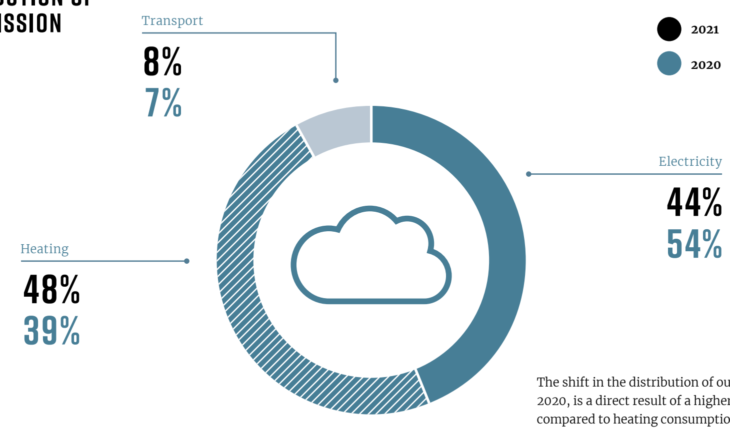
In 2021, our total scope 1+2 emission has decreased to 2,340 ton CO_2. The reduction combined with a higher actitity level means that our emission in 2021 was 2.1 ton CO_2 per 1 mDKK net revenue.

In 2020, our total scope 1+2 emission was 3,138 ton CO_2. This means that our emission was 3.1 ton CO_2 per 1 mDKK net revenue.

Emission per 1 mDKK net revenue in ton CO_2e/mDKK



DISTRIBUTION OF CO_2 EMISSION



The shift in the distribution of our Co2 emission in 2021 compared to 2020, is a direct result of a higher decrease of electricity consumption compared to heating consumption. At the same time the fleet of company cars increased from 2020 to 2021. The increase is a result of servicecars is now being included into the TCM Group company car fleet.

CO_2 EMISSION REDUCTION 2021

25%

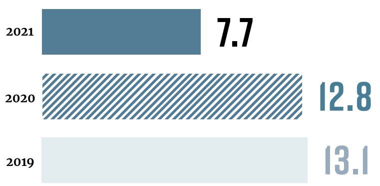
ELECTRICITY CONSUMPTION

The consumption of electricity in relation to revenue has decreased by 40% during 2021 compared to the year before. This was a result of a direct saving in electricity together with an increased activity level in 2021. The direct savings was due to the fact that TCM Group has made several investments to increase energy efficiency.

40%

Decrease in the consumption of electricity in relation to revenue during 2021

ELECTRICITY CONSUMPTION (KWH) PER KDKK REVENUE



WASTE

As a manufacturing company, we are very much focused on our waste output. Our strategic approach RE:DUCE – RE:USE - RE:THINK is the foundation in the way we think about materials and production processes.

The primary material group used for production of our products is chipboards. Approximately 95% of all chipboards used consist of min. 90% recycled wood. The wood originates partly from post-consumer production waste collected at Danish recycling stations and pre-consumer production waste from Danish industrial production including TCM Group. This means that 100% of TCM Group's production waste related to chipboard is directly recycled into new chipboard. This is why the level of waste material recycled is high.

We have several smaller material categories in our production currently used as energy recovery or landfill or hazardous waste. It is our clear ambition to increase the level of waste for recycling into all material categories and by 2025 to increase the level of recycled waste materials to 99,7% (based on weight). A way to this is to reduce the consumption of materials and optimize process to reduce process waste and rethink our materials as well as challenge standard material flows. One way to this is via partnerships. TCM Group has joined forces with TheUpcycl to find new ways. TheUpcycl's purpose is to create new collaboration within the production industry to accelerate the circular usage of New Waste materials. See more at https://www.theupcycl.com/

IN 2021 THE DISTRIBUTION OF WASTE WAS AS ILLUSTRATED BELOW

*Based on tons waste.

99.5%

Recycle

0.5%

0.38% Energy recovery

0.02% Landfill

0.06% Hazardous waste

SVANE KØKKENET
Pure Lava with H22

NEW WAYS AHEAD

UN Global Compact principles: 12

Innovation and product development has always been a part of our DNA. In order to accelerate our product development, we have included three focus areas in our current design and development process under the principle New Ways Ahead.

EXTENDED LIFECYCLE

We design, develop and produce high quality products with high durability. In order to decrease our climate impact and maximize the value of our products, we are focusing on extending the life of our products, their design and their use. Extending the lifecycle of our products is also to ensure that existing kitchens can be upgraded to match current living and design standards. Our clear ambition is to ensure that all kitchen models produced from 2010 can be extended and upgraded by 2023.

CIRCULAR DESIGN

As manufacturer, we are very conscious of which resources we use for our products and how they affect the environment. We have strong focus on reducing material volume, increasing the proportion of recycled materials rather than virgin and ensuring that our products can be included in new material flows. Going forward circular designs is an embedded part of our product development. By 2025 all our new designs will be 100% circular.

We will validate lifecycle and circular capabilities of our designs, through our product durability index and get a balanced assessment of the overall capabilities of our products and their design. The product durability index will helps us to ensure a holistic approach that include the entire lifecycle.

A HEALTHY INDOOR CLIMATE

Today people spend more than 90% of their time indoor. We constantly work with improving our products and the impact they have on the indoor environment. To validate this, we use third parties and external certifications. It is our clear ambition that by 2024 all our kitchen models are validated by external certification bodies in terms of their performance towards a healthy indoor climate.

INDOOR CLIMATE CERTIFICATE

# of certificate	7
% of product lines covered by external validation	75%

TOGETHER WE IMPROVE

UN Global Compact principles:
1, 2, 3, 4, 5, 6, 7, 8, 9, 10

At TCM group we want to create a positive impact that extends beyond our own operation. This requires close corporation with our suppliers and business partners in both downstream and upstream activities.

Ensuring transparency and data validity is key to us to understand and support a positive impact. We are currently conducting a scope 3 analysis as described in the section "We take responsibility". Besides focusing on our climate impact from CO_2 emission we have chosen to focus on three areas. The areas are chosen from a materiality point of view.

SUSTAINABLE FORESTRY

As timber is the primary category of raw materials sustainable forestry is a must for us. TCM Group has been FSC® certified since 2010 but not for the entire product assortment. During 2021 our sourcing effort has been focused on securing certified sustainable forest timber and it is our clear ambition to reach 100% sustainable forestry during 2022.

FSC
www.fsc.org
FSC® C100465
The mark of responsible forestry

Certified sustainable forestry is a guarantee that reforestation and good working conditions are secured and biological diversity is preserved.

TRANSPORT

The products from TCM Group are delivered by truck. We have chosen to use external distributors as it helps to optimize distribution and means of transportation. We always strive to ensure that all parts of the customer order (cabinets, worktop, white goods etc) are delivered in one delivery and in the most optimal way. To further reduce emission from transport we strive to minimize the number of kilometers driven. Our distribution system ensure that empty trucks pick up third-party products on the return journey to the factories. Reducing CO_2 emission from transport and creating convenience to our customers.

To understand CO_2 emission related to our transport we have in 2021 started the analysis of transportation and distribution. This is to actively support a reduction in CO_2 emission in our value chain and from a materiality point of view an area where we can create a large impact.

PACKAGING MATERIAL

High quality products must arrive to the customer in the same quality as they left the factory. As the main risk of damages to the products is related to transport, repacking and storage before mounting the primary purpose of our packaging is to protect the products. Working with our principles re:duce – re:use – re:think we are actively working on finding the right balance of our packaging. The balanced found by reducing the amount of mate-rial, increasing the amount of re-used material and re-thinking the way we work with packaging all together. At TCM Group we are determined that all packaging used for our own products will be recyclable by 2024.

SUSTAINABLE FORESTRY BY 2022

100%

91%

of all production of direct materials to our production is made in Europe.

SUPPLIER MANAGEMENT

TCM Group are committed to respect human rights as outlined in the United Nations Universal Declaration of Human Rights and the UN Global Compact. We expect our suppliers to enforce the same high standards in their own supply chains and set out these expectations in our Code of Conduct

TCM Group suppliers are primarily located in Europe and a majority of these are located relatively close to our production sites in Tvis and Aulum. Many of our Danish suppliers have subsidiaries and business partners across Europe. We are therefore not only focused on the country where our business partners are located but the origin country of the supplied materials.

91% of materials directly used in our production is made in Europe, of which 54% originate from Denmark or our neighboring countries (DK, DE, SE). By using suppliers located close to our production sites, we also limit the CO_2 emission during the transport process. 9% of the materials are produced in Asia. TCM Group management is aware that production in Asia implies risks in terms of social responsibility and supplier management, and that our stakeholders expect us to actively ensure that our suppliers are fulfilling regulations in terms of working conditions and environmentally friendly production.

TCM Group Code-of-Conduct was developed and approved by the Board in 2011, and further improved in 2016. All our primary suppliers have signed our Code-of-Conduct.

The total share of TCM Group's purchasing, covered by our Code-of-Conduct was 100% in 2021 and cover all suppliers from non-EU countries. The Covid-19 pandemic has limited us from conducting on-site audits of our suppliers in 2021. TCM Group continues to monitor all suppliers in 2022 and the aim is to intensify our audit program as well as improving our Code-of-Conduct.

ANTI-CORRUPTION

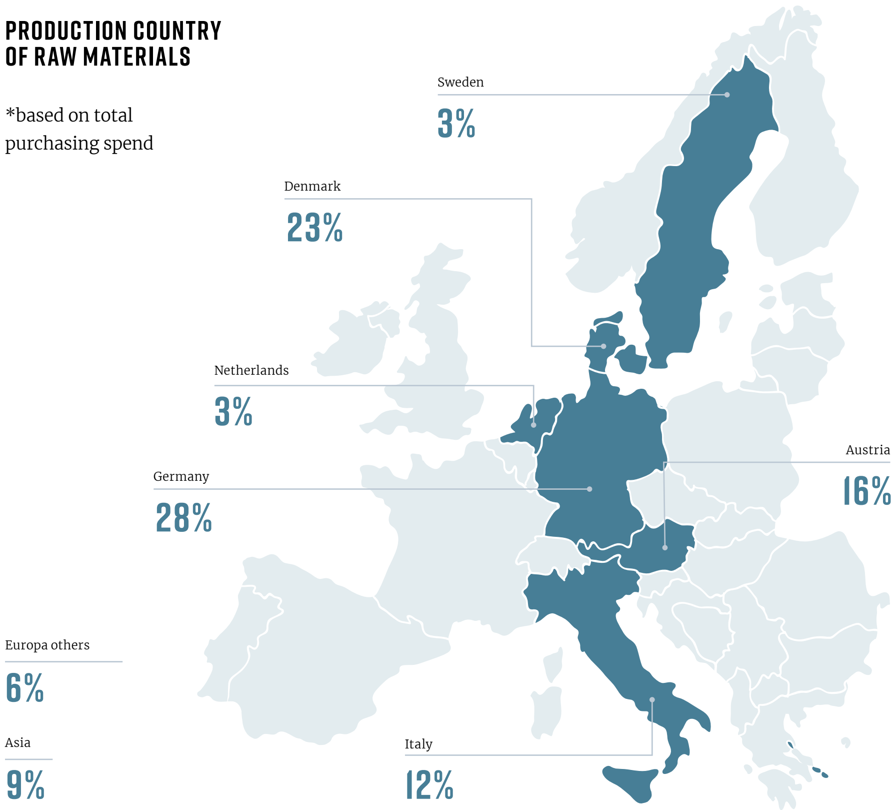
TCM Group is exposed to the risk of non-compliance with anti-corruption rules and regulations, for example obtaining an advantage with illegal means, via our employees, suppliers, franchisees, and dealers. The consequence could be fines and brand damage. Our policy is to comply with all applicable regulations and to promote an anti-corruption behavior to all our business relations.

In TCM Group, no employee may receive or solicit any services, gifts or payments that may be considered an attempt to obtain benefits for themselves or the company. Violations of these rules will have disciplinary consequences for the employees involved.

There have been no incidents violating the anti-corruption policy in 2021

PRODUCTION COUNTRY OF RAW MATERIALS

*based on total purchasing spend



WHISTLEBLOWER SYSTEM

At TCM Group we wish to encourage transparency and responsibility in everything we do. At the same time, we encourage an open culture that is based on transparency and dialogue and allows everyone to freely express themselves without the risk of retaliation. Naturally we understand and respect that some would prefer to address certain matters anonymously. For that purpose, we have implemented a whistleblower system. The system allows our employees to report any witnessed activities or reasonable suspicion of serious and reprehensible conditions or illegalities to the group.

All TCM Group employees, customers, suppliers, advisors, and other individuals with connection to the company can access the whistleblower system through an externally hosted website. The system is anonymous, and all communication is encrypted, which means that TCM Group is not able to trace any specific whistleblower report back to the reporting individual. The system is available on all relevant languages. In 2021 we have increased the awareness of the system internally and plan to increase awareness to our business partners in 2022.

0

In 2021 there has been no reported cases

COMMUNICATION ON PROGRESS
UN GLOBAL COMPACT

This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

REPORTING ACCORDING TO EU TAXONOMY

Sustainability is always a parameter in the decision process regarding investments at TCM Group.

The following is a disclosure of our revenue, investment (CAPEX) and operations (OPEX) following the EU taxonomy. The disclosure is made to the best of our knowledge and covers TCM Group. Evaluation has been made based on analysis of EU taxonomy eligible criteria and an evaluation of the contribution to climate mitigation and climate adaption from a materiality point view. As the year 2021 is the first year of following the EU Taxonomy we aim to further develop our methodology in 2022.

REVENUE

71%	C 31.02	Manufacture of kitchen furniture
29%	G 46.15	Agents involved in the sale of furniture, household goods, hardware and ironmongery

CAPEX

16.8% **Total CAPEX vs. Capex to EU taxonomy**

		CLIMATE MITIGATION	CLIMATE ADAPTION
7.7	**Acquisition and ownership of buildings** Buying real estate and exercising ownership of that real estate	49%	0%
7.3	**Installation, maintenance and repair of energy efficiency equipment** Individual renovation measures consisting in installation, maintenance or repair of energy efficiency equipment	51%	0%

OPEX

0.2% **Total OPEX vs. OPEX to EU taxonomy**

		CLIMATE MITIGATION	CLIMATE ADAPTION
7.3	**Installation, maintenance, and repair of energy efficiency equipment** Individual renovation measures consisting in installation, maintenance, or repair of energy efficiency equipment	16%	0%
9.1	**Close to market research, development, and innovation** Research, applied research and experimental development of solutions, processes, technologies, business models and other products dedicated to the reduction, avoidance, or removal of GHG emissions (RD&I) for which the ability to reduce, remove or avoid GHG emissions in the target economic activities has at least been demonstrated in a relevant environment, corresponding to at least Technology Readiness Level (TRL) 6314	58%	0%
9.3	**Professional services related to energy performance of buildings** Technical consultations (energy consultations, energy simulations, project management, production of energy performance contracts, dedicated trainings) linked to the improvement of energy performance of buildings; accredited energy audits and building performance assessments; energy management services; energy performance contracts; energy services provided by energy service companies (ESCOs)	26%	0%

FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

INCOME STATEMENT

DKK'000	NOTE	2021	2020
Revenue	3	1,108,274	1,024,588
Cost of goods sold	4, 5, 7	(853,673)	(751,769)
Gross profit		**254,601**	**272,819**
Selling expenses	4, 5, 7	(70,097)	(78,440)
Administrative expenses	4, 5, 6, 7	(46,749)	(54,662)
Other operating income		0	0
Operating profit before non-recurring items		**137,756**	**139,717**
Non-recurring items	8	691	(5,000)
Operating profit		**138,447**	**134,717**
Share of profit/loss in associated companies		554	0
Financial income	9	338	269
Financial expenses	9	(3,600)	(4,265)
Profit before tax		**135,738**	**130,720**
Tax for the year	10	(25,029)	(28,477)
Net profit for the year		**110,709**	**102,243**
Earnings per share before dilution, DKK	19	11.55	10.22
Earnings per share after dilution, DKK	19	11.54	10.22

STATEMENT OF COMPREHENSIVE INCOME

DKK'000	NOTE	2021	2020
Net profit for the year		110,709	102,243
OTHER COMPREHENSIVE INCOME			
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS			
Value adjustments of currency hedges before tax		750	(787)
Tax on value adjustments of currency hedges		(165)	173
Other comprehensive income for the year		**585**	**(615)**
Total comprehensive income for the year		**111,294**	**101,628**

BALANCE SHEET AS OF 31 DECEMBER

DKK'000	NOTE	2021	2020
ASSETS			
INTANGIBLE ASSETS	11		
Goodwill		369,796	369,796
Brand		171,961	171,961
Other intangible assets		4,561	1,697
		546,318	**543,454**
TANGIBLE ASSETS	12		
Land and buildings		85,101	87,113
Tangible assets under construction and prepayments		11,774	11,855
Machinery and other technical equipment		42,524	27,696
Equipment, tools, fixtures and fittings		6,622	6,588
		146,021	**133,252**
FINANCIAL ASSETS			
Investments in associated companies	13	47,439	0
Other financial assets	15	8,524	13,239
		55,963	**13,239**
Total non-current assets		**748,302**	**689,944**
INVENTORIES			
Raw materials and consumables		46,104	25,359
Products in progress		21,929	16,070
Finished products		9,731	6,827
	14	**77,764**	**48,256**
CURRENT RECEIVABLES			
Trade receivables	2	28,235	24,395
Other receivables	15	31,505	23,742
Tax receivables		6,395	5,038
Prepaid expenses and accrued income	16	3,235	438
		69,370	**53,611**
Cash and cash equivalents		11,884	125,855
Assets held for sale	27	0	11,785
Total current assets		**159,019**	**239,507**
Total assets		**907,321**	**929,451**

BALANCE SHEET AS OF 31 DECEMBER

DKK'000	NOTE	2021	2020
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital	17, 19	1,000	1,000
Treasury shares	17	(135,976)	0
Value adjustments of cash flow hedges	18	(29)	(614)
Retained earnings		500,292	443,987
Proposed dividend for the year	20	54,404	130,000
Total shareholders' equity		**419,691**	**574,373**
Deferred tax	21	53,692	53,220
Mortgage loans	2, 22	27,825	30,630
Bank loans	2, 22	0	9,716
Lease liabilities	2	15,189	24,051
Other liabilities	2	1,132	24,187
Total long-term liabilities		**97,838**	**141,804**
Mortgage loans	2, 22	2,804	2,813
Bank loans	2, 22	160,701	9,925
Lease liabilities	2	11,222	10,885
Prepayments from customers		2,985	0
Trade payables	2	158,924	125,370
Liabilities to associated companies		928	0
Other liabilities	2	52,227	55,242
Liabilities held for sale	27	0	9,038
Total short-term liabilities		**389,792**	**213,274**
Total shareholders' equity and liabilities		**907,321**	**929,451**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

DKK'000	SHARE CAPITAL	TREASURY SHARES	VALUE ADJUSTMENTS OF CURRENCY HEDGES	RETAINED EARNINGS	PROPOSED DIVIDEND	TOTAL
Opening balance 01.01.2021	**1,000**	**0**	**(614)**	**443,987**	**130,000**	**574,373**
Net profit for the year	0	0	0	56,305	54,404	110,709
Other comprehensive income for the year	0	0	585	0	0	585
Total comprehensive income for the year	**0**	**0**	**585**	**56,305**	**54,404**	**111,294**
Dividend paid	0	0	0	0	(130,000)	(130,000)
Purchase of treasury shares	0	(135,976)	0	0	0	(135,976)
Closing balance 31.12.2021	**1,000**	**(135,976)**	**(29)**	**500,292**	**54,404**	**419,691**
Opening balance 01.01.2020	**1,000**	**0**	**0**	**419,244**	**52,500**	**472,744**
Reversed proposed dividend*	0	0	0	52,500	(52,500)	0
Net profit for the year	0	0	0	(27,757)	130,000	102,243
Other comprehensive income for the year	0	0	(614)	0	0	(614)
Total comprehensive income for the year	**0**	**0**	**(614)**	**(27,757)**	**130,000**	**101,629**
Dividend paid*	0	0	0	0	0	0
Closing balance 31.12.2020	**1,000**	**0**	**(614)**	**443,987**	**130,000**	**574,373**

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

CASH FLOW STATEMENT

DKK'000	NOTE	2021	2020
OPERATING ACTIVITIES			
Operating profit		138,447	134,717
Depreciation/amortization		16,918	21,341
Other non-cash operating items related to the merge of the e-commerce activities		(17,342)	0
Income tax paid		(25,899)	(31,156)
Change in inventories		(29,508)	(9,555)
Change in operating receivables		(13,944)	(4,855)
Change in operating liabilities		5,132	21,759
Cash flow from operating activities		**73,804**	**132,251**
INVESTING ACTIVITIES			
Investments in tangible assets		(29,168)	(30,993)
Investments in intangible assets		(4,466)	(202)
Sale of financial assets		(308)	(8)
Acquisition of operations	24	(23,200)	0
Divestments of operations		4,600	0
Cash flow from investing activities		**(52,542)**	**(31,203)**
Operating cash flow before acquisitions of operations		**44,462**	**101,048**
Operating cash flow after acquisitions of operations		**21,262**	**101,048**
FINANCING ACTIVITIES			
Interest paid		(2,897)	(3,263)
Proceeds and repayments of loans	25	137,878	(100,294)
Repayments of lease liabilities	25	(4,237)	(5,168)
Purchase of treasury shares		(135,976)	0
Dividend paid		(130,000)	0
Cash flow from financing activities		**(135,232)**	**(108,725)**
Cash flow for the year		**(113,971)**	**(7,677)**
Cash and cash equivalents at the beginning of the year		**131,683**	**139,360**
Divestments of operations		(5,828)	0
Cash flow for the year		(113,971)	(7,677)
Cash and cash equivalents at year-end		**11,884**	**131,683**
SPECIFICATION:			
Cash and cash equivalents at year-end		11,884	125,855
Cash and cash equivalents assets held for sale		0	5,828
		11,884	**131,683**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

PRINCIPLES APPLIED IN THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements are presented in accordance with the International Financial Reporting Standards as adopted by the EU ("IFRS") and additional requirements of the Danish Financial Statements Act.

Accounting policies are unchanged compared to last year except for recognition of derivative instruments.

REPORTING UNDER THE ESEF REGULATION

The Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) requires the use of a particular electronic reporting format for annual reports of listed companies in the EU. More specifically, the ESEF Regulation requires the annual report to be prepared in XHTML format with iXBRL tagging of the statement of comprehensive income, balance sheet, cash flow statement and statement of changes in equity in the consolidated financial statements.

TCM Group A/S' iXBRL tagging has been made using the ESEF taxonomy disclosed in the annexes to the ESEF Regulation and developed based on the IFRS taxonomy published by the IFRS Foundation. The 2020 version of the ESEF taxonomy has been used in the annual report for 2021.

The line items in the consolidated financial statements are XBRL-tagged to the elements of the ESEF taxonomy that are considered to match the content of those line items. For line items not considered to be covered by line items defined in the taxonomy, entity-specific extensions to the taxonomy have been incorporated. Except for subtotals, these extensions are anchored to standard elements of the ESEF taxonomy.

Consistently with the requirements of the ESEF Regulation, the annual report approved by Management is comprised of a ZIP file TCM-Group-2021-12-31-en.zip which includes an XHTML file that may be opened using standard web browsers, and a number of technical XBRL files enabling mechanical retrieval of the XBRL data incorporated.

GENERAL PRINCIPLES

Assets and liabilities are recognised at historic acquisition value (cost), except for certain financial assets and liabilities and fixed assets held for sale. Financial assets and liabilities measured at fair value comprise derivative instruments. Fixed assets held for sale are recognised at the lower of the carrying amount and fair value, less selling expenses.

The Parent Company's functional currency is Danish kroner (DKK), which is also the presentation currency for the Parent Company and Group. Accordingly, the consolidated financial statements are presented in DKK. All amounts are stated in DKK thousand, unless otherwise stated.

SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Preparing the consolidated financial statements in accordance with IFRS requires that Management makes assessments, estimates and assumptions that affect the application of accounting policies and the recognized amounts of assets, liabilities, income and expenses. The actual outcome may differ from these estimates and assessments. Estimates and assumptions are regularly reviewed. Changes to estimates are recognized in the period in which the change is made if the change affects only that period, or in the period in which the change is made and future periods if the change affects both current periods and future periods. Assessments made by Management in the application of IFRS that have a material impact on the consolidated financial statements and estimates made that may lead to significant adjustments in the consolidated financial statements of future financial years are primarily the following:

Impairment testing of goodwill and brand
Goodwill and brand with indefinite useful life are recognized at cost less any accumulated impairment. The Group regularly and at least annually performs impairment tests of goodwill and brand in accordance with the accounting policies. The assumptions and assessments made pertaining to expected cash flows and the discount rate in the form of weighted average cost of capital are described in note 11, Intangible assets.

Significant accounting estimates and judgements related to IFRS 16
Lease period
The company recognizes the lease obligations on the basis of the future payments during the lease period. The lease period consists of the non-cancellable period and periods covered by extension and termination options.

The company rents properties for production and for retail leases. Often leases do not have a fixed expiry date, but continue after the non-cancellable period until the lessee terminates the contract. The company therefore assesses whether it is reasonably certain of exercising extension options or failing to exercise termination options when determining the lease term. For both production buildings and retail leases, the lease term is estimated to be 5 years.

Retail leases are in most cases subleased to franchisees on the same terms, why the lease term is estimated to be the same period. The right-of-use assets is therefore recoqnized as a 'Other receiveables' in the balance sheet.

Incremental borrowing rate
The company has chosen to subdivide their leases into the following categories:
- Rental contracts for premises
- Vehicles

The borrowing rate is set at the transition date for IFRS 16. If the company considers that a change in the residual value guarantee, termination and renewal options, the incremental borrowing rate is revised.

For the company's vehicles, the incremental borrowing rate is calculated based on the company's borrowing rate. This interest rate takes into account credit assessments, collateral, leasing periods, etc.

For rental contracts for premises, the possibility of using mortgage financing of real estate has been taken into account.

NEW IFRS STANDARDS THAT HAVE NOT YET BEEN APPLIED

A number of new or amended IFRS standards will come into effect in future financial years, and have not been applied in advance when preparing these consolidated financial statements.

There are no amendments to accounting policies with future application that are deemed to have any material effect on the consolidated financial statements.

CLASSIFICATION, ETC.

Non-current assets essentially comprise amounts that are expected to be recovered more than 12 months after the balance sheet date. Current assets essentially comprise amounts that are expected to be recovered within the 12 months after the balance sheet date. Long-term liabilities comprise amounts that TCM Group A/S has an unconditional right, to pay later than 12 months after the closing date. Other liabilities comprise short-term liabilities.

ASSETS AND LIABILITIES HELD FOR SALE

Assets and liabilities classified as held for sale comprise assets and liabilities for which it is highly probable that the value will be recovered through a sale within 12 months rather than through continued use.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. ACCOUNTING POLICIES (CONTINUED)

Assets and lialitities classified as held for sale are measured at the carrying amount at the classification date as "held for sale" or at market value less selling costs if lower. The carrying amount is measured in accordance with the Group's accounting policies. No depreciation is recorded on property from the time when they are classified as "held for sale". Impairment losses arising on first classification as "held for sale" and gains and losses from the subsequent measurement are recognized in the income statement.

CONSOLIDATION PRINCIPLES AND BUSINESS COMBINATIONS

Subsidiaries
Subsidiaries are companies subject to the controlling influence of TCM Group A/S. A controlling influence entails the direct or indirect right to shape a company's financial or operational strategies in a bid to receive financial benefits. When assessing whether a controlling influence exists, potential voting shares that can be immediately utilized or converted must be taken into account.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that the controlling interest arises and are included in the consolidated financial statements until the date on which the controlling interest ceases.

If ownership is reduced to such an extent that controlling interests are lost, any remaining holdings are recognized at fair value and the change in value is recognized in profit or loss.

Transactions that are eliminated through consolidation
Intra-group receivables and liabilities, income or expenses and unrealized gains or losses that arise from intra-group transactions between group companies, are eliminated in their entirety in the preparation of the consolidated financial statements.

Business combinations
Business combinations are recognized in accordance with the acquisition method. According to this method the acquired identifiable assets and assumed liabilities and contingent liabilities are recognised at their fair value on the acquisition date. The consideration is measured at fair value of the consideration transferred to the former owner of the acquiree. Acquisition related costs are recognized in profit or loss as incurred.

Goodwill in business combinations is calculated as the total of the consideration transferred, any non-controlling interests and fair value of previously owned participations (for step acquisitions) less the fair value of the subsidiary's identifiable assets and assumed liabilities. When the difference is negative, it is recognized directly in net profit for the year.

Contingent consideration in acquisitions is measured at fair value on both the acquisition date and continuously thereafter, with changes in value recognized in profit or loss.

For acquisitions of subsidiaries involving non-controlling interests, the Group recognizes net assets attributable to non-controlling interests either at fair value of all of the net assets except goodwill, or at fair value of all net assets including goodwill. The principle is decided individually for each acquisition.

When a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss.

When controlling interests are achieved, changes in ownership are recognized as a reallocation of shareholders' equity between the parent company's owners and the non-controlling interest, without any remeasurement of the subsidiary's net assets.

SEGMENT REPORTING

An operating segment is a part of the Group that conducts business activities from which it earns revenue and incurs expenses and for which independent financial information is available. Furthermore, the results of an operating segment are monitored by the company's chief operating decision-maker to evaluate them and to allocate resources to the operating segment. TCM Group A/S has only one operating segment that is producing and selling kitchens, bathrooms and storage.

REVENUE RECOGNITION

Revenue is recognised when control of goods sold has transferred to the customer, being when the goods have been delivered according to the delivery terms. When the Group provides installation services, revenue is recognised as a performance obligation satisfied over time. Revenue is recognised for these installation services based on the stage of completion of the contract. Sales are recognized net after VAT and discounts.

NON-RECURRING ITEMS

Non-recurring items are used in connection with the presentation of the profit or loss for the year to distinguish income and expenses that are special and of a non-recurring nature from the consolidated operating profit for the year. Non-recurring items are assessed item by item and comprise restructuring costs, impairment charges in connection with e.g. material restructuring and other items relating to fundamental reorganisations as well as gains or losses on major disposals. Furthermore, non-recurring items include costs related to transactions costs related to business combinations, costs related to integration of a new business as well as costs related to Covid-19 precautions and related supply chain disrubtions. Such costs are non-recurring in nature.

OPERATING EXPENSES

Operating expenses primarily comprise marketing costs, administrative expenses and other operating costs including staff costs related to sales, marketing and administrative personnel.

SHARE OF PROFIT/LOSS IN ASSOCIATED COMPANIES

In the income statement, the Group's share of associates' results after tax and after elimination of the proportionate share of internal profit/loss is recognized.

FINANCIAL INCOME AND EXPENSES

Financial income and expenses comprise interest income on bank balances and receivables, interest expense on loans, gain/loss on interest rate swaps as well as exchange rate differences on financial items.

Interest income on receivables and interest expense on liabilities are calculated in accordance with the effective interest rate method. The effective interest rate is the interest rate that results in the present value of all future receipts and disbursements during the fixed-interest term becoming equal to the carrying amount of the receivable or liability. The calculation includes all fees paid or received by contractual parties that are part of the effective interest rate, meaning transaction costs and surplus and deficit values.

TAX

Tax costs for the year comprise current tax and deferred tax. Income taxes are recognized in profit or loss except when the underlying transaction is recognized in other comprehensive income or in shareholders' equity, whereby the associated tax effects are recognized in other comprehensive income or in shareholders' equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. ACCOUNTING POLICIES (CONTINUED)

Current tax is tax that is to be paid or received regarding the current year, by applying the tax rates determined or that have been determined in principle on the balance sheet date. This item also includes adjustments to current tax attributable to previous periods.

Deferred tax is calculated according to the balance-sheet method on all temporary differences arising between recognized and fiscal values of assets and liabilities.

The tax effect attributable to tax loss carryforwards that could be utilized against future profits is capitalized as a deferred tax asset. This applies to both accumulated loss carryforwards at the acquisition date and losses arising thereafter.

Deferred tax is measered at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred tax is recognized in the balance sheet as a non-current asset or long-term liability. The income tax liability is recognized as a current receivable or current liability.

If the actual outcome differs from the amounts first recognized, the differences will affect current tax and deferred tax in the period in which these calculations are made.

TANGIBLE ASSETS

Tangible assets are recognized at cost with deductions for depreciation and any impairment. Cost includes expenses that can be directly attributed to the acquisition. Costs for repairs, maintenance and any interest expenses are recognized as costs in profit or loss in the period in which they arise.

In the event that an asset's carrying amount exceeds its estimated recoverable amount, the asset is written down to its recoverable amount, which is charged to operating profit.

In the income statement, operating profit is charged with straight-line depreciation, which is calculated on the original cost less estimated residual value after useful life and is based on the estimated useful lives of the assets as follows:

Buildings	36–40 years
Machinery and other technical equipment	3-10 years
Equipment, tools, fixtures and fittings	2–7 years

Land is not depreciated.

Expected useful lives and residual values are reviewed annually.

INTANGIBLE ASSETS

Goodwill comprises the amount by which the cost of the acquired operation exceeds the established fair value of identifiable net assets, as recognized in the acquisition analysis. In connection with the acquisition of operations, goodwill is allocated to cash generating units. In connection with acquisitions the fair value of the different brands have been measured respectively. Since goodwill and brand have an indefinite useful life, it is not amortized. The indefinite useful life is justified by the long life of the brand, where there are no intention of changing the brand set-up. Thus, it is not possible to determine a useful life. Instead, goodwill and brand are subject to impairment testing either annually or when an indication of an impairment requirement arises. The carrying amount comprises the cost less any accumulated impairment losses. A description of the method and assumptions applied when conducting impairment tests is found in note 11 Intangible Assets.

Other intangible assets with definite useful life are recognized at cost less accumulated amortization and any impairment. It also includes capitalized costs for purchases and internal and external costs for the development of software for the Group's IT operations, patents and licenses. Amortization takes place according to the straight-line method based on the estimated useful life of the asset (three to five years).

RESEARCH AND PRODUCT DEVELOPMENT

Costs for product development are expensed immediately as and when they arise.

Product development within the Group is mainly in the form of design development and is conducted continuously to adapt to current style trends. This development is relatively fast, which is the reason that no portion of the costs for product development is recognized as an intangible asset. The Group does not carry out research and development in the true sense of such work, or to any significant extent.

LEASES

When entering into an agreement, the company assesses whether an agreement is a lease agreement or contains a lease element. A lease is an agreement that transfers the right to control the use of an identifiable asset for a period against payment. In assessing whether an agreement contains a lease item that has been transferred to the lessee, it is necessary to consider whether the lessee has the right, during the useful life, to obtain virtually all the economic benefits from the use of the identifiable asset and the right to decide on the use of the the identifiable asset.

The company recognizes a right-of-use (the asset) and a lease obligation at the start of the lease period. The right-of-use asset is recognized in the category of assets, which it belongs to.

The right-of-use asset is measured at cost, which is calculated as the present value of the lease obligation plus any direct costs associated with entering the lease, any costs for demolition and disposal of the asset at the end of the lease period which the lessee is obliged to pay, and prepaid leasing payments.

The right-of-use asset is depreciated on a straight-line basis over the shortest period of the lease term and the useful life of the asset. If the lease agreement contains a purchase option that the company expects to exercise, the right-of-use asset is depreciated on a straight-line basis over the total expected useful life of the asset.

The company leases vehicles which include a service element in the payments to the lessor. This service is deducted from the lease payment when measuring the lease obligation. Where the company cannot reliably separate leasing and non-leasing items, it is considered a single leasing payment.

Short leases with a maximum lease term of 12 months and leases where the underlying asset has a low value are not recognized in the balance sheet.

The lease obligation, which is recognized under "Lease liabilities", is measured at the present value of the remaining lease payments, discounted by the company's incremental loan interest rate, if the implicit interest rate is not stated in the lease agreement or can reasonably be determined. The leasing payment consist of fixed and variable leasing payments that are regulated by index or interest rate, guaranteed residual values, the exercise of purchase options and the cost of cancelling the lease. The lease obligation is subsequently adjusted if:

- The value of the index or interest rate on which the lease payments are based changes.
- There is a change in the exercise of options to extend or shorten the lease period due to a material event or material change in circumstances which are within the control of the lessee.
- The lease term is changed as a result of exercising an option to extend or shorten the lease term.
- The estimate of a residual value guarantee is changed.
- The contract is renegotiated or modified.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. ACCOUNTING POLICIES (CONTINUED)

Subsequent adjustment of the lease obligation is recognized as a correction to the right-of-use asset. However, if the right-of-use asset has a value of DKK 0, a negative reassessment of the right-of-use asset is recognized in the income statement.

INVESTMENTS IN ASSOCIATED COMPANIES

Investments in associates are measured using the equity method, whereby the investments in the balance sheet are measured at the proportionate share of the companies' net asset value calculated in accordance with the Group's accounting policy after elimination of the proportionate share of unrealized internal profit/loss and with addition of value added on acquisition, including goodwill.

Investments in associates are testet for impairment annualy.

INVENTORIES

Inventories comprise finished and semi-manufactured products and raw materials. Inventories are valued according to the first-in, first-out (FIFO) principle, at the lower of the cost and net sales value on the balance sheet date. The net sales value comprises the estimated sales price in the ongoing operations less selling expenses. Cost of finished and semi-manufactured products are measured at manufacturing cost including raw materials, direct labour, other direct expenses and production related overheads based on normal production.

Inter-group profits on inventory is eliminated in the consolidated financial statements.

FINANCIAL INSTRUMENTS

Financial instruments recognized in the balance sheet include cash and cash equivalents, loans receivable, trade receivable and derivative instruments on the asset side. On the liability side, there are accounts and cost payable, loan liabilities and derivative instruments.

Recognition in and derecognition from the balance sheet
A financial asset or a financial liability is entered in the balance sheet when the company becomes a party in accordance with the contractual terms of the instrument. A receivable is recognized when the company has performed a service and a contractual payment obligation arises for the counterparty, even if an invoice has not been sent. Trade receivable are recognized in the balance sheet when revenue is recognized and an invoice has been sent. A liability is recognized when the counterparty has performed a service and a contractual payment obligation arises, even if an invoice has not been received. Accounts payable are recognized when a service or product has been received.

A financial asset is derecognized from the balance sheet when the rights resulting from the agreement have been realized, expire or the company loses control over them. The same applies to a part of a financial asset. A financial liability is derecognized from the balance sheet when the obligation resulting from the agreement has been realized or is extinguished in some other manner. The same applies to a part of a financial liability.

A financial asset and a financial liability may only be offset against each other and recognized net in the balance sheet if there is a legal right to offset the amounts and the intention is to settle the items in a net amount or to simultaneously sell the asset and settle the debt.

The acquisition or divestment of financial assets is recognized on the date of transaction for on demand transactions, which is the date when the company undertakes to acquire or sell the asset.

Measurement
Financial instruments that are not derivative instruments are initially recognized at cost corresponding to the instrument's fair value plus transaction costs. Transaction costs for derivative instruments are immediately expensed. On initial recognition, a financial instrument is classified on the basis of the purpose underlying the acquisition of the instrument. This classification determines how the financial instrument is measured after initial recognition, in the manner described below. For the recognition of derivative instruments, refer to cash-flow hedges below.

Receivables and liabilities in foreign currencies
Receivables and liabilities in foreign currencies are valued at the balance sheet date rate. Exchange rate fluctuations pertaining to operating receivables and liabilities are recognized in operating profit, while exchange rate fluctuations pertaining to financial receivables and liabilities are recognized in net financial items.

Loans and trade receivables
The category of loans and trade receivables comprises financial assets that are not derivative instruments, that have fixed or fixable payments and that are not listed on an active market. For TCM Group A/S, this category includes long-term financial assets and trade receivables and other receivables recognized as current assets. These assets are valued at amortized cost. Amortized cost is determined based on the effective rate calculated on the acquisition date. Loans and trade receivables are recognized at the amounts that are expected to be received, meaning less any provisions for decreases in value. Receivables with short maturities are not discounted.

Cash and cash equivalents
Cash and cash equivalents are defined as cash and bank balances and short-term investments with maturities not exceeding three months from the acquisition date.

Financial liabilities
All transactions pertaining to financial liabilities are recognized on the settlement date. Liabilities (except for derivative instruments with negative values) are measured at amortized cost.

Cash-flow hedges, interest-rate risk
Interest swaps can be used to hedge the uncertainty of highly probable forecasted interest-rate flows for borrowing at variable interest, whereby the company receives variable interest and pay fixed interest. Interest rate swaps are measured at fair value in the balance sheet. The interest coupon portion is continuously recognized in profit or loss as a portion of interest expense. Unrealized changes in fair value of interest rate swaps are recognized in other comprehensive income and are included as a portion of the hedging reserve until the hedged item impacted net profit for the year and as long as the criteria for hedge accounting and effectiveness are fulfilled. The gain or loss attributable to the ineffective portion of unrealized changes in value of interest rate swaps is recognized in profit or loss.

Derivative financial instruments
On initial recognition in the balance sheet, derivate financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognized under other receivables or other payables.

Changes that are complying with requirements for hedging of future cashflow of a recognized asset or a recognized liability are recorded in the other comprehensive income statement.

IMPAIRMENT

The carrying amounts of the Group's assets are tested annually for indications of any impairment requirement. IAS 36 is applied to the impairment testing of assets other than financial assets, which are tested according to IFRS 9 inventories and deferred tax assets, if any.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. ACCOUNTING POLICIES (CONTINUED)

Impairment testing of tangible and intangible assets
If there is an indication of an impairment requirement, the recoverable amount of the asset is tested in accordance with IAS 36 (see below). For goodwill and assets with indefinite life e.g. brand, the recoverable amount is calculated annually. When testing for impairment requirements, if it is not possible to establish essentially independent cash flows for an individual asset, the assets must be grouped at the lowest level at which it is possible to identify essentially independent cash flows, known as cash generating units.

Impairment losses are recognized when the carrying amount of an asset or a cash generating unit (group of units) exceeds the recoverable amount. Impairment losses are charged against profit or loss. Impairment losses related to assets attributable to a cash generating unit are primarily allocated to goodwill. Subsequently, a proportional impairment of other assets included in the unit (group of units) is effected.

The recoverable amount is the higher of fair value less selling expenses and value in use. When calculating the value in use, future cash flows are discounted using a discounting factor that takes into account the risk-free interest rate and the risk associated with the specific asset or cash generating unit (group of units).

Impairment testing of financial assets
Trade receivables are recognised initially at their transaction price less allowance for expected credit losses over the lifetime of the receivable and are subsequently measured at amortised cost adjusted for changes in expected credit losses. The expected credit losses on trade receivables are estimated using a provision matrix with reference to past default experience of the debtors, adjusted for expected changes in defaults in the future based on forward looking information, if relevant. The Group has historically experienced insignificant credit losses.

Receivables, for which the Group has no reasonable expectation of recovery, are written off in part or entirely.

The allowances for expected credit losses and write-offs for trade receivables are recognised in profit or loss and included in administrative expenses.

Impairment reversal
An impairment loss on assets that come under the scope of IAS 36 is reversed if there is an indication that the impairment is no longer pertinent and that there has been a change in the assumptions upon which the calculation of the recoverable amount was based. However, an impairment loss on goodwill and brand with undefinite useful life is never reversed. A reversal is only performed to the extent that the carrying amount of the asset after the reversal does not exceed the carrying amount that would have been recognized, less depreciation wherever applicable, if no impairment had been posted.

An impairment loss on loans and trade receivable recognized at amortized cost is reversed if the previous reasons for the impairment loss no longer exist and full payment can be expected to be received from the customer.

CONTINGENT LIABILITIES
A contingent liability is disclosed when the Company has a possible obligation deriving from an occurred event whose existence will be confirmed only by one or more uncertain future events, or when there is an obligation that has not been recognized as a liability or provision because it is not probable that an outflow of resources will be required, or alternatively because it is not possible to sufficiently reliably estimate the amount concerned.

SHAREHOLDERS' EQUITY
Dividends
Dividends are recognized as a liability after the Annual General Meeting has approved the dividend.

Treasury shares
The treasury share reserve comprises cost of acquisition for the Group's portfolio of treasury shares. Dividends received from treasury shares are recognised directly in retained earnings in equity. Gains and losses from the sale of treasury shares are recognised in share premium.

STATEMENT OF CASH FLOWS
The cash flow statement shows the cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisitions and disposals of businesses is shown separately in cash flows from investing activities. Cash flows from acquired businesses are recognized in the cash flow statement from the date of acquisition, and cash flows from disposed businesses are recognized up until the date of disposal.

Cash flows from operating activities are calculated according to the indirect method as operating profit adjusted for non-cash operating items, changes in working capital, and corporation tax paid.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and operations and of intangible and tangible assets and other non-current assets as well as dividend received.

Cash flows from financing activities comprise changes in the size or composition of the share capital and related costs as well as the raising of loans, repayment of interest-bearing debt, interest and payment of dividends to shareholders.

EARNINGS PER SHARE
The calculation of earnings per share is based on consolidated net profit attributable to the Parent Company shareholders and on the weighted average number of shares outstanding during the year. When calculating earnings per share after dilution, the average number of shares outstanding is adjusted to take into account the dilutive effects of potential ordinary shares including employee share options. The options are dilutive if the exercise price is lower than the share price. Dilution is greater, the greater the difference between the exercise price and the share price. For the options, the exercise price is added the value of future services.

EMPLOYEE BENEFITS
Long-term remuneration
The Group operates schemes for remuneration to employees for long service. The amount is deemed insignificant and the Group, therefore, recognizes the expense at the time of the anniversary.

The Group have a Long-term Incentive program (LTI) for the Executive Management, which is governed by the Remuneration policy. A provision is recognized for the anticipated cost of LTI bonus payments when the Group has a current legal or contractive obligation to make such payments, based on the conditions in the Remuneration policy.

Short-term remuneration
Short-term remuneration to employees is calculated without discounting and is recognized as a cost when the related services are obtained. A provision is recognized for the anticipated cost of bonus payments when the Group has a current legal or contractive obligation to make such payments, based on the services being obtained from the employees and it being possible to reliably estimate the obligation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. FINANCIAL RISKS

FOREIGN EXCHANGE RISK

TCM Group A/S has limited currency exposure and risk, entirely related to sales in NOK, where hedging was applied. Other revenue was in DKK and purchases were primarily in DKK and EUR. Due to the current DKK-EUR fixing, purchases were not hedged. Purchase in other currencies were DKK 4 million in 2021 (DKK 3 million).

TRANSLATION EXPOSURE

The Group does not have any subsidiaries in foreign countries, why there is currently no translation exposure.

CREDIT RISK

TCM Group A/S' customer base comprises both professional customers and consumers. Credit management and payment terms are monitored for each customer group. The Group provides credit to professional customers whereas consumers usually do not get credit. Credit assessments are continuously performed on customers who make regular purchases. Credit insurance, bank guarantees and other collateral are utilized for the different markets and customer categories.

AGE ANALYSIS, TRADE RECEIVABLE

	2021 DKK'000	2020 DKK'000
Trade receivables	**28,235**	**24,395**
Non-due trade receivable	22,411	20,063
Past due trade receivable 0-30 days	1,902	3,511
Past due trade receivable 30-90 days	1,015	860
Past due trade receivable >90 days	3,968	937
Total overdue	**6,886**	**5,308**
Of which secured	3,046	3,043
- Impaired	0	0
Of which unsecured	3,840	2,265
- Impaired	(1,061)	(977)
Total overdue after impairment	**2,779**	**4,331**
Impairment loss recognized in the income statement during the period	**25**	**683**

Trade receivables as of 1 January 2020 amounted to DKK 22.3 million.

Changes in impairment of trade receivables in 2021 amounted to DKK 0.1 million and is recognized as an expence in the income statement 2021.

Actual losses on debtors in 2021 and 2020 have been immaterial in relation to the size of the Group and its activities, and no material losses are expected in 2022, why no further provisions have been made for expected losses. The provision of DKK 1.1 million constitutes 0.1% of net revenue for the year, which is considered sufficient to cover future expected losses.

FINANCIAL EXPOSURE

The Group has signed a new finance agreement with Nykredit Bank comprising a committed facility of DKK 200 million. The agreement initially includes a 3 year commitment plus an option to extend the facility with two 1-year extension options on similar terms.

Bank loans in Nordea with a nominal amount of DKK 20 million as of 31 December 2020 was repaid in 2021.

The bank loans contain covenants. There has been no breach of any covenant during the period. The interest rates on the bank loans are variable.

Mortgage loans with a nominal amount of DKK 31 million (DKK 33 million) are amortised over 20 years and expire in 2032. The interest rates of mortgage loans are variable.

INTEREST-RATE RISK

It is group policy to fully or partially hedge interest rate risks on loans when it is assessed that the debt is material. The group manages interest rate risk by maintaining an appropriate mix between fixed and floating rate borrowings, and by use of interest rate swap contracts.

For the Group's floating rate cash and cash equivalents and debt to banks, an increase in interest rate level of 1% p.a. relative to the actual interest rates would have a negative impact on the profit for the year and on equity at 31 December 2021 of DKK 1.8 million (positive DKK 0.7 million).

Assumptions for analysis of interest-rate sensitivity
The stated sensitivities are calculated on the basis of the recognized financial assets and liabilities at 31 December 2021. No adjustments have been made for instalments, raising of loans, etc. during the course of the year.

The computed expected fluctuations are based on the current market situation and expectations for the market developments in the interest rate level.

CAPITAL MANAGEMENT

The Group targets a leverage ratio of max 2.25 x EBITDA. However, if acquisition opportunities arise, the Company may deviate from this policy. The leverage ratio as of 31 December 2021 is 1.33.

The Board of Directors has adopted a dividend policy with a target payout ratio of 40-60 percent of consolidated net profit for the year. The Board of Directors recommends to the Annual General Meeting to distribute an ordinary dividend of DKK 6 per share. Excluding treasury shares this corresponds to DKK 54 millon. Furthermore, to provide a mandate to the Board of Directors with the option to distribute an extraordinary dividend during 2022 in the range DKK 25-75 million.

FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE IN THE BALANCE SHEET

Interest rate swaps are valued using an income approach (discounted cash flow). Expected future cash flows are based on relevant observable swap rates and discounted using a discount rate that reflects the credit risk of the relevant counterparties (level 2).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. FINANCIAL RISKS (CONTINUED)

The classification of financial instruments measured at fair value is disaggregated in accordance with the fair value hierarchy:

- Quoted prices in an active market for identical instruments (level 1)
- Quoted prices in an active market for similar assets or liabilities or other valuation methods where all significant inputs are based on observable market data (level 2)
- Valuation methods in which any significant input is not based on observable marked data (level 3)

CARRYING AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS:	2021 DKK'000	2020 DKK'000
Hedging – currency fluctuation	(37)	(787)
	(37)	**(787)**

During the financial period, the Group had no financial instruments in level 1 or 3.

The fair value of financial assets and financial liabilities measured at amortised cost is approximately equal to carrying amount, due to the short maturity of financial assets and the floating rate of the financial liabilities.

LIQUIDITY RISK

Liquidity is controlled centrally with the aim of using available liquidity efficiently, at the same time keeping necessary reserves are available. Available liquidity comprised DKK 51 million (DKK 139 million and DKK 75 million in unutilised overdraft facilities) as of 31 December 2021.

Maturity structure, financial and operational liabilities – undiscounted cash flows

DKK MILLION	NOMINAL AMOUNT, FUNCTIONAL CURRENCY	0-6 MONTHS	6-12 MONTHS	1-5 YEARS	5 YEARS OR LATER	TOTAL
2021						
Bank loans	160.7	1.0	1.0	163.3	0.0	165.4
Mortgage loans	30.6	1.5	1.5	11.9	17.5	32.4
Lease liabilities	26.4	5.8	5.7	15.3	0.0	26.8
Trade payables	158.9	158.9	0.0	0.0	0.0	158.9
Other liabilities	53.4	50.1	2.2	1.1	0.0	53.4
Financial and operational liabilities at 31 December 2021		**217.3**	**10.4**	**191.7**	**17.5**	**436.9**

DKK MILLION	NOMINAL AMOUNT, FUNCTIONAL CURRENCY	0-6 MONTHS	6-12 MONTHS	1-5 YEARS	5 YEARS OR LATER	TOTAL
2020						
Bank loans	19.6	5.1	5.1	10.2	0.0	20.4
Mortgage loans	33.4	1.5	1.5	11.9	20.4	35.4
Lease liabilities	35.0	5.5	5.3	24.3	0.0	35.2
Trade payables	125.4	125.4	0.0	0.0	0.0	125.4
Other liabilities	79.4	52.3	2.9	24.2	0.0	79.4
Financial and operational liabilities at 31 December 2020		**189.9**	**14.8**	**70.7**	**23.4**	**295.8**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. 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. Kitchens and related products cover products for kitchen. The result of the operating segment is monitored by the Group's management to evaluate it and to allocate resources.

DKK'000	REVENUE FROM CUSTOMERS 2021	INTANGIBLE AND TANGIBLE ASSETS 2021	REVENUE FROM CUSTOMERS 2020	INTANGIBLE AND TANGIBLE ASSETS 2020
GEOGRAPHIC AREAS				
Denmark	1,011,380	692,339	941,584	676,705
Other countries	96,894	0	83,004	0
	1,108,274	**692,339**	**1,024,588**	**676,705**

Revenue consists of sale of goods and services.

4. STAFF COSTS

TOTAL COSTS FOR EMPLOYEE BENEFITS

DKK'000	2021	2020
Salaries and other remuneration	206,347	194,433
Social security costs	5,806	4,811
Pension costs – defined contribution plans	25,328	23,585
Other staff costs	210	168
Total costs for employees	**237,691**	**222,998**

The average number of employees and number of men and women among Board members and Executive Management are described in note 5.

REMUNERATION AND OTHER BENEFITS

DKK'000	BASE SALARY, DIRECTORS FEES	VARIABLE REMUNERATION	OTHER BENEFITS	PENSION COSTS	TOTAL	NUMBER OF INDIVIDUALS
2021						
Board of Directors	2,188	0	10	0	2,198	5
Executive Management	4,567	377	602	383	5,929	2
Total	**6,755**	**377**	**612**	**383**	**8,127**	**7**

DKK'000	BASE SALARY, DIRECTORS FEES	VARIABLE REMUNERATION	OTHER BENEFITS	PENSION COSTS	TOTAL	NUMBER OF INDIVIDUALS
2020						
Board of Directors	2,188	0	16	0	2,204	5
Executive Management	4,536	2,004	344	481	7,365	2
Total	**6,724**	**2,004**	**360**	**481**	**9,569**	**7**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. STAFF COSTS (CONTINUED)

Employees including the Board of Directors and Executive Management have the opportunity to buy kitchens, bathrooms and storage at a discounted price. The purchases are done indirectly through an independent store. The total value of the purchases made by the Board of Directors and Executive Management was DKK 2 thousand (DKK 173 thousand) during the year.

The remuneration report for the Board of Directors and the Executive Management is avarable on TCM Group´s website.

Board of Directors
Remuneration to members of the Board of Directors is determined by resolutions taken at the Annual General Meeting.

Executive Management
Executive Management, which in 2021 in average totals 2 individuals, received salaries and benefits during the fiscal year amounting to DKK 4.6 million plus variable salary portions based on results for 2021 of DKK 0.4 million.

In addition to basic salary, Executive Management has a Short-term Incentive program (STI) and a Long-term Incentive program (LTI) which is governed by the Remuneration policy. The STI for 2021 is capped at 50% of the annual basic salary and is based on annual KPIs. The bonus criterias for the STI are revenue, EBITDA and NWC ratio. The STI includes a threshold for the EBITDA target which, if not achieved, will result in no STI bonus to be paid, regardless of performance on other KPIs. The EBITDA achieved in 2021 did not exceed the threshold, and therefore no STI bonus is to be paid for the financial year 2021.

The LTI is applicable for the period 2021-2023 and consists of annually commencing individual Performance Share Unit Plans. At the end of the performance period, the performance share units may be converted into shares in TCM Group A/S, which will be granted free of charge. The performance measures for the LTI are all three-year accumulative and consist of absolute total shareholder return of the Company's share, EBITDA, and carbon emission reduction. The LTI is capped at 50% of the annual basic salary for 2021, and corresponding to a total number of shares in TCM Group of 15,989.

The LTI program for 2021-2023 is to be paid out in 2024 depending on the performance on the above mentioned criterias.

The expected vesting level is depending on the performance in the future financial years, and at the time of issuance the expected vesting level of the maximum LTI amount for Executive Management for 2021 was set to be approximately corresponding to a granted value of 50% of the maximum LTI amount.

5. AVERAGE NUMBER OF EMPLOYEES DURING THE PERIOD

	2021	2020
Average number of employees	504	483
Board members	5	5
Of which women	1	*1*
Executive Management	2	2
Of which women	0	*0*

The Board of Directors consists of 5 members in total at the date of approval of these consolidated financial statements.

6. AUDIT FEE

In addition to statutory audit, Deloitte Statsautoriseret Revisionspartnerselskab, the auditors appointed at the Annual General Meeting, provides other assurance engagements and other services to the Group.

DKK'000	2021	2020
SPECIFICATION BY TYPE OF COSTS		
Statutory audit	595	595
Other assurance engagements	65	0
Tax and indirect taxes advisory	30	5
Other services	73	13
	763	**612**

The fee for non-audit services delivered by Deloitte Statsautoriseret Revisionspartnerselskab to the Company amounted to DKK 0.2 million in 2021 and consisted of various services. In 2020, the fee for non-audit services delivered by Deloitte Statsautoriseret Revisionspartnerselskab to the Company amounted to DKK 0.0 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. DEPRECIATION/AMORTIZATION AND IMPAIRMENT BY FUNCTION

DKK'000	DEPRECIATION/ AMORTIZATION 2021	IMPAIRMENT 2021	DEPRECIATION/ AMORTIZATION 2020	IMPAIRMENT 2020
Cost of goods sold	12,562	0	9,489	0
Selling expenses	1,060	0	1,203	0
Administrative expenses	3,296	0	10,649	0
Total depreciation/amortization and impairment	**16,918**	**0**	**21,340**	**0**

8. NON-RECURRING ITEMS

DKK'000	2021	2020
Costs related to Covid-19 and supply chain disruptions	14,010	5,000
Restructuring	1,300	0
Net gain from the Celebert/kitchn.dk transaction	(13,503)	0
Gain from the divestment of an own operated store	(2,498)	0
Total	**(691)**	**5,000**

Below is how the income statement (extract) would have been presented if there were not adjusted for non-recurring items:

DKK'000	2021	2020
Revenue	1,108,274	1,024,588
Cost of goods sold	(869,583)	(756,769)
GROSS PROFIT	**238,691**	**267,819**
Selling expenses	(71,675)	(78,440)
Administrative expenses	(48,536)	(54,662)
Other operating income	19,966	0
Operating profit	**138,447**	**134,717**

9. FINANCIAL INCOME AND EXPENSES

DKK'000	2021	2020
FINANCIAL INCOME		
Interest income on financial assets measured at amortized costs	149	54
Interest income on discounted subleases	189	215
FINANCIAL EXPENSES		
Interest expense on liabilities measured at amortized costs	(3,220)	(3,840)
Interest expenses on discounted lease liabilities	(380)	(425)
Total	**(3,262)**	**(3,996)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. CORPORATION TAX

DKK'000	INCOME STATEMENT	OTHER COMPREHEN-SIVE INCOME	TOTAL COMPREHEN-SIVE INCOME
TAX FOR THE YEAR CAN BE SPECIFIED AS FOLLOWS:			
Current tax	24,557	165	24,722
Change in deferred tax during the year	472	0	472
Total	**25,029**	**165**	**25,194**
TAX FOR THE PREVIUS YEAR CAN BE SPECIFIED AS FOLLOWS:			
Current tax	28,774	(173)	28,601
Change in deferred tax during the year	(296)	0	(296)
Total	**28,477**	**(173)**	**28,304**

Reconciliation of the effective tax rate for the period can be specified as follows:

DKK'000	%	2021	%	2020
Tax rate	22.0	29,816	22.0	28,760
Non-taxable income	(3.3)	(4,468)	0.0	0
Non-deductible expenses	0.2	293	0.0	40
Other	(0.5)	(612)	(0.2)	(322)
Effective tax rate for the year	**18.5**	**25,029**	**21.8**	**28,477**

11. INTANGIBLE ASSETS

DKK'000	2021	2020
GOODWILL		
Opening carrying amount	369,796	369,796
Closing carrying amount	**369,796**	**369,796**
BRAND		
Opening carrying amount	171,961	171,961
Closing carrying amount	**171,961**	**171,961**

IMPAIRMENT TESTING OF GOODWILL AND BRAND

At the end of 2021, recognized goodwill amounted to DKK 369.8 million (DKK 369.8 million) and recognized brand amounted to DKK 172.0 million (DKK 172.0 million).

Goodwill has been allocated to cash generating unit (CGU) when the unit were acquired. TCM Group A/S has one CGU corresponding to the operating segment "Producing and selling kitchens, bathrooms and storage", hence the acquired goodwill has been allocated here to.

Goodwill and brand are subject to an annual impairment test by calculating the expected recoverable amount of the CGU. The recoverable amount is calculated as the expected cash flow discounted by a weighted average cost of capital (WACC) after tax for the CGU. The recoverable amount, calculated in conjunction with this, is compared with the carrying amount, including goodwill and brand, for the CGU. The starting point of the calculation is the estimated future cash flows based on the financial budget for the forthcoming fiscal year. A forecast for the next four years is prepared based on this budget and expectations regarding market trends in the years ahead, which reflects previous experience.

When calculating the expected cash flow, significant assumptions applied include expected demand, growth in net sales, operating margin and working capital requirements. Various economic indicators are used to analyse the business climate, as well as external and internal analyses of these. The assumptions are also based on the impact of the Group's long-term strategic initiatives, comprising differentiated brands, a Group-wide range, central sourcing and product development. In order to extrapolate the cash flows beyond the first five years, a growth rate of 2% (2%) is applied.

The weighted average cost of capital is calculated on the average debt/equity ratio for large companies in similar industries and costs of debt and equity. The cost of shareholders' equity is determined on the basis of the assumption that all investors require at least the same level of return as for risk-free government bonds, with an additional risk premium for the estimated risks assumed when they invest in cash generating units. The risk premium has been established

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. INTANGIBLE ASSETS (CONTINUED)

based on the long-term historical return on the stock market for large companies in similar industries by taking into consideration the risk profile of the business unit. The required return on debt financed capital is also calculated on the return on risk-free government bonds and by applying a borrowing margin based on an estimated company-specific risk. The current tax rate of 22% is applied.

In 2021, the Group's weighted cost of capital before tax amounted to 8.6% (8.4%) and after tax to 6.7% (6.6%).

Testing of goodwill and brand did not lead to any impairment in 2021 or 2020. In management's assessment, likely changes in the basic assumptions will not lead to the carrying amount exceeding the recoverable amount.

OTHER INTANGIBLE ASSETS

DKK'000	2021	2020
Opening cost	49,624	49,422
Investments for the period	4,465	0
Disposals for the period	(336)	202
Closing accumulated cost	**53,753**	**49,624**
Opening amortization	47,927	40,173
Amortization for the period	1,400	0
Disposals for the period	(134)	7,754
Closing accumulated amortization	**49,193**	**47,927**
CLOSING CARRYING AMOUNT		
Of which:		
Software	4,561	437
Franchise set-up	0	1,260
Closing carrying amount	**4,561**	**1,697**

12. TANGIBLE ASSETS

DKK'000	BUILDINGS	LAND AND LAND IMPROVEMENTS	TANGIBLE ASSETS UNDER CONSTRUCTION AND PREPAYMENTS	MACHINERY AND OTHER TECHNICAL EQUIPMENT	EQUIPMENT, TOOLS, FIXTURES AND FITTINGS
Opening cost at 1 January 2021	**95,002**	**6,833**	**11,855**	**33,286**	**13,700**
Investments for the period	5,023	155	11,575	11,326	4,273
Transfer	160	0	(11,657)	11,497	0
Disposals for the period	(5,215)	0	0	(89)	(2,726)
Closing cost amount at 31 December 2021	**94,971**	**6,988**	**11,773**	**56,020**	**15,247**
Opening depreciation and impairment at 1 January 2021	14,722	0	0	5,590	7,112
Disposals for the period	(2,097)	0	0	(89)	(1,780)
Depreciation for the period	4,232	0	0	7,994	3,292
Closing depreciation and impairment at 31 December 2021	**16,858**	**0**	**0**	**13,496**	**8,625**
Closing carrying amount at 31 December 2021	**78,113**	**6,988**	**11,773**	**42,524**	**6,622**
Of which right-of-use assets					
Opening carrying amount at 1 January 2021	13,315				2,129
Investment for the period	0				1,832
Disposals for the period	(3,118)				(631)
Depreciation for the period	(2,410)				(1,450)
Closing carring amount at 31 December 2021	**7,788**				**1,879**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. TANGIBLE ASSETS (CONTINUED)

DKK'000	2021
Amounts recognized in the income statement	
Cost of short term leases	891
Variable leasing costs that are not included in leasing liabilities	152
	1,043

DKK'000	BUILDINGS	LAND AND LAND IMPROVE-MENTS	TANGIBLE ASSETS UNDER CONSTRUCTION AND PREPAYMENTS	MACHINERY AND OTHER TECHNICAL EQUIPMENT	EQUIPMENT, TOOLS, FIXTURES AND FITTINGS
Opening cost at 1 January 2020	**89,195**	**6,833**	**0**	**33,112**	**11,042**
Investments for the period	5,806	0	11,855	13,373	4,875
Disposals for the period	0	0	0	(13,199)	(763)
Reclassification to assets held for sale	0	0	0	0	(1,454)
Closing cost amount at 31 December 2020	**95,002**	**6,833**	**11,855**	**33,286**	**13,700**
Opening depreciation and impairment at 1 January 2020	9,557	0	0	13,731	5,899
Disposals for the period	0	0	0	(13,199)	(735)
Depreciation for the period	5,164	0	0	5,059	3,364
Reclassification to assets held for sale	0	0	0	0	(1,415)
Closing depreciation and impairment at 31 December 2020	**14,722**	**0**	**0**	**5,590**	**7,112**
Closing carrying amount at 31 December 2020	**80,280**	**6,833**	**11,855**	**27,696**	**6,588**

DKK'000	BUILDINGS	LAND AND LAND IMPROVE-MENTS	TANGIBLE ASSETS UNDER CONSTRUCTION AND PREPAYMENTS	MACHINERY AND OTHER TECHNICAL EQUIPMENT	EQUIPMENT, TOOLS, FIXTURES AND FITTINGS
Of which right-of-use assets					
Opening carrying amount at 1 January 2020	13,699				1,774
Investment for the period	3,024				1,919
Disposals for the period	0				(26)
Depreciation for the period	(3,408)				(1,538)
Closing carring ammount at 31 December 2020	**13,315**				**2,129**

	2020
Amounts recognized in the income statement	
Variable leasing costs that are not included in leasing liabilities	26
Cost of leases that expire within 12 months	352
	378

No impairment was charged to tangible assets in 2021 or 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. INVESTMENTS IN ASSOCIATED COMPANIES

DKK'000	2021	2020
Cost at start of year	0	0
Additions	61,178	0
Carrying amount at end of year	**61,178**	**0**
Value adjustments at start of year	0	0
Dividend received	(14,292)	0
Share of profit/(loss)	554	0
Value adjustments at end of year	**(13,740)**	**0**
Carrying amount as at end of year	**47,439**	**0**

The associated company Celebert ApS has balance sheet date as at 30 June.

At the end of 2021, recognized goodwill related to associated companies amounted to DKK 45.6 million (DKK 0.0 million). No impairment was charged to goodwill related to associated companies in 2021.

14. INVENTORIES

DKK'000	2021	2020
Raw materials and consumables	46,104	25,359
Products in progress	22,929	17,195
Finished products	9,931	7,127
Total write-down of inventories	(1,200)	(1,425)
	77,764	**48,255**

Costs of goods sold recognized as an expense during the period are DKK 853.7 million (DKK 751.8 million) and write downs of inventory recognized as an income off-setting scrapped inventory during the period are DKK 0.2 million (income of DKK 1.3 million), due to reversal of previous years write-down.

15. OTHER FINANCIAL ASSETS AND OTHER RECEIVABLES

DKK'000	2021	2020
OTHER FINANCIAL ASSETS		
Subleases	7,559	12,543
Deposits	965	695
Total	**8,524**	**13,239**
OTHER RECEIVABLES		
Subleases	7,120	5,888
Other receivables	24,384	17,854
Total	**31,505**	**23,742**

Subleases are specified as follows:

	2021		2020	
DKK'000	BOOK VALUE	UNDISCOUNTED VALUE	BOOK VALUE	UNDISCOUNTED VALUE
Falling due for payment within one year	7,120	7,234	5,888	6,045
Falling due for payment within one and two years	7,337	7,379	6,068	6,166
Falling due for payment within two and three years	222	222	6,253	6,289
Falling due for payment within three and four years	0	0	222	222
Falling due for payment within four and five years	0	0	0	0
Falling due for payment later	0	0	0	0
Total	**14,679**	**14,836**	**18,432**	**18,723**

Subleases falling due for payment later than one year is presented as finansial assets. Subleases falling due for payment within one year are presented as other receivables, but are not included in the calculation of net working capital.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. PREPAID EXPENSES AND ACCRUED INCOME

DKK'000	2021	2020
Other prepaid expenses	3,235	438
Total	**3,235**	**438**

As of 1 January 2020, contract work in progress amounted to DKK 1.0 million and prepayments from customers amounted to DKK 4.6 million and was related to activities sold in the beginning of 2021.

17. SHARE CAPITAL

	NO. OF REGISTERED SHARES	NO. OF SHARES OUTSTANDING	NOMINAL VALUE
As of 1 January 2021	10,000,000	10,000,000	1,000,000
As of 31 December 2021	**10,000,000**	**10,000,000**	**1,000,000**
As of 1 January 2020	10,000,000	10,000,000	1,000,000
As of 31 December 2020	**10,000,000**	**10,000,000**	**1,000,000**

Share capital amounted to nominal DKK 1,000,000. The share's nominal value is DKK 0,1.
All of the registered shares are fully paid. All shares are ordinary shares of the same type.

	NO. OF SHARES	NOMINEL VALUE	PURCHARES PRICE	% OF SHARES
As of 1 January 2021	0	0	0	0
Purchase of treasury shares	832,227	83,223	135,976	8.3
As of 31 December 2021	**832,227**	**83,223**	**135,976**	**8.3**
As of 1 January 2020	0	0	0	0
As of 31 December 2020	**0**	**0**	**0**	**0**

18. VALUE ADJUSTMENTS OF CURRENCY HEDGES

DKK'000	VALUE ADJUSTMENT OF CASH FLOW HEDGES 2021	TOTAL 2021	VALUE ADJUSTMENT OF CASH FLOW HEDGES 2020	TOTAL 2020
Opening balance	**(614)**	**(614)**	**0**	**0**
Value adjustments of currency hedges before tax	750	750	(787)	(787)
Tax on value adjustments of currency hedges	(165)	(165)	173	173
Closing balance	**(29)**	**(29)**	**(614)**	**(614)**

HEDGING RESERVE

The fair value adjustment of unrealized gains/losses of the forward exchange contracts is adjusted in equity.

The forward exchange contracts, which have been entered into with the company's usual bank connection, cover a period 0-12 months from the balance sheet date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19. EARNINGS PER SHARE

EARNINGS PER SHARE BEFORE DILUTION

Earnings per share before dilution are calculated by dividing profit attributable to the shareholders by the weighted average number of outstanding ordinary shares during the period.

DKK	2021	2020
Profit attributable to shareholders (DKK'000)	110,709	102,243
Weighted average number of outstanding ordinary shares before dilution	9,584,933	10,000,000
Earnings per share before dilution (DKK)	11.55	10.22

EARNINGS PER SHARE AFTER DILUTION

To calculate earnings per share after dilution, the weighted average number of outstanding ordinary shares were adjusted for the dilution effect of all potential ordinary shares. These potential ordinary shares were attributable to the Long-term Incentive program (LTI) that were allotted to the Executive Management in 2021. Refer to note 4.

If all the performance targets set for the first plan, PSU 2021 – 2023, are fully achieved, the aggregate allocated maximum number of share units and, accordingly, shares to be awarded based on this first plan is 15,989 shares (gross earning). The expected vesting level of the maximum LTI amount for Executive Management for 2021 is estimated to be approximately corresponding to a granted value of 50%.

DKK	2021	2020
Weighted average number of outstanding ordinary shares	9,584,933	10,000,000
Employee share option scheme	7,995	0
Weighted average number of outstanding ordinary shares after dilution	9,592,928	10,000,000
Earnings per share after dilution	11.54	10.22

20. DIVIDEND

The Board of Directors recommends to the Annual General Meeting to distribute an ordinary dividend of DKK 6 per share. Excluding treasury shares this corresponds to DKK 54 million.
Furthermore, to provide a mandate to the Board of Directors with the option to distribute an extraordinary dividend during 2022 in the range DKK 25-75 million.

21. DEFERRED TAX

DKK'000	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES	NET
Opening balance, 1 January 2021	0	53,220	53,220
Recognized in net profit for the year	0	472	472
Closing balance, 31 December 2021	**0**	**53,692**	**53,692**
Opening balance, 1 January 2020	0	53,516	53,516
Recognized in net profit for the year	0	(296)	(296)
Closing balance, 31 December 2020	**0**	**53,220**	**53,220**

The change in deferred tax liabilities for the period:

DEFERRED TAX LIABILITIES

DKK'000	TEMPORARY DIFFERENCES IN INTANGIBLE ASSETS	TEMPORARY DIFFERENCES IN TANGIBLE ASSETS	OTHER	TOTAL
As of 1 January 2021	**39,336**	**13,544**	**340**	**53,220**
Recognized in net profit for the year	55	771	-354	472
As of 31 December 2021	**39,391**	**14,315**	**-14**	**53,692**
As of 1 January 2020	**40,999**	**12,932**	**(415)**	**53,516**
Recognized in net profit for the year	(1,663)	612	755	(296)
As of 31 December 2020	**39,336**	**13,544**	**340**	**53,220**

Corporation tax-rate in Denmark for the year is 22.0%. There are no loss carryforwards.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22. BANK LOANS AND MORTGAGE LOANS

DKK'000	2021	2020
MATURITY STRUCTURE		
Within 1 year	2,805	12,738
Between 1 and 5 years	11,049	20,587
Longer than 5 years	16,776	19,759
Total	**30,630**	**53,085**

Refer to note 2 for additional information regarding bank loans and mortgage loans. During 2021, an extraordinary repayment has been made on bank loans of DKK 10.0 million (DKK 86.0 million).

23. FINANCIAL ASSETS AND LIABILITIES

2021 DKK'000	DERIVATIVE HEDGING INSTRUMENTS MEASURED AT FAIR VALUE	FINANCIAL ASSETS MEASURED AT AMORTIZED COST	FINANCIAL LIABILITIES MEASURED AT AMORTIZED COST	TOTAL CARRYING AMOUNT
Other long-term receivables	0	965	0	965
Trade receivable	0	28,235	0	28,235
Cash and cash equivalents	0	11,884	0	11,884
Total	**0**	**41,084**	**0**	**41,084**
Long-term interest-bearing liabilities	0	0	43,014	43,014
Current interest-bearing liabilities	0	0	174,727	174,727
Accounts payable	0	0	158,924	158,924
Long-term other liabilities	0	0	1,132	1,132
Short-term current other liabilities	37	0	52,187	52,224
Total	**37**	**0**	**429,984**	**430,021**

23. FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

2020 DKK'000	DERIVATIVE HEDGING INSTRUMENTS MEASURED AT FAIR VALUE	FINANCIAL ASSETS MEASURED AT AMORTIZED COST	FINANCIAL LIABILITIES MEASURED AT AMORTIZED COST	TOTAL CARRYING AMOUNT
Other long-term receivables	0	695	0	695
Trade receivable	0	24,395	0	24,395
Cash and cash equivalents	0	125,855	0	125,855
Total	**0**	**150,946**	**0**	**150,946**
Long-term interest-bearing liabilities	0	0	64,397	64,397
Current interest-bearing liabilities	0	0	23,623	23,623
Accounts payable	0	0	125,368	125,368
Long-term other liabilities	0	0	24,187	24,187
Short-term current other liabilities	787	0	54,455	55,242
Total	**787**	**0**	**292,030**	**292,817**

24. ACQUISITION OF OPERATIONS (BUSINESS COMBINATIONS)

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 kitchn business Celebert. TCM Group merged its e-commerce activities in kitchn.dk with the activities of Celebert and has initially acquired a 45% stake in Celebert.

Cost related to the transaction amounted to DKK 4.0 million and are presented under non-recurring items.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

24. ACQUISITION OF OPERATIONS (BUSINESS COMBINATIONS) (CONTINUED)

DKK'000	2021
Assets held for sale	
Purchase price	29,000
Merged activities	32,178
	61,178
Equity value of acquired net assets – 45%	(15,528)
Goodwill before elimination	**45,650**
Elimination of internal profit	(14,292)
Goodwill after elimination	**31,358**

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

25. CHANGES IN LIABILITIES ATTRIBUTABLE TO THE FINANCING ACTIVITIES

DKK'000	MORTGAGE LOANS	BANK LOANS	CASH POOL	LEASE LIABILITIES	TOTAL
Opening balance, 1 January 2021	33,443	19,641	0	34,936	88,020
Non-cash change					
New lease liabilities	0	0	0	3,184	3,184
New lease liabilities	0	0	0	(411)	(411)
Subleases settled directly from the franchisee	0	0	0	(7,061)	(7,061)
Amortization of borrowing costs	9	359	0	0	368
	9	**359**	**0**	**(4,288)**	**(3,920)**
Financing cash flows					
Repayment of loans	(2,823)	(20,000)	0	(4,237)	(27,060)
Changes in cash pool	0	0	160,701	0	160,701
	(2,823)	**(20,000)**	**160,701**	**(4,237)**	**133,641**
Closing balance, 31 December 2021	**30,630**	**0**	**160,701**	**26,411**	**217,741**

25. CHANGES IN LIABILITIES ATTRIBUTABLE TO THE FINANCING ACTIVITIES (CONTINUED)

In 2021, the total amount of cash flows related to lease liabilities was DKK 8.5 million, of which the interest payments related to the recognized lease liabilities were DKK 0.2 million and repayments DKK 4.2 million.

DKK'000	MORTGAGE LOANS	BANK LOANS	CASH POOL	LEASE LIABILITIES	TOTAL
Opening balance, 1 January 2020	36,237	116,406	0	40,899	193,542
Non-cash change					
New lease liabilities	0	0	0	4,916	4,916
Subleases settled directly from the franchisee	0	0	0	(5,711)	(5,711)
Amortization of borrowing costs	0	735	0	0	735
	0	**735**	**0**	**(795)**	**(60)**
Financing cash flows					
Repayment of loans	(2,794)	(97,500)	0	(5,168)	(105,462)
	(2,794)	**(97,500)**	**0**	**(5,168)**	**(105,462)**
Closing balance, 31 December 2020	**33,443**	**19,641**	**0**	**34,936**	**88,020**

26. PLEDGED ASSETS, CONTINGENT LIABILITIES AND COMMITMENTS

The Group has, in respect of the it's commitment to Nykredit, issued a pledge ban on the Group' assets.

For collateral for debt to mortgage lender, DKK 30.6 million (DKK 33.4 million), pledges have been given in land and buildings with a carrying amount as of 31 December 2021 amounting to DKK 86.3 million (DKK 74.2 million).

The Group has contingent liabilities pertaining to sub-contractor guarantees that arise in normal commercial operations. No significant liabilities are expected to arise through these contingent liabilities.

Guarantees related to AB92 – provisions of work and supplies within building and engineering – amount to a total of DKK 1.9 million (DKK 3.4 million).

Other bank guarantees amount in total to DKK 0.3 million (DKK 0.3 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

27. ASSETS AND LIABILITIES HELD FOR SALE

Assets and liabilities held for sale consists in 2020 of assets and liabilities related to the Svane Køkkenet store in Copenhagen, which has been sold with effect from 5 January 2021.

DKK'000	2021	2020
ASSETS HELD FOR SALE		
Tangible fixed assets	0	39
Trade receivables	0	3,667
Inventories	0	1,504
Cash and cash equivalents	0	5,828
Prepaid expenses and accrued income	0	747
Total	**0**	**11,785**
LIABILITIES HELD FOR SALE		
Prepayments from customers	0	4,890
Trade payables	0	1,147
Other liabilities	0	3,001
Total	**0**	**9,038**

28. RELATED PARTY TRANSACTIONS

RELATED PARTIES WITH A CONTROLLING INTEREST

As at 31 December 2021, there are no related parties with a controlling interest in the Company.

TRANSACTIONS BETWEEN RELATED PARTIES

During the financial period, the Group has had the following transactions with related parties:

Referring to note 4: Remuneration to Executive Management and Board of Directors.

There are no other transactions with related parties.

29. EVENTS AFTER THE BALANCE SHEET DATE

Apart from the events recognized or disclosed in the annual report, no other events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

30. COMPANIES IN THE TCM GROUP

	BUSINESS REGISTRATION NO	DOMICILE	SHARE OF EQUITY
PARANT COMPANY			
TCM Group A/S	37291269	Holstebro	
SUBSIDIARIES			
TMK A/S	75924712	Holstebro	100%
Nettoline A/S	31599555	Aulum	100%
ASSOCIATED COMPANIES			
Celebert ApS	27428959	Aalborg	45%

With effect from 5 January 2021, TMK A/S sold it's subsidiary, Køkkenretail ApS.
With effect from 6 July 2021, Nettoline A/S bought 45% of Celebert ApS.

Apart from the above mentioned, shareholdings in subsidiaries and associated companies are unchanged compared to last year.

DEFINITIONS

KEY FIGURES

Key figures and financial ratios have been defined and calculated as stated below:

Following key figures are not directly derived from the face of the income statement or balance sheet and as such are defined as follows:

Adjusted EBITDA:	Operating profit before non-recurring items (Adjusted EBIT) plus depreciation and amortization.
Adjusted EBITA:	Operating profit before non-recurring items (Adjusted EBIT) plus amortization.
Net interest-bearing debt:	Current and non-current interest-bearing loans and borrowings less interest-bearing receivables and cash and cash equivalents.
Net working capital:	The sum of inventories, trade receivables, other receivables (excluding subleases) and prepayments less the sum of prepayments from costumers, trade payables and other liabilities.

RATIOS:

Ratio	Calculation formula
Gross margin	Gross profit * 100 Revenue
EBITDA margin	EBITDA * 100 Revenue
EBITA margin	EBITA * 100 Revenue
Adjusted EBITA margin	Adjusted EBITA * 100 Revenue
EBIT margin	EBIT * 100 Revenue
Solvency ratio	Equity * 100 Balance sheet total
Leverage ratio	Net interest-bearing debt excluding tax liabilities 12 months adjusted EBITDA
NWC ratio	Net working capital (1) * 100 12 months revenue
Capex ratio excl. acquisitions	Capex ratio excluding acquisitions is calculated as investments in tangible assets (capex) divided with revenue. Capex is exclusive investments in connection with acquisitions.
Cash conversion ratio	Cash conversion ratio is calculated as adjusted EBITDA less the change in net working capital (1) and capex excluding acquisitions divided by adjusted EBITDA. The ratio is for the last twelve months.

The definition and calculation formula for earnings per share before and after dilution can be found in note 19 in the consolidated financial statements.

(1) Net working capital is adjusted with assets and liabilities held for sale.

FINANCIAL STATEMENTS OF THE PARENT COMPANY

INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

DKK'000	NOTE	2021	2020
Revenue		8,000	5,704
Gross profit		**8,000**	**5,704**
Administrative expenses	2, 3	(12,051)	(14,041)
Operating loss before non-recurring items		**(4,051)**	**(8,337)**
Non-recurring items		(79)	0
Operating loss		**(4,130)**	**(8,337)**
Dividend from subsidiaries		150,000	100,000
Financial income	4	422	165
Financial expenses	4	(2,126)	(2,662)
Profit before tax		**144,166**	**89,166**
Tax for the year	5	1,231	2,384
Net profit for the year		**145,398**	**91,550**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Value adjustments of cash-flow hedges before tax		0	0
Tax on value adjustments of cash-flow hedges		0	0
Other comprehensive income for the year		**0**	**0**
Total comprehensive income		**145,398**	**91,550**

BALANCE SHEET AS OF 31 DECEMBER

DKK'000	NOTE	2021	2020
ASSETS			
NON-CURRENT ASSETS			
Investments in subsidiaries	6	496,756	496,756
Financial non-current assets		**496,756**	**496,756**
Total non-current assets		**496,756**	**496,756**
CURRENT ASSETS			
Receivables from subsidiaries		24,832	5,350
Deferred tax assets		0	78
Tax receivables		6,395	5,050
Prepaid expenses and accrued income		2,273	291
Total current assets		**33,500**	**10,768**
Cash and cash equivalents		12	2,857
Total current assets		**33,511**	**13,625**
Total assets		**530,267**	**510,381**

BALANCE SHEET AS OF 31 DECEMBER (CONTINUED)

DKK'000	NOTE	2021	2020
EQUITY AND LIABILITIES			
Share capital		1,000	1,000
Treasury shares		(135,976)	0
Retained earnings		444,421	353,427
Proposed dividend for the financial year		54,404	130,000
Total equity		**363,849**	**484,427**
Bank loans	7	0	9,715
Other payables		1,132	4,878
Total long-term liabilities		**1,132**	**14,593**
CURRENT LIABILITIES			
Bank loans	7	160,701	9,925
Trade payables		2,235	267
Payables to subsidiaries		1,525	0
Other payables		826	1,168
Total current liabilities		**165,287**	**11,360**
Total liabilities		**166,419**	**25,954**
Total equity and liabilities		**530,267**	**510,381**

CHANGES IN SHAREHOLDERS' EQUITY

DKK'000	SHARE CAPITAL	TREASURY SHARES	RETAINED EARNINGS	PROPOSED DIVIDEND	TOTAL
Opening balance 01.01.2021	**1,000**	**0**	**353,427**	**130,000**	**484,427**
Net profit for the year	0	0	90,994	54,404	145,398
Total comprehensive income for the year	**0**	**0**	**90,994**	**54,404**	**145,398**
Dividend paid	0	0	0	(130,000)	(130,000)
Purchase of treasury shares	0	(135,976)	0	0	(135,976)
Closing balance 31.12.2021	**1,000**	**(135,976)**	**444,421**	**54,404**	**363,849**
Opening balance 01.01.2020	**1,000**	**0**	**339,377**	**52,500**	**392,877**
Reversed proposed dividend*	0	0	52,500	(52,500)	0
Net profit for the year	0	0	(38,450)	130,000	91,550
Total comprehensive income for the year	**0**	**0**	**(38,450)**	**130,000**	**91,550**
Dividend paid*	0	0	0	0	0
Closing balance 31.12.2020	**1,000**	**0**	**353,427**	**130,000**	**484,427**

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

CASH FLOW STATEMENT

DKK'000	NOTE	2021	2020
OPERATING ACTIVITIES			
Operating loss		(4,130)	(8,337)
Income tax paid		(25,874)	(31,157)
Change in operating receivables		4,629	33,543
Change in operating liabilities		(851)	(5,732)
Cash flow from operating activities		**(26,226)**	**(11,683)**
Dividend received		150,000	100,000
Cash flow from investing activities		**150,000**	**100,000**
Interest paid		(1,344)	(1,763)
Proceeds and repayment of loans	8	140,701	(97,500)
Purchase of treasury shares		(135,976)	0
Dividend paid		(130,000)	0
Cash flow from financing activities		**(126,619)**	**(99,263)**
Cash flow for the year		**(2,845)**	**(10,946)**
Cash at start of year		2,857	13,803
Cash flow for the year		(2,845)	(10,946)
Cash at end of year		**12**	**2,857**

NOTES TO THE PARENT FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Determining the carrying amount of certain assets and liabilities requires an estimate of how future events will affect the value of those assets and liabilities at the balance sheet date. Estimates that are significant to the Parent's financial reporting are made, for instance, related to valuation of investments in subsidiaries, which constitute a major share of the Parent's total assets.

Subsidiaries are tested for impairment if events or other circumstances indicate that the carrying amount is not recoverable. Measuring subsidiaries requires significant estimates to be made when making different assumptions, including expected future cash flows, discount rate and terminal value growth rates. The sensitivity to changes in the assumptions applied collectively and individually – may be significant.

Particular estimation uncertainties and judgements made in respect of the Group is discussed in note 1 to the consolidated financial statements.

NOTES TO THE PARENT FINANCIAL STATEMENTS (CONTINUED)

2. STAFF COSTS

DKK'000	2021	2020
TOTAL COSTS FOR EMPLOYEE BENEFITS		
Salaries and other remuneration	7,341	8,728
Social security costs	21	16
Pension costs – defined contribution plans	574	481
Total costs for employees	**7,936**	**9,225**

Further employee benefits for executive management a.o. company car, phone etc. are presented as administration costs.

REMUNERATION AND OTHER BENEFITS

DKK'000	BASE SALARY, DIRECTORS FEES	VARIABLE REMUNERA-TION	OTHER BENEFITS	PENSION COSTS	TOTAL	NUMBER OF INDIVIDUALS
2021						
Board of Directors	2,188	0	10	0	2,198	5
Executive Management	4,567	377	602	383	5,929	2
Total	**6,755**	**377**	**612**	**383**	**8,127**	**7**
2020						
Board of Directors	2,188	0	16	0	2,204	5
Executive Management	4,536	2,004	0	481	7,021	2
Total	**6,724**	**2,004**	**16**	**481**	**9,225**	**7**

Refering to note 4 of the consolidated financial statement for description of the Short-term Incentive program (STI) and Long-term Incentive program (LTI).

3. AUDIT FEE

In addition to statutory audit, Deloitte Statsautoriseret Revisionspartnerselskab, the auditors appointed at the Annual General Meeting, provides other assurance engagements and other services to the Group.

DKK'000	2021	2020
SPECIFICATION BY TYPE OF COSTS		
Statutory audit	185	150
Other assurance engagements	65	0
	250	**150**

The fee for non-audit services delivered by Deloitte Statsautoriseret Revisionspartnerselskab to the Company amounted to DKK 65 thousand in 2021 and consisted of various services. In 2020, the fee for non-audit services delivered by Deloitte Statsautoriseret Revisionspartnerselskab to the Company amounted to DKK 0 thousand.

4. FINANCIAL INCOME AND EXPENSES

DKK'000	2021	2020
FINANCIAL INCOME		
Interest income from subsidiaries	422	165
FINANCIAL EXPENSES		
Interest expense on liabilities measured at amortized costs	(2,125)	(2,662)
Total	**(1,704)**	**(2,497)**

NOTES TO THE PARENT FINANCIAL STATEMENTS (CONTINUED)

5. CORPORATION TAX

DKK'000	INCOME STATEMENT	OTHER COMPREHEN-SIVE INCOME	TOTAL COMPREHEN-SIVE INCOME
Tax for the year can be specified as follows:			
Current tax	1,231	0	1,231
Total	**1,231**	**0**	**1,231**
Tax for the previous year can be specified as follows:			
Current tax	2,384	0	2,384
Total	**2,384**	**0**	**2,384**

Reconciliation of the effective tax rate for the year can be specified as follows:

DKK'000	%	2021	%	2020
Tax rate	22.0	31,717	22.0	19,616
Non-taxable income	(22.9)	(33,000)	(22.0)	(22,000)
Non-deductible expenses	0.0	52	0.0	1
Effective tax rate for the year	**(0.9)**	**(1,231)**	**0.0**	**(2,383)**

6. INVESTMENTS IN SUBSIDIARIES

DKK'000	2021	2020
INVESTMENTS IN SUBSIDIARIES		
Cost at start of year	496,756	496,756
Cost at end of year	**496,756**	**496,756**
Carrying amount at end of year	**496,756**	**496,756**

Investments in subsidiaries comprise:

TMK A/S, 100%

Refer to note 30 of the consolidated financial statements for a list of all companies in the TCM Group.

The carrying amount of the Parent's investments in subsidiaries is tested for impairment if an indication of impairment exists. There has not been identified any indication of impairment.

7. BANK LOANS

DKK'000	2021	2020
MATURITY STRUCTURE		
Within 1 year	0	9,925
Between 1 and 5 years	0	9,715
Longer than 5 years	0	0
Total	**0**	**19,640**

NOTES TO THE PARENT FINANCIAL STATEMENTS (CONTINUED)

8. CHANGES IN LIABILITIES ATTRIBUTABLE TO THE FINANCING ACTIVITIES

DKK'000	BANK LOANS	CASH POOL	TOTAL
Opening balance, 1 January 2021	19,641	0	19,641
Non-cash change			
Amortization of borrowing costs	359	0	359
	359	**0**	**359**
Financing cash flows			
Repayment of loans	(20,000)	0	(20,000)
Changes in cash pool	**0**	**160,701**	**160,701**
	(20,000)	**160,701**	**140,701**
Closing balance, 31 December 2021	**0**	**160,701**	**160,701**
Opening balance, 1 January 2020	116,406	0	116,406
Non-cash change			
Amortization of borrowing costs	735	0	735
	735	**0**	**735**
Financing cash flows			
Repayment of loans	(97,500)	0	(97,500)
	(97,500)	**0**	**(97,500)**
Closing balance, 31 December 2020	**19,641**	**0**	**19,641**

9. GUARANTEES, CONTINGENT LIABILITIES AND COLLATERAL

The Company has, in respect of the Group's commitment to Nykredit, issued a pledge ban on all assets. The Company is jointly and severally liable with group companies, but all debt in the Group's commitment to Nykredit is recognized in the company.

TCM Group A/S is the management company in the Danish joint taxation. Consequently, refering to the Danish Corporation Tax Act regulations, TCM Group A/S is, with effect from the financial year 2016, liable for any income taxes, etc. for the jointly taxed companies, and TCM Group A/S is likewise liable for any obligations to withhold tax at source on interests, royalities and returns for the jointly taxed companies.

10. RELATED PARTIES

For specification of related parties refer to note 28 and 30 of the consolidated financial statements.

Referring to note 4 of the consolidated financial statements: Remuneration to Executive Management and Board of Directors.

Management fee from subsidiaries in the financial year amounts to DKK 8.0 million (DKK 5.7 million).

Intergroup transactions are carried out on arm's length principles.

Aside from this, no transactions with the Executive Management or major shareholders or other related parties have been made during the year.

11. EVENTS AFTER THE BALANCE SHEET DATE

Apart from the events recognized or disclosed in the annual report, no other events have occurred after the balance sheet date to this date which would influence the evaluation of the annual report.

12. ACCOUNTING POLICIES

These parent financial statements are prepared under the historical cost convention and presented in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Accounting policies are unchanged compared to last year.

DESCRIPTION OF ACCOUNTING POLICIES APPLIED

Compared with the accounting policies described for the consolidated financial statements (see note 1 to the consolidated financial statements), the accounting policies applied by the Parent are different in the following:

DIVIDEND INCOME

Distribution of profits accumulated by subsidiaries is taken to income in the Parent's income statement in the financial year in which the dividend is declared. If an amount is distributed exceeding the subsidiary's comprehensive income for the year, then an impairment test is performed.

NOTES TO THE PARENT FINANCIAL STATEMENTS (CONTINUED)

12. ACCOUNTING POLICIES (CONTINUED)

INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are measured at cost in the parent financial statements. If an indication of impairment exists, then an impairment test is performed as described in the accounting policies for the consolidated financial statements. If the carrying amount exceeds the recoverable amount, investments are written down to such lower amount.

If distribution is made from reserves other than accumulated profits of subsidiaries, such distribution will reduce the cost of the investments if the distribution is in the nature of a repayment of the Parent's investment.

13. FINANCIAL RISKS

TRANSLATION EXPOSURE

The Company does not have any subsidiaries in foreign countries, why there is no translation exposure.

CREDIT RISK

The Company does not have any external activities. No material credit risk have been identified.

FINANCIAL EXPOSURE

The Group has signes a new finance agreement with Nykredit Bank comprising a committed facility of DKK 200 million. The agreement initially includes a 3 year commitment plus an option to extend the facility with two 1-year extension options on similar terms.
Bank loans in Nordea with a nominal amount of DKK 20 million as of 31 December 2020 was repaid in 2021.

The bank loans contains covenants. There has been no breach of any covenant during the year. The interest rate on the bank loan is variable.

INTEREST-RATE RISK

It is group policy to fully or partially hedge interest rate risks on loans when it is assessed that the debt is material. The group manages interest rate risk by maintaining an appropriate mix between fixed and floating rate borrowings, and by use of interest rate swap contracts.

For the Company’s floating rate cash and cash equivalents and debt to banks, an increase in interest rate level of 1% p.a. relative to the actual interest rates would have a negative impact on the profit for the year and on equity at 31 December 2021 of DKK 1.6 million (DKK 0.2 million).

ASSUMPTIONS FOR ANALYSIS OF INTEREST-RATE SENSITIVITY

The stated sensitivities are calculated on the basis of the recognized financial assets and liabilities at 31 December 2021. No adjustments have been made for instalments, raising of loans, etc. during the course of the year.

The computed expected fluctuations are based on the current market situation and expectations for the market developments in the interest rate level.

CAPITAL MANAGEMENT

The Group targets a leverage ratio of max 2.25 x EBITDA. However, if acquisition opportunities arise, the Company may deviate from this policy. The leverage ratio as of 31 December 2021 is 1.33.

The Board of Directors has adopted a dividend policy with a target payout ratio of 40-60 percent of consolidated net profit for the year. The Board of Directors recommends to the Annual General Meeting to distribute an ordinary dividend of DKK 6 per share. Excluding treasury shares this corresponds to DKK 54 million. Furthermore, to provide a mandate to the Board of Directors with the option to distribute an extraordinary dividend during 2022 in the range DKK 25-75 million.

LIQUIDITY RISKS

Liquidity is controlled centrally with the aim of using available liquidity efficiently, at the same time keeping necessary reserves are available. Available liquidity comprised DKK 51 million (DKK 139 million and DKK 75 million in unutilised overdraft facilities) as of 31 December 2021.

STATEMENT BY MANAGEMENT ON THE ANNUAL REPORT

The Board of Directors and the Executive Management have today considered and approved the annual report for the period 1 January 2021 – 31 December 2021. The consolidated financial statements and the parent financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31 December 2021 as well as of the results of their operations and the consolidated cash flows for the period 1 January 2021 – 31 December 2021.

In our opinion, the management commentary contains a fair review of the development of the Group's and the Parent's business and financial matters, the results for the period and of the Parent's financial position and the financial position as a whole of the entities included in the consolidated financial statements, together with a description of the principal risks and uncertainties that the Group and the Parent face.

Holstebro, 24 February 2022

EXECUTIVE MANAGEMENT

Torben Paulin
Chief Executive Officer

Mogens Elbrønd Pedersen
Chief Financial Officer

BOARD OF DIRECTORS

Sanna Mari Suvanto-Harsaae
Chairman

Anders Tormod Skole-Sørensen
Deputy Chairman

Carsten Bjerg

Søren Mygind Eskildsen

Danny Feltmann Espersen

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF TCM GROUP A/S

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS AND THE PARENT FINANCIAL STATEMENTS OPINION

We have audited the consolidated financial statements and the parent financial statements of TCM Group A/S for the financial year 01.01.2021 - 31.12.2021, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for the Group as well as for the Parent. The consolidated financial statements and the parent financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2021, and of the results of their operations and cash flows for the financial year 01.01.2021 - 31.12.2021 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Our opinion is consistent with our audit book comments issued to the Audit Committee and the Board of Directors.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements" section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, we have not provided any prohibited non-audit services as referred to in Article 5(1) of Regulation (EU) No 537/2014.

TCM Group A/S was listed on Nasdaq OMX Copenhagen upon completion of the initial public offering on 24 November 2017 from which date TCM Group A/S became a Public Interest Entity. We have been reappointed by decision of the Annual General Meeting for a total continuous engagement period of five years up to and including the financial year 2021.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements and the parent financial statements for the financial year 01.01.2021 - 31.12.2021.

STATEMENT ON THE MANAGEMENT COMMENTARY

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

MANAGEMENT'S RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE PARENT FINANCIAL STATEMENTS

Management is responsible for the preparation of consolidated financial statements and parent financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Parent's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity or to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE PARENT FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and these parent financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and, where applicable, safeguards put in place and measures taken to eliminate threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements and the parent financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON COMPLIANCE WITH THE ESEF REGULATION

As part of our audit of the consolidated financial statements and the parent financial statements of TCM Group A/S we performed procedures to express an opinion on whether the annual report for the financial year 01.01.2021- 31.12.2021, with the file name TCM-Group-2021-12-31-en.zip, is prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation), which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Management is responsible for preparing an annual report that complies with the ESEF Regulation. This responsibility includes:

- The preparing of the annual report in XHTML format;
- The selection and application of appropriate iXBRL tags, including extensions to the ESEF taxonomy and the anchoring thereof to elements in the taxonomy, for financial information required to be tagged using judgement where necessary;
- Ensuring consistency between iXBRL tagged data and the consolidated financial statements presented in human readable format; and
- For such internal control as Management determines necessary to enable the preparation of an annual report that is compliant with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance on whether the annual report is prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained, and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error. The procedures include:

- Testing whether the annual report is prepared in XHTML format;
- Obtaining an understanding of the company's iXBRL tagging process and of internal control over the tagging process;
- Evaluating the completeness of the iXBRL tagging of the consolidated financial statements;
- Evaluating the appropriateness of the company's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified;
- Evaluating the use of anchoring of extension elements to elements in the ESEF taxonomy; and
- Reconciling the iXBRL tagged data with the audited consolidated financial statements.

In our opinion, the annual report of TCM Group A/S for the financial year 01.01.2021 - 31.12.2021, with the file name TCM-Group-2021-12-31-en.zip, is prepared, in all material respects, in compliance with the ESEF Regulation.

Aarhus, 24 February 2022

Deloitte
Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

Henrik Vedel State-Authorised Public Accountant Identification No (MNE) mne10052	Chris Middelhede State-Authorised Public Accountant Identification No (MNE) mne45823