

**TCM Group Management's review**  
**Interim report Q3 2021 (July 1 - September 30)**

(All figures in brackets refer to the corresponding period in 2020)

**Continued good growth in Q3. Earnings in Q3 impacted by supply chain disruptions and timing of price increases.****CEO Torben Paulin:**

“In Q3 customer demand remained solid and supported revenue growth. Organic like-for-like growth was 10%, and reported sales grew 6.1%, which included a negative impact from the divestment of the Svane Køkkenet store in Copenhagen, and the divestment of the e-commerce activities within kitchn.dk (now part of the merged Celebert/kitchn.dk business). We continue to see solid growth rates in revenue outside Denmark, which was up 16% compared to third quarter last year.

At the same time, we are in an unprecedented situation with significant instability and challenges in the supply chain across the entire kitchen industry. This leads to on-going mitigation to ensure as high delivery assurance as possible despite the challenges in the supply chain, generating additional costs and thereby a temporary negative impact on earnings short-term. All employees in TCM Group as well as our dedicated staff in the store network are doing their utmost to handle the current situation, and I am genuinely impressed with their daily efforts to limit the impact on our end customers caused from this challenging situation.

Furthermore, earnings in Q3 were negatively impacted by significantly increased raw material prices. We have already implemented sales price increases, which will mitigate the negative impact from the raw material price increases in Q4.

As a result of the above, adjusted EBIT ended at DKK 31.7 million compared to DKK 33.1 million in Q3 last year. EBIT in the quarter was DKK 43.7 million compared to DKK 32.1 million in Q3 last year, positively impacted by a non-recurring net gain from the Celebert/kitchn.dk transaction of DKK 15.5 million. We are pleased with this transaction, which will enable us to put even more traction in growing our online business and presence.

We reiterate our full year revenue guidance in the range DKK 1,090-1,120 million, and for the adjusted EBIT we narrow our guidance to be in the range DKK 148-155 million.”

### Financial highlights Q3

- Revenue DKK 262.4 million (DKK 247.4 million) corresponding to a revenue growth of 6.1%. Organic like-for-like growth was 10%.
- Adjusted EBITDA DKK 35.8 million (DKK 38.6 million). Adjusted EBITDA margin was 13.7% (15.6%).
- Adjusted EBIT down DKK 1.4 million to DKK 31.7 million (DKK 33.1 million). Adjusted EBIT margin was 12.1% (13.4%)
- Non-recurring items had a total positive impact of DKK 12.0 million (negative impact of DKK 1.0 million). Non-recurring items included costs related to Covid-19 precautions and related supply chain disruptions, and gain from the divestment of the kitchn.dk activities, which was merged in connection with the acquisition of Celebert ApS, offset by costs related to the transaction.
- EBIT up DKK 11.6 million to DKK 43.7 million (DKK 32.1 million), corresponding to an EBIT margin of 16.6% (13.0%).
- Net profit up DKK 13.7 million to DKK 38.0 million (DKK 24.4 million).
- Free cash flow was DKK -11.7 million (DKK 25.0 million).
- Cash conversion ratio was 56.4% (94.3%).

### Financial highlights 9 months 2021

- Revenue DKK 834.1 million (DKK 761.7 million) corresponding to a revenue growth of 9.5%. Organic like-for-like growth was 12%.
- Adjusted EBITDA DKK 121.2 million (DKK 119.4 million). Adjusted EBITDA margin was 14.5% (15.7%).
- Adjusted EBIT up DKK 5.4 million to DKK 108.7 million (DKK 103.3 million). Adjusted EBIT margin was 13.0% (13.6%).
- Non-recurring items had a positive impact of DKK 9.2 million (negative impact of DKK 2.0 million).
- EBIT up DKK 16.6 million to DKK 117.9 million (DKK 101.3 million), corresponding to an EBIT margin of 14.1% (13.3%).
- Net profit up DKK 17.5 million to DKK 94.6 million (DKK 77.1 million).
- Free cash flow was DKK 15.9 million (DKK 71.1 million).
- Full-year guidance for the financial year 2021 is revenue in the range DKK 1,090-1,120 million (unchanged), and adjusted EBIT in the range DKK 148-155 million (previously DKK 148-162 million).

### Contact

For further information, please contact:

CEO Torben Paulin +45 21210464

CFO Mogens Elbrønd Pedersen +45 97435200

IR Contact - ir@tcmgroup.dk

**Key figures and ratios**

DKK million	Q3 2021	Q3 2020	9mth 2021	9 mth 2020	FY 2020
<b>Income statement</b>					
<b>Revenue</b>	<b>262.4</b>	<b>247.4</b>	<b>834.1</b>	<b>761.7</b>	<b>1,024.6</b>
Gross profit	56.3	64.9	196.9	202.5	272.8
Earnings before interest, tax, depreciation and amortisation (EBITDA)	47.8	37.6	130.4	117.4	156.1
Adjusted EBITDA	35.8	38.6	121.2	119.4	161.1
Earnings before interest, tax and amortisation (EBITA)	43.7	34.0	119.2	107.0	142.3
<b>Adjusted EBIT</b>	<b>31.7</b>	<b>33.1</b>	<b>108.7</b>	<b>103.3</b>	<b>139.7</b>
<b>Operating profit (EBIT)</b>	<b>43.7</b>	<b>32.1</b>	<b>117.9</b>	<b>101.3</b>	<b>134.7</b>
Financial items	(0.5)	(1.1)	(2.6)	(2.8)	(4.0)
Profit before tax	43.6	31.0	115.8	98.5	130.7
Net profit for the period	38.0	24.4	94.6	77.1	102.2
<b>Balance sheet</b>					
Total assets	903.2	1,020.7	903.2	1,020.7	929.5
Net working capital (NWC)	(50.4)	(82.3)	(50.4)	(82.3)	(117.0)
Net interest-bearing debt (NIBD)	223.9	0.3	223.9	0.3	(42.9)
Equity	424.9	549.8	424.9	549.8	574.4
<b>Cash Flow</b>					
Free cash flow excl. acquisitions of operations	(11.7)	25.0	15.9	71.1	101.0
Cash conversion, %	56.4%	94.3%	56.4%	94.3%	83.9%
<b>Growth ratios</b>					
Revenue growth, %	6.1%	4.2%	9.5%	2.2%	1.8%
Gross profit growth, %	(13.3%)	(2.8%)	(2.8%)	(0.7%)	(2.4%)
Adjusted EBIT growth, %	(4.1%)	(10.8%)	5.2%	(6.2%)	(9.0%)
EBIT growth, %	36.2%	(5.9%)	16.4%	(5.5%)	(8.1%)
Net profit growth, %	56.2%	(6.1%)	22.7%	(5.4%)	(8.2%)
<b>Margins</b>					
Gross margin, %	21.5%	26.2%	23.6%	26.6%	26.6%
Adjusted EBITDA margin, %	13.7%	15.6%	14.5%	15.7%	15.7%
Adjusted EBIT margin, %	12.1%	13.4%	13.0%	13.6%	13.6%
EBIT margin, %	16.6%	13.0%	14.1%	13.3%	13.1%
<b>Other ratios</b>					
Solvency ratio, %	47.0%	53.9%	47.0%	53.9%	61.8%
Leverage ratio	1.31	(0.08)	1.31	(0.08)	(0.23)
NWC ratio, %	(4.6%)	(8.0%)	(4.6%)	(8.0%)	(11.4%)
Capex ratio excl. acquisitions, %	4.1%	2.5%	2.7%	1.9%	3.0%
<b>Share information</b>					
Number of outstanding shares	9,307,632	10,000,000	9,307,632	10,000,000	10,000,000
Weighted average number of outstanding shares	9,410,710	10,000,000	9,706,482	10,000,000	10,000,000
Number of treasury shares	692,368	0	692,368	0	0
Earnings per share before dilution, DKK	4.04	2.44	9.75	7.71	10.22
Earnings per share after dilution, DKK	4.04	2.44	9.75	7.71	10.22

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

## Business review

In Q3 2021 revenue increased by 6.1% to DKK 262.4 million (DKK 247.4 million). The organic growth in the quarter was 10% with total revenue growth being lower due to the divestment of the Svane Køkkenet store in Copenhagen and the e-commerce activities within kitchn.dk.

TCM Group's primary market is Denmark which contributed with 93% of Group revenue in Q3 2021. Customer demand in the Danish kitchen market remained solid in the quarter. For TCM Group, revenue in Denmark was up 5.4% (organic like-for-like growth was 9%) driven by growth within all our three brands. The highest growth rates was achieved within our DIY segment (Nettoline and e-commerce).

Revenue outside Denmark increased by 16.3% compared to Q3 2020. The growth was driven by increased sales to the Norwegian market, both organic growth and growth from new stores, but also because Q3 2020 was a soft comparison.

Gross margin decreased from 26.2% in Q3 2020 to 21.5% in Q3 2021. The divestment of the Svane Køkkenet store in Copenhagen and the e-commerce activities in kitchn.dk had a technical negative impact on gross margin of in total 2.2%-points in the quarter. The gross margin was negatively affected by a significantly increased raw material prices of c. DKK 7 million corresponding to 2.7%-points in the quarter.

At the end of Q3 2021, the total number of branded stores was 91 (88). In Q3 2021 a Nettoline store has opened in Randers. In October a new Svane Køkkenet store opened in Copenhagen, which will expand the store network in the city centre in addition to the current store. Furthermore, in October a Tvis Køkkener store opened in Roskilde. The new stores will together with the planned store openings of Svane Køkkenet stores in Oslo, Arendal and Fredrikstad, Norway bring the number of branded stores to 96.

As of 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 has merged its e-commerce activities in kitchn.dk with the activities of Celebert and has initially acquired a 45% stake in Celebert. Furthermore TCM Group acts as a supplier to the combined Celebert/kitchn.dk business, primarily through the Aulum factory.

Total number of employees at the end of Q3 2021 was 527 (501).

**Events after the reporting period**

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

**Financial outlook**

Based on the performance in the first nine months of 2021 and the present market conditions we reiterate our revenue outlook in the range of DKK 1,090-1,120 million. Furthermore, we narrow our adjusted EBIT outlook in the range of DKK 148-155 million (previously DKK 148-162 million).

**Forward looking statements**

This interim report contains statements relating to the future, including statements regarding TCM Group's future operating results, financial position, cash flows, business strategy and plans for the future. The statements are based on management's reasonable expectations and forecasts at the time of the disclosure of the report. Any such statements are subject to risks and uncertainties, and a number of different factors, many of which are beyond TCM Group's control, could mean that actual performance and actual results will differ significantly from the expectations expressed in this interim report. Without being exhaustive, such factors include general economic and commercial factors, including market and competitive matters, supplier issues and financial issues.

**Significant risks in the Group**

TCM Group is exposed to strategic, operating and financial risks, which are described in the management review and note 2 of the 2020 Annual Report prepared in accordance with IFRS. The Covid-19 situation has led to a high focus on home improvement and thereby increased demand. There is a possible risk of this leading to significant cost inflation and challenges with raw material availability, both of which can impact TCM Group's financial results negatively.

## Financial review

### Revenue

In Q3 2021 revenue grew by 6.1% to DKK 262.4 million (DKK 247.4 million).

Revenue in Denmark in Q3 2021 was DKK 244.7 million (DKK 232.2 million) corresponding to a growth of 5.4%. The organic like-for-like growth was 9% in the quarter driven by all three brands with the highest growth rates within our DIY segment (Nettoline and e-commerce). Revenue in other countries in Q3 2021 was up 16.3% to DKK 17.7 million (DKK 15.2 million).

Revenue for the first nine months of 2021 was up 9.5% to DKK 834.1 million (DKK 761.7 million). Revenue in Denmark for the first nine months of 2021 was up 8.9% to DKK 762.5 million (DKK 700.5 million) and revenue in other countries for the first nine months of 2021 was up 16.9% to DKK 71.6 million (DKK 61.2 million).

### Gross profit

Gross profit in Q3 2021 was DKK 56.3 million (DKK 64.9 million), corresponding to a gross margin of 21.5% (26.2%). The divestment of the Svane Køkkenet store in Copenhagen and the e-commerce activities in kitchn.dk had a technical negative impact on gross margin of 2.2%-points in the quarter. The gross margin was negatively affected by significantly increased raw material prices, which reduced gross margin by 2.7%-points in the quarter.

Gross profit for the first nine months of 2021 was DKK 196.9 million (DKK 202.5 million), corresponding to a gross margin of 23.6% (26.6%).

### Operating expenses

Operating expenses in Q3 2021 were DKK 24.6 million (DKK 31.8 million). Operating expenses represented 9.4% of revenue in Q3 2021 (12.9%). The decline in operating expenses was primarily due to the divestment of the Svane Køkkenet store in Copenhagen and the e-commerce activities in kitchn.dk.

Operating expenses for the first nine months of 2021 were DKK 88.1 million (DKK 99.1 million). Operating expenses represented 10.6% of revenue for the first nine months of 2021 (13.0%).

### Adjusted EBITDA

Adjusted EBITDA in Q3 2021 was DKK 35.8 million (DKK 38.6 million), corresponding to an adjusted EBITDA margin of 13.7% (15.6%).

Adjusted EBITDA for the first nine months of 2021 was DKK 121.2 million (DKK 119.4 million), corresponding to an adjusted EBITDA margin of 14.5% (15.7%).

### Adjusted EBIT

Adjusted EBIT in Q3 2021 was DKK 31.7 million (DKK 33.1 million), corresponding to an adjusted EBIT margin of 12.1% (13.4%). The Celebert/kitchn.dk transaction has a negative impact on adjusted EBIT compared to previous quarters, since the profit from the activities in kitchn.dk previously included in EBIT is now presented as profit in associated companies and thereby not included in EBIT. The full year technical impact from this is a lower single digit DKK million figure.

Adjusted EBIT for the first nine months of 2021 was DKK 108.7 million (DKK 103.3 million), corresponding to an adjusted EBIT margin of 13.0% (13.6%).

### Non-recurring items

TCM Group presents non-recurring items separately to ensure comparability. Non-recurring items consist of income and expenses that are special and of a non-recurring nature. In Q3 2021 non-recurring items included costs related to Covid-19 precautions and related supply chain disruptions, and gain from the divestment of kitchn.dk activities, which was merged in connection with the acquisition of Celebert ApS, offset by costs related to the transaction. These items are considered non-recurring by nature and material, and are presented as non-recurring items.

Non-recurring items, DKK m	Q3		9 months	
	2021	2020	2021	2020
Costs related to Covid-19 and supply chain disruptions	3.5	1.0	7.5	2.0
Restructuring	0.0	0.0	1.3	0.0
Net gain from the Celebert/kitchn.dk transaction	(15.5)	0.0	(15.5)	0.0
Gain from the divestment of an own operated store	0.0	0.0	(2.5)	0.0
<b>Total</b>	<b>(12.0)</b>	<b>1.0</b>	<b>(9.2)</b>	<b>2.0</b>

### EBIT

EBIT in Q3 2021 increased to DKK 43.7 million (DKK 32.1 million). The increase was primarily due to the gain in non-recurring items of DKK 12.0 million (DKK -1.0 million) off-set by the decrease in EBITDA. Depreciations and amortizations in Q3 2021 were DKK 4.1 million (DKK 5.5 million). The decline was primarily driven by lower amortizations, which is due to the value of our franchise setup has been fully amortized during Q1 2021.

EBIT for the first nine months of 2021 increased to DKK 117.9 million (DKK 101.3 million). The increase was primarily due to the gain in non-recurring items of DKK 9.2 million (DKK -2.0 million) off-set by the increase in EBITDA. Depreciations and amortizations for the first nine months of 2021 were DKK 12.5 million (DKK 16.1 million).

### Net profit

Net profit in Q3 2021 increased to DKK 38.0 million (DKK 24.4 million). Financial income and expenses in Q3 2021 were DKK 0.6 million lower than in Q3 2020.

Net profit for the first nine months of 2021 increased to DKK 94.6 million (DKK 77.1 million).

### Free cash flow

Free cash flow in Q3 2021 was DKK -11.7 million (DKK 25.0 million). The decrease in cash flow in Q3 2021 compared to Q3 2020 was primarily due to the change in net working capital in the quarter of DKK -32.9 million (DKK -6.6 million) and investments of DKK 10.9 million (DKK 6.0 million).

Free cash flow for the first nine months of 2021 was DKK 15.9 million (DKK 71.1 million). The reversed impact from extended credit for VAT and income taxes provided in the government's stimulus packages had a negative cash flow impact for the first nine months of 2021 of c. DKK 5 million, whereas the stimulus packages had a positive impact for the first six months of 2020 of c. DKK 25 million. Furthermore, the change of the Danish holiday allowance obligation had a negative impact on cash flow of DKK 19 million, as a result of the obligation being transferred to the government fund.

### Net working capital

Net working capital at the end of Q3 2021 was DKK -50.4 million (DKK -82.3 million). NWC ratio at the end of Q3 2021 was -4.6% (-8.0%).

<b>DKK million</b>	<b>End of Q3</b>	
	<b>2021</b>	<b>2020</b>
Inventories	72.3	53.6
Trade and other receivables	79.7	79.8
Trade and other payables	(202.4)	(215.7)
<b>Net working capital</b>	<b>(50.4)</b>	<b>(82.3)</b>
<b>NWC ratio</b>	<b>(4.6%)</b>	<b>(8.0%)</b>

Inventories were DKK 18.7 million higher at the end of Q3 2021 than at the end of Q3 2020. The increase was besides impact from increased raw material prices caused by a management decision to establish a buffer of parts and raw materials to ensure higher delivery assurance given the unstable supply of parts and raw materials.

Trade receivables and other receivables decreased by DKK 0.1 million. Other receivables as of 30 September 2021 presented above 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 decrease in trade payables and other payables of DKK 13.3 million was primarily due to the impact from the extended credit for VAT and payroll taxes provided in the government's stimulus package, which amounted to c. DKK 10 million as of 30 September 2021 (c. DKK 25 million as of 30 September 2020). Furthermore, the transfer of the holiday allowance to the government fund lowered other payables by DKK 19 million in the quarter.



**Net interest-bearing debt**

Net interest-bearing debt amounted to DKK 223.9 million at the end of Q3 2021 (DKK 0.3 million). Net interest-bearing debt increased by DKK 71.0 million in Q3 2021 primarily due to the implementation of a share buy back program, of which DKK 31.8 million has been carried out during Q3 2021. Furthermore, the Celebert/kitchn.dk transaction increased net debt by DKK 23.2 million. Leverage ratio, measured as net interest bearing debt excluding tax liabilities divided by adjusted EBITDA LTM, end of Q3 2021 was 1.31 (-0.08).

**Equity**

Equity at the end of Q3 2021 amounted to DKK 424.9 million (DKK 549.8 million). The equity increased by DKK 6.5 million in Q3 2021 due to net profit for the period off-set by the implementation of a share buy back program, of which DKK 31.8 million has been carried out during Q3 2021. As of 30 September 2021, DKK 114.1 million of the total share buy program of DKK 150 million has been carried out.

The solvency ratio was 47.0% at the end of Q3 2021 (53.9%). The solvency ratio is negatively affected by the implementation of IFRS 16 by 1.5%-points (2.0%-points).

## **Additional information**

### **Financial calendar**

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

25 February 2022	Interim report Q4 2021 and Annual report 2021
5 April 2022	Annual General Meeting

### **Presentation**

The interim report will be presented on Friday 12 November at 9:30 CET in a teleconference that can be followed on TCM Groups website or on <https://edge.media-server.com/mmc/p/3yzmw3b5>.

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

Confirmation Code: **7203608**

Denmark, Copenhagen ... **+45 32 72 04 17**

United Kingdom..... **+44 (0) 8444819752**

Sweden, Stockholm..... **+46 (0) 856618467**

### **About TCM Group A/S**

TCM Group is Scandinavia's third largest kitchen manufacturer, with the major part of its business concentrated in Denmark. The product offering includes cabinets, table tops and storage.

Manufacturing is generally carried out in-house and more than 90% is manufactures to a specific customer order. Production sites are located in Denmark, with three factories in Tvis and Aulum (outskirts of Holstebro).

The Group pursues a multi-brand strategy, under which the main brand is Svane Køkkenet and the secondary brands are Tvis Køkkener, Nettoline and private label. Combined, the brands cater for the entire price range. Products are mainly marketed through a network of franchise stores and independent kitchen retailers. Furthermore, TCM Group is supplier to the 45% owned e-commerce kitchen business Celebert, which operates under the brands [kitchn.dk](http://kitchn.dk), [billigskabe.dk](http://billigskabe.dk), Celebert and Just Wood.

### **Company information**

TCM Group A/S

Skautrupvej 16

DK-7500 Holstebro, Denmark

Business Registration No: 37 29 12 69

Phone: +45 97435200

Internet: [investor-en.tcmgroup.dk](http://investor-en.tcmgroup.dk)

E-mail: [ir@tcmgroup.dk](mailto:ir@tcmgroup.dk)

## Consolidated interim financial statements

### Consolidated income statement

DKK m	Note	Q3		9 month	
		2021	2020	2021	2020
Revenue	2	262.4	247.4	834.1	761.7
Cost of goods sold		(206.1)	(182.5)	(637.2)	(559.3)
<b>Gross profit</b>		<b>56.3</b>	<b>64.9</b>	<b>196.9</b>	<b>202.5</b>
Selling expenses		(14.7)	(18.1)	(52.9)	(57.9)
Administrative expenses		(9.9)	(13.8)	(35.2)	(41.2)
Other operating income		0.0	0.0	0.0	0.0
<b>Operating profit before non-recurring items</b>		<b>31.7</b>	<b>33.1</b>	<b>108.7</b>	<b>103.3</b>
Non-recurring items	3	12.0	(1.0)	9.2	(2.0)
<b>Operating profit</b>		<b>43.7</b>	<b>32.1</b>	<b>117.9</b>	<b>101.3</b>
Share of profit/loss in associated companies		0.5	0.0	0.5	0.0
Financial income		0.2	0.0	0.7	0.2
Financial expenses		(0.7)	(1.1)	(3.2)	(3.0)
<b>Profit before tax</b>		<b>43.6</b>	<b>31.0</b>	<b>115.8</b>	<b>98.5</b>
Tax for the period		(5.6)	(6.6)	(21.2)	(21.4)
<b>Net profit for the period</b>		<b>38.0</b>	<b>24.4</b>	<b>94.6</b>	<b>77.1</b>
Earnings per share before dilution, DKK		4.04	2.44	9.75	7.71
Earnings per share after dilution, DKK		4.04	2.44	9.75	7.71

## Consolidated statement of comprehensive income

DKK m	Q3		9 month	
	2021	2020	2021	2020
Net profit for the period	38.0	24.4	94.6	77.1
<b>Other comprehensive income</b>				
<b>Items that are or may be reclassified subsequent to profit or loss</b>				
Value adjustments of currency hedges before tax	0.4	0.0	(0.0)	0.0
Tax on value adjustments of currency hedges	(0.1)	0.0	0.0	0.0
<b>Other comprehensive income for the period</b>	<b>0.3</b>	<b>0.0</b>	<b>(0.0)</b>	<b>0.0</b>
<b>Total comprehensive income for the period</b>	<b>38.4</b>	<b>24.4</b>	<b>94.6</b>	<b>77.1</b>

## Consolidated balance sheet

DKK m	Note	End of Q3 2021	2020	End of 2020
<b>ASSETS</b>				
<b>Intangible assets</b>				
Goodwill		369.8	369.8	369.8
Brand		172.0	172.0	172.0
Other intangible assets		0.8	3.4	1.7
		<u>542.6</u>	<u>545.2</u>	<u>543.5</u>
<b>Tangible assets</b>				
Land and buildings		92.0	99.5	87.1
Tangible assets under constructions and prepayments		0.0	0.0	11.9
Machinery and other technical equipment		44.2	15.0	27.7
Equipment, tools, fixtures and fittings		7.7	5.1	6.6
		<u>143.9</u>	<u>119.5</u>	<u>133.3</u>
Investments in associated companies		47.3	0.0	0.0
Financial assets		10.4	14.7	13.2
<b>Total non-current assets</b>		<u>744.2</u>	<u>679.3</u>	<u>689.9</u>
<b>Inventories</b>		<u>72.3</u>	<u>53.6</u>	<u>48.3</u>
<b>Current receivables</b>				
Trade receivables		73.7	68.5	24.4
Current tax receivables		0.0	0.0	5.0
Other receivables		13.1	14.9	23.7
Prepaid expenses and accrued income		0.0	2.2	0.4
		<u>86.8</u>	<u>85.6</u>	<u>53.6</u>
Cash and cash equivalents		0.0	202.1	125.9
Assets held for sale		0.0	0.0	11.8
<b>Total current assets</b>		<u>159.1</u>	<u>341.3</u>	<u>239.5</u>
<b>Total assets</b>		<u>903.2</u>	<u>1,020.7</u>	<u>929.5</u>

## Consolidated balance sheet

DKK m	Note	End of Q3 2021	2020	End of 2020
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>				
Share capital		1.0	1.0	1.0
Treasury shares		(114.1)	0.0	0.0
Value adjustments of currency hedging		(0.6)	0.0	(0.6)
Retained earnings		538.6	548.8	444.0
Proposed dividend for the financial year		0.0	0.0	130.0
<b>Total shareholders' equity</b>		<b>424.9</b>	<b>549.8</b>	<b>574.4</b>
Deferred tax		52.0	52.6	53.2
Mortgage loans		28.6	31.4	30.6
Bank loans		0.0	94.1	9.7
Lease liabilities		18.3	26.7	24.1
Other liabilities		0.8	0.0	24.2
<b>Total long-term liabilities</b>		<b>99.7</b>	<b>204.8</b>	<b>141.8</b>
Mortgage loans		2.8	2.8	2.8
Bank loans		152.9	22.6	9.9
Lease liabilities		11.4	10.8	10.9
Prepayments from customers		0.0	3.5	0.0
Trade payables		136.6	117.4	125.4
Current tax liabilities		9.9	14.1	0.0
Other liabilities		65.0	94.8	55.2
Liabilities held for sale		0.0	0.0	9.0
Deferred income		0.0	0.0	0.0
<b>Total short-term liabilities</b>		<b>378.6</b>	<b>266.0</b>	<b>213.3</b>
<b>Total shareholders' equity and liabilities</b>		<b>903.2</b>	<b>1,020.7</b>	<b>929.5</b>

## Change in consolidated shareholders' equity

	Share capital DKK m	Trea- sury shares DKK m	Value adjust- ments of currency hedges after tax DKK m	Retained earnings DKK m	Propo- sed divi- dend DKK m	Total DKK m
<b>Opening balance 01.01.2020*</b>	<b>1.0</b>	<b>0.0</b>	<b>0.0</b>	<b>471.7</b>	<b>0.0</b>	<b>472.7</b>
Net profit for the period	0.0	0.0	0.0	77.1	0.0	77.1
Other comprehensive income for the period	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total comprehensive income for the period</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>77.1</b>	<b>0.0</b>	<b>77.1</b>
<b>Closing balance 30.09.2020</b>	<b>1.0</b>	<b>0.0</b>	<b>0.0</b>	<b>548.8</b>	<b>0.0</b>	<b>549.8</b>
<b>Opening balance 01.01.2021</b>	<b>1.0</b>	<b>0.0</b>	<b>(0.6)</b>	<b>444.0</b>	<b>130.0</b>	<b>574.4</b>
Net profit for the period	0.0	0.0	0.0	94.6	0.0	94.6
Other comprehensive income for the period	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total comprehensive income for the period</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>94.6</b>	<b>0.0</b>	<b>94.5</b>
Dividend paid	0.0	0.0	0.0	0.0	(130.0)	(130.0)
Purchase of treasury shares	0.0	(114.1)	0.0	0.0	0.0	(114.1)
<b>Closing balance 30.09.2021</b>	<b>1.0</b>	<b>(114.1)</b>	<b>(0.6)</b>	<b>538.6</b>	<b>0.0</b>	<b>424.9</b>

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

## Consolidated cash flow statement

DKK m	Note	Q3		9 month	
		2021	2020	2021	2020
<b>Operating activities</b>					
Operating profit		43.7	32.1	117.9	101.3
Depreciation and amortization		4.1	5.5	12.5	16.1
Other non-cash operating items		(17.5)	0.0	(17.5)	0.0
Income tax paid		0.0	0.0	(7.2)	(5.8)
Change in net working capital		(32.9)	(6.6)	(71.2)	(26.5)
<b>Cash flow from operating activities</b>		<b>(2.6)</b>	<b>31.0</b>	<b>34.5</b>	<b>85.1</b>
<b>Investing activities</b>					
Investments in fixed assets		(10.9)	(6.0)	(23.2)	(14.0)
Acquisition of operations, net	4	(23.2)	0.0	(23.2)	0.0
Divestments of operations		1.8	0.0	4.6	0.0
<b>Cash flow from investing activities</b>		<b>(32.3)</b>	<b>(6.0)</b>	<b>(41.8)</b>	<b>(14.0)</b>
<b>Financing activities</b>					
Interest paid		(0.5)	(1.0)	(2.3)	(2.5)
Repayments of loans		(0.7)	(0.7)	(22.1)	(2.1)
Repayments of lease liabilities		(0.9)	(1.0)	(3.0)	(3.8)
Purchase of treasury shares		(31.8)	0.0	(114.1)	0.0
Dividend paid		0.0	0.0	(130.0)	0.0
<b>Cash flow from financing activities</b>		<b>(34.0)</b>	<b>(2.7)</b>	<b>(271.5)</b>	<b>(8.4)</b>
<b>Cash flow for the period</b>		<b>(68.9)</b>	<b>22.3</b>	<b>(278.8)</b>	<b>62.7</b>
<b>Cash and cash equivalents at the beginning of the period</b>					
		<b>(84.0)</b>	<b>179.8</b>	<b>125.9</b>	<b>139.4</b>
Cash flow for the period		(68.9)	22.3	(278.8)	62.7
<b>Cash and cash equivalents at the end of the period</b>		<b>(152.9)</b>	<b>202.1</b>	<b>(152.9)</b>	<b>202.1</b>



## Notes to the consolidated interim financial statements

### 1. Accounting policies

This interim report has been prepared in accordance with IAS 34 “Interim Financial Reporting” as adopted by the EU and Danish disclosure requirements for listed companies. TCM Group has applied the same accounting policies in this interim report as were applied in the consolidated financial statements for 2020 prepared in accordance with IFRS, why reference is made to note 1 of these financial statements for accounting policies and for definitions of key figures and ratios on pages 45-53 and 72.

#### *Impact from new IFRS standards*

TCM Group A/S has implemented the latest International Financial Reporting Standards (IFRS) and amendments effective as of 1 January 2021 as adopted by the European Union.

Implementation of the standards and amendments have not had any material impact on the Group’s Financial Statements and are likewise not expected to have any significant future impact.

### 2. Revenue and segment information

The Group’s business activities are managed within a single operating segment that is producing and selling kitchens, bathrooms and storage. The result of the operating segment is monitored by the Group’s management to evaluate it and to allocate resources.

Revenue by region, DKK m	Q3		9 month	
	2021	2020	2021	2020
Denmark	244.7	232.2	762.5	700.5
Other countries	17.7	15.2	71.6	61.2
	<b>262.4</b>	<b>247.4</b>	<b>834.1</b>	<b>761.7</b>

Revenue consists of sale of goods and services.

### 3. Non-recurring items

Non-recurring items, DKK m	Q3		9 month	
	2021	2020	2021	2020
Costs related to Covid-19 and supply chain disruptions	3.5	1.0	7.5	2.0
Restructuring	0.0	0.0	1.3	0.0
Net gain from the Celebert/kitchn.dk transaction	(15.5)	0.0	(15.5)	0.0
Gain from the divestment of an own operated store	0.0	0.0	(2.5)	0.0
<b>Total</b>	<b>(12.0)</b>	<b>1.0</b>	<b>(9.2)</b>	<b>2.0</b>

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

##### ***Acquisition 45% of Celebert ApS***

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

Cost related to the transaction amounted to DKK 2.0 million and are presented under non-recurring items.

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

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

#### **5. Related party transactions**

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

#### **6. Events after the reporting period**

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

## Statement by the Board of Directors and the Executive Management

The Board of Directors and the Executive Management today considered and adopted the interim report of TCM Group A/S for the period 1 January 2021 – 30 September 2021.

The interim report, which has been neither audited nor reviewed by the company's auditors, was prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU and Danish disclosure requirements for listed companies.

In our opinion, the interim report gives a true and fair view of the Group's assets and liabilities and financial position at 30 September 2021 and of the results of the Group's operations and cash flows for the period 1 January to 30 September 2021.

Furthermore, in our opinion, the management review includes a fair review of the development and performance of the business, the results for the period and of the Group's financial position in general and describes the principal risks and uncertainties that it faces.

Tvis, 12 November, 2021

### Executive Management

Torben Paulin  
CEO

Mogens Elbrønd Pedersen  
CFO

### Board of Directors

Sanna Mari Suvanto-Harsaae  
Chairman

Anders Tormod Skole-Sørensen  
Deputy Chairman

Søren Mygind Eskildsen

Carsten Bjerg

Danny Feltmann Espersen

## Supplementary financial disclosure

### Quarterly overview

DKK million	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021
<b>Income statement</b>					
<b>Revenue</b>	<b>247.4</b>	<b>262.8</b>	<b>281.1</b>	<b>290.7</b>	<b>262.4</b>
Gross profit	64.9	70.4	66.0	74.6	56.3
Earnings before interest, tax, depreciation and amortisation (EBITDA)	37.6	38.6	36.3	46.2	47.8
Adjusted EBITDA	38.6	41.6	37.6	47.7	35.8
Earnings before interest, tax and amortisation (EBITA)	34.0	35.3	32.9	42.6	43.7
<b>Adjusted EBIT</b>	<b>33.1</b>	<b>36.4</b>	<b>33.0</b>	<b>44.1</b>	<b>31.7</b>
<b>Operating profit (EBIT)</b>	<b>32.1</b>	<b>33.4</b>	<b>31.6</b>	<b>42.6</b>	<b>43.7</b>
Financial items	(1.1)	(1.2)	(0.3)	(1.8)	(0.5)
Profit before tax	31.0	32.2	31.4	40.8	43.6
Net profit for the period	24.4	25.1	24.7	31.9	38.0
<b>Balance sheet</b>					
Total assets	1,020.7	929.5	944.6	838.9	903.2
Net working capital	(82.3)	(117.0)	(68.9)	(76.3)	(50.4)
Net interest-bearing debt (NIBD)	0.3	(42.9)	(14.1)	152.9	223.9
Equity	549.8	574.4	597.8	418.4	424.9
<b>Cash Flow</b>					
Free cash flow excl. acquisitions of operations	25.0	29.9	(24.6)	52.2	(11.7)
<b>Margins</b>					
Gross margin, %	26.2%	26.8%	23.5%	25.7%	21.5%
Adjusted EBITDA margin, %	15.6%	15.8%	13.4%	16.4%	13.7%
Adjusted EBIT margin, %	13.4%	13.8%	11.7%	15.2%	12.1%
EBIT margin, %	13.0%	12.7%	11.3%	14.6%	16.6%
<b>Other ratios</b>					
Solvency ratio, %	53.9%	61.8%	63.3%	49.9%	47.0%