

TCM Group Management's review
Interim report Q2 2021 (April 1 - June 30)

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

Continued significant growth in the second quarter and guidance revised up.

CEO Torben Paulin:

“Our strong revenue growth continued with sales growing by 11.7% to DKK 291 million in the quarter. Organic growth was even higher at 14%, if we take into account the negative impact from the divestment of the Svane Køkkenet store in Copenhagen. The revenue growth was driven by all our four brands and we saw the highest growth rates within our DIY segment (Nettoline and kitchn.dk).

Profits also continued to rise, adjusted EBIT was up by 8.6% from DKK 40.6 million in Q2 2020 to DKK 44.1 million this quarter.

We are seeing a market with continued high demand from our customers, but also with upward pressure on raw material prices, and challenges with raw material availability leading to higher costs.

Based on the positive development in the first half of the year and present market conditions we revise our guidance. We now estimate revenue for 2021 in the range DKK 1,090-1,120 million, while adjusted EBIT is expected to reach between DKK 148 million and 162 million.”

Financial highlights Q2

- Revenue DKK 290.7 million (DKK 260.2 million) corresponding to a revenue growth of 11.7%.
- Adjusted EBITDA DKK 47.7 million (DKK 45.9 million). Adjusted EBITDA margin was 16.4% (17.6%).
- Adjusted EBIT up DKK 3.5 million to DKK 44.1 million (DKK 40.6 million). Adjusted EBIT margin was 15.2% (15.6%)
- Non-recurring items had a total negative impact of DKK 1.5 million (DKK 1.0 million). Non-recurring items included costs related to Covid-19 precautions.
- EBIT up DKK 3.0 million to DKK 42.6 million (DKK 39.6 million), corresponding to an EBIT margin of 14.6% (15.2%).
- Net profit up DKK 1.8 million to DKK 31.9 million (DKK 30.1 million).
- Free cash flow was DKK 52.2 million (DKK 68.6 million).
- Cash conversion ratio was 71.5% (101.8%).

Financial highlights H1 2021

- Revenue DKK 571.8 million (DKK 514.4 million) corresponding to an organic growth of 11.2%.
- Adjusted EBITDA DKK 85.4 million (DKK 80.9 million). Adjusted EBITDA margin was 14.9% (15.7%).
- Adjusted EBIT up DKK 6.7 million to DKK 77.0 million (DKK 70.3 million). Adjusted EBIT margin was 13.5% (13.7%).
- Non-recurring items had a negative impact of DKK 2.8 million (DKK 1.0 million).
- EBIT up DKK 4.9 million to DKK 74.2 million (DKK 69.3 million), corresponding to an EBIT margin of 13.0% (13.5%).
- Net profit up DKK 3.8 million to DKK 56.6 million (DKK 52.8 million).
- Free cash flow was DKK 27.6 million (DKK 46.3 million).
- Full-year guidance for the financial year 2021 is revenue in the range DKK 1,090-1,120 million (previously DKK 1,040-1,100 million), and adjusted EBIT in the range DKK 148-162 million (previously 145-160 million).

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Key figures and ratios

DKK million	Q2 2021	Q2 2020	H1 2021	H1 2020	FY 2020
Income statement					
Revenue	290.7	260.2	571.8	514.4	1,024.6
Gross profit	74.6	72.3	140.6	137.6	272.8
Earnings before interest, tax, depreciation and amortisation (EBITDA)	46.2	44.9	82.6	79.9	156.1
Adjusted EBITDA	47.7	45.9	85.4	80.9	161.1
Earnings before interest, tax and amortisation (EBITA)	42.6	41.5	75.5	73.1	142.3
Adjusted EBIT	44.1	40.6	77.0	70.3	139.7
Operating profit (EBIT)	42.6	39.6	74.2	69.3	134.7
Financial items	(1.8)	(0.9)	(2.0)	(1.7)	(4.0)
Profit before tax	40.8	38.7	72.2	67.6	130.7
Net profit for the period	31.9	30.1	56.6	52.8	102.2
Balance sheet					
Total assets	838.9	989.2	838.9	989.2	929.5
Net working capital (NWC)	(76.3)	(88.9)	(76.3)	(88.9)	(117.0)
Net interest-bearing debt (NIBD)	152.9	18.9	152.9	18.9	(42.9)
Equity	418.4	525.5	418.4	525.5	574.4
Cash Flow					
Free cash flow excl. acquisitions of operations	52.2	68.6	27.6	46.3	101.0
Cash conversion, %	71.5%	101.8%	71.5%	101.8%	83.9%
Growth ratios					
Revenue growth, %	11.7%	0.8%	11.2%	1.3%	1.8%
Gross profit growth, %	3.2%	(2.1%)	2.2%	0.3%	(2.4%)
Adjusted EBIT growth, %	8.6%	(3.7%)	9.6%	(3.9%)	(9.0%)
EBIT growth, %	7.6%	(6.1%)	7.2%	(5.2%)	(8.1%)
Net profit growth, %	5.8%	(6.2%)	7.3%	(5.0%)	(8.2%)
Margins					
Gross margin, %	25.7%	27.8%	24.6%	26.7%	26.6%
Adjusted EBITDA margin, %	16.4%	17.6%	14.9%	15.7%	15.7%
Adjusted EBIT margin, %	15.2%	15.6%	13.5%	13.7%	13.6%
EBIT margin, %	14.6%	15.2%	13.0%	13.5%	13.1%
Other ratios					
Solvency ratio, %	49.9%	53.1%	49.9%	53.1%	61.8%
Leverage ratio	0.90	0.07	0.90	0.07	(0.23)
NWC ratio, %	(7.0%)	(8.8%)	(7.0%)	(8.8%)	(11.4%)
Capex ratio excl. acquisitions, %	1.3%	1.5%	2.0%	1.6%	3.0%
Share information					
Number of outstanding shares	9,514,123	10,000,000	9,514,123	10,000,000	10,000,000
Weighted average number of outstanding shares	9,715,213	10,000,000	9,856,820	10,000,000	10,000,000
Number of treasury shares	485,877	0	485,877	0	0
Earnings per share before dilution, DKK	3.28	3.01	5.74	5.28	10.22
Earnings per share after dilution, DKK	3.28	3.01	5.74	5.28	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 Q2 2021 revenue increased by 11.7% to DKK 290.7 million (DKK 260.2 million). The organic growth in the quarter was 14% with total revenue growth being lower due to the divestment of the Svane Køkkenet store in Copenhagen.

TCM Group's primary market is Denmark which contributed with 90% of Group revenue in Q2 2021. The kitchen market in Denmark remains strong with solid customer demand. For TCM Group, revenue in Denmark was up 9.7% driven by growth within all our four brands. The highest growth rates was achieved within our DIY segment (Nettoline and our e-commerce platform kitchn.dk).

Revenue outside Denmark increased by 34.6% compared to Q2 2020. The growth was driven by increased sales to the Norwegian market, both organic growth and growth from new stores, but also because Q2 2020 was a soft comparison.

Gross margin decreased from 27.8% in Q2 2020 to 25.7% in Q2 2021. The divestment of the Svane Køkkenet store in Copenhagen had a technical negative impact on gross margin of 0.6%-point in the quarter. In addition gross margin was negatively affected by a number of challenges faced by TCM Group due to supplier related issues with interruptions in the flow of goods. Mitigation actions within TCM Group to limit the impact on our deliveries of finished products to our customers led to additional costs in our production of c. DKK 3 million in the quarter, reducing gross margin by 1%-point.

At the end of Q2 2021, the total number of branded stores was 91 (89). We have signed an agreement regarding a new Svane Køkkenet store in Fredrikstad, Norway and together with the planned store openings of Svane Køkkenet stores in Oslo and Arendal, Norway and a Tvis Køkkener store in Roskilde, Denmark, this will bring the number of branded stores to 95. We are targeting that three of the new stores will open during the remaining part of 2021.

Continually launching new products is an integrated part of the DNA of TCM Group and enables us to remain the premium brands for the demanding customers in our full service segment (Svane and Tvis). In Svane Køkkenet we have built on the success of the S19 design with four new colours offering the customers the widest selection of colours in the market. In addition new options in solid oak, new cabinet and table top leg designs in combination with a significant number of new handles have been keeping the design at the forefront.

In Tvis Køkkener we have built on the success of the Momento design combining solid wood fronts and laminate by adding more options in solid wood in combination with a significant number of new handles.

Total number of employees at the end of Q1 2021 was 504 (480).

Other events in Q2 2021

A new finance agreement with Nykredit Bank was signed in April 2021 comprising of a committed facility of DKK 150 million. The agreement initially includes a three year commitment plus an option to extend the facility on similar terms for a period of further two years.

The annual general meeting in TCM Group was held on 13 April 2021. The annual general meeting approved the proposed dividend distribution of DKK 13 per share, in total DKK 130 million plus the implementation of a share buy back program of in total up to DKK 150 million or 10% of the number of shares. The share buy back program was initiated during April 2021, and will run until 11 March 2022. As of 30 June 2021 TCM Group has acquired shares with a total cost price of DKK 82.3 million and representing 4.9% of the original number of shares.

Events after the reporting period

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

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

Financial outlook

Based on the positive development in the first half of the year and present market conditions we revise our guidance. We now estimate revenue for 2021 in the range of DKK 1,090-1,120 million (previously DKK 1,040-1,100 million), while adjusted EBIT is expected to reach between DKK 148 and 162 million (previously DKK 145-160 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 Q2 2021 revenue grew by 11.7% to DKK 290.7 million (DKK 260.2 million).

Revenue in Denmark in Q2 2021 was DKK 262.6 million (DKK 239.4 million) corresponding to a growth of 9.7%. The organic growth was driven by all four brands with the highest growth rates within our DIY segment (Nettoline and our e-commerce platform kitchn.dk). Revenue in other countries in Q2 2021 was up 34.6% to DKK 28.1 million (DKK 20.8 million).

Revenue for the first six months of 2021 was up 11.2% to DKK 571.8 million (DKK 514.4 million). Revenue in Denmark for the first six months of 2021 was up 10.6% to DKK 517.9 million (DKK 468.4 million) and revenue in other countries for the first six months of 2021 was up 17.0% to DKK 53.9 million (DKK 46.0 million).

Gross profit

Gross profit in Q2 2021 was DKK 74.6 million (DKK 72.3 million), corresponding to a gross margin of 25.7% (27.8%). The divestment of the Svane Køkkenet store in Copenhagen had a technical negative impact on gross margin of 0.6%-point in the quarter. In addition gross margin was negatively affected by a challenged situation regarding deliveries from suppliers. Mitigation actions to limit the impact on the deliveries of finished products to our customers led to additional costs in our production of c. DKK 3 million in the quarter, reducing gross margin by 1%-point.

Gross profit for the first six months of 2021 was DKK 140.6 million (DKK 137.6 million), corresponding to a gross margin of 24.6% (26.7%).

Operating expenses

Operating expenses in Q2 2021 were DKK 30.5 million (DKK 31.7 million). Operating expenses represented 10.5% of revenue in Q1 2021 (12.2%). The decline in operating expenses was due to the divestment of the Svane Køkkenet store in Copenhagen.

Operating expenses for the first six months of 2021 were DKK 63.5 million (DKK 67.3 million). Operating expenses represented 11.1% of revenue for the first six months of 2021 (13.1%).

Adjusted EBITDA

Adjusted EBITDA in Q2 2021 was DKK 47.7 million (DKK 45.9 million), corresponding to an adjusted EBITDA margin of 16.4% (17.6%).

Adjusted EBITDA for the first six months of 2021 was DKK 85.4 million (DKK 80.9 million), corresponding to an adjusted EBITDA margin of 14.9% (15.7%).

Adjusted EBIT

Adjusted EBIT in Q2 2021 was DKK 44.1 million (DKK 40.6 million), corresponding to an adjusted EBIT margin of 15.2% (15.6%).

Adjusted EBIT for the first six months of 2021 was DKK 77.0 million (DKK 70.3 million), corresponding to an adjusted EBIT margin of 13.5% (13.7%).

Non-recurring items

TCM Group presents non-recurring items separately to ensure comparability. Non-recurring items consist of income and expenses that are special and of a non-recurring nature. In Q2 2021 non-recurring items included costs related to Covid-19 precautions. These items are considered non-recurring by nature and material, and are presented as non-recurring items.

Non-recurring items, DKK m	Q2		H1	
	2021	2020	2021	2020
Costs related to Covid-19	1.5	1.0	4.0	1.0
Restructuring	0.0	0.0	1.3	0.0
Gain from the divestment of an own operated store	0.0	0.0	(2.5)	0.0
Total	1.5	1.0	2.8	1.0

EBIT

EBIT in Q2 2021 increased to DKK 42.6 million (DKK 39.6 million). The increase was primarily due to the increase in EBITDA. Depreciations and amortizations in Q2 2021 were DKK 3.7 million (DKK 5.3 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. Q2 2021 included non-recurring items of DKK 1.5 million (DKK 1.0 million).

EBIT for the first six months of 2021 increased to DKK 74.2 million (DKK 69.3 million). The increase was primarily due to the increase in EBITDA. Depreciations and amortizations for the first six months of 2021 were DKK 8.3 million (DKK 10.6 million). EBIT for the first six months of 2021 included non-recurring items of DKK 2.8 million (DKK 1.0 million).

Net profit

Net profit in Q2 2021 increased to DKK 31.9 million (DKK 30.1 million). Financial income and expenses in Q2 2021 were DKK 0.9 million higher than in Q2 2020 due to costs related to the new credit facility and the share buy back program.

Net profit for the first six months of 2021 increased to DKK 56.6 million (DKK 52.8 million).

Free cash flow

Free cash flow in Q2 2021 was DKK 52.2 million (DKK 68.6 million). The impact from extended credit for VAT and income taxes provided in the government's stimulus packages had a positive cash flow impact in Q2 2021 of c. DKK 5 million, whereas the stimulus packages had a positive impact in Q2 2020 of c. DKK 25 million.

Free cash flow for the first six months of 2021 was DKK 27.6 million (DKK 46.3 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 six 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.

Net working capital

Net working capital at the end of Q2 2021 was DKK -76.3 million (DKK -88.9 million). NWC ratio at the end of Q2 2021 was -7.0% (-8.8%).

DKK million	End of Q2	
	2021	2020
Inventories	64.3	50.2
Trade and other receivables	75.1	73.3
Trade and other payables	(215.7)	(212.4)
Net working capital	(76.3)	(88.9)
NWC ratio	(7.0%)	(8.8%)

Inventories were DKK 14.1 million higher at the end of Q2 than at the end of Q2 2020. The rise was caused by two management decisions, one, to establish a buffer of parts and raw materials to ensure higher delivery assurance, and two, to establish a finished goods inventory of standard cabinets to increase capacity during peak season. Trade receivables and other receivables increased by DKK 1.8 million. Other receivables as of 30 June 2021 presented above is excluding the value of DKK 7.0 million, which relates to subleases due to the implementation of IFRS 16. This is not included in the net working capital. The increase in trade payables and other payables of DKK 3.3 million was primarily due to the higher activity level. The impact from the extended credit for VAT and payroll taxes provided in the government's stimulus package amounted to c. DKK 10 million as of 30 June 2021 (c. DKK 25 million as of 30 June 2020).

Net interest-bearing debt

Net interest-bearing debt amounted to DKK 152.9 million at the end of Q2 2021 (DKK 18.9 million). Net interest-bearing debt increased by DKK 166.9 million in Q2 2021 primarily due to distribution of dividend of DKK 130.0 million and the implementation of a share buy back program, of which DKK 82.3 million has been carried out during Q2 2021. Leverage ratio, measured as net interest bearing debt excluding tax liabilities divided by adjusted EBITDA LTM, end of Q2 2021 was 0.90 (0.07).

Equity

Equity at the end of Q2 2021 amounted to DKK 418.4 million (DKK 525.5 million). The equity decreased by DKK 179.4 million in Q2 2021 due to the distribution of dividend of DKK 130.0 million and the implementation of a share buy back program, of which DKK 82.3 million has been carried out during Q2 2021.

The solvency ratio was 49.9% at the end of Q2 2021 (53.1%). The solvency ratio is negatively affected by the implementation of IFRS 16 by 1.9%-points (2.2%-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:

12 November 2021	Interim report Q3 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 20 August at 9:30 CEST in a teleconference that can be followed on TCM Groups website or on <https://edge.media-server.com/mmc/p/7b8gepwy>.

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

Confirmation Code: **5096241**

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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, billigskabe.dk, Celebert and Just Wood.

Company information

TCM Group A/S

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Consolidated interim financial statements

Consolidated income statement

DKK m	Note	Q2		H1	
		2021	2020	2021	2020
Revenue	2	290.7	260.2	571.8	514.4
Cost of goods sold		(216.1)	(187.9)	(431.2)	(376.8)
Gross profit		74.6	72.3	140.6	137.6
Selling expenses		(18.7)	(18.6)	(38.2)	(39.8)
Administrative expenses		(11.8)	(13.1)	(25.3)	(27.5)
Other operating income		0.0	0.0	0.0	0.0
Operating profit before non-recurring items		44.1	40.6	77.0	70.3
Non-recurring items	3	(1.5)	(1.0)	(2.8)	(1.0)
Operating profit		42.6	39.6	74.2	69.3
Financial income		0.0	0.1	0.5	0.2
Financial expenses		(1.8)	(1.0)	(2.5)	(1.9)
Profit before tax		40.8	38.7	72.2	67.6
Tax for the period		(8.9)	(8.6)	(15.6)	(14.8)
Net profit for the period		31.9	30.1	56.6	52.8
Earnings per share before dilution, DKK		3.28	3.01	5.74	5.28
Earnings per share after dilution, DKK		3.28	3.01	5.74	5.28

Consolidated statement of comprehensive income

DKK m	Q2		H1	
	2021	2020	2021	2020
Net profit for the period	31.9	30.1	56.6	52.8
Other comprehensive income				
Items that are or may be reclassified subsequent to profit or loss				
Value adjustments of currency hedges before tax	1.2	0.0	(0.5)	0.0
Tax on value adjustments of currency hedges	(0.3)	0.0	0.1	0.0
Other comprehensive income for the period	0.9	0.0	(0.4)	0.0
Total comprehensive income for the period	32.8	30.1	56.2	52.8

Consolidated balance sheet

DKK m	Note	End of Q2 2021	2020	End of 2020
ASSETS				
Intangible assets				
Goodwill		369.8	369.8	369.8
Brand		172.0	172.0	172.0
Other intangible assets		0.8	5.3	1.7
		542.6	547.1	543.5
Tangible assets				
Land and buildings		85.7	99.2	87.1
Tangible assets under constructions and prepayments		0.0	0.0	11.9
Machinery and other technical equipment		43.1	13.4	27.7
Equipment, tools, fixtures and fittings		8.9	4.3	6.6
		137.7	116.9	133.3
Financial assets		12.1	16.2	13.2
Total non-current assets		692.4	680.2	689.9
Inventories		64.3	50.2	48.3
Current receivables				
Trade receivables		68.8	62.9	24.4
Current tax receivables		0.0	0.0	5.0
Other receivables		13.3	15.4	23.7
Prepaid expenses and accrued income		0.0	0.9	0.4
		82.1	79.1	53.6
Cash and cash equivalents		0.0	179.8	125.9
Assets held for sale		0.0	0.0	11.8
Total current assets		146.4	309.1	239.5
Total assets		838.9	989.2	929.5

Consolidated balance sheet

DKK m	Note	End of Q2 2021	2020	End of 2020
SHAREHOLDERS' EQUITY AND LIABILITIES				
Share capital		1.0	1.0	1.0
Treasury shares		(82.3)	0.0	0.0
Value adjustments of currency hedging		(1.0)	0.0	(0.6)
Retained earnings		500.6	524.5	444.0
Proposed dividend for the financial year		0.0	0.0	130.0
Total shareholders' equity		418.4	525.5	574.4
Deferred tax		51.9	52.6	53.2
Mortgage loans		29.3	32.1	30.6
Bank loans		0.0	93.9	9.7
Lease liabilities		20.9	29.3	24.1
Other liabilities		0.6	0.0	24.2
Total long-term liabilities		102.6	207.9	141.8
Mortgage loans		2.8	2.8	2.8
Bank loans		84.0	22.7	9.9
Lease liabilities		11.5	10.5	10.9
Prepayments from customers		0.0	4.6	0.0
Trade payables		131.5	118.4	125.4
Current tax liabilities		4.4	7.4	0.0
Other liabilities		83.6	89.4	55.2
Liabilities held for sale		0.0	0.0	9.0
Deferred income		0.1	0.1	0.0
Total short-term liabilities		317.9	255.9	213.3
Total shareholders' equity and liabilities		838.9	989.2	929.5

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
Opening balance 01.01.2020*	1.0	0.0	0.0	471.7	0.0	472.7
Net profit for the period	0.0	0.0	0.0	52.8	0.0	52.8
Other comprehensive income for the period	0.0	0.0	0.0	0.0	0.0	0.0
Total comprehensive income for the period	0.0	0.0	0.0	52.8	0.0	52.8
Closing balance 30.06.2020	1.0	0.0	0.0	524.5	0.0	525.5
Opening balance 01.01.2021	1.0	0.0	(0.6)	444.0	130.0	574.4
Net profit for the period	0.0	0.0	0.0	56.6	0.0	56.6
Other comprehensive income for the period	0.0	0.0	(0.4)	0.0	0.0	(0.4)
Total comprehensive income for the period	0.0	0.0	(0.4)	56.6	0.0	56.2
Dividend paid	0.0	0.0	0.0	0.0	(130.0)	(130.0)
Purchase of treasury shares	0.0	(82.3)	0.0	0.0	0.0	(82.3)
Closing balance 30.06.2021	1.0	(82.3)	(1.0)	500.6	0.0	418.4

*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	Q2		H1	
		2021	2020	2021	2020
Operating activities					
Operating profit		42.6	39.6	74.3	69.3
Depreciation and amortization		3.7	5.3	8.3	10.6
Income tax paid		0.0	0.0	(7.2)	(5.8)
Change in net working capital		10.2	27.7	(38.3)	(19.9)
Cash flow from operating activities		56.4	72.6	37.1	54.2
Investing activities					
Investments in fixed assets		(4.2)	(4.0)	(12.3)	(8.0)
Sale of fixed assets		0.0	0.0	0.0	0.0
Divestments of operations		0.0	0.0	2.8	0.0
Cash flow from investing activities		(4.2)	(4.0)	(9.5)	(8.0)
Financing activities					
Interest paid		(1.4)	(0.8)	(1.7)	(1.5)
Repayments of loans		(20.7)	(0.7)	(21.4)	(1.4)
Repayments of lease liabilities		(2.6)	(1.4)	(2.1)	(2.9)
Purchase of treasury shares		(82.3)	0.0	(82.3)	0.0
Dividend paid		(130.0)	0.0	(130.0)	0.0
Cash flow from financing activities		(237.1)	(2.9)	(237.5)	(5.8)
Cash flow for the period		(184.8)	65.7	(209.8)	40.4
Cash and cash equivalents at the beginning of the period					
		100.9	114.1	125.9	139.4
Cash flow for the period		(184.8)	65.7	(209.8)	40.4
Cash and cash equivalents at the end of the period		(84.0)	179.8	(84.0)	179.8

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	Q2		H1	
	2021	2020	2021	2020
Denmark	262.6	239.4	517.9	468.4
Other countries	28.1	20.8	53.9	46.0
	290.7	260.2	571.8	514.4

Revenue consists of sale of goods and services.

3. Non-recurring items

Non-recurring items, DKK m	Q2		H1	
	2021	2020	2021	2020
Costs related to Covid-19	1.5	1.0	4.0	1.0
Restructuring	0.0	0.0	1.3	0.0
Gain from the divestment of an own operated store	0.0	0.0	(2.5)	0.0
Total	1.5	1.0	2.8	1.0

4. Related party transactions

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

5. Events after the reporting period

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

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

Statement by the Board of Directors and the Executive Management

The Board of Directors and the Executive Management today considered and adopted the interim report of TCM Group A/S for the period 1 January 2021 – 30 June 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 June 2021 and of the results of the Group's operations and cash flows for the period 1 January to 30 June 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, 20 August, 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	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021
Income statement					
Revenue	260.2	247.4	262.8	281.1	290.7
Gross profit	72.3	64.9	70.4	66.0	74.6
Earnings before interest, tax, depreciation and amortisation (EBITDA)	44.9	37.6	38.6	36.3	46.2
Adjusted EBITDA	45.9	38.6	41.6	37.6	47.7
Earnings before interest, tax and amortisation (EBITA)	41.5	34.0	35.3	32.9	42.6
Adjusted EBIT	40.6	33.1	36.4	33.0	44.1
Operating profit (EBIT)	39.6	32.1	33.4	31.6	42.6
Financial items	(0.9)	(1.1)	(1.2)	(0.3)	(1.8)
Profit before tax	38.7	31.0	32.2	31.4	40.8
Net profit for the period	30.1	24.4	25.1	24.7	31.9
Balance sheet					
Total assets	989.2	1,020.7	929.5	944.6	838.9
Net working capital	(88.9)	(82.3)	(117.0)	(68.9)	(76.3)
Net interest-bearing debt (NIBD)	18.9	0.3	(42.9)	(14.1)	152.9
Equity	525.5	549.8	574.4	597.8	418.4
Cash Flow					
Free cash flow excl. acquisitions of operations	68.6	25.0	29.9	(24.6)	52.2
Margins					
Gross margin, %	27.8%	26.2%	26.8%	23.5%	25.7%
Adjusted EBITDA margin, %	17.6%	15.6%	15.8%	13.4%	16.4%
Adjusted EBIT margin, %	15.6%	13.4%	13.8%	11.7%	15.2%
EBIT margin, %	15.2%	13.0%	12.7%	11.3%	14.6%
Other ratios					
Solvency ratio, %	53.1%	53.9%	61.8%	63.3%	49.9%