

COMPANY ANNOUNCEMENT

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Preliminary Q3 result – financial outlook adjusted.

Reduced earnings in Q3 due to disappointing B2C sales and unfavorable sales mix. The financial outlook is lowered, as this development is expected to continue in Q4.

CEO Torben Paulin:

“During Q3 and in particular towards the end of the quarter, the sales mix in TCM Group developed negatively with lower than expected B2C sales while B2B sales, albeit closer to expectations, mainly consisted of lower margin project based sales. In consequence, preliminary data shows that total revenue in Q3 was realized somewhat below expectations, with earnings being significantly lower than expected. Consequently, the Q3 revenue is expected to be DKK 265 million (DKK 262 million), and the Q3 result is expected to be an adjusted EBIT of DKK 21 million (DKK 32 million).

Based on the lower than expected sales and earnings in Q3 and given that an unfavourable sales mix is also expected in Q4, we are lowering our guidance for both full year revenue and earnings. Full year revenue is expected to be in the range of DKK 1,120-1,160 million (previously DKK 1,150-1,225 million), and the guidance for the full year adjusted EBIT is lowered to DKK 100-130 million (previously DKK 130-160 million).

We have already undertaken a number of actions to address the situation and ensure the profitability of TCM Group going forward. To adjust production capacity and increase efficiency in the manufacturing process we decided to close down the third (night) shift at the Tvis facility from mid September. This will both cut costs and increase the operational efficiency of the company. In addition a reduction in the administrative staff of 10 FTEs was implemented in September. In view of the development, we are planning initiatives to further improve manufacturing efficiency and adjust capacity as needed. In order to combat the effect of rising energy costs in the new year, a further sales price increase with effect from December 2022 has been announced.

The Q3 report contains more detailed information and will be released November 15th as planned. All figures are unaudited and preliminary.”

Contact

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About TCM Group A/S

TCM Group is Scandinavia's third largest manufacturer of kitchens and furniture for bathrooms and storage. The products are designed and produced in Denmark and rooted in a proud tradition of good quality and good craftsmanship. TCM Group pursues a multi-brand strategy, under which the main brand is Svane Køkkenet and the other brands are Tvis Køkken and Nettoline. Combined, the brands cater for the entire price spectrum, and are sold through c. 140 dealers in Denmark and the rest of the Scandinavia. TCM Group sells private label kitchens through DIY stores in Denmark and independent kitchen stores in Norway. 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 Woods. See www.tcmgroup.dk for more information.

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.