

REMUNERATION REPORT 2022



Remuneration report for 2022

This remuneration report of TCM Group A/S (hereafter TCM Group) has been prepared in accordance with section 139 b of the Danish Companies Act. The report informs about the total remuneration granted to each of the members of the Board of Directors and Executive Management of the TCM Group for the last two financial years.

About TCM Group

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

Manufacturing is to a large extent carried out in-house at three manufacturing sites located 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 other brands are Tvis køkken, 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.

Remuneration policy and shareholder feedback on remuneration report

Remuneration paid during the financial year 2022 follows our remuneration policy latest approved on the annual general meeting 13 April 2021. The current TCM Group Remuneration Policy and guidelines for incentive pay are available on our website at [governance-en.tcmgroup.dk](https://www.tcmgroup.dk/governance-en.tcmgroup.dk).

At the same time the remuneration report for 2021 was submitted to the shareholders for an advisory vote. The remuneration report for 2021 was adopted without any comments.

Overview

Below is an overview of members of the Executive Management and Board of Directors during the two financial years (*crosses in brackets indicate joined/elected/resigned during the financial year*):

Members	2022	2021	Comments
Executive Management			
Torben Paulin (CEO)	X	X	
Mogens Elbrønd Pedersen (CFO)	X	X	
Board of Directors			
Sanna Mari Suvanto-Harsaae (Chairman)	X	X	
Anders Skole-Sørensen (Deputy Chairman)	X	X	
Carsten Bjerg	X	X	
Søren Mygind Eskildsen	X	X	
Danny Feltmann Espersen	X	X	
Jan Amtoft	(X)		Elected 5 April 2022

Board of Directors

The Company is governed by the Board of Directors consisting of 4 to 6 directors elected by the general meeting.

Components

Components of the remuneration to the Board of Directors are described in the Remuneration Policy and adopted at the Annual General meeting. The remuneration consists of the following components as listed below.

Fixed remuneration

The ordinary members of the Board of Directors will receive a fixed annual fee approved by the general meeting. The chairman of the Board of Directors will receive 2.5 times the fixed annual fee and the deputy chairman 1.5 times the fixed annual fee.

An additional fee for members of the audit committee, the remuneration committee, and the nomination committee is paid as a multiple to the fixed annual fee as specified below:

	Chair	Member
Audit Committee	0.5x	0.25x
Nomination Committee	0.25x	0.125x
Remuneration Committee	0.25x	0.125x

In 2022 the fixed annual fee is DKK 250.000 for an ordinary member of the Board of Directors.

On presentation of vouchers, the Company will reimburse all travel and accommodation expenses incurred by a member of the Board of Directors while performing his/her board duties (including committee work). Reimbursements are generally insignificant and constituted in 2022 a total of DKK 34 thousand for the entire Board of Directors.

Further, the Company will pay for such adequate and relevant training to each board member as is considered appropriate, having regard to his/her position.

Incentive pay

The remuneration of the members of the Board of Directors does not include any incentive pay.

Remuneration

Below is listed an overview of total remuneration to the Board of Directors for the last four years.

DKK'000

2022	Base fee	Audit Committee	Nomination Committee	Remuneration Committee	Total	Change vs LY
	Sanna Mari Suvanta-Harsaae, Chairman	625	63	63	63	813
Anders Skole- Sørensen, Deputy Chairman	375	125	31	31	563	0%
Carsten Bjerg	250	-	31	31	313	0%
Søren Mygind Eskildsen	250	-	-	-	250	0%
Danny Feltmann Espersen	250	-	-	-	250	0%
Jan Amtoft - Elected as of 5 April 2022	188	-	-	-	188	n.a.
Total	1.938	188	125	125	2.375	

2021	Base fee	Audit Committee	Nomination Committee	Remuneration Committee	Total	Change vs LY
	Sanna Mari Suvanta-Harsaae, Chairman	625	63	63	63	813
Anders Skole- Sørensen, Deputy Chairman	375	125	31	31	563	0%
Carsten Bjerg	250	-	31	31	313	0%
Søren Mygind Eskildsen	250	-	-	-	250	0%
Danny Feltmann Espersen	250	-	-	-	250	0%
Total	1.750	188	125	125	2.188	

2020	Base fee	Audit Committee	Nomination Committee	Remuneration Committee	Total	Change vs LY*
	Sanna Mari Suvanta-Harsaae, Chairman	625	63	63	63	813
Anders Skole- Sørensen, Deputy Chairman	375	125	31	31	563	125%
Carsten Bjerg	250	-	31	31	313	25%
Søren Mygind Eskildsen	250	-	-	-	250	0%
Danny Feltmann Espersen	250	-	-	-	250	0%
Total	1.750	188	125	125	2.188	

* Danny Feltmann Espersen was elected to the Board of Directors as of 11 April 2019, and therefore the change vs LY is calculated on annualised numbers for 2019.

2019	Base fee	Audit Committee	Nomination Committee	Remuneration Committee	Total
	Sanna Mari Suvanta-Harsaae, Chairman	500	-	-	-
Anders Skole- Sørensen, Deputy Chairman	250	-	-	-	250
Carsten Bjerg	250	-	-	-	250
Søren Mygind Eskildsen	250	-	-	-	250
Danny Feltmann Espersen - Elected as of 11 April 2019	188	-	-	-	188
Total	1.438	-	-	-	1.438

Executive Management

Components

Components of the remuneration to the Executive Management are described in the Remuneration Policy and comprises of the following elements as listed below.

Fixed annual base salary

The members of the Executive Management will receive a fixed annual salary as payment for their day-to-day performance.

The Executive Management will not be entitled to any further remuneration for assisting the Company's affiliated companies.

Pension

The pension contribution of the Company may comprise a maximum of 25% of the fixed annual base salary. However, the pension contribution in 2022 has been lower than this level.

Variable incentive pay

In order to encourage common goals for the Executive Management and the shareholders of the Company and to ensure the long-term value creation in the Company as well as to meet the short- as well as the long-term goals the Board of Directors considers it appropriate that incentive schemes exist for the Executive Management. Such incentive schemes may comprise any form of variable remuneration, including share-based instruments such as shares, share options, warrants and phantom shares as well as non-share-based bonus agreements. Variable remuneration will be earned wholly or partly over a period of minimum three years. Any specific incentive agreements with members of the Executive Management will be subject to these guidelines.

Short-term cash bonus (STI)

Annual bonus arrangements are one-year bonus schemes, which drive and reward delivery of short-term business objectives. The annual bonus payments are conditional upon compliance in full or in part with the terms and targets defined in the bonus agreement. These may comprise personal targets linked to the performance of the executive in question, the Company's delivery of annual business results, or the occurrence of a specific event.

The annual bonus schemes for the Executive Management may allow members to receive a bonus per financial year of up to 100% of the member's fixed annual salary.

The STI for 2022 is capped at 50% of the annual basic salary and is based on annual KPIs for revenue, EBITDA and NWC ratio. The weighted ratio of the KPI's is split with a majority related to EBITDA (weight 60%), and the remaining part related to revenue (weight 30%) and NWC ratio (weight 10%).

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 extraordinary external influence of the Russian invasion of Ukraine and the following inflationary macro economic environment has had a significant impact on TCM Group's result in 2022. As a consequence hereof and with reference to section 3.8 in the remuneration policy regarding extraordinary payments, the Board of Directors has decided to grant a minor STI bonus for 2022 of in total kDKK 317 to Executive Management.

STI bonus Executive Management for 2022:

STI 2022: (kDKK)	Weighted	Performance vs target	CEO Torben Paulin		CFO Mogens Elbrønd Pedersen	
			Granted bonus	Maximum bonus	Granted bonus	Maximum bonus
KPI's:						
Revenue	30%	under				
EBITDA	60%	under				
NWC ratio	10%	under				
Total	100%		242	1.421	75	900
Total bonus %			17%		8%	

Long-term incentive scheme (LTI)

The long-term incentives are primarily designed to incentivize long-term performance, commitment and retention of the members of the Executive Management, as well as to promote alignment of the interests with the shareholders. The long-term incentives may result in a maximum value per financial year equal to 50% of the member's fixed annual salary.

The LTI program consists of annually commencing individual Performance Share Unit Plans with a three-year performance period. 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 commencement of each new plan is subject to a separate decision of TCM Group's Board of Directors. The company intends to use treasury shares to meet its obligations to deliver shares under the Performance Share Unit Plan.

The LTI program is applicable for the performance periods 2021-2023 and 2022-2024. The performance measures for the LTI are all three-year accumulative and consist of absolute total shareholder return of the Company's share (weight 30%), EBITDA (weight 50%), and reduction of the group's carbon emission reduction (20%). The LTI program for the period 2022-2024 is capped at 50% of the annual basic salary for 2022, and corresponding to a total number of shares in TCM Group of 17,427.

The LTI program for 2021-2023 is to be paid out in 2024, and the LTI program for 2022-2024 is to be paid out in 2025 depending on the performance on the above mentioned criterias.

The expected vesting level is depending on the performance in the future financial years. The expected vesting level for 2022 for Executive Management was set to 28% of the maximum LTI amount.

Clawback

TCM Group has a right to reclaim, in whole or part, LTI allocations or STI cash bonus, from the participant (executive management) in the event of serious misconduct or if the allocation or reward was based on information, which subsequently proves to be incorrect. There has been no such event.

Other benefits and working tools

The Company will make a number of work-related benefits and working tools available to the members of the Executive Management, including but not limited to a mobile telephone, a company car, a computer and a broadband connection. The extent of such work-related benefits will be negotiated with each member of the Executive Management.

Termination and severance pay

The Company may terminate the employment of a member of the Executive Management with the notice required to be given in the executive service agreement. The period of notice may not exceed 12 months.

Further, a member of the Executive Management may terminate his/her employment with the Company with the notice provided for in the individual contract.

Unless otherwise agreed in the executive service agreement, members of the Executive Management are not entitled to redundancy pay or compensation for voluntary or non-voluntary termination of employment. Such pay cannot exceed 3 months' salary.

Remuneration

The development in the total remuneration during the last four financial years are presented below.

DKK'000

2022	Base salary	Pension	Other	STI	LTI *	Total	Fixed/ variable	Change vs LY
		cost	benefits					
Torben Paulin, CEO	2.842	240	298	242	312	3.934	86 / 14	-2%
Mogens Elbrønd Pedersen, CFO	1.800	158	350	75	-	2.383	97 / 3	-11%
Total	4.642	398	648	317	312	6.317	90 / 10	

* LTI is the estimated granted value of the LTI for the entire period 2022-2024, issued in 2022, whereas the amount presented in note 4 in the Annual report represents the granted value of the LTI accrued over the financial years 2022-2024. CFO Mogens Elbrønd Pedersen resigned his position at TCM Group during 2022, and as consequence hereof no LTI has been granted for 2022.

2021	Base salary	Pension	Other	STI	LTI *	Total	Fixed/ variable	Change vs LY **
		cost	benefits					
Torben Paulin, CEO	2.759	233	319	-	690	4.001	83 / 17	-15%
Mogens Elbrønd Pedersen, CFO	1.808	150	283	-	442	2.683	84 / 16	-5%
Total	4.567	383	602	-	1.132	6.684	83 / 17	

* LTI is the estimated granted value of the LTI for the period 2021-2023, issued in 2021.

** CEO Torben Paulin joined TCM Group as of 1 March 2020, and therefore the change vs LY is calculated on annualised numbers for 2020.

2020	Base salary	Pension	Other	STI	LTI	Total	Fixed/ variable	Change vs LY *
		cost	benefits					
Torben Paulin, CEO - Joined as of 1 March 2020	2.208	276	287	575	575	3.921	71 / 29	n.a.
Ole Lund Andersen, CEO - Retired as of 28 February 2020	568	-	54	-	-	622	100 / 0	-47%
Mogens Elbrønd Pedersen, CFO	1.760	205	3	427	427	2.822	70 / 30	-23%
Total	4.536	481	344	1.002	1.002	7.365	73 / 27	

* CEO Ole Lund Andersen resigned as of 28 February 2020, and therefore the change vs LY is calculated based on annualised numbers for 2020.

2019	Base salary	Pension	Other	STI	LTI	Total
		cost	benefits			
Ole Lund Andersen, CEO	3.410	-	239	1.705	1.705	7.059
Mogens Elbrønd Pedersen, CFO	1.760	205	4	854	854	3.677
Total	5.170	205	243	2.559	2.559	10.736

Financial key figures

Parent company				
DKK'000	2022	2021	2020	2019
Profit before tax	107.068	144.166	89.166	70.771
<i>Change in profit before tax</i>	<i>-25,7%</i>	<i>61,7%</i>	<i>26,0%</i>	

Group results				
DKK'000	2022	2021	2020	2019
Profit before tax	89.401	135.738	130.720	142.357
Net profit for the year	70.493	110.709	102.243	111.322
Earnings per share	7,77	11,55	10,22	11,13
<i>Change in profit before tax</i>	<i>-34,1%</i>	<i>3,8%</i>	<i>-8,2%</i>	

Remuneration				
DKK'000	2022	2021	2020	2019
FTE ex. Executive Management - number	494	502	481	487
Total cost for employees	240.072	237.691	222.998	223.595
Total cost for Board of Directors and Executive management *	8.462	8.127	9.569	12.035
Total cost for employees, ex. Board of Directors and Executive Management	231.610	229.564	213.429	211.560
Average remuneration	469	457	444	434
<i>Change in average remuneration</i>	<i>2,5%</i>	<i>3,1%</i>	<i>2,1%</i>	
<i>Change in Board of Directors and Executive Management remuneration</i>	<i>4,1%</i>	<i>-15,1%</i>	<i>-20,5%</i>	

* as stated in note 4 in the Annual report.

The parent company has no employees other than the Executive Management, and the primary income in the parent company is dividend from subsidiaries. Therefore, Group results are included in the overview to present a view of the performance of the business during the years reported.

Statement by the Board of Directors

The Board of Directors has considered and approved the remuneration report for the financial year 2022 for TCM Group A/S.

The remuneration report has been prepared in accordance with section 139 b of the Danish Companies Act.

In our opinion, the remuneration report is in accordance with the remuneration policy adopted at the Annual General Meeting, and is free from material misstatement and omissions, whether due to fraud or error.

The remuneration report will be presented for an advisory vote at the Annual General Meeting.

Tvis, 24 February 2023

Board of Directors

Sanna Mari Suvanto-Harsaae
Chairman

Anders Skole-Sørensen
Deputy Chairman

Carsten Bjerg

Søren Mygind Eskildsen

Danny Feltmann Espersen

Jan Amtoft

Independent Auditor's Statement on Remuneration Report

To the shareholders of TCM Group A/S

According to section 139 b of the Danish Companies Act, Management is responsible for preparing a remuneration report in accordance with the remuneration policy adopted at the General meeting.

Our opinion on the audit of the Consolidated Financial Statements and the Parent Company Financial Statements does not include the remuneration report, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements and the Parent Company Financial Statements for 2022, it is, however, our responsibility pursuant to section 147 of the Danish Companies Act to verify that all disclosures required under section 139 b(3) of the Danish Companies Act are included in the Company's remuneration report for 2022.

We found no reason to point out any omissions with respect to the disclosures included in the remuneration report for 2022.

Aarhus, 24 February 2023

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

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