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# **Interim Financial Report for the Period 1 January – 31 March 2021**

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## **Brødrene A & O Johansen A/S**

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CVR (Central Business Register) No.: 58 21 06 17

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Today the Board of Directors has approved the Group's interim financial report for the period 1 January – 31 March 2021.

## **Highlights for the first quarter of 2021**

- Consolidated revenue for the first quarter of 2021 was DKK 1,230.5 million, which is DKK 260.2 million, or 26.8%, more than for the first quarter of 2020. The first three months of 2021 had one less working day than the previous year.
- Compared with the first quarter of 2020, the gross profit margin for the first quarter of 2021 decreased by 0.5 percentage point mainly due to higher distribution costs driven by a higher B2C share.
- Operating profit (EBIT) for the first quarter of 2021 was DKK 82.1 million, corresponding to a profit margin of 6.7%, against DKK 51.8 million and 5.3% for the first quarter of 2020. The increased profit margin is achieved through revenue growth.
- Profit before tax (EBT) for the first quarter of 2021 was DKK 81.6 million, which is DKK 32.0 million more than for the first quarter of last year due to revenue growth.
- As at 31 March 2021, the Group's total assets amounted to DKK 2,589.7 million, which is DKK 305.4 million more than at the same time in 2020. The increase is primarily attributable to trade receivables and a rise in cash and short-term deposits.
- As at 31 March 2021, the Group's equity totalled DKK 1,051.9 million, which is DKK 162.6 million more than at the same time in 2020. The solvency ratio was 40.6% against 38.9% at 31 March 2020.
- Cash flow from operating activities for the first quarter of 2021 was DKK 105.9 million, which is DKK 74.7 million more than for the same period last year, primarily due to higher earnings and an improved development of working capital. Investments for the first quarter of 2021 totalled DKK 37.9 million, compared with DKK 10.9 million for the first quarter of 2020. The increase is driven by investment in an expansion of the central warehouse.
- As at 31 March 2021, the net interest-bearing debt totalled DKK 235.2 million against DKK 520.3 million at the same time in 2020. The net interest-bearing debt was 0.7 compared with the Last Twelve Months EBITDA.

Other highlights for the first three months of 2021:

- The Annual General Meeting approved the recommended consolidated and parent company financial statements as well as the allocation of profits, including a dividend payment of DKK 15 per preference share of DKK 10. All shareholder-elected Board members were re-elected. Afterwards the Board of Directors constituted itself with Henning Dyremose as Chairman and Michael Kjær as 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.
- As described in the 2020 annual report under 'Outlook', the increase in sales was extraordinarily high in the first quarter of 2021. The high level of activity in the building industry was combined with increased digital commerce due to the lockdown of physical DIY stores in part of the quarter. A more moderate growth is expected for the rest of 2021.
- On 29 April 2021, Brødrene A & O Johansen A/S entered into an agreement to acquire the business of Complet VVS A/S (CompletVVS.dk), CVR number (Danish company registration number) 78864028), which is a web shop selling plumbing, heating, and sanitary ware products. The acquisition of Complet VVS A/S is effective as of 1 May 2021. The business's annual revenue is approximately DKK 50 million. The parties have agreed not to disclose the purchase price.

## **Expectations for the year**

As revenue and earnings for the first quarter and April were higher than anticipated, the Group increases its pre-tax profit expectations for the year from DKK 240-260 million, as announced in the annual report for 2020, to DKK 260-280 million. The acquisition of Complet VVS A/S is expected to have a limited impact on the Group's net profit for the year. In 2020, Brødrene A & O Johansen A/S realised a profit before tax of DKK 220.8 million.

The expansion of the Albertslund central warehouse decided upon in 2020 is in progress. The expansion is expected to be completed in the first half of 2022, and it is estimated to amount to approximately DKK 200 million, of which approximately DKK 150 million is expected to be recognised in 2021

Albertslund, 29 April 2021

Niels A. Johansen  
CEO

Per Toelstang  
CFO

## Financial and operating data for the AO Group

(DKKm)

Key figures	Q1 2021	Q1 2020	Full Year 2020
Consolidated revenue	1,230.5	970.3	4,098.3
Gross margin	274.1	221.4	914.4
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	107.9	78.9	328.2
Profit or loss before financial income and expenses (EBIT)	82.1	51.8	223.8
Financial income and expenses, net	(0.6)	(2.2)	(3.0)
Profit or loss before tax (EBT)	81.6	49.6	220.8
Tax on profit or loss for the period	(17.0)	(10.8)	(47.9)
Net profit or loss for the period	64.6	38.8	172.9

Non-current assets	1,352.4	1,337.8	1,320.0
Current assets	1,237.3	946.5	1,063.2
Total assets	2,589.7	2,284.3	2,383.2
Share capital	28.0	28.0	28.0
Equity	1,051.9	889.3	1,030.2
Non-current liabilities	337.6	339.2	330.6
Current liabilities	1,200.2	1,055.9	1,022.4

Cash flow from operating activities	105.9	31.2	375.4
Cash flow from investing activities	(37.9)	(10.9)	(66.3)
Of which investments in property, plant and equipment, net	(31.9)	(2.6)	(37.3)
Cash flow from financing activities	(38.0)	(87.4)	(256.2)
Cash flow for the period	30.0	(67.1)	52.8

### Financial ratios\*

Gross profit margin	22.3%	22.8%	22.3%
Profit margin	6.7%	5.3%	5.5%
Return on capital employed**	3.3%	2.3%	9.5%
Return on equity**	6.2%	4.4%	18.2%
Solvency ratio	40.6%	38.9%	43.2%

Book value	376	318	368
Share price at the end of the period	744	293	604
Earnings per share (EPS Basic), DKK***	24	14	64
Diluted earnings per share (EPS-D), DKK***	24	14	64

Average number of employees****	773	732	741
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\* Other financial ratios have been calculated in accordance with CFA Society Denmark's 'Recommendations and Financial Ratios'.

\*\* Not translated into full-year figures.

\*\*\* Basic EPS and diluted EPS have been calculated in accordance with IAS 33.

\*\*\*\* The number of employees includes external temporary workers.

## Management's review

The interim financial report for the first quarter of 2021 includes the financial statements of Brødrene A & O Johansen A/S and the wholly owned subsidiaries AO Invest A/S, LampeGuru ApS, Billig VVS AS (Norway), VVSochBad Sverige AB, AO Sverige AB and Vaga Tehnika Eesti OÜ (Estonia). On 1 April 2021, LampeGuru ApS was merged into Brødrene A & O Johansen A/S with retroactive effect as of 1 January 2021.

### The Group's financial development

Consolidated revenue for the first quarter of 2021 totalled DKK 1,230.5 million, which is DKK 260.2 million, or 26.8%, more than for the same quarter in 2020. The first quarter growth was driven by exceptionally high revenue from online marketplaces aimed at end consumers. In Denmark, growth was also achieved in the business-to-business market, and both segment areas, Technical Installation and Construction, contributed to the growth. International revenue still accounts for less than 10% of total revenue.

Gross margin for the first quarter of 2021 amounted to DKK 274.1 million, corresponding to a gross profit margin of 22.3%, compared with DKK 221.4 million and 22.8% for the same quarter last year. Distribution costs for the first quarter of 2021 constituted 4.3% of revenue, which is an increase of 0.6 percentage point compared with the same period last year. The increase is attributable to the large rise in revenue from the consumer market.

Total operating expenses for the first quarter of 2021, including depreciation and amortisation, amounted to DKK 191.9 million against DKK 169.5 million for the same quarter of 2020. The increase of DKK 22.4 million is primarily attributable to staff costs.

In the first quarter of 2021, external expenses totalled DKK 50.7 million, which is DKK 5.3 million more than for the first quarter of last year. The increase is mainly attributable to increased expenses related to advertising for online marketplaces aimed at selling to individuals.

In the first three months of 2021, staff costs of DKK 115.5 million increased by DKK 18.3 million compared with the same period last year. The average number of employees increased by 41 from 732 in the first quarter of last year to an average of 773 employees in the first quarter of 2021. More than half of the increase in the number of employees is attributable to the growth in sales which led to more temporary workers at the central warehouse. In addition, it has been decided to pay a special bonus of DKK 2.5 million to AO's employees in recognition of their efforts during the COVID-19 pandemic.

Depreciation and amortisation for the first quarter of 2021 were DKK 25.8 million and are at the same level as in the first quarter of 2020.

Operating profit (EBIT) for the first quarter of 2021 was DKK 82.1 million, which is 6.7% of revenue against last year's rate of 5.3%. Compared with the same period last year, EBIT is DKK 30.3 million higher. The increase in EBIT is mainly attributable to the effect of revenue growth, partially offset by a declining gross profit margin and an increase in total operating expenses.

Financial income and expenses, net, for the first quarter of 2021 were negative at DKK 0.6 million, compared with a negative of DKK 2.2 in the same quarter of 2020. The difference is mainly attributable to lower payments of interest and exchange rate adjustments in the first quarter of last year.

For the first quarter of 2021, the Group recorded a pre-tax profit (EBT) of DKK 81.6 million against DKK 49.6 million reported for the same quarter last year.

Tax on profit for the period is in accordance with applicable tax rates in the areas where the Group is operating, equalling an average tax rate of approximately 22%.

A post-tax profit of DKK 64.6 million was recorded for the first quarter of 2021 against DKK 38.8 million for the first quarter of 2020.

As at 31 March 2021 the Group's total assets amounted to DKK 2,589.7 million, which is DKK 305.4 million, or approximately 13.4%, more than at the same time last year.

Non-current assets of DKK 1,352.4 million are DKK 14.6 million, net, higher than at the same time last year. The increase is attributable to property, plant and equipment and is due to the first payments related to the expansion of the central warehouse in Albertslund.

As at 31 March 2021, current assets amounted to DKK 1,237.3 million, which is DKK 290.8 million more than at the same time last year. Inventories increased by DKK 24.8 million to DKK 503.0 million due to the increase in activities, whereas trade receivables of DKK 540.5 million were DKK 109.0 million higher than at the same time last year. Other receivables of DKK 11.8 million increased by DKK 2.9 million.

At 31 March 2021, cash and short-term deposits totalled DKK 163.3 million, which is DKK 149.9 million more than at 31 March 2020.

At 31 March 2021, equity amounted to DKK 1,051.9 million, corresponding to a solvency ratio of 40.6%, and is DKK 162.7 million higher than at the same time last year driven by the period's earnings after tax minus dividend payments.

At 31 March 2021, the Group's payables to credit institutions amounted to DKK 289.7 million and are DKK 149.4 million lower than at 31 March 2020. The development is driven by cash flow from operations over the last 12 months. Lease liabilities amounted to DKK 76.9 million against DKK 76.0 million at 31 March 2020.

As at 31 March 2021, trade payables amounted to DKK 966.4 million and are DKK 250.1 million higher than at the same time last year due to increased activity and a timing difference in payments to suppliers.

Other payables of DKK 97.8 million are DKK 27.3 million more than at the same time last year. Part of the increase is attributable to the transition to the new Danish Holiday Act and dividend tax to be paid in connection with the dividend distribution.

Cash flow from operating activities before working capital changes for the first quarter of 2021 was DKK 108.2 million, which is DKK 32.9 million more than for the same period last year. In the first quarter of 2021, working capital decreased by DKK 2.6 million net, compared with an increase of DKK 32.7 million for the same quarter last year. In the first quarter of 2021, cash flow from operating activities was positive at DKK 105.9 million against DKK 31.2 million for the first quarter of last year.

Net investments for the first quarter of 2021 totalled DKK 37.9 million, of which DKK 1.5 million relates to the payment of remaining purchase price and earn-outs of previously acquired entities, whereas DKK 4.5 million relates to software and DKK 31.9 million relates to property, plant and equipment, net. Net investments for the first quarter of last year totalled DKK 10.9 million, of which DKK 2.8 million related to property, plant and equipment, and DKK 2.6 million related to operating equipment. Investment in the expansion of central warehouse facilities amounted to DKK 20.7 million.

In the first quarter of 2021, dividend payments of DKK 34.4 million, exclusive of dividend tax, were distributed. In the first quarter of 2021, the development in the Group's debt to credit institutions affected cash flows from financing activities by DKK 2.8 million. Lease payments amounted to DKK 6.4 million for the first three months of 2021 and are on par with the same period in 2020.

Total cash flow for the first three months of 2021 was DKK 30.0 million. At 31 March 2021, the Group's cash and short-term deposits are therefore DKK 163.3 million, which is an increase of DKK 149.9 million compared with the same period last year.

## **Significant risks**

As mentioned in the annual report for 2020, 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.

The COVID-19 pandemic has not had any direct negative impact on AO's business activities. Parts of Danish industry have, however, been supported by compensation packages. The phasing out of these compensation packages may lead to increased uncertainty for business in Denmark, including AO's customers and suppliers.

## **Incentive programme and treasury shares**

An incentive programme may be prepared in accordance with the remuneration policy approved by the Annual General Meeting on 20 March 2020. The remuneration policy is available in full on the Company's website [www.ao.dk](http://www.ao.dk).

At present, there are no active share-based incentive programmes.

On 31 March 2021, the Company held a total of 82,390 treasury shares.

## **Outlook**

As revenue and earnings for the first quarter and April were higher than anticipated, the Group increases its pre-tax profit expectations for the year from DKK 240-260 million, as announced in the annual report for 2020, to DKK 260-280 million. The acquisition of Complet VVS A/S is expected to have a limited impact on the Group's net profit for the year. In 2020, Brødrene A & O Johansen A/S realised a profit before tax of DKK 220.8 million.

The expansion of the Albertslund central warehouse decided upon in 2020 is in progress. The expansion is expected to be completed in the first half of 2022, and it is estimated to amount to approximately DKK 200 million, of which approximately DKK 150 million is expected to be recognised in 2021.

## **Events after the end of the interim period**

On 29 April 2021, Brødrene A & O Johansen A/S entered into an agreement to acquire the business of Complet VVS A/S (CompletVVS.dk), CVR number (Danish company registration number) 78864028, which is a web shop selling plumbing, heating, and sanitary ware products. The acquisition of Complet VVS A/S is effective as of 1 May 2021. The parties have agreed not to disclose the purchase price.

## **Additional information**

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

## **Company announcements in 2021**

Announcement no. 1	Revised financial calendar for 2021	12 February 2021
Announcement no. 2	New revised financial calendar for 2021	18 February 2021
Announcement no. 3	Annual report 2020	25 February 2021
Announcement no. 4	Notice convening the Annual General Meeting of Brødrene A & O Johansen A/S	25 February 2021
Announcement no. 5	Result of the Annual General Meeting of Brødrene A & O Johansen A/S	19 March 2021

## **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 - 31 March 2021.

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 additional disclosure requirements in the Danish Financial Statements Act.

In our opinion the interim financial statements give a true and fair view of the Group's assets, liabilities and financial position at 31 March 2021 and of the results of the Group's operations and cash flows for the period 1 January – 31 March 2021.

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, 29 April 2021

### ***Executive Board***

Niels A. Johansen  
CEO

Per Toelstang  
CFO

Stefan Funch Jensen  
CDO

Lili Johansen  
CHRO

Gitte Lindeskov  
CIO

### ***Board of Directors***

Henning Dyremose  
Chairman of the Board

Michael Kjær  
Deputy Chairman

René Alberg

Erik Holm

Carsten Jensen

Niels A. Johansen

Jonas Kvist

Preben Damgaard Nielsen

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## Income statement and statement of comprehensive income

(All amounts are in DKK thousands)	Note:	Q1 2021	Q1 2020	Full Year 2020
<b>Revenue</b>	<b>3</b>	<b>1,230,539</b>	<b>970,317</b>	<b>4,098,328</b>
Cost of sales		(904,758)	(713,025)	(3,024,494)
Distribution costs		(52,430)	(35,982)	(159,703)
Gross profit		273,351	221,311	914,131
Other operating income		702	72	282
<b>Gross margin</b>		<b>274,053</b>	<b>221,383</b>	<b>914,413</b>
External expenses		(50,655)	(45,325)	(192,365)
Staff costs		(115,494)	(97,151)	(393,806)
<b>Earnings before interest, taxes, depreciation and amortisation (EBITDA)</b>		<b>107,904</b>	<b>78,907</b>	<b>328,241</b>
Depreciation and amortisation		(25,767)	(27,062)	(104,463)
<b>Operating profit or loss (EBIT)</b>		<b>82,137</b>	<b>51,845</b>	<b>223,778</b>
Write-down of financial assets		-	-	-
Financial income		806	286	3,929
Financial expenses		(1,391)	(2,535)	(6,942)
<b>Profit or loss before tax (EBT)</b>		<b>81,552</b>	<b>49,596</b>	<b>220,765</b>
Tax on profit or loss for the period		(16,957)	(10,763)	(47,892)
<b>Net profit or loss for the period</b>		<b>64,595</b>	<b>38,834</b>	<b>172,873</b>
<b>Other comprehensive income</b>				
<b>Items reclassified to the income statement</b>				
Foreign currency translation adjustment relating to foreign entities		(2,156)	(3,573)	3,378
Tax on other comprehensive income		-	-	-
Other comprehensive income after tax		(2,156)	(3,573)	3,378
<b>Total comprehensive income</b>		<b>62,439</b>	<b>35,261</b>	<b>176,251</b>
<b>Earnings per share</b>				
Earnings per share (EPS)		24	14	64
Diluted earnings per share (EPS-D)		24	14	64

## Balance sheet

(All amounts are in DKK thousands)

<b>ASSETS</b>	Note:	<b>2021.03.31</b>	<b>2020.03.31</b>	<b>2020.12.31</b>
<b>Non-current assets</b>				
<b>Intangible assets</b>				
Goodwill	4	384,932	384,932	384,932
Intellectual property rights		45,240	48,485	46,014
Software		36,052	33,208	36,036
		<b>466,224</b>	<b>466,626</b>	<b>466,982</b>
<b>Property, plant and equipment</b>				
Land and buildings		660,894	643,772	652,048
Leasehold improvements		1,307	542	1,120
Fixtures and operating equipment		147,059	150,884	138,381
Right-of-use assets		76,879	75,968	61,513
		<b>886,139</b>	<b>871,165</b>	<b>853,062</b>
<b>Total non-current assets</b>		<b>1,352,363</b>	<b>1,337,791</b>	<b>1,320,044</b>
<b>Current assets</b>				
Inventories	5	502,976	478,223	478,002
Trade receivables	6	540,454	431,463	428,431
Other receivables		11,773	8,880	9,193
Prepayments and accrued income		18,862	14,629	14,332
Cash and short-term deposits		163,268	13,352	133,223
<b>Total current assets</b>		<b>1,237,333</b>	<b>946,547</b>	<b>1,063,181</b>
<b>Total assets</b>		<b>2,589,696</b>	<b>2,284,338</b>	<b>2,383,225</b>

## Balance sheet

(All amounts are in DKK thousands)

### EQUITY AND LIABILITIES

Note:	2021.03.31	2020.03.31	2020.12.31
<b>Equity</b>			
Share capital	28,000	28,000	28,000
Reserve for foreign currency translation adjustments	(1,277)	(6,072)	879
Retained earnings	1,025,200	867,329	959,368
Proposed dividend for the financial year	-	-	42,000
<b>Total equity</b>	<b>1,051,923</b>	<b>889,257</b>	<b>1,030,247</b>
<b>Non-current liabilities</b>			
Deferred tax	52,228	58,351	52,578
Credit institutions	199,031	209,090	199,281
Lease liabilities	51,443	48,706	43,899
Frozen holiday pay	31,856	18,505	31,856
Other non-current liabilities	3,000	4,500	3,000
<b>Total non-current liabilities</b>	<b>337,558</b>	<b>339,152</b>	<b>330,614</b>
<b>Current liabilities</b>			
Credit institutions	90,681	230,054	87,638
Lease liabilities	25,436	27,262	17,614
Trade payables	966,407	716,260	826,419
Corporation tax	3,274	2,406	3,759
Joint taxation contribution payable	15,384	7,718	1,948
Other payables	97,817	70,566	83,770
Provisions for liabilities	1,216	1,616	1,216
Accruals and deferred income	0	47	-
<b>Total current liabilities</b>	<b>1,200,215</b>	<b>1,055,929</b>	<b>1,022,364</b>
<b>Total liabilities</b>	<b>1,537,773</b>	<b>1,395,081</b>	<b>1,352,978</b>
<b>Total equity and liabilities</b>	<b>2,589,696</b>	<b>2,284,338</b>	<b>2,383,225</b>

## Cash flow statement

(All amounts are in DKK thousands)

	<b>Q1 2021</b>	<b>Q1 2020</b>	<b>Full year 2020</b>
Operating profit or loss	82,137	51,845	223,778
Depreciation and amortisation	25,767	27,062	104,463
Other non-cash operating items, net	299	(3,574)	3,624
Cash flow from operations before change in working capital	<u>108,203</u>	<u>75,333</u>	<u>331,865</u>
Change in inventories	(24,974)	(19,254)	(19,100)
Change in receivables	(119,337)	(36,887)	(33,542)
Change in trade and other payables	146,872	23,478	155,668
Total change in working capital	<u>2,561</u>	<u>(32,662)</u>	<u>103,026</u>
Cash flow from operations	110,764	42,670	434,891
Net financials paid	(585)	(2,249)	(1,935)
Corporation tax paid	(4,293)	(9,177)	(57,573)
<b>Cash flow from operating activities</b>	<b><u>105,886</u></b>	<b><u>31,245</u></b>	<b><u>375,383</u></b>
Purchase of intangible assets	(4,457)	(2,856)	(23,531)
Purchase of property, plant and equipment, net	(31,904)	(2,560)	(37,299)
Acquisition of enterprise	(1,500)	(5,500)	(5,500)
<b>Cash flow from investing activities</b>	<b><u>(37,861)</u></b>	<b><u>(10,916)</u></b>	<b><u>(66,330)</u></b>
Repayment of debt to credit institutions	(22,205)	(68,012)	(215,543)
Raising of loans from credit institutions	25,000	-	-
Repayment of lease liabilities	(6,359)	(6,135)	(24,388)
Dividends paid	(34,416)	(13,237)	(16,306)
<b>Cash flow from financing activities</b>	<b><u>(37,980)</u></b>	<b><u>(87,384)</u></b>	<b><u>(256,237)</u></b>
<b>Cash flow for the period</b>	<b>30,045</b>	<b>(67,055)</b>	<b>52,816</b>
Cash and short-term deposits at beginning of period	133,223	80,407	80,407
<b>Cash and short-terms deposits at end of period</b>	<b><u>163,268</u></b>	<b><u>13,352</u></b>	<b><u>133,223</u></b>

## Statement of changes in equity

*(All amounts are in DKK thousands)*

	Share capital	Foreign currency translation adjustment	Proposed dividend for the financial year	Retained earnings	Total equity
<b>Equity at 1 January 2021</b>	<b>28,000</b>	<b>879</b>	<b>42,000</b>	<b>959,368</b>	<b>1,030,247</b>
Net profit or loss for the period	-	-	-	64,595	64,595
Foreign currency translation adjustment relating to foreign entities	-	(2,156)	-	-	(2,156)
<b>Total comprehensive income</b>	<b>-</b>	<b>(2,156)</b>	<b>-</b>	<b>64,595</b>	<b>62,440</b>
Dividend distribution	-	-	(40,764)	-	(40,764)
Dividend, own shares	-	-	(1,236)	1,236	0
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>(42,000)</b>	<b>1,236</b>	<b>(40,764)</b>
<b>Equity at 31 March 2021</b>	<b>28,000</b>	<b>(1,277)</b>	<b>-</b>	<b>1,025,200</b>	<b>1,051,923</b>
<b>Equity at 1 January 2020</b>	<b>28,000</b>	<b>(2,499)</b>	<b>16,800</b>	<b>828,001</b>	<b>870,320</b>
Net profit or loss for the period	-	-	-	38,834	38,834
Foreign currency translation adjustment relating to foreign entities	-	(3,573)	-	-	(3,573)
<b>Total comprehensive income</b>	<b>-</b>	<b>(3,573)</b>	<b>-</b>	<b>38,834</b>	<b>35,261</b>
Dividend distribution	-	-	(16,306)	-	(16,306)
Dividend, own shares	-	-	(494)	494	-
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>(16,800)</b>	<b>494</b>	<b>(16,306)</b>
<b>Equity at 31 March 2020</b>	<b>28,000</b>	<b>(6,072)</b>	<b>-</b>	<b>867,329</b>	<b>889,257</b>
<b>Equity at 1 January 2020</b>	<b>28,000</b>	<b>(2,499)</b>	<b>16,800</b>	<b>828,001</b>	<b>870,302</b>
Net profit or loss for the year	-	-	42,000	130,873	172,873
Foreign currency translation adjustment relating to foreign entities	-	3,378	-	-	3,378
<b>Total comprehensive income</b>	<b>-</b>	<b>3,378</b>	<b>42,000</b>	<b>130,873</b>	<b>176,251</b>
Dividend distribution	-	-	(16,306)	-	(16,306)
Dividend, own shares	-	-	(494)	494	-
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>(16,800)</b>	<b>494</b>	<b>(16,306)</b>
<b>Equity at 31 December 2020</b>	<b>28,000</b>	<b>879</b>	<b>42,000</b>	<b>959,368</b>	<b>1,030,247</b>

# 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 additional disclosure requirements in the Danish Financial Statements Act.

The accounting policies are unchanged from the accounting policies applied in the consolidated and parent company financial statements for 2020, to which reference is made. The consolidated and parent company financial statements for 2020 contain a full description of the accounting policies.

## 2 Accounting estimates and judgements

### Estimation uncertainty

In preparing these interim financial statements, management has made accounting estimates and assumptions which affect the application of accounting policies and recognised assets, liabilities, income and expenses. Actual results may deviate from these estimates.

The most significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those that applied to the consolidated financial statements and parent company financial statements for 2020. For a more detailed description of the estimation uncertainty, reference is made to the consolidated and parent company financial statements for 2020.

## 3 Segment information

Group activities relating to the trade in technical installation materials (Technical Installation: electrical equipment and components as well as plumbing, heating and sanitary ware) and construction materials (Construction: water supply and drainage, Vaga and tools) with private, public and corporate customers take place in an integrated manner and are dealt with as one operating segment.

According to IFRS 15, revenue for the first quarter of 2021 is categorised into Technical Installation totalling DKK 933.6 million (2020: DKK 703.9 million) and Construction totalling DKK 296.9 million (2020: DKK 266.4 million).

The Group operates primarily in Denmark, and less than 10% of its revenue relates to foreign countries. This was also the case in the first quarter of 2020.

The Group has not traded with any individual customer representing more than 10% of the Group's total revenue. This was also the case in the first quarter of 2020.

In the first quarter of 2021, sales to end consumers total DKK 246.2 million, or 20% of total sales, against DKK 131.5 million or approximately 14% in the first quarter of 2020.

## 4 Goodwill and intangible assets

The annual impairment test of intangible assets, including goodwill and intellectual property rights, is performed at 31 December 2021, after the completion of budgets and strategy plans for the coming period.

At 31 March 2021, management is of the opinion that there has been no indication of impairment of the carrying amount of goodwill and intellectual property rights, and therefore no impairment test of goodwill and intellectual property rights has been performed at 31 March 2021. For a more detailed description of impairment tests, reference is made to the consolidated and parent company financial statements for 2020.

## 5 Inventories

No unusual inventory write-downs or reversals of inventory write-downs have been recorded in the period. In 2020, allowances for inventory write-downs of DKK 7.5 million were made.

## **6 Trade receivables**

An estimate is used to assess the recoverability of receivables according to the same principles as applied in the financial statements for 2020. In 2020, write-downs of DKK 8.0 million have been made to counter the increase in bad debts, which is likely to arise as a result of the phase-out of various COVID-19 compensation packages.