

---

# **Interim Financial Report for the Period 1 January – 31 March 2020**

---



---

## **Brødrene A & O Johansen A/S**

Rørvang 3 \* DK-2620 Albertslund \* Denmark  
Tel: +45 70 28 00 00 \* Fax: +45 70 28 01 01 \* [www.ao.dk](http://www.ao.dk)

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

---

# Contents

Highlights for the first quarter of 2020.....	page 3
Financial and operating data for the AO Group .....	page 4
Management's review .....	page 5-7
Company announcements in 2020 .....	page 8
Management's statement .....	page 9
Income statement and statement of comprehensive income .....	page 10
Balance sheet .....	page 11-12
Cash flow statement.....	page 13
Statement of changes in equity .....	page 14
Notes.....	page 15-16

Today the Board of Directors has approved the Group's interim financial report for the period 1 January – 31 March 2020.

## Highlights for the first quarter of 2020

- Consolidated revenue for the first quarter of 2020 was DKK 970.3 million, which is DKK 100.8 million, or 11.6%, more than for the first quarter of 2019; hereof DKK 9.6 million relates to acquisitions. Compared with last year, the first quarter of 2020 had one more working day. Mild weather during the first three months of 2020 resulted in good conditions for the construction industry.
- Compared to 2019, the gross profit margin for the first quarter of 2020 decreased by 0.7 percentage point due to the sale of low profit margin products and increased project sales volumes in the first quarter of 2020.
- Operating profit (EBIT) for the first quarter of 2020 was DKK 51.8 million, corresponding to a profit margin of 5.3%, against DKK 42.3 million and 4.9% for the first quarter of 2019. The increased profit margin is achieved through revenue growth.
- Profit before tax (EBT) for the first quarter of 2020 was DKK 49.6 million, which is DKK 9.1 million more than for the first quarter of last year due to revenue growth.
- As at 31 March 2020, the Group's total assets amounted to DKK 2,284.3 million, which is DKK 34.6 million less than at the same time in 2019. The decrease is attributable to property, plant and equipment.
- As at 31 March 2020, the Group's equity totalled DKK 889.3 million, which is DKK 117.8 million more than at the same time in 2019. The solvency ratio was 38.9% against 33.3% at 31 March 2019.
- Cash flow from operating activities for the first quarter of 2020 was DKK 31.2 million, which is DKK 15.9 million more than for the same period last year, primarily due to higher earnings. Investments for the first quarter of 2020 totalled DKK 10.9 million, compared with DKK 7.0 million in the first quarter of 2019.
- As at 31 March 2020, the net interest-bearing debt totalled DKK 501.8 million against DKK 725.3 million at the same time in 2019.

Other highlights for the first three months of 2020:

- 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 6 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.

## Expectations for the year

At present it is unclear to what extent the company will be affected by the COVID-19 outbreak. Based on current knowledge and on the assumption that the construction industry will continue to maintain a reasonable level of activity, it is still expected that the Group's profit before tax for 2020 will be DKK 170-180 million, as announced on 21 February 2020. In 2019, Brødrene A & O Johansen A/S realised a profit before tax of DKK 168.4 million.

Albertslund, 28 May 2020

Niels A. Johansen  
CEO

Per Toelstang  
CFO

## Financial and operating data for the AO Group

(DKKm)

<b>Key figures</b>	<b>Q1 2020</b>	<b>Q1 2019</b>	<b>Full Year 2019</b>
Consolidated revenue	970.3	869.6	3,582.7
Gross margin	221.4	204.5	830.6
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	78.9	69.4	281.6
Profit or loss before financial income and expenses (EBIT)	51.8	42.3	175.9
Financial income and expenses, net	(2.2)	(1.8)	(6.4)
Profit or loss before tax (EBT)	49.6	40.5	168.4
Tax on profit or loss for the period	(10.8)	(8.9)	(37.4)
Net profit or loss for the period	38.8	31.7	131.0

Non-current assets	1,337.8	1,372.8	1,349.2
Current assets	946.5	946.2	957.5
Total assets	2,284.3	2,318.9	2,306.7
Share capital	28.0	28.0	28.0
Equity	889.3	771.5	870.3
Non-current liabilities	339.2	310.2	337.4
Current liabilities	1,055.9	1,237.2	1,099.0

Cash flow from operating activities	31.2	15.4	302.7
Cash flow from investing activities	(10.9)	(7.0)	(52.7)
Of which investments in property, plant and equipment, net	(2.6)	(5.0)	(26.1)
Cash flow from financing activities	(87.4)	(11.5)	(186.2)
Cash flow for the period	(67.1)	(3.2)	63.8

### Financial ratios\*

Gross profit margin	22.8%	23.5%	23.2%
Profit margin	5.3%	4.9%	4.9%
Return on capital employed**	2.3%	1.9%	7.9%
Return on equity**	4.4%	4.1%	16.1%
Solvency ratio	38.9%	33.3%	37.7%

Book value	318	276	311
Share price at the end of the period	293	325	348
Earnings per share (EPS Basic), DKK***	14	12	48
Diluted earnings per share (EPS-D), DKK***	14	12	48

Average number of employees****	732	737	734
---------------------------------	-----	-----	-----

\* 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 consolidated financial statements include the financial statements of Brødrene A & O Johansen A/S and the wholly owned subsidiaries AO Invest A/S, Greenline A/S, LampeGuru ApS, Billig VVS AS (Norway), VVSochBad Sverige AB, AO Sverige AB and Vaga Tehnika Eesti OÜ (Estonia). LampeGuru Aps was acquired in November 2019.

### The Group's financial development

Consolidated revenue for the first quarter of 2020 totalled DKK 970.3 million, which is DKK 100.8 million, or 11.6%, more than for the same quarter in 2019. LampeGuru, the company acquired in November 2019, contributed with a revenue of DKK 9.6 million in the first quarter of 2020. Adjusted for this, organic growth represented 10.5%. The growth was attributable to the professional market, both in Denmark and abroad, and the private online market. Both the Technical Installation and Construction segments contributed to the growth. International revenue still accounts for less than 10% of total revenue.

Gross margin for the first quarter of 2020 amounted to DKK 221.4 million, corresponding to a gross profit margin of 22.8%, compared with DKK 204.5 million and 23.5% for the same quarter last year. Distribution costs for the first quarter of 2020 constituted 3.7% of revenue and are essentially unchanged from the same period a year ago.

Total operating expenses for the first quarter of 2020, including depreciation and amortisation, amounted to DKK 169.5 million against DKK 162.2 million for the same quarter of 2019. The increase of DKK 7.3 million is primarily attributable to expenses from LampeGuru and a provision for bad debts of DKK 4 million.

In the first quarter of 2020, external expenses totalled DKK 45.3 million, which is DKK 5.5 million more than in the first quarter of last year. In addition to normal provisions, an extraordinary provision for bad debts of 1% of the total debtor balances was made due to the estimated higher uncertainty following the COVID-19 outbreak. Other external expenses were therefore affected by DKK 4 million. The increase may also be attributed to increased expenses related to the company acquired in November 2019, LampeGuru.

In the first three months of 2020, staff costs of DKK 97.2 million increased by DKK 1.8 million, or 1.9%, compared with the same period last year. Despite revenue growth, the average number of employees was reduced from 737 in the first quarter of last year to an average of 732 employees in the first quarter of 2020.

Depreciation and amortisation for the first quarter of 2020 were DKK 27.1 million and are at the same level as in the first quarter of 2019.

Operating profit (EBIT) for the first quarter of 2020 was DKK 51.8 million, which is 5.3% of revenue against last year's rate of 4.9%. Compared to the same period last year, EBIT is DKK 9.5 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 2020 were negative at DKK 2.2 million, which is DKK 0.4 million more than in the same quarter of 2019. The difference is mainly attributable to negative exchange rate adjustments caused by the fall in SEK and NOK in March 2020.

For the first quarter of 2020, the Group recorded a pre-tax profit of DKK 49.6 million against DKK 40.5 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 38.8 million was recorded for the first quarter of 2020 against DKK 31.7 million for the first quarter of 2019.

As at 31 March 2020 the Group's total assets amounted to DKK 2,284.3 million, which is DKK 34.6 million, or approximately 1%, less than at the same time last year.

Non-current assets of DKK 1,337.8 million are DKK 35.0 million, net, lower than at the same time last year. The decline is attributable to property, plant and equipment and is due to the fact that investments over the past year have been lower than depreciation.

As at 31 March 2020, current assets amounted to DKK 946.5 million, which is DKK 0.4 million more than at the same time last year. Inventories increased by DKK 4.4 million to DKK 478.2 million due to the increase in revenue, whereas trade receivables of DKK 431.5 million were marginally lower than at the end of the first quarter 2019 despite the increase in revenue. Other receivables of DKK 8.9 million decreased by DKK 1.5 million.

At 31 March 2020, cash and short-term deposits totalled DKK 13.4 million and are at the same level as at 31 March 2019.

At 31 March 2020, equity amounted to DKK 889.3 million, corresponding to a solvency ratio of 38.9%, and is DKK 117.8 million higher than at the same time last year driven by the period's earnings after tax minus dividend payments.

At 31 March 2020, the Group's payables to credit institutions amounted to DKK 439.1 million and are DKK 213.0 million lower than at 31 March 2019 – mainly due to cash flow from operations in the fourth quarter of 2019 and lower investments than in previous years. Lease liabilities/IFRS 16 amounted to DKK 76.0 million against DKK 86.7 million at 31 March 2019.

As at 31 March 2020, trade payables amounted to DKK 716.3 million and are DKK 62.4 million higher than at the same time last year due to increased activity, a timing difference in payments to suppliers, and the use of additional Supply Chain Finance programs.

Other payables of DKK 70.6 million are DKK 14.3 million less than at the same time last year. It must, however, be seen in the context that the frozen holiday pay of DKK 18.5 million is recognised under non-current liabilities in accordance with the new Danish Holiday Act.

Cash flow from operating activities before working capital changes for the first quarter of 2020 was DKK 75.3 million, which is DKK 6.5 million more than for the same period last year. In the first quarter of 2020, working capital increased by DKK 32.7 million net, compared with an increase of DKK 44.9 million for the same quarter last year. In the first quarter of 2020, cash flow from operating activities was positive at DKK 31.2 million against DKK 15.4 million for the first quarter of last year.

Net investments for the first quarter of 2020 totalled DKK 10.9 million, of which DKK 5.5 million relates to the payment of remaining purchase price and earn-outs of previously acquired entities, whereas DKK 2.8 million relates to software and DKK 2.6 million relates to property, plant and equipment, net. Net investments for the first quarter of last year totalled DKK 7.0 million, of which DKK 2.0 million related to property, plant and equipment, and DKK 5.0 million related to operating equipment.

In the first quarter of 2020, dividend payments of DKK 13.2 million, exclusive of dividend tax, were distributed. In the three-month period ended 31 March 2020, the Group's total payables to credit institutions amounted to DKK 439.1 million, which is DKK 213.0 million less than at 31 March 2019. A cash pool agreement has been entered into, meaning that cash and cash equivalents are offset against payables to credit institutions on calculation of interest. Lease payments amounted to DKK 6.1 million for the first three months of 2020 and are on par with the same period in 2019.

After payables to credit institutions have been reduced by DKK 68.0 million, total cash flow for the first three months of 2020 is DKK (67.1) million. At 31 March 2020, the Group's cash and short-term deposits are therefore DKK 13.4 million, which is on par with the same period in 2019.

## **Significant risks**

As mentioned in the annual report for 2019, 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 outbreak causes a general increase in uncertainty, specifically in the construction activity and in Danish and international business activity in general.

## **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 2020, the Company held a total of 82,390 treasury shares.

## **Outlook**

At present it is unclear to what extent the company will be affected by the COVID-19 outbreak. Based on current knowledge and on the assumption that the construction industry will continue to maintain a reasonable level of activity, it is still expected that the Group's profit before tax for 2019 will be DKK 170-180 million, as announced on 21 February 2020. In 2019, Brødrene A & O Johansen A/S realised a profit before tax of DKK 168.4 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 2020**

Announcement no. 1	Major shareholder announcement – Nordea Funds Ltd.	20 February 2020
Announcement no. 2	Annual report 2019	21 February 2020
Announcement no. 3	Notice convening the Annual General Meeting of Brødrene A & O Johansen A/S	21 February 2020
Announcement no. 4	Result of the Annual General Meeting of Brødrene A & O Johansen A/S	20 March 2020
Announcement no. 5	Articles of Association	20 March 2020



## **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 2020.

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 2020 and of the results of the Group's operations and cash flows for the period 1 January – 31 March 2020.

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, 28 May 2020

### ***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

Contacts:  
Niels A. Johansen/Per Toelstang  
Telephone: +45 70 28 00 00

## Income statement and statement of comprehensive income

<i>(All amounts are in DKK thousands)</i>	Note:	Q1 2020	Q1 2019	Full Year 2019
<b>Revenue</b>	<b>3</b>	<b>970,317</b>	<b>869,566</b>	<b>3,582,683</b>
Cost of sales		(713,025)	(633,803)	(2,618,056)
Distribution costs		(35,982)	(31,520)	(134,522)
Gross profit		221,311	204,244	830,105
Other operating income		72	266	472
<b>Gross margin</b>		<b>221,383</b>	<b>204,510</b>	<b>830,577</b>
External expenses		(45,325)	(39,828)	(165,382)
Staff costs		(97,151)	(95,322)	(383,569)
<b>Earnings before interest, taxes, depreciation and amortisation (EBITDA)</b>		<b>78,907</b>	<b>69,359</b>	<b>281,626</b>
Depreciation and amortisation		(27,062)	(27,023)	(105,761)
<b>Operating profit or loss (EBIT)</b>		<b>51,845</b>	<b>42,336</b>	<b>175,866</b>
Write-down of financial assets		-	-	(1,000)
Financial income		286	408	2,366
Financial expenses		(2,535)	(2,229)	(8,794)
<b>Profit or loss before tax (EBT)</b>		<b>49,596</b>	<b>40,514</b>	<b>168,437</b>
Tax on profit or loss for the period		(10,763)	(8,855)	(37,437)
<b>Net profit or loss for the period</b>		<b>38,834</b>	<b>31,659</b>	<b>131,001</b>
<b>Other comprehensive income</b>				
<b>Items reclassified to the income statement</b>				
Foreign currency translation adjustment relating to foreign entities		(3,573)	(567)	(1,092)
Tax on other comprehensive income		-	-	-
Other comprehensive income after tax		(3,573)	(567)	(1,092)
<b>Total comprehensive income</b>		<b>35,261</b>	<b>31,092</b>	<b>129,909</b>
<b>Earnings per share</b>				
Earnings per share (EPS)		14	12	48
Diluted earnings per share (EPS-D)		14	12	48

## Balance sheet

(All amounts are in DKK thousands)

<b>ASSETS</b>	Note:	2020.03.31	2019.03.31	2019.12.31
<b>Non-current assets</b>				
<b>Intangible assets</b>				
Goodwill	4	384,932	371,334	384,932
Intellectual property rights		48,485	48,867	49,287
Software		33,208	37,218	35,566
		466,626	457,419	469,785
<b>Property, plant and equipment</b>				
Land and buildings		643,772	659,195	649,324
Leasehold improvements		542	473	697
Fixtures and operating equipment		150,884	168,027	157,526
Right-of-use assets		75,968	86,656	71,884
		871,165	914,351	879,431
<b>Other non-current assets</b>				
Other Investments		0	1,000	0
		0	1,000	0
<b>Total non-current assets</b>		<b>1,337,791</b>	<b>1,372,770</b>	<b>1,349,216</b>
<b>Current assets</b>				
Inventories	5	478,223	473,801	458,969
Trade receivables	6	431,463	433,464	395,112
Other receivables		8,880	10,411	8,959
Prepayments and accrued income		14,629	15,016	14,015
Cash and short-term deposits		13,352	13,467	80,407
<b>Total current assets</b>		<b>946,547</b>	<b>946,159</b>	<b>957,462</b>
<b>Total assets</b>		<b>2,284,338</b>	<b>2,318,929</b>	<b>2,306,678</b>

## Balance sheet

(All amounts are in DKK thousands)

### EQUITY AND LIABILITIES

Note:	2020.03.31	2019.03.31	2019.12.31
<b>Equity</b>			
Share capital	28,000	28,000	28,000
Reserve for foreign currency translation adjustments	(6,072)	(1,974)	(2,499)
Retained earnings	867,329	745,459	828,001
Proposed dividend for the financial year	-	-	16,800
<b>Total equity</b>	<b>889,257</b>	<b>771,485</b>	<b>870,302</b>
<b>Non-current liabilities</b>			
Deferred tax	58,351	60,451	58,497
Credit institutions	209,090	224,993	215,355
Lease liabilities	48,706	24,796	49,088
Frozen holiday pay	18,505	-	9,923
Other non-current liabilities	4,500	-	4,500
<b>Total non-current liabilities</b>	<b>339,152</b>	<b>310,240</b>	<b>337,362</b>
<b>Current liabilities</b>			
Credit institutions	230,054	427,164	287,107
Lease liabilities	27,262	61,860	22,796
Trade payables	716,260	653,814	704,652
Corporation tax	2,406	8,260	8,393
Amounts owed to subsidiaries	7,718	-	-
Other payables	70,566	84,864	74,249
Provisions for liabilities	1,616	1,241	1,816
Accruals and deferred income	47	-	-
<b>Total current liabilities</b>	<b>1,055,929</b>	<b>1,237,203</b>	<b>1,099,014</b>
<b>Total liabilities</b>	<b>1,395,081</b>	<b>1,547,444</b>	<b>1,436,376</b>
<b>Total equity and liabilities</b>	<b>2,284,338</b>	<b>2,318,929</b>	<b>2,306,678</b>

## Cash flow statement

(All amounts are in DKK thousands)

	Q1 2020	Q1 2019	Full year 2019
Operating profit or loss	51,845	42,336	175,866
Depreciation and amortisation	27,062	27,023	105,761
Other non-cash operating items, net	(3,574)	(546)	(501)
Cash flow from operations before change in working capital	<u>75,333</u>	<u>68,813</u>	<u>281,126</u>
Change in inventories	(19,254)	(38,437)	(18,962)
Change in receivables	(36,887)	(67,069)	(26,690)
Change in trade payable and other current payables	23,478	60,579	110,763
Total change in working capital	<u>(32,662)</u>	<u>(44,927)</u>	<u>65,111</u>
Cash flow from operations	42,670	23,886	346,237
Net financials paid	(2,249)	(1,821)	(5,508)
Corporation tax paid	(9,177)	(6,688)	(37,980)
<b>Cash flow from operating activities</b>	<b><u>31,245</u></b>	<b><u>15,376</u></b>	<b><u>302,749</u></b>
Purchase of intangible assets	(2,856)	(2,056)	(18,356)
Purchase of property, plant and equipment, net	(2,560)	(4,991)	(26,126)
Acquisition of enterprise	(5,500)	-	(8,254)
<b>Cash flow from investing activities</b>	<b><u>(10,916)</u></b>	<b><u>(7,047)</u></b>	<b><u>(52,736)</u></b>
Repayment of debt to credit institutions	(68,012)	(19,310)	(171,195)
Raising of loans from credit institutions	-	25,000	25,000
Repayment of lease liabilities	(6,135)	(5,999)	(23,738)
Dividends paid	(13,237)	(11,186)	(16,306)
<b>Cash flow from financing activities</b>	<b><u>(87,384)</u></b>	<b><u>(11,495)</u></b>	<b><u>(186,239)</u></b>
<b>Cash flow for the period</b>	<b><u>(67,055)</u></b>	<b><u>(3,166)</u></b>	<b><u>63,774</u></b>
Cash and short-term deposits at beginning of period	80,407	16,633	16,633
<b>Cash and short-terms deposits at end of period</b>	<b><u>13,352</u></b>	<b><u>13,467</u></b>	<b><u>80,407</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 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 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 2019</b>	<b>28,000</b>	<b>(1,407)</b>	<b>16,800</b>	<b>713,306</b>	<b>756,699</b>
Net profit or loss for the period	-	-	-	31,659	31,659
Foreign currency translation adjustment relating to foreign entities	-	(567)	-	-	(567)
<b>Total comprehensive income</b>	<b>-</b>	<b>(567)</b>	<b>-</b>	<b>31,659</b>	<b>31,092</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 2019</b>	<b>28,000</b>	<b>(1,974)</b>	<b>-</b>	<b>745,459</b>	<b>771,485</b>
<b>Equity at 1 January 2019</b>	<b>28,000</b>	<b>(1,407)</b>	<b>16,800</b>	<b>713,306</b>	<b>756,699</b>
Net profit or loss for the year	-	-	16,800	114,201	131,001
Foreign currency translation adjustment relating to foreign entities	-	(1,092)	-	-	(1,092)
<b>Total comprehensive income</b>	<b>-</b>	<b>(1,092)</b>	<b>16,800</b>	<b>114,201</b>	<b>129,909</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 2019</b>	<b>28,000</b>	<b>(2,499)</b>	<b>16,800</b>	<b>828,001</b>	<b>870,302</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.

### 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 2019. For a more detailed description of the estimation uncertainty, reference is made to the consolidated and parent company financial statements for 2019.

### 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 2020 is categorised into Technical Installation totalling DKK 703.9 million (2019: DKK 636.2 million) and Construction totalling DKK 266.4 million (2019: DKK 233.4 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 2019.

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 2019.

In the first quarter of 2020, revenue from the private market segment totals DKK 131.5 million or approximately 14% of total sales against DKK 104.1 million or approximately 12% in the first quarter of 2019.

### 4 Goodwill and intangible assets

The annual impairment test of intangible assets, including goodwill and intellectual property rights, is performed at 31 December 2020, after the completion of budgets and strategy plans for the coming period.

At 31 March 2020, 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 2020. For a more detailed description of impairment tests, reference is made to the consolidated and parent company financial statements for 2019.

### 5 Inventories

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

## **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 2019.

Due to the increased risk associated with the COVID-19 outbreak and the subsequent reduction in business activity in many industries and sectors, additional reserves of approximately 1% of the total debtor balances have been made in the first quarter of 2020, corresponding to approximately DKK 4 million.