

REMUNERATION REPORT 2023



Remuneration report for 2023

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 a 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 manufactured to a specific customer order. Production sites are located in Denmark, with four factories in Tvis and Aulum (in the western part of Denmark).

The Group pursues a multi-brand strategy, under which the main brand is Svane Køkkenet and the secondary brands are Tvis Køkken, Nettoline, AUBO 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 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 2023 follows our remuneration policy latest approved on the annual general meeting 13 April 2022. 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).

At the same time the remuneration report for 2022 was submitted to the shareholders for an advisory vote. The remuneration report for 2022 was adopted without any comments.

Overview of members of the Executive Management and Board of Directors

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	2023	2022	Comments
Executive Management			
Torben Paulin (CEO)	X	X	
Thomas Hjannung (CFO)	(X)		Joined 1 March 2023
Mogens Elbrønd Pedersen (CFO)	(X)	X	Resigned 28 February 2023
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	Resigned 13 April 2023
Jan Amtoft	X	(X)	Elected 5 April 2022
Pernille Wendel Mehl	(X)		Elected 13 April 2023
Erika Hummel	(X)		Elected 13 April 2023

Board of Directors

The Company is governed by the Board of Directors consisting of 4 to 7 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 2023 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 2023 a total of DKK 82 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 2023 and 2022:

DKK'000

2023	Base fee	Audit Committee	Nomination Committee	Remuneration Committee	Total	Change vs LY*
Sanna Mari Suvanta-Harsaae, Chairman	625	63	63	63	813	0%
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- Resigned as of 13 April 2023	63	-	-	-	63	0%
Jan Amtoft	250	-	-	-	250	0%
Pernille Wendel Mehl - Elected as of 13 April 2023	188	-	-	-	188	n.a.
Erika Hummel - Elected as of 13 April 2023	188	-	-	-	188	n.a.
Total	2.188	188	125	125	2.625	

* Jan Amtoft was elected to the Board of Directors as of 5 April 2022, and therefore the change vs LY is calculated on annualised numbers for 2022. Danny Feltmann Espersen resigned from the Board of Directors as of 13 April 2023, and therefore the change vs LY is calculated on annualised numbers for 2023

2022	Base fee	Audit Committee	Nomination Committee	Remuneration Committee	Total	Change vs LY
Sanna Mari Suvanta-Harsaae, Chairman	625	63	63	63	813	0%
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	

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 2023 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 2023 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.

STI 2023: (kDKK)	Weighted	Performance vs target	CEO Torben Paulin		CFO Thomas Hjannung	
			Granted bonus	Maximum bonus	Granted bonus	Maximum bonus
KPI's:						
Revenue	30%	under				
EBITDA	60%	under				
NWC ratio	10%	under				
Total	100%		0	1.450	0	451
Total bonus %			0%		0%	

In connection with the acquisition of AUBO Production A/S, and with reference to section 3.8 in the remuneration policy regarding extraordinary payments, the Board of Directors has decided to grant a transaction bonus for 2023 of in total kDKK 1,000 to Executive Management.

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 of up 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, 2022-2024 and 2023-2025. 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 2023-2025 is capped at up to 50% of the annual basic salary for 2023, and corresponding to a total number of shares in TCM Group of 38,596.

The LTI program for 2021-2023 is to be paid out in 2024, the LTI program for 2022-2024 is to be paid out in 2025, and the LTI program for 2023-2025 is to be paid out in 2026, 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 2023 for Executive Management was set to 73% 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 for 2022 and 2023 is presented below.

DKK'000

2023	Base salary	Pension cost	Other benefits	STI	LTI *	Total	Fixed/variable	Change vs LY **
	Torben Paulin, CEO	2,900	280	213	500	814	4,707	72 / 28
Thomas Hjannung, CFO - Joined as of 1 March 2023	1,288	135	160	500	288	2,371	67 / 33	n.a.
Mogens Elbrønd Pedersen, CFO - Resigned as of 28 February 2023	373	32	25	-	-	430	100 / 0	8%
Total	4,561	447	398	1,000	1,102	7,508	72 / 28	

* LTI is the estimated granted value of the LTI for the entire period 2023-2025, granted in 2023, whereas the amount presented in note 5 in the Annual report represents the granted value of the LTI program accrued over the financial years 2021-2025.

** Mogens Elbrønd Pedersen resigned as of 28 February 2023, and therefore the change vs LY is calculated on annualised numbers for 2023.

2022	Base salary	Pension cost	Other benefits	STI	LTI *	Total	Fixed/variable	Change vs LY
	Torben Paulin, CEO	2.842	240	298	242	312	3.934	86 / 14
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 5 in the Annual report represents the granted value of the LTI accrued over the financial years 2021-2024. CFO Mogens Elbrønd Pedersen resigned his position in TCM Group during 2022, and as consequence hereof no LTI was granted for 2022.

Financial key figures and annual changes in remuneration

Parent company DKK'000	2023	2022	2021	2020	2019
Profit before tax	37,014	107,068	144,166	89,166	70,771
<i>Change in profit before tax</i>	-65.4%	-25.7%	61.7%	26.0%	

Group results DKK'000	2023	2022	2021	2020	2019
Profit before tax	27,092	89,401	135,738	130,720	142,357
Net profit for the year	21,522	70,493	110,709	102,243	111,322
Earnings per share	2.22	7.77	11.55	10.22	11.13
<i>Change in profit before tax</i>	-69.7%	-34.1%	3.8%	-8.2%	

Remuneration * DKK'000	2023	2022	2021	2020	2019
Number of FTE excl. Executive Management	443	494	502	481	487
Total cost for employees	231,197	243,924	237,691	222,998	223,595
Total cost for Board of Directors and Executive management **	9,456	8,428	8,127	9,569	12,035
Total cost for employees, ex. Board of Directors and Executive Management	221,741	235,496	229,564	213,429	211,560
Average remuneration	501	477	457	444	434
<i>Change in average remuneration excl. Executive Management</i>	5.0%	4.2%	3.1%	2.1%	
<i>Change in Board of Directors and Executive Management remuneration</i>	12.2%	3.7%	-15.1%	-20.5%	

Overview of remuneration, and annual changes in remuneration *** DKK'000	2023	2022	2021	2020	2019
Board of Directors					
Sanna Mari Suvanta-Harsaae, Chairman	813	813	813	813	500
<i>Change in remuneration</i>	0%	0%	0%	63%	
Anders Skole- Sørensen, Deputy Chairman	563	563	563	563	250
<i>Change in remuneration</i>	0%	0%	0%	125%	
Carsten Bjerg	313	313	313	313	250
<i>Change in remuneration</i>	0%	0%	0%	25%	
Søren Mygind Eskildsen	250	250	250	250	250
<i>Change in remuneration</i>	0%	0%	0%	0%	
Jan Amtoft	250	188			
<i>Change in remuneration</i>	0%	n.a.			
Pernille Wendel Mehl - Elected as of 13 April 2023	188				
<i>Change in remuneration</i>	n.a.				
Erika Hummel - Elected as of 13 April 2023	188				
<i>Change in remuneration</i>	n.a.				
Danny Feltmann Espersen- Resigned as of 13 April 2023	63	250	250	250	188
<i>Change in remuneration</i>	0%	0%	0%	0%	
Executive Management					
Torben Paulin, CEO	4,707	3,934	4,001	3,921	
<i>Change in remuneration</i>	20%	-2%	-15%		
Thomas Hjønnung, CFO - Joined as of 1 March 2023	2,371				
<i>Change in remuneration</i>	n.a.				
Mogens Elbrønd Pedersen, CFO - Resigned as of 28 February 2023	430	2,383	2,683	2,822	3,677
<i>Change in remuneration</i>	8%	-11%	-5%	-23%	
Ole Lund Andersen, CEO				622	7,059
<i>Change in remuneration</i>				-47%	

* comparative figures have been adjusted to reflect changes in classifications

** as stated in note 5 in the Annual report.

*** annual changes are calculated based on annualised numbers where the length of service is less than 12 months

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 2023 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, 28 February 2024

Board of Directors

Sanna Mari Suvanto-Harsaae
Chairman

Anders Skole-Sørensen
Deputy Chairman

Carsten Bjerg

Søren Mygind Eskildsen

Pernille Wendel Mehl

Jan Amtoft

Erika Hummel

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 2023, 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 2023.

We found no reason to point out any omissions with respect to the disclosures included in the remuneration report for 2023.

Aarhus, 28 February 2024

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

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