
Interim Financial Report for the Period 1 January – 30 June 2018



Brødrene A & O Johansen A/S

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Today the Board of Directors has approved the Group's interim financial report for the period 1 January – 30 June 2018.

Highlights for the second quarter and the first half of 2018

- Consolidated revenue for the second quarter of 2018 was DKK 830.2 million, which is DKK 67.2 million or 9% more than for the second quarter of 2017. Consolidated revenue for the first half of 2018 was DKK 1,642.6 million, which is DKK 91.6 million or 6 % higher than for the same period last year.
- Operating profit (EBIT) for the second quarter of 2018 was DKK 40.7 million, corresponding to a profit margin of 4.9%, against DKK 33.7 million and 4.4% for the second quarter of 2017. The profit margin increase is attributable to a rise in the gross profit margin. Operating profit (EBIT) for the first half of 2018 was DKK 69.3 million, corresponding to a profit margin of 4.2%, against DKK 74.5 million and 4.8% for the first half of 2017. High depreciation figures and an increased level of expenses have a negative effect on the profit margin. Initiated cost-cutting measures will take effect in 2019.
- Profit before tax for the second quarter of 2018 amounted to DKK 38.3 million, which is DKK 7.3 million higher than last year. Profit before tax for the first half of 2018 amounted to DKK 70.5 million, which is DKK 1.1 million higher than for the same period last year.
- As at 30 June 2018, the Group's total assets totalled DKK 2,228.8 million, which is DKK 22.6 million more than at 30 June 2017. The increase is mainly attributable to a rise in cash and cash equivalents.
- As at 30 June 2018, the Group's equity of DKK 692.4 million, corresponding to a solvency ratio of 31.1%, was DKK 100.9 million higher than last year.
- Cash flow from operating activities for the first half of 2018 totalled DKK 37.1 million, which is DKK 52.4 million more than for the first half of 2017 due to increased depreciation and timing differences in working capital. Investments for the first half of 2018 amounted to DKK 44.2 million against DKK 76.1 million for the first half of 2017.
- Other highlights for the first half of 2018:
 - In the second quarter of 2018 the Group's ERP system was upgraded. In addition, all IT systems were checked to ensure GDPR compliance.
 - A new store opened in Farum. In August, the store in Silkeborg relocates to new premises. The store in Nyborg closes.
 - The Board of Directors decided to publish quarterly reports.
 - The Annual General Meeting approved the consolidated and company financial statements as well as the allocation of profits, including a dividend distribution of DKK 6 per preference share. All shareholder-elected Board members were re-elected. At the election of employee representatives to the Board of Directors of Brødrene A & O Johansen A/S, Mr René Alberg, Mr Carsten Jensen and Mr Jonas Kvist were elected. Afterwards the Board of Directors constituted itself with Mr Henning Dyremose as Chairman and Mr 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

- As announced in connection with the publication of the annual report for 2017 and the interim financial report for the first quarter of 2018, the Group expects a profit before tax in the range of DKK 145-155 million. In 2017, Brødrene A & O Johansen A/S realised a profit before tax of DKK 145.5 million.

Albertslund, 24 August 2018

Niels A. Johansen
CEO

Henrik T. Krabbe
CFO

Financial and operating data for the AO Group

(DKKm)

Key figures	H1 2018	H1 2017	Q2 2018	Q2 2017	Full Year 2017
Consolidated revenue	1,642.6	1,551.0	830.2	763.0	3,269.1
Gross margin*	395.7	372.7	205.4	184.9	769.8
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	113.1	108.2	63.0	51.2	223.1
Operating profit or loss (EBIT)	69.3	74.5	40.7	33.7	147.2
Financial income and expenses, net	1.2	(5.1)	(2.4)	(2.7)	(1.7)
Profit or loss before tax (EBT)	70.5	69.4	38.3	31.0	145.5
Tax on profit or loss for the period	(15.3)	(15.7)	(8.4)	(7.3)	(30.7)
Net profit or loss for the period	55.2	53.7	29.9	23.7	114.8

Non-current assets	1,304.0	1,307.5	1,304.0	1,307.5	1,304.6
Current assets	924.8	898.7	924.8	898.7	864.5
Total assets	2,228.8	2,206.2	2,228.8	2,206.2	2,169.1
Share capital	28.0	28.0	28.0	28.0	28.0
Equity	692.4	591.5	692.4	591.5	655.9
Non-current liabilities	224.8	335.0	224.8	335.0	230.1
Current liabilities	1,311.6	1,279.6	1,311.6	1,279.6	1,283.1

Cash flow from operating activities	37.1	(15.3)	15.4	(67.7)	134.4
Cash flow from investing activities	(44.2)	(76.1)	(26.0)	(45.4)	(164.2)
Of which investments in property, plant and equipment, net	(31.4)	(61.2)	(19.4)	(38.3)	(86.0)
Cash flow from financing activities	2.4	91.9	(1.5)	98.1	52.1
Cash flow for the period	(4.7)	0.4	(12.1)	(15.1)	22.3

Financial ratios

Gross profit margin	24.1%	24.0%	24.7%	24.2%	23.5%
Profit margin	4.2%	4.8%	4.9%	4.4%	4.5%
Return on capital employed	3.1%	3.5%	1.8%	1.6%	7.1%
Return on equity	8.2%	8.1%	4.4%	4.1%	16.5%
Solvency ratio	31.1%	26.8%	31.1%	26.8%	30.2%

Book value**	247	211	247	211	234
Share price at the end of the period	272	423	272	423	401
Earnings per share (EPS Basic), DKK	20	20	11	9	42
Diluted earnings per share (EPS-D), DKK	20	20	11	9	42

Average number of employees***	750	699	748	703	718
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Basic EPS and diluted EPS have been calculated in accordance with IAS 33. Other financial ratios have been calculated in accordance with the Danish Finance Society's "Recommendations and Financial Ratios".

* Distribution costs have been reclassified from other external expenses to cost of sales. Comparative figures have been restated accordingly, as described in the accounting policies.

** Financial ratios for the respective periods have been adjusted retroactively for the share split.

*** 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, Billig VVS AS (Norway), VVSochBad Sverige AB, AO Sverige AB and Vaga Tehnika Eesti OÜ.

The Group's financial development

Consolidated revenue for the second quarter of 2018 was DKK 830.2 million against DKK 763.0 million for the same period of 2017, equalling an increase of DKK 67.2 million or 9%. The second quarter of 2018 had one more working day, corresponding to 2%, due to Easter.

Consolidated revenue for the first half of 2018 was DKK 1,642.6 million, which is DKK 91.6 million, or 6%, more than for the first half of 2017. The growth in revenue is mainly attributable to the professional market in Denmark and private online marketplaces. International revenue accounts for less than 10% of the total revenue.

Gross margin for the second quarter of 2018 was DKK 205.4 million against DKK 184.9 million for the same period of 2017. The gross profit margin increased by 0.5 percentage point to 24.7% compared to the second quarter of 2017. In the quarter, distribution costs constitute 3.8% of revenue, which is 0.1 percentage point more than in the second quarter of 2017.

Gross margin for the first half of 2018 amounted to DKK 395.7 million, which is DKK 23.0 million more compared to the same period last year. The gross profit margin increased by 0.1 percentage point to 24.1%. Included in this figure is a distribution cost increase of 0.2 percentage point. Projects have been launched to optimise processes and conditions aimed at increasing the gross margin.

External expenses for the second quarter of 2018 totalled DKK 44.7 million, an increase of DKK 3.6 million, or 9%, compared to the second quarter of 2017. External expenses for the first half of 2018 amounted to DKK 89.8 million, which is DKK 5.6 million, or 7%, more than for the same period last year. In both cases, the deviation is attributable to distribution from the central warehouse to AO's stores, maintenance of storage systems and increased expenses for online sales.

In the second quarter of 2018, staff costs of DKK 97.7 million increased by 6%, corresponding to DKK 5.2 million compared with the same period last year. In the first six months of 2018, staff costs amounted to DKK 192.8 million, which is DKK 12.5 million, or 7%, more than in the same period last year. The increase for the second quarter and the half-year ended 30 June 2018 is attributable to more employees and a change in the employee mix due to the digitisation. Measures have been initiated to reduce the number of employees. The full effect of these measures is expected in 2019.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) for the second quarter 2018 amounted to DKK 63.0 million or 7.6% of revenue, which is DKK 11.8 million, or 0.9 percentage point, more than for the same period last year. EBITDA for the first half of 2018 totalled DKK 113.1 million or 6.9% of revenue. EBITDA for the first half of 2017 totalled DKK 108.2 million, or 7.0%, of revenue.

Depreciation, amortisation and write-downs for the second quarter of 2018 was DKK 22.3 million, an increase of DKK 4.9 million or 28% compared to the same period last year. In the first half of 2018, depreciation, amortisation and write-downs amounted to DKK 43.8 million, which is DKK 10.1 million or 30% more than in the first half of 2017. The increase is attributable to investments in software/ERP upgrades and a new miniload system.

Operating profit (EBIT) for the second quarter of 2018 was DKK 40.7 million, which is 4.9% of revenue. Compared to the same period last year, EBIT is DKK 7.0 million higher, and the profit margin is up by 0.5 percentage point due to an increase in the gross profit margin

EBIT for the first half of 2018 was DKK 69.3 million, which is 4.2% of revenue. Compared to the same period last year, EBIT is DKK 5.2 million lower, and the profit margin is down by 0.6 percentage point due to an increase in expenses and depreciation.

Financial income and expenses, net, for the second quarter of 2018 were negative at DKK 2.4 million against a negative of DKK 2.7 million for the same period of 2017. Financial income and expenses, net, for the first half of 2018 were positive at DKK 1.2 million, which is DKK 6.3 million more compared with the first half of 2017 due to a reassessment of the earn-out agreement related to the acquisition of Greenline A/S that led to the reversal of a provision of DKK 6.1 million.

For the second quarter of 2018, the Group recorded a pre-tax profit of DKK 38.3 million against DKK 31.0 million reported for the same period last year. For the first half of 2018, the Group recorded a pre-tax profit of DKK 70.5 million, which is DKK 1.1 million up on figures for the same period in 2017.

Tax 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 29.9 million was recorded for the second quarter of 2018, compared with DKK 23.7 million for the same period last year. A post-tax profit of DKK 55.2 million was recorded for the first half of 2018, which is DKK 1.5 million more than for the first half of 2017.

As at 30 June 2018 the Group's total assets amounted to DKK 2,228.8 million, which is DKK 22.6 million more than at the same time last year.

Non-current assets of DKK 1,304.0 million are DKK 3.5 million, net, lower than at the same time last year, partly due to depreciation being higher than investments in software and operating equipment, partly due to investments in a building site/store in Silkeborg and the refurbishment of the central warehouse.

When compared to the same period last year, current assets increased by DKK 26.1 million to DKK 924.8 million. Inventories increased by DKK 28.4 million to DKK 444.9 million, and trade receivables went down by DKK 23.6 million to DKK 415.2 million. Inventories increased due to growth in revenue, whereas trade receivables declined due to timing differences. Cash and cash equivalents of DKK 22.7 million are DKK 15.3 million higher than at 30 June 2017.

Equity of DKK 692.4 million, corresponding to a solvency ratio of 31.1%, is DKK 100.9 million higher than at the same time last year due to earnings after tax minus dividend payments of DKK 16.8 million.

The Group's total payables to credit institutions amounted to DKK 878.6 million, which is DKK 20.9 million lower than at 30 June 2017. This is attributable to the fact that in the last 12 months the cash flow from operating activities has been higher than the cash flow from investing activities.

Trade payables of DKK 518.7 million are DKK 0.2 million higher than at the same time last year.

When compared to the same time last year, other payables decreased by DKK 57.2 million to DKK 77.2 million, mainly due to the 2017 fourth-quarter payment of the remaining purchase sum of DKK 48 million and the adjustment of provision related to acquisition of Greenline A/S. The remaining earn-out provision of DKK 4.0 million related to the acquisition of Greenline A/S is expected to be paid in 2019 and 2020.

Cash flow from operating activities for the first half of 2018 amounted to DKK 37.1 million, which is DKK 52.4 million more than for the same period last year. The deviation is mainly attributable to increased EBITDA and timing differences in working capital.

Net investments for the first half of 2018 totalled DKK 44.2 million, which is DKK 31.9 million less than for the same period last year. In the period, DKK 11.8 million was invested in software, which is DKK 1.5 million less than in the first half of 2017. DKK 17.7 million was invested in land and buildings due to the acquisition of a building site in Silkeborg and the rebuilding of the central warehouse. Investment in operating equipment totalled DKK 13.7 million, DKK 20.2 million less than in the first half of 2017, and is attributable to the miniload system, fixtures and fittings for a new store in Farum and other store and warehouse improvements.

Shareholders received dividend payments of DKK 16.8 million. In the half year ended 30 June 2018, the Group's total payables to credit institutions increased by DKK 18.9 million, net, to DKK 878.6 million. 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.

Total cash flows for the first half of 2018 were negative at DKK 4.7 million. As a result, the Group's cash and cash equivalents totalled DKK 22.7 million at 30 June 2018, which is DKK 15.3 million more than at 30 June 2017.

Significant risks

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

Incentive programme and treasury shares

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

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

On 30 June 2018, the Company held a total of 82,390 treasury shares.

Outlook

As announced in connection with the publication of the annual report for 2017, and as reiterated in the interim financial report for the first quarter of 2018, the Group expects a profit before tax in the range of DKK 145-155 million for the year ending 31 December 2018. There is no change to this expectation

In 2017, the Group realised a profit before tax of DKK 145.5 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 2018

Announcement no. 1	Annual report 2017	22 February 2018
Announcement no. 2	Notice convening the Annual General Meeting of Brødrene A & O Johansen A/S	22 February 2018
Announcement no. 3	Election of employee representatives to the Board of Directors of Brødrene A & O Johansen A/S	19 March 2018
Announcement no. 4	Result of the Annual General Meeting of Brødrene A & O Johansen A/S	23 March 2018
Announcement no. 5	Articles of association	23 March 2018
Announcement no. 6	Revised financial calendar for 2018	23 March 2018
Announcement no. 7	Interim financial report for the first quarter of 2018	25 May 2018

Management's statement

Today the Board of Directors and the Executive Board have discussed and approved the interim financial report of Brødrene A & O Johansen A/S for the period 1 January - 30 June 2018.

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 June 2018 and of the results of the Group's operations and cash flows for the period 1 January – 30 June 2018.

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

Albertslund, 24 August 2018

Executive Board

Niels A. Johansen
CEO

Henrik T. Krabbe
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:	H1 2018	H1 2017	Q2 2018	Q2 2017	Full Year 2017
Revenue	3	1,642,575	1,550,977	830,205	762,974	3,269,081
Cost of sales		(1,184,811)	(1,122,943)	(593,957)	(549,954)	(2,378,419)
Distribution costs		(62,783)	(56,409)	(31,169)	(28,547)	(122,584)
Gross profit		394,981	371,624	205,079	184,473	768,077
Other operating income		729	1,062	363	409	1,714
Gross margin		395,710	372,687	205,442	184,883	769,792
External expenses		(89,760)	(84,172)	(44,698)	(41,106)	(175,384)
Staff costs		(192,848)	(180,331)	(97,726)	(92,572)	(371,315)
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		113,102	108,184	63,018	51,205	223,093
Depreciation, amortisation and impairment of property, plant and equipment as well as intangible assets		(43,843)	(33,705)	(22,349)	(17,492)	(75,875)
Operating profit or loss (EBIT)		69,259	74,479	40,669	33,712	147,218
Financial income		7,255	1,003	623	487	10,967
Financial expenses		(6,039)	(6,098)	(2,988)	(3,152)	(12,671)
Profit or loss before tax (EBT)		70,475	69,385	38,305	31,047	145,513
Tax on profit or loss for the period		(15,314)	(15,681)	(8,360)	(7,335)	(30,701)
Net profit or loss for the period		55,161	53,703	29,945	23,712	114,812
Other comprehensive income						
Items reclassified to the income statement						
Foreign currency translation adjustment relating to foreign entities		(2,106)	(397)	(703)	1,170	(1,692)
Tax on other comprehensive income		0	0	0	0	0
Other comprehensive income after tax		(2,106)	(397)	(703)	1,170	(1,692)
Total comprehensive income		53,055	53,306	29,242	24,882	113,120
Earnings per share						
Earnings per share (EPS)		20	20	11	9	42
Diluted earnings per share (EPS-D)		20	20	11	9	42

Balance sheet as at 30 June

(All amounts are in DKK thousands)

ASSETS	Note:	H1 2018	H1 2017	Full Year 2017
Non-current assets				
Intangible assets				
Goodwill	4	371,334	371,525	371,334
Intellectual property rights		51,094	54,064	52,579
Software		48,353	48,547	51,685
		<u>470,782</u>	<u>474,136</u>	<u>475,598</u>
Property, plant and equipment				
Land and buildings		648,848	640,962	640,966
Leasehold improvements		634	660	797
Fixtures and operating equipment		182,725	191,729	187,197
		<u>832,207</u>	<u>833,351</u>	<u>828,960</u>
Financial assets				
Other Investments		1,000	0	0
		<u>1,000</u>	<u>0</u>	<u>0</u>
Total non-current assets	5	<u>1.303,989</u>	<u>1,307,487</u>	<u>1,304,559</u>
Current assets				
Inventories	6	444,880	416,528	414,053
Trade receivables	7	415,225	438,778	381,379
Corporation tax receivable		4,004	0	12,217
Other receivables		23,492	23,110	27,010
Prepayments and accrued income		14,533	12,950	1,332
Cash at bank and in hand		22,654	7,324	28,553
Total current assets		<u>924,787</u>	<u>898,688</u>	<u>864,543</u>
Total assets		<u>2,228,776</u>	<u>2,206,175</u>	<u>2,169,102</u>

Balance sheet as at 30 June

(All amounts are in DKK thousands)

EQUITY AND LIABILITIES	Note:	H1 2018	H1 2017	Full Year 2017
Equity				
Share capital		28,000	28,000	28,000
Reserve for foreign currency translation adjustments		(2,338)	1,062	(232)
Retained earnings		666,751	562,488	628,099
Total equity		692,413	591,547	655,867
Non-current liabilities				
Deferred tax	8	61,674	54,768	61,963
Credit institutions		163,108	280,231	168,152
Total non-current liabilities		224,782	334,999	230,115
Current liabilities				
Credit institutions		715,528	619,298	691,568
Trade payables		518,703	518,483	516,620
Corporation tax		0	7,135	0
Other payables		77,191	134,397	74,773
Accruals and deferred income		158	316	158
Total current liabilities		1,311,580	1,279,629	1,283,119
Total liabilities		1,536,363	1,614,627	1,513,235
Total equity and liabilities		2,228,776	2,206,175	2,169,102

Cash flow statement

(All amounts are in DKK thousands)

	H1 2018	H1 2017	Q2 2018	Q2 2017	Full year 2017
Cash flow from operating activities					
Operating profit or loss	69,259	74,479	40,669	33,712	147,218
Financial income and expenses, net (interest paid)	(4,886)	(5,094)	(2,365)	(2,665)	(10,644)
Profit or loss before tax	64,373	69,385	38,304	31,047	136,574
Depreciation and amortisation:					
Intangible assets	16,637	11,803	8,553	6,179	26,586
Property, plant and equipment	27,206	21,902	13,796	11,314	49,289
	53,843	33,705	22,349	17,493	75,875
Change in working capital:					
Change in trade receivables	(33,846)	(132,816)	(33,422)	(78,161)	(75,417)
Change in other receivables	(9,681)	(10,448)	(2,497)	(1,237)	(2,732)
Change in inventories	(30,827)	(28,410)	11,678	(24,790)	(25,934)
Change in trade payables	2,083	50,280	(15,501)	6,592	48,417
Change in other current liabilities	8,519	10,387	(4,666)	(4,775)	7,540
	(63,752)	(111,006)	(44,408)	(115,554)	(48,127)
Corporation tax paid	(7,406)	(7,413)	(784)	(704)	(29,911)
Cash flow from operating activities	37,058	(15,329)	15,461	67,719	134,411
Cash flow from investing activities					
Software	(11,821)	(13,380)	(5,591)	(7,124)	(28,589)
Land and buildings	(17,693)	(27,351)	(10,130)	(8,304)	(37,646)
Leasehold improvements	0	(84)	0	5	(400)
Fixtures and operating equipment	(13,676)	(33,885)	(9,267)	(30,173)	(48,053)
Disposal of property, plant and equipment	18	167	18	162	51
Acquisition of Greenline A/S	0	(1,571)	0	0	(49,571)
Other investments	1,000	0	(1,000)	0	0
Cash flow from investing activities	(44,172)	(76,104)	(25,970)	(45,434)	(164,208)
Cash flow from financing activities					
Repayment of debt to credit institutions	(5,444)	(4,051)	(2,728)	(2,038)	(8,145)
Raising of loans with credit institutions	24,360	289,750	952	98,457	254,036
Dividends distributed	(16,306)	(16,306)	494	0	(16,306)
Adjustment related to previous years	(202)	0	(202)	0	0
Acquisition of treasury shares	0	(185,513)	0	(6,353)	(185,513)
Disposal of treasury shares	0	7,989	0	7,989	7,989
Cash flow from financing activities	2,408	91,869	(1,484)	98,055	52,061
Cash flow for the period	(4,707)	435	(11,993)	(15,098)	22,264
Cash and cash equivalents at beginning of period	28,553	7,303	35,109	22,910	7,303
Foreign currency translation adjustment	(1,192)	(414)	(457)	(488)	(1,013)
Cash and cash equivalents at end of period	22,654	7,324	22,659	7,324	28,553

Statement of changes in equity

<i>(All amounts are in DKK thousands)</i>	Share capital	Foreign currency translation adjustment	Retained Earnings	Total Equity
Equity at 1 January 2018	28,000	(232)	628,099	655,867
Net profit or loss for the period	0	0	55,161	55,161
Foreign currency translation adjustment relating to foreign entities	0	(2,106)	0	(2,106)
Total comprehensive income	0	(2,106)	55,161	53,055
Dividends distributed	0	0	(16,306)	(16,306)
Adjustment related to previous years	0	0	(202)	(202)
Total transactions with owners	0	0	(16,508)	(16,508)
Equity at 30 June 2018	28,000	(2,338)	666,751	692,413
Equity at 1 January 2017	57,000	1,460	673,611	732,071
Net profit or loss for the period	0	0	53,703	53,703
Foreign currency translation adjustment relating to foreign entities	0	(397)	0	(397)
Total comprehensive income	0	(397)	53,703	53,306
Capital reduction	(29,000)	0	29,000	0
Share option exercise	0	0	7,989	7,989
Dividends distributed	0	0	(16,306)	(16,306)
Acquisition/disposal of treasury shares	0	0	(185,513)	(185,513)
Total transactions with owners	(29,000)	0	(164,830)	(193,830)
Equity at 30 June 2017	28,000	1,062	562,485	591,547
Equity at 1 January 2017	57,000	1,460	673,611	732,071
Net profit or loss for the period	0	0	114,812	114,812
Foreign currency translation adjustment relating to foreign entities	0	(1,692)	0	(1,692)
Total comprehensive income	0	(1,692)	114,812	113,120
Capital reduction	(29,000)	0	29,000	0
Merger adjustment	0	0	(199)	(199)
Share option exercise	0	0	12,694	12,694
Dividends distributed	0	0	(16,306)	(16,306)
Acquisition/disposal of treasury shares	0	0	(185,513)	(185,513)
Total transactions with owners	(29,000)	0	(160,324)	(189,324)
Equity at 31 December 2017	28,000	(233)	628,099	655,867

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. Except for the changes mentioned below, the accounting policies are unchanged from the accounting policies applied in the consolidated and company financial statements for 2017, to which reference is made. The consolidated and company financial statements for 2017 contain a full description of the accounting policies.

Changes in accounting policies

With effect from 1 January 2018, the Group has implemented the following new or amended accounting standards and interpretations: IFRS 9 *Financial Instruments*, IFRS 15 *Revenue from Contracts with Customers (full retrospective approach)*, Amendments to IFRS 2 *Classification and Measurement of Share-based Payment Transactions*, Amendments to IFRS 4 *Applying IFRS 9 Financial Instruments with IFRS 4*, Amendments to IAS 40 *Transfers of Investment Property*, IFRIC 22 *Foreign Currency Transactions and Advance Consideration*, and part of *Annual Improvements to IFRSs 2014-2016*.

In *Annual Improvements to IFRSs 2014-2016* it is the remaining part relating to IFRS 1 and IAS 28 that will apply from January 1, 2018.

None of the above amendments have affected recognition and measurement in the interim report.

2 Accounting estimates and judgements

Estimation uncertainty

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

The significant estimates made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated and company financial statements for 2017. For a more detailed description of the estimation uncertainty, reference is made to the consolidated and company financial statements for 2017.

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 second quarter of 2018 is categorised into Technical Installation totalling DKK 572.7 million (2017: DKK 523.9 million) and Construction totalling DKK 257.4 million (2017: DKK 239.2 million). Revenue for the first half of 2018 is categorised into Technical Installation totalling DKK 1,167.9 million (2017: DKK 1,098.7 million) and Construction totalling 474.7 million (2017: DKK 452.3 million).

4 Goodwill

The annual impairment test of intangible assets, including goodwill, is performed at 31 December 2018, after the completion of budgets and strategy plans for the coming period. At 30 June 2018, 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 June 2018. For a more detailed description of impairment tests, reference is made to the consolidated and company financial statements for 2017.

5 Non-current assets

During the reporting period the Group has invested DKK 44.2 million (2017: DKK 76.3 million) in non-current assets.

6 Inventories

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

7 Trade receivables

An estimate is used to assess the recoverability of receivables according to the same principles as applied in the financial statements for 2017.

8 Deferred tax

At 30 June 2018, net deferred tax liabilities were DKK 61.7 million, compared with DKK 54.8 million at 30 June 2017.