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# **Interim Financial Report for the Period 1 January – 30 September 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 – 30 September 2021.

## **Highlights for the third quarter and first nine months of 2021**

- Consolidated revenue for the third quarter of 2021 was DKK 1,114.5 million, which is DKK 134.7 million, or 13.8%, more than for the third quarter of 2020. The third quarter of 2021 had the same number of working days as the year-earlier period. Consolidated revenue for the first nine months of 2021 was DKK 3,533.8 million, which is DKK 581.5 million, or 19.7%, more than for the same period last year. The gross profit margin for the first three quarters increased by 0.1 percentage point compared with the same period of 2020.
- Operating profit (EBIT) for the third quarter of 2021 was DKK 75.1 million, corresponding to a profit margin of 6.7%, against DKK 49.8 million and 5.1% for the third quarter of 2020. Operating profit (EBIT) for the first nine months of 2021 was DKK 233.8 million, corresponding to a profit margin of 6.6%, against DKK 155.9 million and 5.3% for the first three quarters of 2020. The increase in the earnings margin is a result of the fact that the profit impact from revenue growth exceeds the increase in the cost base.
- Profit before tax (EBT) for the third quarter of 2021 was DKK 77.5 million, which is DKK 27.3 million more than in the third quarter of last year. Profit before tax for the first nine months of 2021 amounted to DKK 238.3 million, corresponding to an increase of DKK 83.9 million.
- The Group's total assets as at 30 September 2021 amounted to DKK 2,597.9 million, which is DKK 263.7 million more than at the same time in 2020. The gain is mainly attributable to an increase in property, plant and equipment of DKK 107.5 million, inventories of DKK 77.4 million, trade receivables of DKK 53.2 million, and goodwill of DKK 27.3 million.
- The Group's equity as at 30 September 2021 was DKK 1,174.2 million, which is DKK 200.9 million more than at the same time in 2020. The solvency ratio is 45.2% against 41.7% at 30 September 2020.
- Cash flow from operating activities totalled DKK -158.2 million for the third quarter of 2021 and DKK -25.4 million for the first nine months of 2021, which is DKK 214.5 million and DKK 229.7 million less than for the same periods last year. The development is driven by changes in working capital due to increased revenue and timing differences in supplier payments. Investments for the third quarter of 2021 totalled DKK 66.4 million and DKK 186.7 million for the first nine months of 2021, compared with DKK 12.0 million and DKK 44.0 million in 2020. The investment in the central warehouse of the future amounts to DKK 113 million of the investments for the first nine months of 2021.
- The Group's financial leverage, measured as the ratio between the net interest-bearing debt and the EBITDA of the last 12 months, was 1.2 as at 30 September 2021, against 1.3 at the same time last year and 1.8 as at 31 December 2020.

Other highlights for the first nine months of 2021:

- After the reopening of Danish society, the market has returned to more ordinary conditions. The third quarter of 2021 saw higher than expected performance in the B2B and B2C segments. As expected, the growth in sales slowed but remained at a higher level than normal. When compared to last year, moderate growth is expected in the remainder of 2021.
- Brødrene A & O Johansen A/S entered into an agreement to sell the subsidiary Vaga Tehnika Eesti OÜ in Estonia to the Swedish Ahlsell Group. The subsidiary sells water supply and drainage products, and the disposal is a consequence of the fact that having activities in Estonia is no longer part of AO's long-term strategy. The sale is subject to the approval of the local competition authorities. The transaction is expected to be executed in 2021 and to have no material impact on AO's revenue and profit for 2021.
- AO opened store no. 51 in Kalundborg on 1 September.
- The expansion of the central warehouse is proceeding as planned and is expected to be completed in the second quarter of 2022.

- AO won the award for 'Digital Company of the Year' at the Danish Digital Award. Danish Digital Award aims to reward and highlight the most inspiring, effective and well-executed digital work that develops or supports a company's business activities. AO won the award for AO365

## **Expectations for the year**

As announced in Company Announcement No. 11-2021 of 7 October, profit before tax for the year is expected to be DKK 310-330 million. This is an upward adjustment compared with earlier information given in the interim financial report for the first half of 2021, where pre-tax profit expectations for the year were DKK 290-310 million.

In 2020, Brødrene A & O Johansen A/S recorded a pre-tax profit of DKK 220.8 million.

The upward adjustment is based on stronger than expected third-quarter revenue and earnings as well as on an anticipation of moderate growth in the market for the rest of 2021.

The expansion of the Albertslund central warehouse decided upon in 2020 is in progress. The expansion is expected to be completed in the second quarter 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, 28 October 2021

Niels A. Johansen  
CEO

Per Toelstang  
CFO

## Financial and operating data for the AO Group

(DKKm)

Key figures	Q1-3 2021	Q1-3 2020	Q3 2021	Q3 2020	Full Year 2020
Consolidated revenue	3,533.8	2,952.3	1,114.5	979.7	4,098.3
Gross margin	796.3	660.4	255.4	218.6	914.4
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	308.8	234.6	100.2	75.1	328.2
Profit or loss before financial income and expenses (EBIT)	233.8	155.9	75.1	49.8	223.8
Financial income and expenses, net	4.5	(1.6)	2.4	0.4	(3.0)
Profit or loss before tax (EBT)	238.3	154.3	77.5	50.2	220.8
Tax on profit or loss for the period	(50.9)	(33.4)	(16.7)	(10.8)	(47.9)
Net profit or loss for the period	187.4	120.9	60.8	39.4	172.9
Non-current assets	1,459.9	1,320.1	1,459.9	1,320.1	1,320.0
Current assets	1,137.9	1,014.0	1,137.9	1,014.0	1,063.2
Total assets	2,597.9	2,334.1	2,597.9	2,334.1	2,383.2
Share capital	28.0	28.0	28.0	28.0	28.0
Equity	1,174.2	973.3	1,174.2	973.3	1,030.2
Non-current liabilities	300.1	337.1	300.1	337.1	330.6
Current liabilities	1,123.6	1,023.7	1,123.6	1,023.7	1,022.4
Cash flow from operating activities	(25.4)	204.3	(158.2)	56.3	375.4
Cash flow from investing activities	(186.7)	(44.0)	(66.4)	(12.0)	(66.3)
Of which investments in property, plant and equipment, net	(135.7)	(22.0)	(59.1)	(7.4)	(37.3)
Cash flow from financing activities	80.1	(226.0)	162.1	(43.9)	(256.2)
Cash flow for the period	(132.0)	(65.8)	(62.5)	0.4	52.8
<b>Financial ratios*</b>					
Gross profit margin	22.5%	22.4%	22.9%	22.3%	22.3%
Profit margin	6.6%	5.3%	6.7%	5.1%	5.5%
Return on capital employed**	9.4%	6.7%	3.1%	2.2%	9.5%
Return on equity**	17.0%	13.1%	5.3%	4.1%	18.2%
Solvency ratio	45.2%	41.7%	45.2%	41.7%	43.2%
Book value	419	348	419	348	368
Share price at the end of the period	1,020	566	1,020	566	604
Earnings per share (EPS Basic), DKK***	69	44	22	15	64
Diluted earnings per share (EPS-D), DKK***	69	44	22	15	64
Average number of employees****	775	736	777	740	741

\* 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, Billig VVS AS (Norway), Lampeguru AS (Norway), VVSochBad Sverige AB, AO Sverige AB, and Vaga Tehnika Eesti OÜ (Estonia). LampeGuru ApS was merged into Brødrene A & O Johansen A/S effective as of 1 January 2021, and Complet VVS A/S was merged into Brødrene A & O Johansen A/S effective as of 16 April 2021.

### The Group's financial development

Consolidated revenue for the third quarter of 2021 totalled DKK 1,114.5 million, which is DKK 134.7 million, or 13.8%, more than for the same quarter of 2020. Consolidated revenue for the first nine months of 2021 totalled DKK 3,533.8 million against DKK 2,952.3 million for the same period last year, corresponding to a growth of 19.7%. In the third quarter and first nine months of 2021, there was growth in the professional market, both in Denmark and abroad, and the private online market. Both the Technical Installation and Construction segments contributed to the growth. In the third quarter of 2021, growth in the B2B segment was 12.6%, while it was 21.6% in the B2C segment. In the first nine months of 2021, growth in the B2B segment was 15.3%, while it was 48.0% in the B2C segment. International revenue still accounts for less than 10% of the Group's total revenue.

Gross margin for the third quarter of 2021 amounted to DKK 255.4 million, corresponding to a gross profit margin of 22.9%, compared with DKK 218.6 million and a gross profit margin of 22.3% in the equivalent quarter of last year. Gross margin and gross profit margin for the first nine months of 2021 totalled DKK 796.3 million and 22.5% respectively, compared with DKK 660.4 million and 22.4% for the same period of 2020. Distribution costs for the third quarter of 2021 constituted 4.1% of revenue, which is 0.3 percentage point higher than last year. Distribution costs for the first nine months of 2021 constituted 4.2% of revenue, which is 0.4 percentage point higher than last year. The increase in distribution costs is attributable to a higher volume of B2C sales.

Total operating expenses for the third quarter of 2021, including depreciation and amortisation, amounted to DKK 180.3 million, which is DKK 11.5 million more than for the same quarter last year. The increase is attributable to external expenses.

In the third quarter of 2021, external expenses totalled DKK 61.6 million, which is DKK 11.3 million more than in the third quarter of last year. External expenses for the first nine months of 2021 amounted to DKK 165.6 million, which is DKK 27.5 million more than last year. The increase is primarily attributable to higher expenses for advertising and customer-oriented activities as well as increased IT expenses.

In the third quarter of 2021, staff costs of DKK 93.6 million increased by DKK 0.4 million compared with the same period last year. In the first nine months of 2021, staff costs totalled DKK 321.9 million, which is DKK 34.2 million more than in the equivalent period of last year. In the first nine months of 2021, the average number of employees was 775 against 736 in the same period a year ago.

Depreciation and amortisation totalled DKK 25.1 million in the third quarter of 2021 and DKK 75.0 million in the first nine months of 2021. These figures are almost unchanged from the same periods last year.

Operating profit (EBIT) for the third quarter of 2021 was DKK 75.1 million, which is 6.7% of revenue. When compared to the same period last year, EBIT is DKK 25.3 million higher, and the profit margin is up by 1.6 percentage points due to the fact that the profit impact from revenue growth exceeds the increase in the cost base. EBIT for the first nine months of 2021 was DKK 233.8 million, corresponding to 6.6% of revenue. When compared to the same period last year, EBIT is DKK 77.8 million higher, and the profit margin is up by 1.3 percentage points. The increase in EBIT is mainly attributable to revenue growth only partially offset by an increase in total operating expenses

Financial income and expenses, net, for the third quarter of 2021 were positive at DKK 2.4 million, which is DKK 2.0 million higher than in the same quarter of 2020. The income is attributable to positive currency translation adjustments, primarily SEK and NOK. Financial income and expenses, net, for the first nine months of 2021 were positive at DKK 4.5 million, which is DKK 6.1 million more than for the first nine months of 2020. The difference is mainly attributable to positive foreign currency translation adjustments, while interest expenses remain at a low level.

The Group's profit before tax for the third quarter of 2021 was DKK 77.5 million, compared with DKK 50.2 million reported for the same period last year. The Group's profit before tax for the first nine months of 2021 was DKK 238.3 million, which is DKK 83.9 million, or nearly 54%, higher than in the first nine months of 2020.

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 60.8 million was recorded for the third quarter of 2021 against DKK 39.4 million for the third quarter of 2020. A post-tax profit of DKK 187.4 million was recorded for the first nine months of 2021, compared with DKK 120.9 million for the same period last year.

The Group's total assets as at 30 September 2021 amounted to DKK 2,597.9 million, which is DKK 263.7 million more than at the same time last year.

Non-current assets of DKK 1,459.9 million are DKK 139.8 million, net, higher than at the same time last year. The increase is mainly attributable to investment in the capacity expansion of AO's central warehouse and to an increase in goodwill caused by the acquisition of Complet VVS A/S.

Current assets as at 30 September 2021 totalled DKK 1,137.9 million, which is DKK 123.9 million more than at the same time last year. Inventories increased by DKK 77.4 million to DKK 550.9 million, and trade receivables went up by DKK 53.2 million to DKK 556.7 million due to solid sales growth in August and September of 2021 measured against the same months last year.

Cash and short-term deposits of DKK 4.3 million are DKK 10.3 million lower than at 30 September 2020.

Equity as at 30 September 2021 totalled DKK 1,174.2 million, corresponding to a solvency ratio of 45.2%, and is DKK 200.9 million more than at the same time last year, driven by period earnings after tax less dividend payments of DKK 40.8 million.

The Group's payables to credit institutions amounted to DKK 426.8 million at 30 September 2021 and are DKK 115.8 million higher than at 30 September 2020, mainly due to the development in working capital caused by timing differences, investments in the central warehouse, and acquisitions.

Trade payables as at 30 September 2021 amounted to DKK 712.0 million and are DKK 45.8 million lower than at the same time last year due to timing differences in payments to suppliers.

Other payables of DKK 108.4 million are DKK 4.7 million higher than at the same time last year

Cash flow from operating activities before change in working capital for the third quarter of 2021 was DKK 102.3 million, which is DKK 26.9 million more than for the same period last year. The increased revenue had a negative impact on the cash flows from receivables and inventories of DKK 23.9 million, which is DKK 30.0 million more than in the same period last year. Timing differences in payments to suppliers at the end of the third quarter of 2021 resulted in a decrease in trade payables and other payables of DKK 237.8 million in the third quarter, which is DKK 273.3 million more than in the same period last year. In the third quarter of 2021, working capital increased by DKK 261.7 million, compared with an increase of DKK 18.4 million for the same quarter last year. In the third quarter of 2021, cash flow from operating activities was negative at DKK 158.2 million against a positive of DKK 56.3 million for the third quarter last year.

Cash flow from operating activities for the first nine months of 2021 was negative at DKK 25.4 million against a positive of DKK 204.3 million for the same period last year. The difference is attributable to the development of working capital where inventories and trade receivables increased due to higher activity, and trade payables decreased due to timing differences in supplier payments.

Net investments for the third quarter of 2021 totalled DKK 66.4 million against DKK 12.0 million for the third quarter of last year. Net investments for the first nine months of 2021 amounted to DKK 186.7 million against DKK 44.0 million for the same period last year. The increase in investments relates mainly to an investment in the central warehouse of the future of DKK 113.0 million of total investments for the first nine months of 2021. The acquisition of Complet VVS A/S is reflected in cash flow from investing activities where acquisitions increase by DKK 22.8 million.

In the nine months ended 30 September 2021, the Group's total payables to credit institutions increased by net DKK 115.8 million to DKK 426.8 million. A cash pool agreement has been entered into, meaning that cash and short-term deposits are offset against payables to credit institutions on calculation of interest.

The net interest-bearing debt for the first nine months of 2021 increased by DKK 247.1 million. A total of DKK 329.9 million was tied up in working capital. Inventories went up due to price increases and focus on security of supply to customers. Receivables increased due to a generally higher level of activity, whereas trade payables decreased due to timing differences in payments. Investments of DKK 186.7 million were driven by an investment in the central warehouse of the future and acquisitions. In the period, shareholders received a dividend payment of DKK 40.8 million. EBITDA for the period was DKK 308.8 million and contributed to a reduction in the interest-bearing debt.

## **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.

## **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.

As at 30 September 2021 the Company held a total of 82,390 treasury shares.

## **Outlook**

As announced in Company Announcement No. 11-2021 of 7 October, profit before tax for the year is expected to be DKK 310-330 million. This is an upward adjustment compared with earlier information given in the interim financial report for the first half of 2021, where pre-tax profit expectations for the year were DKK 290-310 million.

In 2020, Brødrene A & O Johansen A/S recorded a pre-tax profit of DKK 220.8 million.

The upward adjustment is based on stronger than expected third-quarter revenue and earnings as well as an anticipation of moderate growth in the market for the rest of 2021.

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**

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 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
Announcement no. 6	Interim financial report for the first quarter of 2021	29 April 2021
Announcement no. 7	Notification of transactions of persons discharging managerial responsibilities	26 May 2021
Announcement no. 8	Major shareholder announcement	16 June 2021
Announcement no. 9	AO raises its full-year pre-tax profit guidance	7 July 2021
Announcement no. 10	Interim financial report for the first half of 2021	20 August 2021
Announcement no. 11	AO raises its full-year profit guidance to DKK 310-330 million	7 October 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 – 30 September 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 30 September 2021 and of the results of the Group's operations and cash flows for the period 1 January – 30 September 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, 28 October 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:	Q1-3 2021	Q1-3 2020	Q3 2021	Q3 2020	Full Year 2020
<b>Revenue</b>	<b>3</b>	<b>3,533,835</b>	<b>2,952,325</b>	<b>1,114,458</b>	<b>979,724</b>	<b>4,098,328</b>
Cost of sales		(2,590,611)	(2,178,988)	(814,137)	(723,885)	(3,024,494)
Distribution costs		(149,033)	(113,099)	(45,612)	(37,330)	(159,703)
Gross profit		794,191	660,238	254,709	218,509	914,131
Other operating income		2,071	211	670	68	282
<b>Gross margin</b>		<b>796,262</b>	<b>660,449</b>	<b>255,379</b>	<b>218,577</b>	<b>914,413</b>
External expenses		(165,561)	(138,068)	(61,561)	(50,279)	(192,365)
Staff costs		(321,935)	(287,737)	(93,623)	(93,228)	(393,806)
<b>Earnings before interest, taxes, depreciation and amortisation (EBITDA)</b>		<b>308,766</b>	<b>234,644</b>	<b>100,195</b>	<b>75,070</b>	<b>328,241</b>
Depreciation and amortisation		(75,015)	(78,711)	(25,080)	(25,255)	(104,463)
<b>Operating profit or loss (EBIT)</b>		<b>233,751</b>	<b>155,933</b>	<b>75,115</b>	<b>49,815</b>	<b>223,778</b>
Write-down of financial assets		-	-	-	-	-
Financial income		7,203	2,835	2,738	1,841	3,929
Financial expenses		(2,690)	(4,430)	(310)	(1,433)	(6,942)
<b>Profit or loss before tax (EBT)</b>		<b>238,264</b>	<b>154,338</b>	<b>77,543</b>	<b>50,223</b>	<b>220,765</b>
Tax on profit or loss for the period		(50,890)	(33,438)	(16,742)	(10,799)	(47,892)
<b>Net profit or loss for the period</b>		<b>187,374</b>	<b>120,900</b>	<b>60,801</b>	<b>39,424</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		(2,644)	(1,573)	(1,835)	(764)	3,378
Tax on other comprehensive income		-	-	-	-	-
Other comprehensive income after tax		(2,644)	(1,573)	(1,835)	(764)	3,378
<b>Total comprehensive income</b>		<b>184,730</b>	<b>119,327</b>	<b>58,966</b>	<b>38,660</b>	<b>176,251</b>
<b>Earnings per share</b>						
Earnings per share (EPS)		69	44	22	15	64
Diluted earnings per share (EPS-D)		69	44	22	15	64

## Balance sheet

(All amounts are in DKK thousands)

<b>ASSETS</b>	Note:	2021.09.30	2020.09.30	2020.12.31
<b>Non-current assets</b>				
<b>Intangible assets</b>				
Goodwill	4	412,182	384,932	384,932
Intellectual property rights		43,929	46,788	46,014
Software		42,525	34,832	36,036
		<b>498,636</b>	<b>466,552</b>	<b>466,982</b>
<b>Property, plant and equipment</b>				
Land and buildings		686,028	648,395	652,048
Leasehold improvements		7,253	661	1,120
Fixtures and operating equipment		196,033	139,852	138,381
Right-of-use assets		71,731	64,649	61,513
		<b>961,045</b>	<b>853,557</b>	<b>853,062</b>
<b>Other non-current assets</b>				
Other investments		247	-	-
		<b>247</b>	<b>-</b>	<b>-</b>
<b>Total non-current assets</b>		<b>1,459,928</b>	<b>1,320,109</b>	<b>1,320,044</b>
<b>Current assets</b>				
Inventories	5	550,889	473,444	478,002
Trade receivables	6	556,711	503,502	428,431
Other receivables		10,487	9,966	9,193
Prepayments and accrued income		15,542	12,501	14,332
Cash and short-term deposits		4,316	14,622	133,223
<b>Total current assets</b>		<b>1,137,945</b>	<b>1,014,035</b>	<b>1,063,181</b>
<b>Total assets</b>		<b>2,597,873</b>	<b>2,334,144</b>	<b>2,383,225</b>

## Balance sheet

(All amounts are in DKK thousands)

<b>EQUITY AND LIABILITIES</b>	Note:	<b>2021.09.30</b>	<b>2020.09.30</b>	<b>2020.12.31</b>
<b>Equity</b>				
Share capital		28,000	28,000	28,000
Reserve for foreign currency translation adjustments		(1,765)	(4,072)	879
Retained earnings		1,147,978	949,395	959,368
Proposed dividend for the financial year		-	-	42,000
<b>Total equity</b>		<b>1,174,213</b>	<b>973,323</b>	<b>1,030,247</b>
<b>Non-current liabilities</b>				
Deferred tax		51,809	58,681	52,578
Credit institutions		192,466	201,979	199,281
Lease liabilities		54,328	43,432	43,899
Frozen holiday pay		-	29,985	31,856
Other non-current liabilities		1,500	3,000	3,000
<b>Total non-current liabilities</b>		<b>300,103</b>	<b>337,077</b>	<b>330,614</b>
<b>Current liabilities</b>				
Credit institutions		234,343	109,058	87,638
Lease liabilities		17,403	21,218	17,614
Trade payables		712,038	757,873	826,419
Corporation tax		2,172	1,927	3,759
Joint taxation contribution payable		46,472	28,387	1,948
Other payables		108,379	103,665	83,770
Provisions for liabilities		2,750	1,616	1,216
<b>Total current liabilities</b>		<b>1,123,557</b>	<b>1,023,743</b>	<b>1,022,364</b>
<b>Total liabilities</b>		<b>1,423,660</b>	<b>1,360,821</b>	<b>1,352,978</b>
<b>Total equity and liabilities</b>		<b>2,597,873</b>	<b>2,334,144</b>	<b>2,383,225</b>

## Cash flow statement

(All amounts are in DKK thousands)

	Q1-3 2021	Q1-3 2020	Q3 2021	Q3 2020	Full year 2020
Operating profit or loss	233,751	155,933	75,115	49,815	223,778
Depreciation and amortisation	75,015	78,711	25,081	25,255	104,463
Other non-cash operating items, net	962	(304)	2,119	366	3,624
Cash flow from operations before change in working capital	309,728	234,340	102,315	75,436	331,865
Change in inventories	(72,887)	(14,475)	(27,161)	(11,047)	(19,100)
Change in receivables	(130,988)	(107,884)	3,270	(42,808)	(33,542)
Change in trade and other payables	(126,041)	105,500	(237,763)	35,491	155,668
Total change in working capital	(329,916)	(16,859)	(261,654)	(18,366)	103,026
Cash flow from operations	(20,188)	217,481	(159,338)	57,070	434,891
Net financials paid	4,513	(1,596)	2,428	408	(1,935)
Corporation tax paid	(9,766)	(11,598)	(1,287)	(1,194)	(57,573)
<b>Cash flow from operating activities</b>	<b>(25,441)</b>	<b>204,287</b>	<b>(158,197)</b>	<b>56,284</b>	<b>375,383</b>
Purchase of intangible assets	(22,501)	(16,512)	(7,004)	(4,553)	(23,531)
Purchase of property, plant and equipment, net	(135,690)	(22,025)	(59,130)	(7,421)	(37,299)
Purchase of investments	(247)	-	(247)	-	-
Acquisitions	(28,295)	(5,500)	-	-	(5,500)
<b>Cash flow from investing activities</b>	<b>(186,733)</b>	<b>(44,037)</b>	<b>(66,381)</b>	<b>(11,974)</b>	<b>(66,330)</b>
Change in payables to credit institutions	114,890	(191,425)	168,507	(37,824)	(215,543)
Raising of loans from credit institutions	25,000	-	-	-	-
Repayment of lease liabilities	(18,995)	(18,304)	(6,389)	(6,061)	(24,388)
Dividends paid	(40,764)	(16,306)	-	-	(16,306)
<b>Cash flow from financing activities</b>	<b>80,131</b>	<b>(226,035)</b>	<b>162,118</b>	<b>(43,885)</b>	<b>(256,237)</b>
<b>Cash flow for the period</b>	<b>(132,043)</b>	<b>(65,785)</b>	<b>(62,460)</b>	<b>425</b>	<b>52,816</b>
Cash and short-term deposits at beginning of period	133,223	80,407	66,776	14,197	80,407
Cash and short-term deposits acquired, acquisitions	3,136	-	-	-	-
<b>Cash and short-terms deposits at end of period</b>	<b>4,316</b>	<b>14,622</b>	<b>4,316</b>	<b>14,622</b>	<b>133,223</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
Equity at 1 January 2021	28,000	879	42,000	959,368	1,030,247
Net profit or loss for the period	-	-	-	187,374	187,374
Foreign currency translation adjustment	-	(2,644)	-	-	(2,644)
Total comprehensive income	-	(2,644)	-	187,374	184,730
Dividend distribution	-	-	(40,764)	-	(40,764)
Dividend, own shares	-	-	(1,236)	1,236	-
Total transactions with owners	-	-	(42,000)	1,236	(40,764)
<b>Equity at 30 September 2021</b>	<b>28,000</b>	<b>(1,765)</b>	<b>-</b>	<b>1,147,978</b>	<b>1,174,213</b>
Equity at 1 January 2020	28,000	(2,499)	16,800	828,001	870,302
Net profit or loss for the period	-	-	-	120,900	120,900
Foreign currency translation adjustment	-	(1,573)	-	-	(1,573)
Total comprehensive income	-	(1,573)	-	120,900	119,327
Dividend distribution	-	-	(16,306)	-	(16,306)
Dividend, own shares	-	-	(494)	494	-
Total transactions with owners	-	-	(16,800)	494	(16,306)
<b>Equity at 30 September 2020</b>	<b>28,000</b>	<b>(4,072)</b>	<b>-</b>	<b>949,395</b>	<b>973,323</b>
Equity at 1 January 2020	28,000	(2,499)	16,800	828,001	870,302
Net profit or loss for the year	-	-	42,000	130,873	172,873
Foreign currency translation adjustment	-	3,378	-	-	3,378
Total comprehensive income	-	3,378	42,000	130,873	176,251
Dividend distribution	-	-	(16,306)	-	(16,306)
Dividend, own shares	-	-	(494)	494	-
Total transactions with owners	-	-	(16,800)	494	(16,306)
<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 third quarter of 2021 is categorised into Technical Installation totalling DKK 791.0 million (2020: DKK 695.4 million) and Construction totalling DKK 323.5 million (2020: DKK 284.2 million).

According to IFRS 15, revenue for the first nine months of 2021 is categorised into Technical Installation totalling DKK 2,563.5 million (2020: DKK 2,112.4 million) and Construction totalling DKK 970.3 million (2020: DKK 839.8 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 nine months 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 nine months of 2020.

In the first nine months of 2021, revenue from the private market segment totals DKK 587.8 million or 16.6% against DKK 397.6 million or 13.5% in the first nine months 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 30 September 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 30 September 2021. For a more detailed description of goodwill and intangible assets, 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.