
Interim Financial Report for the Period 1 January – 30 June 2017



Brødrene A & O Johansen A/S

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Today the Board of Directors has approved the Group's interim financial report for the period 1 January – 30 June 2017.

Summary

- Consolidated revenue for the first half of 2017 was DKK 1,551.0 million, which is DKK 196.4 million or 15% more than for the same period last year. The increase in revenue is attributable to the B2B markets in both Denmark and abroad, showing growths of 12% and 29% respectively. The B2C activities went up by 30%, primarily due to the acquisition of Greenline A/S in the second half of 2016.
- Gross margin for the first half of 2017 was DKK 429.1 million, which is DKK 41.1 million or 11% more than last year. The gross profit margin came in at 27.7%, which is 0.9 percentage point less than last year.
- Operating profit (EBIT) for the first half of 2017 was DKK 74.5 million, corresponding to a profit margin of 4.8%, against DKK 63.9 million and 4.7% for the first half of 2016.
- As at 30 June 2017, the Group's total assets amounted to DKK 2,206.2 million, which is DKK 316.8 million more than at 30 June 2016. The increase is attributable to investment in Greenline A/S, a new miniload system, and increased inventories and trade receivables. In addition, investments have been made in new stores in Odense and Roskilde.
- The Group's equity of DKK 591.5 million (a solvency ratio of 26.8%) is DKK 78.2 million lower than last year due to, among other things, the buy-back of treasury shares worth DKK 185.5 million from J-F. Lemvig-Müller Holding A/S.
- Cash flow from operating activities for the first half of 2017 was negative at DKK 15.3 million, which is DKK 154.0 million less than for the first half of 2016. The decline is attributable to increased activity and timing difference in working capital.
- AO's Executive Board is enlarged by three new members.

Important events

- In order to strengthen the Company during its transformation process from being a traditional wholesaler to becoming a modern digital enterprise with focus on the AO culture, IT and e-commerce it has been decided to enlarge the Executive Board by three new members as of 1 September 2017:

Lili Johansen, CHRO – in charge of HR. Lili is 59 years old and has been employed with AO for 39 years.

Gitte Lindeskov, CIO – in charge of IT. Gitte is 44 years old and has been employed with AO for 5 years.

Stefan Funch Jensen, CDO – in charge of e-commerce/marketing. Stefan is 43 years old and has been employed with AO for 4 years.

All new members are responsible to Niels A. Johansen, CEO.

Henrik T. Krabbe, CFO, continues as member of the Executive Board and is in charge of finance and logistics.

- Store no. 50 in Denmark opened in Odense SØ. The store in Roskilde was moved to a new location.

- The buy-back of own preference shares at a nominal value of DKK 7.1 million from J-F. Lemvigh-Müller Holding A/S, corresponding to 12.52% of the Company's total share capital, was completed at a total purchase price of DKK 185.5 million, equalling a price of DKK 2,600 per share (before the share split in the ratio of 1:10).
- The Executive Board's share option scheme was fully exercised during the period.
- The annual general meeting approved the consolidated and company financial statements as well as the proposed allocation of profits, including a dividend distribution of DKK 60 per preference share. In addition, it was decided to implement a share split in the ratio of 1:10 and to reduce the share capital by DKK 29 million to DKK 28 million. All shareholder-elected Board members were re-elected, and afterwards the Board of Directors constituted itself with the same chairman and deputy chairman. The Board of Directors was authorised to acquire own preference shares equivalent to a total of 10 % of the Company's share capital.
- The new miniload system was put into operation in the second quarter of 2017. Efficiency improvement is expected in the second half of 2017.

Expectations for the year

- As announced in connection with the publication of the annual report for 2016, the Group expects a profit before tax in the range of DKK 140-150 million. In 2016, Brødrene A & O Johansen A/S realised a profit before tax of DKK 135.4 million.

Niels A. Johansen
CEO

Albertslund, 24 August 2017

Henrik T. Krabbe
CFO

Financial highlights for the AO Group

(DKKm)

| Key figures | H1 2017 | H1 2016 | Full year 2016 |
|-------------------------------------------------------|--------------------|--------------------|---------------------------|
| Consolidated revenue | 1,551.0 | 1,354.6 | 2,823.4 |
| Gross margin | 429.1 | 388.0 | 796.7 |
| Operating profit or loss (EBIT) | 74.5 | 63.9 | 143.3 |
| Financial income and expenses, net | (5.1) | (3.7) | (8.0) |
| Profit or loss before tax (EBT) | 69.4 | 60.2 | 135.4 |
| Tax on profit or loss for the period | (15.7) | (13.3) | (30.0) |
| Net profit or loss for the period | 53.7 | 46.9 | 105.4 |
| Non-current assets | 1,307.5 | 1,168.1 | 1,266.9 |
| Current assets | 898.7 | 721.3 | 727.9 |
| Total assets | 2,206.2 | 1,889.3 | 1,994.8 |
| Share capital | 28.0 | 57.0 | 57.0 |
| Equity | 591.5 | 669.8 | 732.1 |
| Non-current liabilities | 335.0 | 342.8 | 339.1 |
| Current liabilities | 1,279.6 | 876.8 | 923.6 |
| Average number of employees | 695 | 683 | 680 |
| Cash flow from operating activities | (15.3) | 138.7 | 235.8 |
| Cash flow from investing activities | (76.1) | (61.4) | (129.7) |
| Of which investments in property, plant and equipment | (61.2) | (16.6) | (61.7) |
| Cash flow from financing activities | 91.9 | (80.6) | (110.2) |
| Cash flow for the period | 0.4 | (3.4) | (4.0) |

Financial ratios

| | | | |
|-----------------------------------------|-------|-------|-------|
| Gross profit margin | 27.7% | 28.6% | 28.2% |
| Profit margin | 4.8% | 4.7% | 5.1% |
| Return on capital employed | 3.5% | 3.3% | 7.2% |
| Return on equity | 8.1% | 5.5% | 12.0% |
| Solvency ratio | 26.8% | 35.5% | 36.7% |
| Book value | 211 | 118 | 128 |
| Share price at the end of the period | 423 | 210 | 337 |
| Earnings per share (EPS Basic), DKK | 20 | 11 | 27 |
| Diluted earnings per share (EPS-D), DKK | 20 | 10 | 27 |

Basic EPS and diluted EPS have been calculated in accordance with IAS. Other financial ratios have been calculated in accordance with the Danish Finance Society's "Recommendations and Financial Ratios 2015". The financial ratios have been calculated on basis of the respective periods and adjusted retroactively for the share split.

Figures given in brackets are negative results or deductible items.

Management's review

The consolidated financial statements include the financial statements of Brødrene A & O Johansen A/S and the wholly owned subsidiaries AO Invest A/S, Billig VVS AS, VVSochBad Sverige AB, AO Sverige AB and Vaga Tehnika Eesti OÜ.

Activities of the period

Consolidated revenue for the first half of 2017 was DKK 1,551.0 million against DKK 1,354.6 million for the same period of 2016, equalling an increase of DKK 196.4 million or 15%. The increase is mainly attributable to market share gains in Denmark and the acquisition of Greenline A/S in the second half of 2016. International revenue increased by DKK 30.0 million, corresponding to a growth of 28%.

Gross margin for the first half of 2017 amounted to DKK 429.1 million, compared with DKK 388.0 million in 2016. The gross profit margin declined by 0.9 percentage point to 27.7%. The gross profit margin decline is attributable partly to the continued high competition in the B2B market and several large projects, partly to increased competition in the B2C market.

Total operating expenses for the first six months of 2017 were DKK 354.6 million, which is DKK 30.5 million or 9% more than reported for the same period last year.

External expenses of DKK 138.2 million were up by DKK 22.2 million or 19.2%, partly due to increased revenue and thus increased transport costs, partly due to costs related to Greenline. Staff costs of DKK 180.3 million increased by 6.6%, corresponding to DKK 11.1 million compared with the same period last year. Depreciation, amortisation and write-downs amounted to DKK 33.7 million, an increase of DKK 1.0 million compared with the same period last year. Depreciation on the new miniload system will not take effect until the second half of 2017.

The item of "Other operating expenses" includes losses on receivables of DKK 2.4 million, which is DKK 3.8 million less than last year.

Operating profit (EBIT) for the first six months of 2017 was DKK 74.5 million, which is 4.8% of revenue. Compared to the same period last year, EBIT is DKK 10.6 million higher. The profit margin is up by 0.1 percentage point.

Financial income and expenses, net, for the first half of 2017 were negative at DKK 5.1 million against DKK 3.7 million in 2016.

For the first half of 2017, the Group recorded a pre-tax profit of DKK 69.4 million against DKK 60.2 million reported for the same period last year.

Tax is in accordance with applicable tax rates in the areas where the Group is operating, equalling an average tax rate of approximately 22%. In addition, DKK 0.4 million relating to prior years has been recognised as an expense.

A post-tax profit of DKK 53.7 million was recorded for the first half of 2017, compared with DKK 46.9 million for the same period last year.

As at 30 June 2017 the Group's total assets amounted to DKK 2,206.2 million, which is DKK 316.8 million more than last year at the same time.

Non-current assets increased by DKK 139.4 million on last year's figures to DKK 1,307.5 million, partly as a result of investment in Greenline A/S whereby goodwill increased by DKK 69.2 million, partly as a result of investment in a new miniload system whereby the value of "Land and buildings" increased by DKK 44.0 million to DKK 641.0 million, and "Fixtures and operating equipment" increased by DKK 21.7 million to DKK 191.7 million.

When compared to the same period last year, current assets increased by DKK 177.4 million to DKK 898.7 million. Inventories increased by DKK 54.2 million to DKK 416.5 million, and trade receivables went up by DKK 120.4 million to DKK 438.8 million. Inventories increased as a result of growth in revenue, whereas trade receivables increased as a result of growth in revenue and timing difference in payments from customers.

Equity of DKK 591.5 million, corresponding to a solvency ratio of 26.8%, is DKK 78.2 million lower than at the same time last year due to the acquisition of treasury shares worth DKK 185.5 million from J-F. Lemvig-Müller Holding A/S.

Trade payables of DKK 518.5 million are DKK 68.5 million higher than at the same time last year as a result of growth in revenue and timing difference in payments to suppliers. When compared to the same time last year, other payables increased by DKK 69.3 million to DKK 134.4 million mainly due to a provision regarding the remaining purchase sum for Greenline A/S.

Cash flow from operating activities for the first six months of 2017 was negative at DKK 15.3 million which is DKK 154.0 million less than for the same period last year. The decline is mainly attributable to increased funds tied up in working capital as a result of growth in revenue and timing difference in trade receivables. Inventories increased by DKK 28.4 million, and trade receivables increased by DKK 132.8 million.

Net investments for the period totalled DKK 76.1 million. Of this amount an instalment payment of DKK 1.6 million relates to the acquisition of Greenline A/S. Other net investments (excluding acquisitions) of DKK 74.5 million are DKK 53.1 million higher than last year. These investments relate to a new miniload system and new stores in Odense and Roskilde. In addition, DKK 13.4 million was invested in software.

Upon exercise of the share option scheme, the Group's total acquisition of treasury shares amounted to DKK 177.5 million, net, and dividend payments totalled DKK 16.3 million. The Group's total payables to credit institutions increased by DKK 285.7 million to DKK 899.5 million at 30 June 2017. The Group's cash and cash equivalents for the first half of 2017 totalled DKK 7.3 million and are at the same level as at the end of 2016.

Significant risks

As mentioned in the annual report for 2017, under the paragraph "Internal controls and risk management", the Company assesses on an ongoing basis the most significant risks in connection with the Company's activities. In addition to the risks mentioned in the annual report, the Group is sensitive to the overall development in Danish and Swedish economy as well as business trends in the building industries of these countries.

Incentive programme and treasury shares

The incentive programme is in accordance with the general guidelines for incentive pay approved by the annual general meeting on 22 March 2012. The guidelines are available in full on the Company's website www.ao.dk.

The present incentive programme was fully exercised in the first half of 2017 due to the fact that persons discharging managerial responsibilities acquired a total of 9,735 shares (before the 1:10 split) at DKK 8.0 million.

On 30 June 2017, the Company held a total of 82,390 treasury shares (after the 1:10 split).

Outlook

As announced in connection with the publication of the annual report for 2016, the Group expects a profit before tax in the range of DKK 140-150 million. There is no change to this expectation. In 2016, the Group realised a profit before tax of DKK 135.4 million.

Events after the end of the interim period

No significant events have occurred after the end of the reporting period.

Additional information

This interim financial report is available in Danish and English. In case of doubt, the Danish version shall apply.

Company announcements in 2017

| | | |
|---------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| Announcement no. 1 | Result of extraordinary general meeting of Brødrene A & O Johansen A/S, including fulfilment of condition for the approval by the general meeting of acquisition of own shares from J-F. Lemvigh-Müller Holding A/S. | 4 January 2017 |
| Announcement no. 2 | Brødrene A & O Johansen A/S' acquisition of own shares from J-F. Lemvigh-Müller Holding A/S. | 6 January 2017 |
| Announcement no. 3 | Major shareholder announcement – Brødrene A & O Johansen A/S' holding of treasury shares. | 6 January 2017 |
| Announcement no. 4 | Major shareholder announcement – J-F. Lemvigh-Müller Holding A/S | 6 January 2017 |
| Announcement no. 5 | Annual report 2016 | 20 February 2017 |
| Announcement no. 6 | Notice convening the annual general meeting. | 20 February 2017 |
| Announcement no. 7 | Notification of transactions of persons discharging managerial responsibilities. | 22 February 2017 |
| Announcement no. 8 | Notification of transactions of persons discharging managerial responsibilities. | 22 February 2017 |
| Announcement no. 9 | Notification of transactions of persons discharging managerial responsibilities. | 23 February 2017 |
| Announcement no. 10 | Result of annual general meeting of Brødrene A & O Johansen A/S. | 24 March 2017 |
| Announcement no. 11 | Articles of association. | 24 March 2017 |
| Announcement no. 12 | Articles of association – CORRECTION. | 24 March 2017 |
| Announcement no. 13 | Implementation of share split in Brødrene A & O Johansen A/S. | 24 March 2017 |
| Announcement no. 14 | Implementation of capital reduction in Brødrene A & O Johansen A/S. | 28 April 2017 |
| Announcement no. 15 | Articles of association after the capital reduction. | 28 April 2017 |
| Announcement no. 16 | Major shareholder announcement – Brødrene A & O Johansen A/S. | 28 April 2017 |
| Announcement no. 17 | Major shareholder announcement – Avenir Invest ApS. | 28 April 2017 |
| Announcement no. 18 | Major shareholder announcement – Niels A. Johansen. | 28 April 2017 |
| Announcement no. 19 | Total number of voting rights and total share capital in Brødrene A & O Johansen A/S. | 28 April 2017 |
| Announcement no. 20 | Major shareholder announcement - Investeringsforeningen Bankinvest. | 3 May 2017 |
| Announcement no. 21 | Major shareholder announcement – Nordea Funds Ltd. | 8 May 2017 |
| Announcement no. 22 | Revised financial calendar for 2017 | 24 May 2017 |

Management's statement

Today the Board of Directors and the Executive Board have discussed and approved the interim financial report of Brødrene A & O Johansen A/S for the period 1 January - 30 June 2017.

The interim financial report, which has not been audited or reviewed by the Company's auditor, has been 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 financial statements give a true and fair view of the Group's assets, liabilities and financial position at 30 June 2017 and of the results of the Group's operations and cash flows for the period 1 January – 30 June 2017.

Further, in our opinion the Management's review includes a fair review of the development in the Group's operations and financial matters, the net profit or loss for the period and of the Group's financial position as a whole as well as a description of the most significant risks and elements of uncertainty facing the Group.

Albertslund, 24 August 2017

Executive Board

Niels A. Johansen
CEO

Henrik T. Krabbe
CFO

Board of Directors

Henning Dyremose
Chairman of the Board

Michael Kjær
Deputy Chairman

René Alberg

Erik Holm

Leif Hummel

Carsten Jensen

Niels A. Johansen

Preben Damgaard Nielsen

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Income statement and statement of comprehensive income

(All amounts are in DKK thousands)

| | H1 2017 | H1 2016 | Full Year 2016 |
|---------------------------------------------------------------------------------------------------------|------------------|------------------|-------------------|
| Revenue | 1,550,977 | 1,354,576 | 2,823,385 |
| Cost of sales | (1,122,943) | (968,460) | (2,029,829) |
| Gross profit | 428,034 | 386,116 | 793,556 |
| Other operating income | 1,062 | 1,852 | 3,120 |
| Gross margin | 429,096 | 387,968 | 796,677 |
| External expenses | (138,150) | (115,937) | (242,186) |
| Staff costs | (180,331) | (169,217) | (339,535) |
| Depreciation, amortisation and impairment of property, plant and equipment as well as intangible assets | (33,705) | (32,701) | (64,168) |
| Other operating expenses | (2,431) | (6,229) | (7,451) |
| Total operating expenses | (354,617) | (324,083) | (653,340) |
| Operating profit or loss (EBIT) | 74,479 | 63,884 | 143,336 |
| Financial income | 1,003 | 1,283 | 2,274 |
| Financial expenses | (6,098) | (4,969) | (10,242) |
| Profit or loss before tax (EBT) | 69,385 | 60,198 | 135,368 |
| Tax on profit or loss for the period | (15,681) | (13,286) | (29,965) |
| Net profit or loss for the period | 53,703 | 46,911 | 105,403 |
| Other comprehensive income | | | |
| Items reclassified to the income statement | | | |
| Foreign currency translation adjustment relating to foreign entities | (397) | (838) | (1,318) |
| Tax on other comprehensive income | 0 | 0 | 0 |
| Other comprehensive income after tax | (397) | (838) | (1,318) |
| Total comprehensive income | 53,306 | 46,073 | 104,084 |
| Earnings per share | | | |
| Earnings per share (EPS) | 20 | 11 | 27 |
| Diluted earnings per share (EPS-D) | 20 | 10 | 27 |

Balance sheet as at 30 June

(All amounts are in DKK thousands)

| ASSETS | Note: | H1 2017 | H1 2016 | Full Year 2016 |
|--------------------------------------|-------|-------------------------|-------------------------|---------------------------|
| Non-current assets | | | | |
| Intangible assets | | | | |
| Goodwill | 4 | 371,525 | 302,324 | 371,526 |
| Intellectual property rights | | 54,064 | 50,792 | 55,549 |
| Software | | 48,547 | 47,182 | 46,727 |
| | | <u>474,136</u> | <u>400,298</u> | <u>473,802</u> |
| Property, plant and equipment | | | | |
| Land and buildings | | 640,962 | 596,944 | 620,905 |
| Leasehold improvements | | 660 | 1,061 | 804 |
| Fixtures and operating equipment | | 191,729 | 169,754 | 171,423 |
| | | <u>833,351</u> | <u>767,759</u> | <u>793,133</u> |
| Total non-current assets | 5 | <u>1,307,487</u> | <u>1,168,057</u> | <u>1,266,935</u> |
| Current assets | | | | |
| Inventories | 6 | 416,528 | 362,360 | 388,118 |
| Trade receivables | 7 | 438,778 | 318,409 | 305,962 |
| Corporation tax receivable | | 0 | 0 | 885 |
| Other receivables | | 23,110 | 23,730 | 24,989 |
| Prepayments | | 12,950 | 9,672 | 623 |
| Cash at bank and in hand | | 7,324 | 7,099 | 7,303 |
| Total current assets | | <u>898,688</u> | <u>721,270</u> | <u>727,880</u> |
| Total assets | | <u>2,206,175</u> | <u>1,889,327</u> | <u>1,994,815</u> |

Balance sheet as at 30 June

(All amounts are in DKK thousands)

| EQUITY AND LIABILITIES | Note: | H1 2017 | H1 2016 | Full Year 2016 |
|------------------------------------------------------|-------|------------------|------------------|-------------------|
| Equity | | | | |
| Share capital | | 28,000 | 57,000 | 57,000 |
| Other reserves | | 0 | 200,000 | 0 |
| Reserve for foreign currency translation adjustments | | 1,062 | 754 | 1,461 |
| Retained earnings | | 562,485 | 412,036 | 673,610 |
| Proposed dividend | | 0 | 0 | 0 |
| Total equity | | 591,547 | 669,790 | 732,071 |
| Non-current liabilities | | | | |
| Deferred tax | 8 | 54,768 | 51,353 | 54,810 |
| Credit institutions | | 280,231 | 291,403 | 284,328 |
| Total non-current liabilities | | 334,999 | 342,756 | 339,138 |
| Current liabilities | | | | |
| Credit institutions | | 619,298 | 356,248 | 329,501 |
| Trade payables | | 518,483 | 449,962 | 468,204 |
| Corporation tax | | 7,135 | 3,388 | 0 |
| Other payables | | 134,397 | 65,130 | 125,585 |
| Deferred income | | 316 | 2,052 | 316 |
| Total current liabilities | | 1,279,629 | 876,780 | 923,606 |
| Total liabilities | | 1,614,627 | 1,219,536 | 1,262,744 |
| Total equity and liabilities | | 2,206,175 | 1,889,327 | 1,994,815 |

Consolidated cash flow statement

| <i>(All amounts are in DKK thousands)</i> | H1 2017 | H1 2016 | Full year 2016 |
|---------------------------------------------------------------------|------------------------|------------------------|---------------------------|
| Cash flow from operating activities | | | |
| Operating profit or loss | 74,479 | 63,887 | 143,336 |
| Financial income and expenses, net (interest paid) | (5,094) | (3,686) | (7,968) |
| Profit or loss before tax | <u>69,385</u> | <u>60,201</u> | <u>135,368</u> |
| Depreciation and amortisation: | | | |
| Intangible assets | 11,803 | 11,598 | 23,727 |
| Property, plant and equipment | 21,902 | 21,100 | 40,441 |
| | <u>33,705</u> | <u>32,698</u> | <u>64,168</u> |
| Change in working capital: | | | |
| Change in trade receivables | (132,816) | 47,086 | 60,328 |
| Change in other receivables | (10,448) | (2,362) | 7,748 |
| Change in inventories | (28,410) | 11,947 | (2,712) |
| Change in trade payables | 50,280 | (4,354) | 8,247 |
| Change in other current liabilities | 10,387 | 1,984 | (9,992) |
| | <u>(111,006)</u> | <u>54,300</u> | <u>(63,618)</u> |
| Corporation tax paid | (7,413) | (8,534) | (27,329) |
| Cash flow from operating activities | <u>(15,330)</u> | <u>138,666</u> | <u>235,826</u> |
| Cash flow from investing activities | | | |
| Software | (13,380) | (4,823) | (14,111) |
| Land and buildings | (27,351) | (1,716) | (32,973) |
| Leasehold improvements | (84) | (121) | (186) |
| Fixtures and operating equipment | (33,885) | (18,259) | (33,729) |
| Disposal of property, plant and equipment | 167 | 3,470 | 5,197 |
| Acquisition of Billig VVS ApS | 0 | (40,000) | (40,000) |
| Acquisition of Greenline A/S | (1,571) | 0 | (13,870) |
| Cash flow from investing activities | <u>(76,104)</u> | <u>(61,449)</u> | <u>(129,672)</u> |
| Cash flow from financing activities | | | |
| Repayment of debt to/raising of loans with credit institutions, net | 285,699 | 320,201 | 286,380 |
| Acquisition/disposal of treasury shares | (177,524) | (400,844) | (396,572) |
| Dividends paid | (16,306) | 0 | 0 |
| Cash flow from financing activities | <u>91,869</u> | <u>(80,643)</u> | <u>(110,192)</u> |
| Cash flow for the period | <u>435</u> | <u>(3,427)</u> | <u>(4,038)</u> |
| Cash and cash equivalents at beginning of period | 7,303 | 10,368 | 10,368 |
| Foreign currency translation adjustment | (414) | 158 | 974 |
| Cash and cash equivalents at end of period | <u>7,324</u> | <u>7,099</u> | <u>7,303</u> |

Statement of changes in equity

| <i>(All amounts are in DKK thousands)</i> | Share capital | Other reserves | Foreign currency translation adjustment | Retained earnings | Total Equity |
|----------------------------------------------------------------------|------------------|-------------------|--------------------------------------------------|----------------------|-----------------|
| Equity at 1 January 2017 | 57,000 | 0 | 1,459 | 673,611 | 732,070 |
| Net profit or loss for the period | 0 | 0 | 0 | 53,703 | 53,703 |
| Foreign currency translation adjustment relating to foreign entities | 0 | 0 | (397) | 0 | (397) |
| Total comprehensive income | 0 | 0 | (397) | 53,703 | 53,306 |
| Acquisition/disposal of treasury shares | 0 | 0 | 0 | (185,513) | (185,513) |
| Capital reduction | (29,000) | 0 | 0 | 29,000 | 0 |
| Disposal of shares relating to share option scheme | 0 | 0 | 0 | 7,989 | 7,989 |
| Dividends paid | 0 | 0 | 0 | (16,306) | (16,306) |
| Total transactions with owners | (29,000) | 0 | 0 | (164,830) | (193,830) |
| Equity at 30 June 2017 | 28,000 | 0 | 1,062 | 562,485 | 591,546 |
| Equity at 1 January 2016 | 57,000 | 200,000 | 2,778 | 764,780 | 1,024,558 |
| Net profit or loss for the period | 0 | 0 | 0 | 46,914 | 46,914 |
| Foreign currency translation adjustment relating to foreign entities | 0 | 0 | (838) | 0 | (838) |
| Total comprehensive income | 0 | 0 | (838) | 46,914 | 46,076 |
| Acquisition/disposal of treasury shares | 0 | 0 | 0 | (400,844) | (400,844) |
| Dividends paid | 0 | 0 | 0 | 0 | 0 |
| Total transactions with owners | 0 | 0 | 0 | (400,844) | (400,844) |
| Equity at 30 June 2016 | 57,000 | 200,000 | 1,940 | 410,851 | 669,791 |
| Equity at 1 January 2016 | 57,000 | 200,000 | 2,778 | 764,780 | 1,024,557 |
| Net profit or loss for the period | 0 | 0 | 0 | 105,403 | 105,403 |
| Foreign currency translation adjustment relating to foreign entities | 0 | 0 | (1,318) | 0 | (1,318) |
| Total comprehensive income | 0 | 0 | (1,318) | 105,403 | 104,084 |
| Transfer of reserves | 0 | (200,000) | 0 | 200,000 | 0 |
| Acquisition/disposal of treasury shares | 0 | 0 | 0 | (396,571) | (396,571) |
| Dividends paid | 0 | 0 | 0 | 0 | 0 |
| Total transactions with owners | 0 | (200,000) | 0 | (196,571) | (396,571) |
| Equity at 31 December 2016 | 57,000 | 0 | 1,459 | 673,611 | 732,070 |

Notes

1 Accounting policies

The interim financial report has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and Danish disclosure requirements for listed companies. Except for the changes mentioned below, the accounting policies are unchanged from the accounting policies applied in the consolidated and company financial statements for 2016. Reference is made to note 1 of the consolidated and company financial statements for 2016, which contains a full description of the accounting policies.

Changes in accounting policies

With effect from 1 January 2017, the Group has implemented the following new or amended accounting standards and interpretations: Amendments to IAS 7 'Statement of Cash Flows', Amendments to IAS 12 on recognition of deferred tax assets for unrealised losses, and part of Annual Improvements to IFRSs 2014-2016. In Annual Improvements to IFRSs 2014-2016 it is only the amendment to IFRS 12 ('Disclosure of Interests in Other Entities') which will enter into force with effect from 1 January 2017. The remaining parts of Annual Improvements to IFRSs 2014-2016 will apply from January 1, 2018. The new disclosure requirements of IAS 7 are not mandatory for interim reports and will therefore only apply as from the 2017 Annual Report. None of the above amendments have affected recognition and measurement in the interim report.

2 Accounting estimates and judgements

Estimation uncertainty

The preparation of the interim financial statements requires Management to make accounting estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant estimates made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated and company financial statements for 2016. For a more detailed description of the estimation uncertainty, reference is made to the consolidated and company financial statements for 2016.

3 Segment information

Group activities relating to the trade in technical installation materials for both B2B and B2C customers take place in an integrated manner and are dealt with as one operating segment.

4 Goodwill

The annual impairment test of intangible assets, including goodwill, is performed at 31 December 2017, after the completion of budgets and strategy plans for the coming period. At 30 June 2017, Management is of the opinion that there has been no indication of impairment of the carrying amount of goodwill, and therefore no impairment test of goodwill has been performed at 30 June 2017. For a more detailed description of impairment tests, reference is made to the consolidated and company financial statements for 2016.

5 Non-current assets

During the reporting period the Group has invested DKK 74.5 million, not including an instalment payment of DKK 1.6 million relating to the acquisition of Greenline A/S, (2016: DKK 21.5 million) in non-current assets.

6 Inventories

No unusual inventory write-downs or reversals of inventory write-downs have been recorded in the period.

7 Trade receivables

An estimate is used to assess the recoverability of receivables according to the same principles as applied in the financial statements for 2016.

8 Deferred tax

At 30 June 2017 net deferred tax liabilities were DKK 54.8 million, compared with DKK 51.4 million at 30 June 2016.

9 Treasury shares

On 6 January 2017, 71,351 own preference shares were acquired from J-F. Lemvig-Müller Holding A/S. Afterwards, the Company's holding of treasury shares amounted to 307,974.

During the period, persons discharging managerial responsibilities exercised share options in accordance with the share option scheme and acquired a total of 9,735 shares in the Company.

At the annual general meeting on 24 March 2017 it was decided to carry out a share split in the ratio of 1:10 and to reduce the Company's share capital by nominally DKK 29,000,000. Upon implementation of the capital reduction, the Company's share capital is nominally DKK 28,000,000 divided into an ordinary share capital of nominally DKK 5,640,000 and a preference share capital of nominally DKK 22,360,000.