2019

Annual Report 2019

Brødrene A & O Johansen A/S

Rørvang 3 - 2620 Albertslund

Denmark

CVR No.: 58 21 06 17

A customer journey is about the entire process – from the moment when a need first arises to the end of the journey – in the form of a sale or a finished project.

AO uses the customer journey as a tool to map out points of contact with our customers, how they experience us in these contact points, where we are not in contact with them as well as where we can stand to benefit from doing that.

The customer journey is also something we use in our strategic omni-channel work, which is all about giving our customers a coherent and consistent experience when doing business with us. It is about conveying the feeling that we understand them and what they need, no matter where or through what channel they come into contact with us.

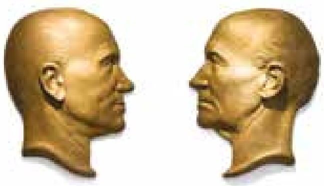
For us, the customer journey is therefore a priceless tool that we are constantly working to develop!

This is why the front page of our annual report this year features a figure that represents the customer journey as it truly is. Far from being the linear trajectory we might wish for, it is instead a winding string, full of contact points across the many different phases of the journey. There are lots of things that can go wrong, but with good communication, good partners and reliable suppliers, we can be sure of a solid result.

Meet our two couples – each one is on their own unique customer journey

Anne and Oskar are our young couple. They live in a flat where they are short on space and are planning to expand their family soon. They are therefore looking for a house with a garden and have decided on a new-build project.

Gitte and Bjørn are our mature married couple. Their kids are grown up and have moved out, and so they would now like to live in a lively town with lots of cultural activities. They have opted for a doer-upper that they can renovate to suit their own taste.



Brødrene A & O Johansen A/S is a Danish owned company founded in 1914 and currently one of the leading wholesalers in the construction industry. Thanks to our customers and an award-winning e-commerce platform, fifty stores nationwide, a high-tech logistical setup and a constant focus on services that make it easier than ever before to be a workman in today's Denmark, we are well-equipped for the future and ready to fulfil our role as an IT, knowledge and logistics company.

CONTENTS

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

Bjørn and a workman are inspecting the bathroom in their new doer-upper flat. Opportunities and ideas abound, although they must also take into consideration finances and time if the whole thing is to come together.

CONSOLIDATED FIVE-YEAR SUMMARY

(DKKm)

Key figures***	2019	2018	2017	2016	2015
Revenue	3,582.7	3,373.4	3,269.1	2,823.4	2,631.2
Gross margin	830.6	805.2	769.8	704.7	629.0
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	281.6	241.0	223.1	207.5	172.3
Operating profit or loss (EBIT)	175.9	154.8	147.2	143.3	118.8
Financial income and expenses, net	(6.4)	(4.6)	(1.7)	(8.0)	(3.3)
Profit or loss before tax (EBT)	168.4	150.3	145.5	135.4	115.5
Tax on profit or loss for the year	(37.4)	(31.7)	(30.7)	(30.0)	(27.7)
Net profit or loss for the year	131.0	118.5	114.8	105.4	87.8
Non-current assets	1,349.2	1,300.1	1,304.6	1,266.9	1,180.0
Current assets	957.5	843.8	864.5	727.9	783.1
Total assets	2,306.7	2,144.0	2,169.1	1,994.8	1,963.2
Share capital	28.0	28.0	28.0	57.0	57.0
Equity	870.3	756.7	655.9	732.1	1,024.6
Non-current liabilities	337.4	288.6	230.1	339.1	217.5
Current liabilities	1,099.0	1,098.7	1,283.1	923.6	721.1
Cash flow from operating activities	302.7	300.8	134.4	235.8	96.1
Cash flow from investing activities	(52.7)	(82.3)	(164.2)	(129.7)	(301.5)
Of which investments in property, plant and equipment, net	(26.1)	(60.7)	(86.0)	(61.7)	(90.4)
Cash flow from financing activities	(186.2)	(229.8)	52.1	(110.2)	142.3
Cash flow for the year	63.8	(11.3)	22.3	(4.0)	(63.1)

Financial ratios

Gross profit margin	23.2%	23.9%	23.5%	25.0%	23.9%
Profit margin	4.9%	4.6%	4.5%	5.1%	4.5%
Return on capital employed	7.9%	7.2%	7.1%	7.2%	6.7%
Return on equity	16.1%	16.8%	16.5%	12.0%	9.0%
Solvency ratio	37.7%	35.3%	30.2%	36.7%	52.2%
Book value*	311	270	234	128	180
Share price at the end of the year	348	294	401	337	175
Price Earnings Basic (P/E Basic)	7.2	6.7	9.5	12.3	10.9
Dividend per DKK 10 share	6.0	6.0	6.0	6.0	0.0
Earnings per share (EPS Basic), DKK	48	44	42	27	16
Diluted earnings per share (EPS-D), DKK	48	44	42	27	16
Number of employees (FTE average)**	734	747	718	680	619

Basic EPS and diluted EPS have been calculated in accordance with IAS 33. Other financial ratios have been prepared in accordance with the CFA Society Denmark's "Recommendations and Financial Ratios". See definition of key figures on page 74

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

**The number of employees includes external temporary workers. Comparative figures for 2015 have not been restated.

***Comparative figures have not been restated in connection with the implementation of IFRS 9, IFRS 15 and IFRS 16.

MANAGEMENT'S REVIEW

THE YEAR IN OUTLINE

For Brødrene A & O Johansen A/S and the Group (AO), the year 2019 was characterised by sales growth and strict cost-management, resulting in an increase in profit before tax of DKK 18.1 million or 12.1%.

Consolidated revenue for 2019 increased by DKK 209.3 million, or 6.2%, to DKK 3,582.7 million. Growth was achieved in both the professional market and the private online market, and the increase is attributable to the business areas of Technical Installation and Construction. The sales growth is mainly attributable to the continued focus on customer-oriented activities.

After a gross profit improvement of 0.4 percentage point in 2018, the gross profit for 2019 was 0.7 percentage point lower due to increased price pressure in the market and an increase in project sales with lower margins.

With effect from 1 January 2019, the Group implemented the new IFRS 16 standard on leases using the modified retrospective transition method, and comparative figures for previous years have therefore not been restated. The IFRS 16 impact on the accounting figures for 2018 is shown below:

External expenses and staff costs increased by DKK 11.8 million, or 2.2%, adjusted for the implementation effect of IFRS 16, according to which lease expenses are recognised in the income statement under depreciation and interest and not under external expenses as before. The increase was mainly attributable to sales support expenses and IT/digitisation expenses, while staff costs were reduced by DKK 3.6 million. In 2019, the average number of employees (FTE), including temporary workers, was 734 against 747 in 2018, and the decline is mainly driven by the staff reduction carried out in 2018. At the end of 2019, the number of employees was 728 against 731 at the end of 2018.

IFRS 16 impact on accounting figures for 2018		
Items	Impact	Description of impact
Revenue		No impact.
External expenses	Down by DKK 27.1m	Decrease, as operating lease expenses are recognised as depreciation and interest expenses. The real increase is thus DKK 15.4m
EBITDA margin	Up by 0.8%	Increase due to lower expenses (decrease in lease expenses)
Depreciation and amortisation	Up by DKK 26.4m	Increase due to depreciation of capitalised right-of-use assets. From 2018 to 2019, depreciation and amortisation decreased by DKK 6.8m in real terms
EBIT		Increase of DKK 0.7m as a part of lease expenses is recognised in financial expenses. Minimal increase in EBIT margin
Financial expenses	Up by DKK 0.7m	Minor increase due to interest expenses related to leasing
Net profit		No impact
Assets	Up by DKK 89.9m	Increase, as right-of-use assets are capitalised under assets
Liabilities	Up by DKK 89.9mn	Increase, as lease liabilities are recognised in liabilities.
Solvency ratio	Down by 1.4 percentage point to 33.9%	Decrease due to increased balance sheet total
Net interest-bearing debt	Up by DKK 89.9m	Net interest-bearing debt increases due to the recognition of lease liabilities
Cash flow from operating activities	Up by DKK 26.4m	Increase, as repayment of lease liabilities is recognised as cash flow from financing activities
Cash flow from financing activities	Down by DKK 26.4m	Decrease, as repayment of lease liabilities is recognised as cash flow from financing activities

Adjusted for depreciation of right-of-use assets under IFRS 16 in 2018, depreciation and amortisation for 2019 decreased by DKK 6.8 million compared with 2018, due to the lower total level of investment in recent years

Total profit margin (EBIT) for the year was 4.9% against 4.6% in 2018.

In 2019, AO made a pre-tax profit of DKK 168.4 million, which is DKK 18.1 million more than last year and in accordance with previous announcements of a pre-tax profit of DKK 160-170 million.

AO's consolidated revenue for the fourth quarter of 2019 was realised at 987.2 million, which is DKK 69.6 million, or 7.6%, more than reported for the same quarter of 2018. Operating profit (EBIT) for the fourth quarter of 2019 totalled DKK 51.7 million against DKK 47.5 million for the fourth quarter of 2018. The profit margin for the fourth quarter of 2019 was thus 5.2% or unchanged from the fourth quarter of 2018.

Cash flow from operating activities for 2019 totalled DKK 302.7 million, compared with DKK 327.2 million for 2018, adjusted for IFRS 16. Investments for the year totalled DKK 52.7 million or DKK 29.6 million less than in 2018, which is due to the completion of major investment programs for the years 2013-2018 regarding digitisation, efficiency and a general strengthening of AO. In 2019, AO continued the reduction of the net interest-bearing debt, which was DKK 493.9 million at the end of 2019 against DKK 629.8 million at the end of 2018. Adjusted for IFRS 16 Leases, the reduction in the net interest-bearing debt totalled DKK 231.5 million. Net gearing (net interest-bearing debt/ EBITDA) was 1.8 in 2019 compared with 2.7 in 2018, adjusted for IFRS 16.

AO's equity totalled DKK 870.3 million at the end of 2019, equivalent to a solvency ratio of 37.7%, against DKK 756.7 million and 33.9% at the end of 2018, adjusted for IFRS 16.

At the Company's Annual General Meeting to be held on 20 March 2020, a dividend distribution of DKK 6 per share of DKK 10 will be proposed.

ACTIVITIES OF THE YEAR

The Group's activities are targeted at managing and developing a modern knowledge, IT and logistics company with focus on selling and distributing technical installation materials and tools by means of a wide product range, a high level of service, and reliable deliveries at market prices.

In 2019, AO focused on customer-oriented activities at all levels. Both online sales and in-store pickups made good progress. In May, AO won the Danish E-commerce Association's e-commerce award for being the best omni-channel business in Denmark due to AO's ability to combine online and in-store shopping.

Self-service and robotics have become a natural part of daily life in AO and have been implemented in both stores and the administration. AO's activities in Sweden and Estonia developed well, and today AO is the market leader in Scania and the western part of Sweden within the field of water supply and drainage products.

AO's investments in the future continued in 2019, but at a lower level than before, focusing on investment in IT and e-commerce. In November, LampeGuru ApS was acquired as a supplement to Greenline in order to strengthen AO's position in the field of lighting in the B2C area.

The Group's culture is based on sound business practice, readiness for change, and competent employees having the basic attitude that 'the customer is king'. Focus is on meeting the customers' needs by combining a high level of service, a wide product range and local presence supplemented with user-friendly online systems and an effective central warehouse and distribution system. In this way, the lowest costs are achieved without having to compromise on customer needs.

In order to be able to handle customer demands, the product range stocked in the central warehouse is extended on an ongoing basis to include even more plumbing and sanitary ware products, electrical equipment and components, water supply and drainage products, and tools.

BUSINESS FOUNDATION

The company of Brødrene A & O Johansen A/S was established in 1914 and listed on the Copenhagen Stock Exchange in 1963.

The Group is a knowledge-based IT and logistics enterprise with a wide technical range of heating, plumbing and sanitary ware products, electrical equipment and components, water supply and drainage products, and tools. This means that AO aims to offer its customers the most user-friendly and reliable IT systems on the market to handle planning, purchasing and deliveries in accordance with customer needs.

The Group has more than 22,000 business customers (B2B) and roughly 230,000 private customers (B2C) who are offered a stock of more than 400,000 different items. As the Group wants to stock products required by the customers, the product range is improved continuously in accordance with the customers' needs.

The Group is active in Denmark, Sweden, Norway and Estonia. In 2019, international revenue constituted less than 10% of the Group's total revenue.

The Group supplies goods to the following markets:

- The professional market (the PROF market) served by AO is characterised by being fragmented with many small customers.

- The private market served by eight different web shops, i.e., BilligVVS.dk, LavprisVVS.dk, LavprisEL.dk, VVSochBad.se, BilligVVS.no, LampeGuru.dk, LampeGuru.no, and Greenline.dk, is characterised by many customers making purchases online.

THE PROFESSIONAL MARKET (THE PROF MARKET)

AO's primary business is directed towards the PROF market in Denmark which is supplied with a wide range of products within the fields of heating, plumbing and sanitary ware, electrical equipment, water supply and drainage, and tools. The above-mentioned market can be divided into the following sectors: new building work and repair, renovation and maintenance work.

The market for repair, renovation and maintenance work is relatively stable, as it is characterised by many small assignments. The assignments are difficult to plan, and the need for materials in connection with each individual assignment is therefore difficult to predict. This market fits into AO's decentral strategy where 50 stores all over Denmark offer their customers a 'one-stop shopping' solution. All stores stock a wide technical range of heating, plumbing and sanitary ware products, electrical equipment and components, water supply and drainage products, and tools.

The market for new building work is very sensitive to fluctuations in economy, and it may therefore vary a lot from year to year.

Through an efficient storage and distribution system AO is able to effect prompt deliveries to its customers who are professional tradesmen such as plumbers, electricians, building contractors, sewer contractors, construction companies as well as municipalities, utilities and public institutions.

AO's revenue from the professional market is, in principle, generated via three sales channels:

1. **AO stores**
   With 50 stores in Denmark, AO focuses on the need for local presence. The local stores provide the customers with goods and advice on various products and sales channels. To ensure fast and efficient customer service all stores offer self-service solutions. In addition, the customers are offered the opportunity to make use of AO's facilities in their day-to-day running of their businesses

2. **Digital trading (PC, tablet, smartphone and EDI)**
   Through AO's many digital applications, installers always have easy and quick access to AO, whether they are on the move, at the construction site or in the office. AO offers digital trading via desktop, apps for smartphones and tablets as well as integrations to, inter alia, ERP systems, procurement systems and case management systems. Customers can order items for pickup or delivery within approximately one hour or alternatively the day after. AO also offers a number of digital services such as favourite catalogues, procurement history on items, information on contact points, and lists of orders and invoices.

   AO's smartphone app can also be used for buying items in AO's stores. With the app at hand, the installer is no longer required to go to the checkout desk in an AO store to pay for his or her purchases. Instead, the installer can easily complete an order by using the self-checkout app. The items are scanned, and following a swipe for payment, the receipt is displayed on the mobile to be shown to an employee on the way out of the store, and then the installer is quickly on the move again. Shopping has never been easier in AO's stores.

   AO's digital services undergo constant development. AO's digital sales amount to approximately DKK 1.4 billion, which is an increase of 18% compared with 2018.

3. **The competency centres**
   Through AO's competency centres the customers may place orders and get advice and direction as well as offers over the phone, by email or chat. The competency centre employees attend skills upgrading programmes on a regular basis to be able to offer the customers the best possible professional service. To get even closer to the customers, several competency centre employees have been based in the individual stores.

   The projects department is one of AO's competency centres focusing on major construction and renovation projects as well as 'large customers'. Here expertise of all product areas is assembled so that offers involving all technical lines of business may be optimised.

In Sweden, AO's revenue from the professional market is generated through the five stores in Gothenburg, Borås, Malmö, Helsingborg and Kristianstad plus AOnet.se, and focus is primarily on water supply and drainage products as well as tools.

From the Group's address in Estonia primarily water supply and drainage products are supplied to the professional market.

THE PRIVATE MARKET

The private market is served through eight different web shops targeting three different business areas:

- Plumbing, heating and sanitary ware products are sold in Denmark through BilligVVS.dk and LavprisVVS.dk. In Sweden the products are sold through VVSochBad.se and in Norway through BilligVVS.no.

- Electrical equipment and components are sold in Denmark through Greenline.dk and LavprisEL.dk.

- Lighting is sold in Denmark through LampeGuru.dk and in Norway through Lampeguru.no.

The customers are primarily private consumers and small business enterprises that either need to make small repairs due to failure of existing equipment or a major renovation of an entire room. Whatever the needs, AO's web shops aimed at the private market offer both inspiration and guidance, a wide product range as well as easy trading and fast delivery. Professionally trained staff handles orders and queries received from customers via Facebook, chat, telephone and email. Through video guides, instructional videos and mounting instructions AO also makes it easy to do-it-yourself correctly. By being part of the entire customer journey, the ambition is to be more than just a web shop.

VISION AND STRATEGY

The Group's strategy is to serve the professional market through AO in Denmark and Sweden and through Vaga in Denmark and Estonia and to serve the private market in Denmark, Norway and Sweden through BilligVVS, LavprisVVS, LavprisEL, VVSochBad, Greenline, and LampeGuru.

- THE PROFESSIONAL MARKET
  In the professional market, it is AO's vision to be the tradesmen's preferred supplier of technical installation materials to the market for repairs, renovations and maintenance and one of the preferred suppliers to the market for new building projects. The key concept is one-stop shopping, both digitally and in the stores, where the customers are offered a complete product range as part of a collection and delivery system, which is supported by strong IT and online trading systems. AO is engaged in international collaboration through WIM and FEGIME, networks of European wholesalers dealing in plumbing, heating and sanitary ware products and electrical equipment and components. The purpose of this collaboration is to exchange experience and purchase goods at competitive prices.

- THE PRIVATE MARKET
  In the private market, it is AO's vision to be the leading online trading platform for the sale of technical installation materials in Denmark and one of the leading online trading platforms in Sweden and Norway. The key concept is a scalable online trading system creating synergies between web shops targeting different customer segments and business areas.

The basis for AO's ability to remain competitive is competent, dedicated and adaptable employees, combined with a high level of service, innovation and knowledge sharing supported by user-friendly IT and logistics solutions.

AO wants to provide value-added services for both its professional and private customers, partly by being a trendsetter with new services and digital concepts, partly by developing the Group's decentralised profile with stores that are close to the customers. This is supported by AO's concepts and culture where the employees with their extensive product knowledge and reliable customer service are key to the performance of the Group.

On a regular basis, AO develops IT concepts and online trading solutions to strengthen the professional customers' ability to compete and streamline their business procedures via integrations to their other systems. AO's digital sales channels for private customers are also under constant development, involving, i.a., Instagram and Facebook when it comes to inspiration, sales and customer service. It is thus ensured that AO can interact with both the professional and private customer's preferred systems and platforms.

The Group's financial objectives are:

- to realise a pre-tax profit of approximately 6% of revenue
- to generate a positive cash flow from operating activities of approximately 6% of revenue
- to achieve profitable growth both organically and through acquisitions
- to maintain a solvency ratio of approximately 40%.

Profit before tax for 2019 is DKK 168.4 million, which is 4.7% of revenue compared with 4.5% for both 2018 and 2017. The target for profit before tax in relation to net sales has not yet been achieved despite realised growth in both revenue and profit in recent years.

In 2019, cash flow from operating activities represents 8.4% of revenue against 9.7% and 4.9% adjusted for IFRS 16 in 2018 and 2017, respectively. In recent years, the focus on working capital improvement has contributed to the target of 6% being achieved.

AO has achieved continuous revenue growth for several years from organic as well as acquisitive growth, and therefore the target has been achived.

As at 31 December 2019, the solvency ratio is 37.7%. It is, however, affected negatively by temporary bank deposits recorded as 'Cash and short-term deposits' and not as 'Debt owed to credit institutions'. Adjusted for this, the solvency ratio is 38.9%, and thus close to the target of approximately 40%.

FINANCIAL REVIEW

Income statement and statement of comprehensive income

AO's revenue for 2019 was DKK 3,582.7 million against DKK 3,373.4 million in 2018, corresponding to a growth of DKK 209.3 million, or 6.2%. The Group has produced steady revenue growth for a number of years, and it has continued into 2019.

In 2019, Danish revenue increased by DKK 178.6 million, or 5.8%, to DKK 3.261.4 million, while international revenue rose by DKK 30.8 million, or 10.6%, to DKK 321.3 million. The growth in revenue has been achieved in both the professional market and the private online market, and the business areas of 'Technical Installation' and 'Construction' have also contributed to the increase in sales.

In November 2019, AO acquired the shares in the lighting company LampeGuru ApS, which contributes with DKK 11.3 million to the AO Group's revenue.

AO realised a gross profit for 2019 of DKK 830.6 million, corresponding to an increase of DKK 25.4 million, or 3.2%, primarily driven by the growth in revenue. The gross profit margin for 2019 was 23.2% or 0.7 percentage point lower than in 2018, which is attributable mainly to price pressure in the market and increased project sales with lower margins. The gross profit includes expenses for distribution to customers of DKK 134.5 million, or 3.8% of revenue, against 3.9% and DKK 130.1 million in 2018.

With effect from 1 January 2019, AO implemented the provisions of IFRS 16, according to which lease expenses, previously recognised in 'External expenses', are recognised in 'Depreciation and amortisation' and 'Financial expenses'. At the same time, the value of right-of-use assets is recognised as 'Non-current assets' and 'Liabilities' in the balance sheet.

The Group consists of the following companies:

Brødrene A & O Johansen A/S
Rørvang 3
DK-2620 Albertslund
Denmark
CVR No. 58210617

AO Invest A/S
Denmark
CVR No. 51031113

AO Sverige AB
Sweden
Org. No. 556586-3148

Vaga Tehnika Eesti OÜ
Estonia
Registry Code 10365671

VVSochBAD Sverige AB
Sweden
Org. No. 556840-1029

Billig VVS AS
Norway
Org. No. 811807052

Greenline A/S*
Denmark
CVR No. 29632820

LampeGuru ApS
Danmark
CVR No. 36910704

Black
Parent company

Grey
Subsidiaries

All subsidiaries are 100% owned by Brødrene A & O Johansen A/S.
*) Greenline A/S is audited by Aage Maagensen Statsautoriseret Revisionsaktieselskab

Anne and Oskar are checking out their new building site together with their contractor. The contractor explains the building process to Anne and Oskar and goes over the plans for their new home.

Total operating expenses for 2019, excluding depreciation and amortisation, amounted to DKK 549.0 million, which is DKK 11.8 million or 2.2% more than in 2018, adjusted for the IFRS 16 effect. Compared to revenue, operating expenses for 2019 were 15.3% against 15.9% in 2018, adjusted for IFRS 16. In 2019, AO continued its focus on strict cost management and investments in digitisation and optimisations, making it possible to complete the company's processes and tasks as efficiently as possible.

Adjusted for IFRS 16, external expenses for 2019 increased by DKK 15.4 million, or 10.3%, which is mainly attributable to increased promotion expenses and increasing IT and digitisation expenses as part of AO's continued transformation from a traditional wholesaler to a knowledge-based IT and logistics enterprise.

Staff costs of DKK 383.6 million are DKK 3.6 million, or 0.9%, lower than in 2018. The staff cuts carried out during 2018 have contributed to the average number of full-time employees (FTEs) totalling 734 in 2019, including temporary workers, against 747 in 2018. At the end of 2019, AO had 728 employees against 731 at the end of 2018.

Depreciation and amortisation for 2019 totalled DKK 105.8 million, including depreciation of right-of-use assets. Adjusted for IFRS 16 in 2018, depreciation and amortisation for 2019 decreased by DKK 6.8 million, reflecting the decline in investments in recent years compared with the significant investment program in the years 2013-2018 made in order to bring about a general efficiency improvement and strengthening of AO and the transformation into a knowledge-based IT and logistics enterprise.

Profit before financial income and expenses, net (EBIT) for 2019 amounted to DKK 175.9 million or 4.9% of revenue against DKK 155.5 million and 4.6% in 2018.

Write-down of financial assets for the period ended 31 December 2019 totalled DKK 1.0 million and related to the write-down of shares in Håndværkerfællesskabet ApS. At the same time, a loss of DKK 0.9 million on loans to Håndværkerfællesskabet ApS was realised. The loss is recognised under 'Financial expenses'. AO does not expect any additional losses.

Net financial expenses for 2019 totalled DKK 6.4 million against DKK 4.6 million in 2018, which was positively affected by the adjustment of liabilities in connection with company acquisitions of DKK 6.1 million. In 2019, the reduction in interest-bearing debt reduced interest expenses on liabilities by DKK 5.8 million to DKK 7.3 million.

The AO Group recorded a pre-tax profit for 2019 of DKK 168.4 million against DKK 150.3 million in 2018, corresponding to an increase of 12.0%. The Group's foreign operations reported a pre-tax profit of DKK 23.0 million, compared with DKK 19.6 million in 2018.

Tax on net profit for the year amounted to DKK 37.4 million, corresponding to an effective tax rate of 22.2%, against DKK 31.7 million and 21.1% in 2018. DKK 39.9 million of tax expenses for the year related to current tax for the year, compared with DKK 33.2 million in 2018. DKK 2.5 million of tax expenses related to a reduction in deferred tax etc. against DKK 1.5 million in 2018. Paid corporation tax for the year totalled DKK 38.0 million against DKK 14.9 million net in 2018.

The Group's post-tax profit for the year was DKK 131.0 million, compared with DKK 118.5 million in 2018.

Profit before tax for 2019 of DKK 168.4 million is satisfactory in the light of the market situation, and the result is in accordance with the latest interim financial report where profit before tax for the year was expected to be in the range of DKK 160-170 million.

BALANCE SHEET

As at 31 December 2019, Group assets amounted to DKK 2,306.7 million against DKK 2,144.0 million at the end of 2018. With effect from 1 January 2019, the Group has implemented the provisions of IFRS 16 Leases, and therefore the Group's assets and liabilities have increased by DKK 89.9 million as at 1 January 2019.

Non-current assets totalled DKK 1,349.2 million, which is DKK 49.1 million more than at the end of 2018. DKK 71.9 million of non-current assets relates to right-of-use assets capitalised at the end of 2019 following the implementation of IFRS 16. Adjusted for this, non-current assets decreased by DKK 22.8 million.

Additions during the year of DKK 16.0 million relate to goodwill and intellectual property rights in connection with the acquisition of LampeGuru ApS. Goodwill and intellectual property rights have therefore increased by DKK 13.3 million. In 2019, investment in software amounts to DKK 18.4 million and relates to the development of digitisation processes, etc. Amortisation of software totals DKK 25.3 million, and the net value of software has therefore been reduced by DKK 6.6 million. In 2019, the net value of land and buildings decreased by DKK 14.5 million, mainly due to the fact that investments for the year of DKK 3.9 million relating to the rebuilding of Rørvang 3, Albertslund, are DKK 14.2 million lower than depreciation for the year. The value of fixtures and operating equipment of DKK 157.5 million decreased by DKK 14.2 million in 2019. This is attributable to the fact that investments for the year of DKK 22.2 million are DKK 13.7 million lower than depreciation for the year.

Current assets increased by DKK 113.7 million to DKK 957.5 million at the end of 2019. Of this, DKK 69.5 million relates to temporary bank deposits recognised in 'Cash and short-term deposits'. Trade receivables of DKK 395.1 million increased by DKK 25.1 million, or approximately 7%, mainly attributable to increased sales activities. Inventories of DKK 459.0 million increased by DKK 23.6 million, or approximately 5%, due to the increase in activities in 2019. As at 31 December 2019, the Group's cash and short-term deposits of DKK 80.4 million increased by DKK 63.8 million, which in all material respects is attributable to temporary bank deposits of DKK 69.5 million, included in a cash pool arrangement.

As at 31 December 2019, AO's equity totalled DKK 870.3 million corresponding to a solvency ratio of 37.7%. Equity is DKK 113.6 million higher than at the end of 2018 due to profit for the year of DKK 131.0 million counterbalanced by a negative currency translation adjustment of DKK 1.1 million and dividend distribution of DKK 16.3 million.

At the end of 2019, non-current liabilities of DKK 337.4 million are DKK 48.8 million higher than at the end of 2018. Of this, DKK 49.1 million is attrib-utable to IFRS 16 long-term lease liabilities. Frossen holiday pay of DKK 9.9 million and earn-out in connection with the acquisition of Lampe-Guru ApS of DKK 4.5 million are offset by a decline in long-term debt owed to credit institutions of DKK 12.8 million and a decrease in deferred tax of DKK 2.0 million.

In 2019, AO's current liabilities of DKK 1,099.0 million increased by DKK 0.3 million. The implementation of IFRS 16 Leases has increased short-term liabilities by DKK 22.8 million. The reduction of interest-bearing debt, excluding cash and short-term deposits, has reduced short-term debt owed to credit institutions by net DKK 131.2 million. The conclusion of additional Supply Chain Finance agreements with individual suppliers has, together with the general increase in activity, resulted in an increase in trade payables of DKK 115.4 million to DKK 704.7 million.

Other payables and provisions for liabilities totalling DKK 76.1 million decreased by DKK 8.9 million due to the recognition of frozen holiday pay as a long-term liability, while corporation tax payable increased by DKK 2.3 million to DKK 8.4 million at the end of 2019.

CASH FLOW STATEMENT

In 2019, cash flow from operating activities was realised at DKK 302.7 million, which is DKK 2.0 million more than last year. Pursuant to IFRS 16 Leases applied as of 2019, paid lease payments are included in 'Cash flow from financing activities' and not as previously in 'Cash flow from operating activities'. Adjusted for this, 'Cash flow from operating activities' decreased by DKK 24.4 million in 2019, mainly attributable to an improvement in working capital of DKK 65.1 million against an improvement of DKK 85.4 million in 2018. Adjusted for IFRS 16, cash flow from operating activities decreased by DKK 7.2 million.

In 2019, net financial expenses paid totalled DKK 5.5 million against DKK 10.7 million in 2018. The reduction is mainly due to lower interest expenses as a result of the decrease in the Group's net interest-bearing debt.

Taxes paid in 2019 amounted to DKK 38.0 million against DKK 14.9 million in 2018, which was positively affected by the receipt of too much tax paid on account of DKK 12.2 million in 2017.

Net investments for the year, including acquisitions, totalled DKK 52.7 million, which is DKK 29.6 million less than in 2018. Software investments amounted to DKK 18.4 million against DKK 20.7 million in 2018. Investment in land and buildings as well as leasehold improvements totalled DKK 4.1 million against DKK 39.8 million in 2018, mainly attributable to the new store in Silkeborg and the renovation of a central warehouse building. In 2019, investment in fixtures and operating equipment increased by DKK 1.1 million to DKK 22.2 million, mainly related to efficiency improvements within warehousing and logistics

The lighting company called LampeGuru ApS was acquired in November 2019, causing a negative cash flow effect of DKK 8.3 million. Additional purchase price and earn-out are recognised in 'Equity and liabilities' as liabilities.

In 2019, cash flow from financing activities amounted to DKK 186.2 million, of which reduction of debt owed to credit institutions totalled net DKK 146.2 million. Payment of lease instalments totalled DKK 23.7 million, and payment of dividends amounted to DKK 16.3 million.

Total cash flow for the year was positive at DKK 63.8 million, compared with a negative of DKK 11.3 million in 2018. The improvement of DKK 75.1 million is primarily due to temporary deposits in bank accounts in cash pooling arrangements. The amount is recognised in the balance sheet as 'Cash and short-term deposits'.

The Group's net gearing (net interest-bearing debt/EBITDA) for 2019 was 1.8 against 2.7 at the end of 2018, adjusted for lease liabilities recognised in the balance sheet in accordance with the implementation of IFRS 16.

DEVELOPMENT IN THE FOURTH QUARTER OF 2019

Revenue for the fourth quarter amounted to DKK 987.2 million, which is DKK 69.6 million, or 7.6%, more than for the fourth quarter of 2018. The growth is attributable to both the Danish and international market, and the increase is related to the business areas 'Technical Installation' and 'Construction'.

Gross profit for the quarter was DKK 227.2 million, which is DKK 11.1 million, or 5.1%, more than in the fourth quarter of 2018. The gross profit margin was realised at 23.0%, which is 0.6% percentage point lower than last year.

Operating expenses for the fourth quarter of 2019, excluding depreciation and amortisation, amounted to DKK 148.9 million against DKK 140.9 million for the same quarter of last year adjusted for lease expenses, which are not recognised in operating expenses in accordance with IFRS 16. The increase is attributable to the recognition of LampeGuru ApS and higher sales promotion expenses as well as digitisation expenses

Depreciation and amortisation amounted to DKK 26.7 million, which, adjusted for depreciation of right-of-use assets in accordance with IFRS 16, is DKK 1.2 million less than for the fourth quarter of 2018 due to a lower investment level than before.

Profit before financial income and expenses, net (EBIT) was DKK 51.7 million, which is DKK 4.2 million more than last year. The profit margin of 5.2% is unchanged from the same quarter of 2018.

Net financial income and expenses were negative at DKK 2.6 million, which is DKK 0.7 million less than for the fourth quarter of 2018, driven by the low interest-bearing debt.

Profit before tax for the fourth quarter totalled DKK 49.1 million against DKK 44.4 million for the same quarter of 2018.

EVENTS AFTER THE BALANCE SHEET DATE

No events have occurred after the balance sheet date that could have a material effect on the financial position of the Group and the Company as at 31 December 2019.

OUTLOOK

Management expects that the activity in relevant markets will be unchanged in 2020 compared with 2019.

In 2020, the Group will focus on streamlining and adapting the enterprise to the future market, where digitisation and transparency will continue to increase competition.

Management expects a profit before tax for 2020 in the range of DKK 170-180 million.

CORPORATE GOVERNANCE

The Board of Directors/Audit Committee and the Executive Board have overall responsibility for the Group's internal controls and risk management in connection with the financial reporting process, including compliance with applicable legislation and other regulation in relation to financial reporting.

AO has established internal control and risk management systems to ensure that financial reporting is carried out in accordance with IFRS and other accounting regulations applicable to listed Danish companies. In addition, the systems increase the certainty that the internal and external financial reporting provides a true and fair presentation that is free from material misstatement.

On an ongoing basis, the Audit Committee monitors the control and risk management systems in the Group. In this context risks that may affect the Group's financial reporting process are assessed on an ongoing basis. The risk assessment is based on significant items and other business-critical areas.

RECOMMENDATIONS FOR CORPORATE GOVERNANCE

On 23 November 2017, the Danish Committee on Corporate Governance issued updated recommendations for corporate governance based on the 'comply-or-explain' principle. The revised recommendations have been implemented by NASDAQ Copenhagen A/S and they apply to all listed companies.

All recommendations have been analysed and considered by the Board of Directors and the Executive Board of Brødrene A & O Johansen A/S, and the Board of Directors still finds that the management of Brødrene A & O Johansen A/S complies with the most important recommendations.

Listed below is a summary of the most important areas, where the Group has decided to follow another practice:

- In the light of the Company's owner structure the Board of Directors reserves the right, in certain cases, to reject takeover bids without them being submitted to the shareholders.
- The CEO is a member of the Board of Directors.
- A majority of the members of the Board of Directors elected by the General Meeting are not independent, as they have been members for more than 12 years.
- Only information about the total shareholding of the Board of Directors is disclosed. For the time being it is considered a breach of privacy to disclose information about the shareholding of each individual member.
- A majority of the members of the Audit Committee are not independent. The Audit Committee consists solely of members of the Board of Directors of the Company, and therefore there are no independence requirements.
- The Chairman of the Board of Directors is also the Chairman of the Audit Committee.
- On the basis of the size of the Board of Directors and the qualifications of the Board members, it has been decided neither to establish a nomination committee nor a remuneration committee. Instead, the chairmanship is responsible for the recommended preparatory tasks.
- A remuneration policy for the Board of Directors and the Executive Board is expected to be adopted by the Annual General Meeting in March 2020. The adopted remuneration policy will replace the 'General Guidelines for Incentive Remuneration'.
- The individual members of the Executive Board may be granted share options, and one year after the options have been granted, one-third of the share options is exercisable. Two years after the options have been granted, another third of the share options is exercisable, and three years after the granting of the share options, the remaining third is exercisable. At present, the Company does not have the ability to reclaim, in full or in part, variable components of remuneration that have been paid on the basis of information, which subsequently are found to be incorrect.
- A remuneration report is expected to be prepared in connection with the publication of the annual report for 2020. Until then it is considered a breach of privacy to disclose information about the remuneration of each individual member of the Board of Directors and the Executive Board. Information on remuneration to the entire Board of Directors and Executive Board is available in the annual report.

- The Board of Directors has decided that there is no need for establishing a whistleblower scheme, as the Company's internal control environment is at a high level.

Pursuant to section 107b of the Danish Financial Statements Act, Brødrene A & O Johansen A/S has prepared a complete report on corporate governance for the 2019 financial year, which can be viewed or downloaded from
https://ao.dk/globalassets/download/regnskabsdata/2019/coporate_governance_2019_report.pdf

SPECIFIC RISK FACTORS

Intangible assets:
The most significant risk in connection with intangible assets relates to a decline in the carrying amount of goodwill caused by a considerable and continued negative development of the Group's operations in Denmark and Sweden. In addition, there is risk of software impairment and impairment of intellectual property rights as a result of changed use or technical obsolescence. Goodwill and other intangible assets are assessed against the Group's operating activities on a regular basis.

Land and buildings:
AO's properties are primarily used in connection with the Group's operations. Fluctuations in the market value of properties will not have any influence on the use of the properties and thus the valuation of the carrying amount. A changed use of AO's properties could affect the valuation of the carrying amount.

Inventories:
The main risk in connection with inventories is if the products become obsolete. AO's inventories are therefore assessed on a regular basis in relation to the Group's business activities. Continuous impairment is made on products having low marketability.

Other business-critical areas:
AO's business is built on an efficient warehouse and logistics system as well as well-functioning IT and e-commerce systems. An extensive and prolonged breakdown in these areas will be business-critical for AO. An insurance programme and contingency plans have been drawn up to minimise the financial risk related thereto.

CORPORATE SOCIAL RESPONSIBILITY

AO complies with current legislation and international conventions in the countries and communities in which the Group operates. AO operates primarily in Denmark, and most purchases are made in Europe.

We respect and comply with competition rules, environmental legislation, labour market legislation, safety requirements, and other regulations that provide the framework for how we conduct business in the countries in which AO operates.

We want to be a responsible company that, on a general level, supports the UN Global Compact's ten principles on human rights, labour standards, the environment and anti-corruption.

In our work with corporate social responsibility we have chosen to focus primarily on the environment and climate, plus social conditions and working conditions as the most important areas.

ENVIRONMENT AND CLIMATE

AO has an environmental and climate policy, which focuses on the continued improvement of the company's environmental and climate performance. AO acknowledges that an active consideration for the environment is important, and through our purchases, investments and other operations we will help to protect the environment, so that the development of society may take place in a sustainable way.

We focus on reducing the most significant environmental and climate impacts and have identified

- waste – reduction and recycling
- energy consumption – electricity and heat
- transport – bigger consignments, less haulage, and less driven kilometres in the service of the company

as the most significant.

AO is environmentally certified according to DS/EN ISO 14001:2015 in Denmark.

SOCIAL CONDITIONS AND WORKING CONDITIONS

AO wants to be a socially responsible business focusing on competent and respectful management, motivation, development/training, and work environment.

The employees are our most important asset and vital to our success and results. It is therefore important for AO that the employees' personal and professional skills are developed to cope with the changing market requirements and that a responsible, safe and healthy working environment is ensured.

AO has no written comprehensive policy regarding social and working conditions. Management believes that AO's intentions and policies are communicated to each individual employee through the daily management, the employee handbook and the policies contained herein, and the work of the Working Environment Committee.

AO has set target figures for the gender composition of the supreme management body and prepared a policy to increase the proportion of the underrepresented gender at the Company's other management levels.

In the long term, it is AO's plan that the gender composition at the Company's management levels shall reflect the overall gender composition of the workforce.

The full statutory report on the gender composition of management, cf. section 99b of the Danish Financial Statements Act, can be viewed or downloaded from
https://ao.dk/globalassets/download/regnskabsdata/2019/gender_composition_of_management_report_2019.pdf

RESPECT FOR HUMAN RIGHTS, AND ANTI-CORRUPTION AND BRIBERY

AO wants to comply with current legislation and international conventions regarding human rights and sound business practice, including anti-corruption and bribery, in the countries and local communities where we operate.

We have assessed that we only operate in countries where human rights and rules against corruption and bribery are an integral part of the countries' local legislation, and where this legislation is both recognised and respected by both businesses and the civilian population.

In our opinion, AO's current policies and practices related to working conditions are in compliance with locally and internationally recognised human rights. We do, however, recognise that the boundaries of bribery and corruption can be blurred even in a well-regulated country like Denmark. Consequently, we have internal rules and procedures to ensure our independence from customers and suppliers.

We are aware of the fact that our trade with suppliers may constitute a potential risk in relation to the observance of human rights and generally accepted rules on corruption and bribery, especially when it comes to direct and indirect purchases from countries where local legislation on the area is not clear, or where such legislation is not recognised, respected and enforced.

In order to obtain an overall picture of AO's risk in relation to the procurement of goods, we track, on a regular basis, AO's purchases by country of origin. Our analyses show that only 16% of AO's total purchases has a country of origin outside of Europe.

On these grounds, we have drawn up a Supplier Code of Conduct, which is discussed with the supplier prior to the conclusion of a business agreement or in connection with the renewal of an agreement, and which is an integral part of the business agreement. This set of rules is available at https://ao.dk/om-ao/investor-relations/in-english/company-profile/supplier-code-of-conduct_2020

AO assesses on an ongoing basis the need for further action in this area.

The full statutory report on corporate social responsibility for the 2019 financial year, cf. section 99a of the Danish Financial Statements Act, can be viewed or downloaded from
https://ao.dk/globalassets/download/regnskabsdata/2019/corporate_social_responsibility_2019_report.pdf

SHAREHOLDER INFORMATION

DIVIDEND

The Board of Directors proposes that a dividend of DKK 6 per DKK 10 share be distributed for 2019.

SHAREHOLDERS, CAPITAL AND VOTING RIGHTS

In 1963, AO was introduced on the Copenhagen Stock Exchange with an ownership structure consisting of a combination of ordinary shares and preference shares. The Board of Directors wants to maintain this owner structure, which among other things means that the Company only can be taken over if the takeover has been accepted by the holders of ordinary shares. Ordinary shares cannot be negotiated without the approval of the Board, whereas preference shares are freely negotiable. In addition, this share class carries special rights in the form of payment of cumulative dividends.

The Company's nominal share capital is DKK 28 million. Of this, DKK 5,640,000 are in the form of ordinary shares and DKK 22,360,000 are in the form of preference shares. Each ordinary share of DKK 100 carries 100 votes, whereas each preference share of DKK 10 carries one vote. In addition to the difference in the number of votes, the two share classes differ in the following respects:

- The ordinary shares are nonnegotiable instruments whereas the preference shares are listed on NASDAQ Copenhagen under ID code DK0060803831.
- The preference shares have a preferential cumulative dividend right of 6%. This means that no dividend will be paid for ordinary shares until the preference shares have achieved a cumulative dividend of 6%.
- In case of liquidation, preference shares take precedence over ordinary shares.

Changes to the Company's Articles of Association require that two thirds of cast votes and two thirds of the represented capital at a general meeting are in favour of the change.

The Company's Board of Directors consists of eight members who do not have to be shareholders. Five members are elected by the general meeting, and three members are elected by the staff. Holders of preference shares are entitled to appoint and elect one member of the Board of Directors while holders of ordinary shares elect the remaining Board members.

THE SHAREHOLDER COMPOSITION AT 31 DECEMBER 2019 IS SHOWN BELOW:

	Number of ordinary shares (DKK 100)	Number of preference shares (DKK 10)	Number of shares –nominal value	Capital in %	Votes in %
Avenir Invest ApS	56,220	20,800	5,830,000	20.82%	71.65%
Niels A. Johansen	160	270,640	2,722,400	9.72%	3.64%
Investeringsforeningen Bankinvest	0	181,635	1,816,350	6.49%	2.31%
Nordea Funds Ltd.	0	153,896	1,538,960	5.50%	1.95%
Other registered shares	20	1,170,844	11,710,440	41.82%	14.89%
Unregistered shares	0	355,795	3,557,950	12.71%	4.51%
Total, excl. own shares	56,400	2,153,610	27,176,100	97.06%	98.95%
Own shares	0	82,390	823,900	2.94%	1.05%
Total	56,400	2,236,000	28,000,000	100.00%	100.00%

SHARES OWNED BY TOP MANAGEMENT IN BRØDRENE A & O JOHANSEN A/S AT THE END OF DECEMBER 2019

According to the Company's internal policy about the purchase and sale of securities issued by Brødrene A & O Johansen A/S, members of the Company's Board of Directors, Executive Board and other individuals specified on the Company's insider list may buy and sell such securities during a period of four weeks following the publication of the Company's annual or interim financial report.

ID code: DK0060803831	Total holding of preference shares	Share price 1)
Board of Directors 2) + 4)	17,040	5,929,920
Executive Board 2) + 3) + 4) + 6)	318,840	110,956,320
Other insiders 2)	590	205,320
Total insiders 2)	336,470	117,091,560

NOTE:

1) The calculated share price of DKK 348 is based on the closing price on 30 December 2019.

2) The statement includes information about the shareholdings of related parties of the mentioned individuals.

3) Shares owned by individuals who are members of both the Board of Directors and the Executive Board have been included as part of the shareholdings of the Executive Board.

4) In addition, the Board of Directors, the Executive Board and the related parties of the mentioned individuals own ordinary shares at a nominal value of DKK 5,638,000. The total capital in the form of ordinary shares amounts to nominally DKK 5,640,000.

5) As at 31 December 2019 the Company's holding of own shares totalled 82,390 shares.

6) Lili and Niels A. Johansen's direct and indirect ownership in the Company totals 31.46% of the Company's share capital.

The AO consultant is giving a quote to the workman. The consultant and the workman meet at Gitte and Bjørn's new flat in order to review the offer and make sure that everything is in place and corresponds to reality.

BOARD MEETINGS HELD IN 2019

DATE	TEXT
22 February 2019	Annual report for 2018.
20 March 2019	Annual General Meeting and constituent Board meeting.
22 May 2019	Interim financial report for the first quarter of 2019 and strategy.
23 August 2019	Interim financial report for the first half of 2019.
10 October 2019	Partial sale of the Company's ordinary shares to Avenir Invest ApS.
15 November 2019	Interim financial report for the first three quarters of 2019.
4 December 2019	Budget for 2020.

In addition, five Audit Committee meetings have been held.

PARTICIPATION IN BOARD MEETINGS IN 2019

PARTICIPANTS	22 February	AGM 20 March	20 March	22 May	Strategy 22 May	23 August	10 October	15 November	4 December
BOARD OF DIRECORS									
Henning Dyremose	YES	YES	YES	YES	YES	YES	YES	YES	YES
Michael Kjær	YES	YES	YES	YES	YES	YES	YES	YES	YES
Erik Holm	YES	YES	YES	YES	YES	YES	YES	NO	YES
Preben Damgaard	YES	YES	YES	YES	YES	YES	YES	YES	YES
Niels A. Johansen	YES	YES	YES	YES	YES	YES	YES	YES	YES
René Alberg	YES	YES	YES	YES	YES	YES	YES	YES	YES
Carsten Jensen	YES	YES	YES	YES	YES	YES	YES	YES	YES
Jonas Kvist	YES	YES	YES	YES	YES	YES	YES	YES	YES
EXECUTIVE BOARD									
Stefan Funch Jensen	YES	YES	YES	YES	YES	YES	YES	YES	YES
Lili Johansen	YES	YES	YES	YES	YES	YES	YES	YES	YES
Henrik T. Krabbe	YES	YES	YES	YES	YES	YES	YES	YES	YES
Gitte Lindeskov	YES	YES	YES	YES	YES	YES	YES	JA	JA
AUDITOR									
Kennet Hartmann	YES	YES	-	-	-	-	-	-	
Peter Gath *	YES	YES	-	-	-	-	-	-	

PARTICIPATION IN AUDIT COMMITTEE MEETINGS IN 2019

PARTICIPANTS	8 February	22 May	23 August	15 November	4 December
AUDIT COMMITTEE					
Henning Dyremose	YES	YES	YES	YES	YES
Michael Kjær	YES	YES	YES	YES	YES
Erik Holm	YES	YES	YES	NO	YES
Preben Damgaard	YES	YES	YES	YES	YES
EXECUTIVE BOARD					
Niels A. Johansen	YES	YES	YES	YES	YES
Henrik T. Krabbe	YES	YES	YES	YES	YES
AUDITOR					
Kennet Hartmann	YES	NO	YES	YES	YES
Peter Gath *	YES	-	-	-	-

*) State-Authorised Public Accountant Peter Gath's term of office as auditor expired at the end of the 2019 Annual General Meeting pursuant to the provisions of the Danish Act on Approved Auditors and Audit Firms.

BOARD EVALUATION PROCEDURE

Once a year the Board of Directors perform an evaluation on the basis of a questionnaire regarding the following:

- Board management and composition
- Board experience and competencies
- Work method of the board of directors
- Board chemistry
- The Board's evaluation of the Executive Board.

The conclusion of the evaluation is that the Board of Directors and the Executive Board possess the competencies and qualifications deemed sufficient and necessary to run AO both in the short and long term.

COMPANY ANNOUNCEMENTS IN 2019

DATE	NO.	TEXT
22 February 2019	1	Annual report for 2018.
22 February 2019	2	Notice convening the Annual General Meeting of Brødrene A & O Johansen A/S.
14 March 2019	3	Notification of transactions of persons discharging managerial responsibilities.
20 March 2019	4	Result of Annual General Meeting.
22 May 2019	5	Interim financial report for the first quarter of 2019.
27 June 2019	6	CFO Henrik Krabbe resigns from his post.
23 August 2019	7	Interim financial report for the first half of 2019.
18 October 2019	8	Notification of transactions of persons discharging managerial responsibilities.
18 October 2019	9	Major shareholder announcement.
15 November 2019	10	Interim financial report for the first three quarters of 2019.
15 November 2019	11	Brødrene A & O Johansen A/S acquires the web shop LampeGuru ApS.
27 November 2019	12	Brødrene A & O Johansen A/S appoints Per Toelstang as new CFO.
4 December 2019	13	Financial calendar for 2020.

FINANCIAL CALENDAR FOR 2020

DATE	TEXT
6 February 2020	Deadline for shareholders to propose items for the agenda of the Annual General Meeting.
21 February 2020	Annual report for 2019.
20 March 2020	The Annual General Meeting of Brødrene A & O Johansen A/S will be held at 11 a.m. at the Company's head office.
28 May 2020	Interim financial report for the first quarter of 2020.
27 August 2020	Interim financial report for the first half of 2020.
13 November 2020	Interim financial report for the first three quarters of 2020.

PROPOSALS FOR THE ANNUAL GENERAL MEETING

The Company's Annual General Meeting will be held on Friday, 20 March 2020, at 11.00 a.m. at the offices of Brødrene A & O Johansen A/S, Rørvang 3, DK-2620 Albertslund, Denmark.

1. ALLOCATION OF PROFITS

Brødrene A & O Johansen A/S' net profit for the year amounts to DKK 131,001 thousand.

In accordance with article 3, paragraph 10, cf. article 18, paragraph 2, of the Articles of Association, the preferred stock holders are entitled to an advance cumulative dividend of 6%. Subsequently, the percentage dividend for the ordinary share capital holders is determined, and if additional dividend is declared, the ordinary shareholders and the preference shareholders are entitled to receive the same percentage dividend.

The Board of Directors proposes to distribute a dividend of DKK 6 per DKK 10 share, corresponding to 60% of the share capital.

2. AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Board of Directors proposes that the Articles of Association be amended as follows:

FEGIME Denmark A/S is added as a secondary name under Article 1, paragraph 2.

Article 3, paragraph 6, is replaced by the following wording: 'The Company's Register of Shareholders shall be kept by VP Securities A/S, CVR number 21 59 93 36'.

Article 6, paragraph 1, is proposed to be amended, so that the standard agenda for the Company's Annual General Meeting is updated.

3. APPROVAL OF THE REMUNERATION POLICY

The Board of Directors proposes that the remuneration policy be approved by the Annual General Meeting.

4. AUTHORISATION TO ACQUIRE OWN SHARES

The Board of Directors proposes that it be authorised by the General Meeting during the period until 1 May 2021 to let the Company acquire own preference shares equivalent to a total of 10% of the Company's share capital at the time of being granted authorisation, provided that the Company's total holding of own shares at no point exceeds 10% of the Company's share capital. The consideration must not deviate by more than 10% from the official price quoted at Nasdaq Copenhagen at the time of acquisition.

5. AUTHORISATION OF THE CHAIRMAN

The Board of Directors proposes that the chairman of the General Meeting (with the right of substitution) be authorised to register the resolutions passed by the General Meeting with the Danish Business Authority and to make such alterations as the Danish Business Authority may require for registration or approval.

MANAGEMENT'S STATEMENT

Today the Board of Directors and the Executive Board have discussed and approved the annual report of Brødrene A & O Johansen A/S for 2019.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities, and financial position at 31 December 2019 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January – 31 December 2019.

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

The annual report is submitted to the Annual General Meeting for approval.

Albertslund, 21 February 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

* Staff-elected Board member

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Brødrene A & O Johansen A/S

OPINION

We have audited the consolidated financial statements and the parent company financial statements of Brødrene A & O Johansen A/S for the financial year 1 January – 31 December 2019, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies, for the Group and the Parent Company. The consolidated financial statements and the parent company financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the assets, liabilities, and financial position of the Group and the Parent Company at 31 December 2019 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January – 31 December 2019 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Our opinion is consistent with our long-form audit report to the Audit Committee and the Board of Directors.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "the financial statements"). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.
To the best of our knowledge, we have not provided any prohibited non-audit services as described in article 5(1) of Regulation (EU) no. 537/2014.

Appointment of auditor

We were initially appointed as auditor of Brødrene A & O Johansen A/S before 1995 and must therefore withdraw from the audit no later than at the annual general meeting in 2021. We have been reappointed annually by resolution of the general meeting for a total consecutive period of more than 25 years up until the financial year

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year 2019. These matters were addressed during our audit of the financial statements as a whole and in forming our opinion thereon. We do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the "Auditor's responsibilities for the audit of the financial statements" section, including in relation to the key audit matters below. Accordingly, our audit included the design and performance of procedures to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Valuation of goodwill and other IP rights acquired in connection with acquisitions

In the financial year 2019, the Group and the Company has recognised goodwill and other IP rights acquired in connection with acquisitions totalling DKK 434,219 thousand and 299,746 thousand. According to International Financial Reporting Standards as adopted by the EU, an impairment test of goodwill is required at least once a year. The yearly impairment test is key to our audit as the test includes, among other things, assumptions and estimates relating to future earnings.

In connection with our audit, we tested the impairment test prepared by Management, which was performed in accordance with the discounted cash flow model, and assessed whether the assumptions made by Management are fair and reasonable. We assessed whether the calculation model is relevant and assessed the discount factor level and growth rate applied for extrapolation. The expected net cash flows are based on budgets for the years 2020 - 2024 and a terminal value. We examined procedures for the budget preparation and compared budgets with the Group's strategic work within the individual areas. Furthermore, we have assessed the adequacy of information on goodwill and other IP rights in note 12.

Valuation of inventories

The Group and the Company have recognised inventories totalling DKK 458,969 thousand and DKK 423,115 thousand, respectively in the balance sheet at 31 December 2019. Inventories are measured at the lower of cost and net realisable value. The valuation of inventories involves significant estimates and assessments, and consequently, the area is key to our audit.

In connection with our audit, we examined the Group's business procedures for the area just as we assessed the cost calculations made by Management. We examined the analysis made by Management of age distribution and writedown for obsolescence on inventories. Moreover, we verified on a test basis whether there are any inventories that are expected to be sold at a value lower than the carrying amount.

Valuation of trade receivables

The Group and the Company have recognised trade receivables totalling DKK 395,112 thousand and DKK 366,870 thousand, respectively in the balance sheet as assets. Trade receivables are measured at amortised cost less writedown for bad debt losses. The valuation of trade receivables involves significant estimates and assessments, and consequently, the area is key to our audit.

During our audit, we examined the Group's business procedures for the area, including credit rating. We examined the age-specific analysis prepared by Management, obtained documentation evidencing payments received after the balance sheet date. Moreover, we examined payment patterns and checked documentation available for payment agreements. Furthermore, we have assessed the adequacy of information on trade receivables, including writedowns, in note 17.

STATEMENT ON THE MANAGEMENT'S REVIEW

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

MANAGEMENT'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements and the parent company financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Copenhagen, February 21, 2020

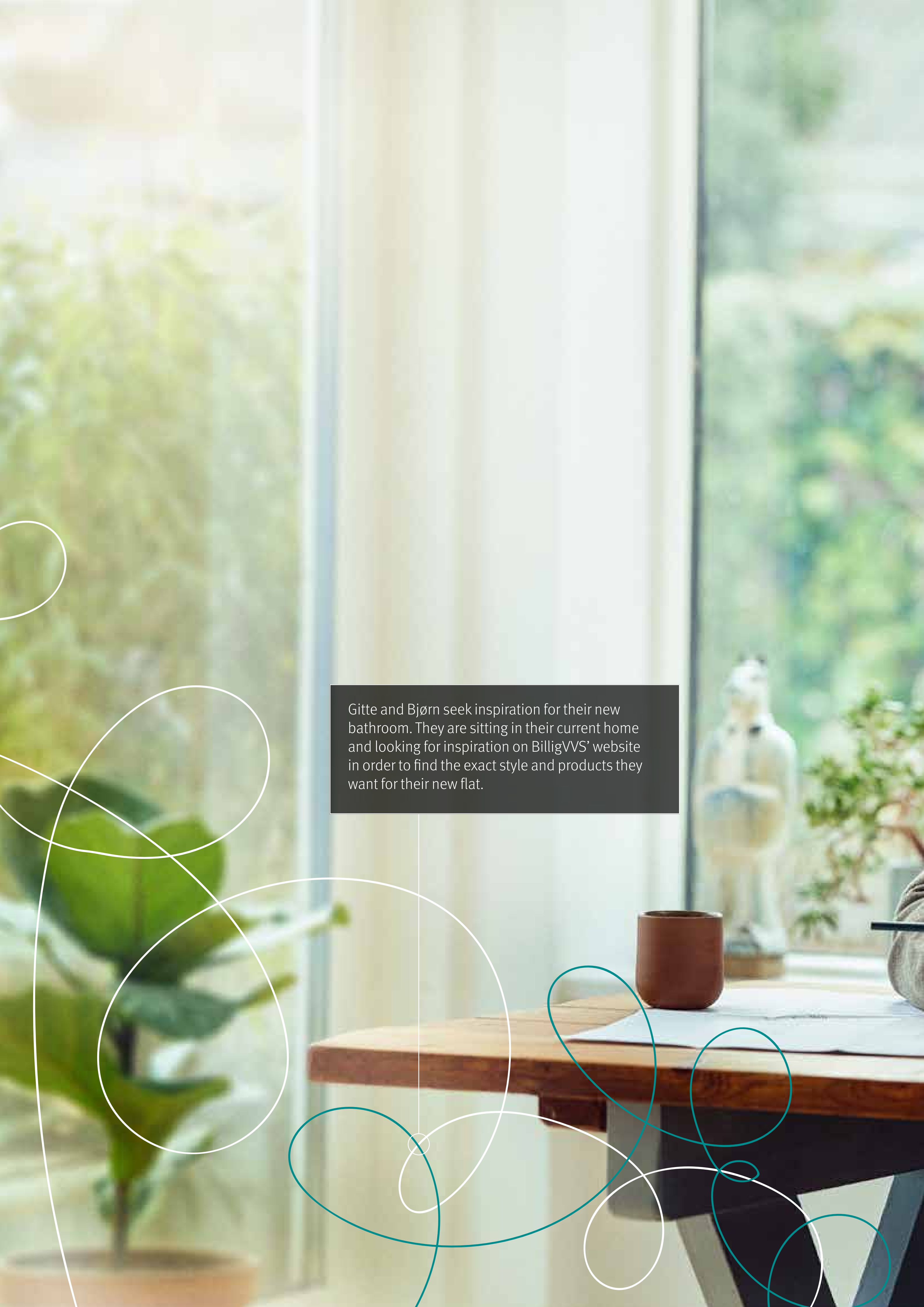
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Kennet Hartman
State Authorised Public Accountant
mne40036

INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME FOR 1 JANUARY - 31 DECEMBER

(All amounts are in DKK thousands)

COMPANY 2018	COMPANY 2019	NOTE:		CONSOLIDATED 2019	CONSOLIDATED 2018
3,128,533	**3,274,382**	3	**Revenue**	**3,582,683**	**3,373,373**
(2,409,925)	(2,537,929)	4	Cost of sales	(2,752,578)	(2,569,594)
718,609	736,453		Gross profit	830,105	803,779
0	0	5	Other operating income	472	1,454
718,609	**736,453**		**Gross margin**	**830,577**	**805,234**
(191,024)	(136,283)	6	External expenses	(165,382)	(177,024)
(352,476)	(347,718)	7	Staff costs	(383,569)	(387,211)
175,108	**252,451**		**Earnings before interest, taxes, depreciation and amortisation (EBITDA)**	**281,626**	**240,999**
(71,864)	(128,409)	8	Depreciation and amortisation	(105,761)	(86,161)
103,245	**124,043**		**Operating profit or loss (EBIT)**	**175,866**	**154,838**
39,103	40,310	15	Subsidiaries' profit after tax	0	0
0	(1,000)		Write-down of financial assets	(1,000)	0
8,734	3,047	9	Financial income	2,366	8,061
(11,276)	(8,530)	10	Financial expenses	(8,794)	(12,646)
139,806	**157,870**		**Profit or loss before tax (EBT)**	**168,437**	**150,253**
(21,292)	(26,869)	11	Tax on profit or loss for the year	(37,437)	(31,739)
118,514	**131,001**		**Net profit or loss for the year**	**131,001**	**118,514**
			Other comprehensive income		
			Items which will be reclassified to the income statement		
(1,175)	(1,092)		Foreign currency translation adjustment relating to foreign entities	(1,092)	(1,175)
0	0		Tax on other comprehensive income	0	0
(1,175)	(1,092)		Other comprehensive income after tax	(1,092)	(1,175)
117,339	**129,909**		**Total comprehensive income**	**129,909**	**117,339**
			Proposal for the distribution of net profit		
16,800	16,800		Proposed dividend		
101,714	114,201		Retained earnings		
118,514	131,001				
		18	**Earnings per share**		
44	48		Earnings per share (EPS)		
44	48		Diluted earnings per share (EPS-D)		


Gitte and Bjørn seek inspiration for their new bathroom. They are sitting in their current home and looking for inspiration on BilligVVS' website in order to find the exact style and products they want for their new flat.

BALANCE SHEET AS AT 31 DECEMBER
ASSETS

(All amounts are in DKK thousands)

COMPANY 2018	COMPANY 2019	NOTE:		CONSOLIDATED 2019	CONSOLIDATED 2018
			Non-current assets		
		12	**Intangible assets**		
258,269	258,269		Goodwill	384,932	371,334
44,138	41,477		Intellectual property rights	49,287	49,609
41,538	35,173		Software	35,566	42,168
343,945	334,919			469,785	463,111
		13	**Property, plant and equipment**		
154,790	151,161		Land and buildings	649,324	663,803
419	3,707		Leasehold improvements	697	517
169,501	155,363		Fixtures and operating equipment	157,526	171,717
0	194,568	14	Right-of-use assets	71,884	0
324,710	504,799			879,431	836,037
			Other non-current assets		
411,688	432,155	15	Investments in subsidiaries	0	0
1,000	0		Other investments	0	1,000
412,688	432,155			0	1,000
1,081,343	**1,271,873**		**Total non-current assets**	**1,349,216**	**1,300,147**
			Current assets		
402,731	423,115	4, 16	Inventories	458,969	435,364
347,036	366,870	17	Trade receivables	395,112	370,008
56,989	67,282	17	Receivables from subsidiaries	0	0
0	0	19	Corporation tax receivable	0	0
30,438	26,406		Other receivables	8,959	13,077
8,216	13,359		Prepayments and accrued income	14,015	8,736
12,348	69,718		Cash and short-term deposits	80,407	16,633
857,759	**966,749**		**Total current assets**	**957,462**	**843,819**
1,939,102	**2,238,622**		**Total assets**	**2,306,678**	**2,143,966**

BALANCE SHEET AS AT 31 DECEMBER
EQUITY AND LIABILITIES

(All amounts are in DKK thousands)

COMPANY 2018	COMPANY 2019	NOTE:		CONSOLIDATED 2019	CONSOLIDATED 2018
		20	**Equity**		
28,000	28,000		Share capital	28,000	28,000
197,448	200,416		Reserve according to the equity method	0	0
46,078	24,710		Reserve for development costs	0	0
0	0		Reserve for foreign currency translation adjustments	(2,499)	(1,407)
468,373	600,376		Retained earnings	828,001	713,306
16,800	16,800		Proposed dividend for the financial year	16,800	16,800
756,699	**870,302**		**Total equity**	**870,302**	**756,699**
			Non-current liabilities		
29,601	27,010	21	Deferred tax	58,497	60,472
61,802	58,397	23	Credit institutions	215,355	228,129
0	134,182	14, 23	Lease liabilities	49,088	0
0	9,923		Frozen holiday pay	9,923	0
0	4,500		Other non-current liabilities	4,500	0
91,403	**234,011**		**Total non-current liabilities**	**337,362**	**288,601**
			Current liabilities		
408,193	277,661	23	Credit institutions	287,107	418,339
0	60,386	14, 23	Lease liabilities	22,796	0
565,898	678,081	23	Trade payables	704,652	589,259
36,914	51,490		Amounts owed to subsidiaries	0	0
4,516	4,304	19	Corporation tax payable	8,393	6,107
0	1,816		Provisions for liabilities	1,816	0
75,479	60,571	22	Other payables	74,249	84,961
0	(0)		Accruals and deferred income	0	(0)
1,091,000	**1,134,309**		**Total current liabilities**	**1,099,014**	**1,098,666**
1,182,403	**1,368,320**		**Total liabilities**	**1,436,376**	**1,387,266**
1,939,102	**2,238,622**		**Total equity and liabilities**	**2,306,678**	**2,143,966**

3 Segment information
25 Contingent liabilities, security, etc.
26-30 Notes without reference

CASH FLOW STATEMENT

(All amounts are in DKK thousands)

COMPANY 2018	COMPANY 2019	NOTE:		CONSOLIDATED 2019	CONSOLIDATED 2018
			Cash flow from operating activities		
103,245	124,043		Operating profit or loss (EBIT)	175,866	154,838
71,864	128,409	8	Depreciation and amortisation	105,761	86,161
0	0		Other non-cash operating items, net	(501)	1
175,109	252,452		Cash flow from operations before change in working capital	281,126	241,000
(18,740)	(20,384)		Change in inventories	(18,962)	(21,312)
19,050	(21,865)		Change in receivables	(26,690)	17,902
84,717	106,013		Change in trade payables and other current payables	110,763	88,771
85,027	63,764		Change in working capital	65,111	85,361
260,136	316,216		Cash flow from operations	346,237	326,361
(8,644)	(4,563)		Net financials paid	(5,508)	(10,687)
(7,187)	(35,756)		Corporation tax paid	(37,980)	(14,912)
244,306	**275,897**		**Cash flow from operating activities**	**302,749**	**300,762**
			Cash flow from investing activities		
(20,203)	(18,305)		Purchase of intangible assets	(18,356)	(20,653)
(21,189)	(24,839)		Purchase of property, plant and equipment	(26,126)	(60,656)
(1,000)	0		Purchase of financial assets	0	(1,000)
32,809	10,368		Change in receivables from subsidiaries	0	0
0	(10,000)	24	Acquisition of enterprise	(8,254)	0
(9,583)	**(42,776)**		**Cash flow from investing activities**	**(52,736)**	**(82,309)**
			Cash flow from financing activities		
(277,822)	(158,937)		Repayment of debt to credit institutions	(171,195)	(287,402)
53,056	25,000		Raising of loans from credit institutions	25,000	74,150
0	(61,758)		Repayment of lease liabilities	(23,738)	0
(16,306)	(16,306)		Dividends paid	(16,306)	(16,306)
14,000	36,250		Dividends received	0	0
(202)	0		Adjustment related to previous years	0	(202)
(227,274)	**(175,751)**		**Cash flow from financing activities**	**(186,239)**	**(229,761)**
7,449	**57,370**		**Cashflow for the year**	**63,774**	**(11,308)**
4,899	12,348		Cash and short-term deposits at beginning of year	16,633	28,553
0	0		Foreign currency translation adjustment	0	(612)
12,348	**69,718**		**Cash and short-term deposits at end of year**	**80,407**	**16,633**

Construction project materials are being loaded up. A lorry is being loaded with various construction materials that are all ready for delivery at the agreed time to the addresses of our new-build and renovation project, respectively.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(All amounts are in DKK thousands)

	Share capital	Foreign currency translation adjustment	Proposed dividend for the year	Retained earnings	Total equity
Equity at 1 January 2019	**28,000**	**(1,407)**	**16,800**	**713,306**	**756,699**
Net profit for the year	0	0	16,800	114,201	131,001
Foreign currency translation adjustment	0	(1,092)	0	0	(1,092)
Total comprehensive income	0	(1,092)	16,800	114,201	129,909
Dividend distribution	0	0	(16,306)	0	(16,306)
Dividend, own shares	0	0	(494)	494	0
Total transactions with owners	0	0	(16,800)	494	(16,306)
Equity at 31 December 2019	**28,000**	**(2,499)**	**16,800**	**828,001**	**870,302**
Equity at 1 January 2018	**28,000**	**(232)**	**16,800**	**611,299**	**655,867**
Net profit for the year	0	0	16,800	101,714	118,514
Foreign currency translation adjustment	0	(1,175)	0	0	(1,175)
Total comprehensive income	0	(1,175)	16,800	101,714	117,339
Dividend distribution	0	0	(16,306)	0	(16,306)
Dividend, own shares	0	0	(494)	494	0
Adjustment related to previous years	0	0	0	(201)	(201)
Total transactions with owners	0	0	(16,800)	293	(16,507)
Equity at 31 December 2018	**28,000**	**(1,407)**	**16,800**	**713,306**	**756,699**

COMPANY STATEMENT OF CHANGES IN EQUITY

(All amounts are in DKK thousands)

	Share capital	Equity method	Reserve for development costs	Proposed dividend for the year	Retained earnings	Total equity
Equity at 1 January 2019	**28,000**	**197,448**	**46,078**	**16,800**	**468,373**	**756,699**
Net profit for the year	0	40,310	0	16,800	73,891	131,001
Movement for the year	0	0	(21,368)	0	21,368	0
Foreign currency translation adjustment	0	(1,092)	0	0	0	(1,092)
Total comprehensive income	0	39,218	(21,368)	16,800	95,259	129,909
Dividend distribution	0	0	0	(16,306)	0	(16,306)
Dividend own shares	0	0	0	(494)	494	0
Dividend received	0	(36,250)	0	0	36,250	0
Adjustment related to previous years	0	0	0	0	0	0
Total transactions with owners	0	(36,250)	0	(16,800)	36,744	(16,306)
Equity at 31 December 2019	**28,000**	**200,416**	**24,710**	**16,800**	**600,376**	**870,302**
Equity at 1 January 2018	**28,000**	**173,520**	**30,370**	**16,800**	**407,176**	**655,867**
Net profit for the year	0	39,103	0	16,800	62,611	118,514
Movement for the year	0	0	15,708	0	(15,708)	0
Foreign currency translation adjustment	0	(1,175)	0	0	0	(1,175)
Total comprehensive income	0	37,928	15,708	16,800	46,903	117,339
Dividend distribution	0	0	0	(16,306)	0	(16,306)
Dividend own shares	0	0	0	(494)	494	0
Dividend received	0	(14,000)	0	0	14,000	0
Adjustment related to previous years	0	0	0	0	(201)	(201)
Total transactions with owners	0	(14,000)	0	(16,800)	14,293	(16,507)
Equity at 31 December 2018	**28,000**	**197,448**	**46,078**	**16,800**	**468,373**	**756,699**

Anne and Oskar are throwing a topping-off party for the workmen and suppliers working on the project as well as their family and friends. The house is really starting to take shape now.

NOTES

(All amounts are in DKK thousands)

NOTE:

1 ACCOUNTING POLICIES

Brødrene A & O Johansen A/S is a limited company domiciled in Denmark. The financial part of the annual report for the period 1 January to 31 December 2019 comprises both the consolidated financial statements of Brødrene A & O Johansen A/S and its subsidiaries (the Group) and separate annual financial statements for the parent company

The consolidated financial statements of Brødrene A & O Johansen A/S for 2019 are presented in accordance with International. Financial Reporting Standards (IFRS) as approved by the EU and additional disclosure requirements in the Danish Financial Statements Act.

On 21 February 2020, the Board of Directors and the Executive Board discussed and approved the annual report for 2019 for Brødrene A & O Johansen A/S. The annual report will be presented to the shareholders of Brødrene A & O Johansen A/S for approval at the annual general meeting on 20 March 2020.

BASIS OF PREPARATION

The annual report is presented in Danish kroner, rounded to the nearest DKK 1,000.

The annual report has been prepared in accordance with the historical cost principle.

The accounting policies as described below have been applied consistently throughout the financial year and to the comparative figures, with the exception of IFRS 16, which have been implemented without restatement of the comparative figures, with effect on equity as of 1 January 2019. For standards implemented prospectively, the comparative figures will not be restated.

CHANGES IN ACCOUNTING POLICIES

Effective as of 1 January 2019, Brødrene A & O Johansen A/S has implemented:

- IFRS 16 Leases
- Amendment to IFRS 9 Prepayment Features with Negative Compensation
- Amendments to IAS 19 Plan Amendment, Curtailment or Settlement
- Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures
- IFRIC 23 Uncertainty over Income Tax Treatments
- Annual improvements to IFRSs 2015-2017

Of the above, only IFRS 16 has had an impact on recognition and measurement in the annual report. The accounting effect of the implementation of IFRS 16 is described in detail below.

Effect of the implementation of IFRS 16

Effective as of 1 January 2019, Brødrene A & O Johansen A/S has implemented the new IFRS 16 standard on leases using the modified retrospective transition method with no restatement of comparative figures. Comparative figures are still presented in accordance with the rules of IAS 17 and IFRIC 4.

The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately, if they are different from those under IFRS 16.

In comparison to past practices, the Group shall now, with a few exceptions, recognise all lease agreements, including operating leases in its balance sheet.

This means that a lease liability shall be recognised, measured at the present value of the future lease payments, as described below, and a corresponding right-of-use asset corrected for payments made to the lessor prior to commencement of the lease agreement, and received incentive payments from the lessor is recognised. The Group has chosen not to recognise costs that are directly related to the right-of-use asset.

In accordance with the transition provisions in IFRS 16 and in connection with implementation of the standard, the Group has chosen:

- not to recognise lease agreements with a term of less than 12 months or a present value of less than DKK 30,000
- not to evaluate whether a contract is or contains a lease
- to determine a discount rate on a portfolio of lease agreements with uniform characteristics.

Upon assessment of the future lease payments, the Group has reviewed the Group's operating leases and identified lease payments related to a single lease component, and which are fixed or variable, but change in line with fluctuations in an index or an interest rate. The Group has chosen not to recognise payments related to service components as part of the lease liability.

When assessing the expected lease term, the Group has identified the non-cancellable lease term in the lease plus periods covered by an extension option that management is reasonably likely to exercise and plus periods covered by a termination option that Management is reasonably unlikely to exercise. For leases that can be cancelled, the Group has assessed that the expected lease period will be approximately three years corresponding to the Group's strategic horizon.

In the case of a lease for operating equipment, the Group has assessed that the expected lease term is the same as the non-cancellable lease term in the lease as the Group does not have any history of exercising extension options in similar leases.

NOTES

(All amounts are in DKK thousands)

NOTE:

1 When discounting the lease payments for operating equipment to present value, the Group used its incremental borrowing rate, which is the costs of obtaining external financing for a corresponding assets with a financing period corresponding to the term of the lease denominated in the currencies in which lease payments are settled. The Group has documented the incremental borrowing rate of each portfolio of leases with similar characteristics.

In the assessment of the Group's incremental borrowing rate, the Group determined its incremental borrowing rate for its leases of properties bases on an interest rate of a mortgage credit bond with a term corresponding to the term of the lease and denominated in the same currencies in which the lease payments are settled. The interest rate of the financing of the share for which a mortgage loan cannot be used is estimated based on a reference rate of a credit margin derived from the Group's current credit facilities. The Group has corrected the credit margin for the lessor's right to take back the asset in case of default on lease payments (secured debt).

Effect of the implementation of IFRS 16

Upon the implementation of IFRS 16 on 1 January 2019, the Group has recognised a right-of-use asset of DKK 89,908 thousand and a lease liability of DKK 89,908 thousand. The equity effect is therefore DKK 0.

Right-of-use assets consist primarily of property and operating equipment. On the date of transition, total right-of-use assets constitute DKK 89,908 thousand (previously operating leases).

The right-of-use assets are amortised on a straight-line basis over their expected lease periods which constitute:

Operating equipment	3 - 10 years
Warehouse properties with associated administration	3 - 10 years
Stores	3 - 10 years.

When measuring the lease liability, the Group has used a weighted average incremental borrowing rate for the discounting of future lease payments at 1.2% for property and 1.2% for operating equipment respectively.

DKK thousands	Group 1 January 2019	Company 1 January 2019
Operating lease liability at 31 December 2018 (IAS 17)	77,737	242,287
Discounted incremental borrowing rate at 1 January 2019	75,908	236,586
Finance lease liability recognised at 31 December 2018	0	0
Applied transitional provisions: Short-term lease agreements	(669)	(663)
Lease agreements of low value	(147)	(147)
Lease payments payable in periods covered by extension options reasonably certain to be exercised and lease payments payable in periods covered by termination options reasonably certain no to be exercised	14,815	14,803
Variable lease payments based on index or interest rates	0	0
Residual value guarantees	0	0
Lease liabilities 1 January 2019 (IFRS 16)	89,908	250,580

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements consist of the parent company Brødrene A & O Johansen A/S and subsidiaries in which Brødrene A & O Johansen A/S has a dominant influence.

The Group has a dominant influence over a company if the Group is exposed or entitled to variable returns from its involvement in the company and has the opportunity to influence these returns through its control over the company.

In assessing whether the Group exercises a dominant influence, account is taken of de facto control and potential voting rights, which are real and have substance at the balance sheet date.

A Group chart can be found in the Management Review.

The consolidated financial statements have been prepared as a summary of the parent company's and the individual subsidiaries' financial statements, prepared according to the Group's accounting policies, with intra-group income and expenses, shareholdings, internal balances and dividends, as well as realised and unrealised gains on transactions between the consolidated companies, all eliminated.

BUSINESS COMBINATIONS

Newly acquired or newly established companies are recognised in the consolidated financial statements as of the date of acquisition. Companies sold or liquidated are recognised in the consolidated financial statements as of the date of disposal. Comparative figures are not corrected for newly acquired companies. Discontinued activities are presented separately.

NOTES

(All amounts are in DKK thousands)

NOTE:

1 The acquisition method is applied when the Group acquires control over the newly acquired company. The acquired companies' identifiable assets, liabilities, and contingent liabilities are measured at fair value at the acquisition date. Identifiable intangible assets are recognised if they can be segregated or arise from a contractual right. Deferred tax is recognised on the revaluations made.

The acquisition date is the point at which control is actually gained over the acquired company.

Positive differences (goodwill) between the purchase price and the fair value of acquired identifiable assets, and the liabilities and contingent liabilities, are recognised as goodwill under intangible assets. Goodwill is not amortised but is tested for impairment at least annually. The first impairment test is performed before the end of the year of acquisition.

Upon acquisition, goodwill is allocated to cash-generating units, which subsequently form the basis for impairment testing. Negative differences (negative goodwill) are recognised in profit/(loss) for the year as at the acquisition date.

The purchase price for a company consists of the fair value of the agreed price. If parts of the purchase price are contingent on future events, this part of the price is recognised at fair value as at the acquisition date and is classified as either a financial liability or equity according to its content. A contingent purchase price, which is classified as a financial liability, is regularly remeasured at fair value and adjusted directly in the income statement.

Costs attributable to business combinations are recognised in profit/(loss) for the year when incurred.

If, at the time of acquisition, there is uncertainty about the measurement of the acquired identifiable assets, liabilities, and contingent liabilities, initial recognition takes place on the basis of preliminarily calculated fair values. If subsequently it turns out that identifiable assets, liabilities, and contingent liabilities had a different fair value at the time of acquisition than first assumed, goodwill is adjusted for up to 12 months after the acquisition. The effect of the adjustments is recognised in opening equity and the comparative figures are adjusted.

Gains or losses on the disposal or liquidation of subsidiaries are calculated as the difference between the sales price or the settlement amount, and the carrying amount of net assets including goodwill at the time of sale and costs of the sale or liquidation.

FOREIGN CURRENCY TRANSLATION

A functional currency is set for each of the reporting companies in the Group. The functional currency is the currency used in the primary economic environment in which each reporting company operates. Transactions in currencies other than the functional currency are foreign currency transactions.

Foreign currency transactions are initially translated into the functional currency at the exchange rate on the transaction date.

Receivables, payables, and other monetary items denominated in foreign currencies are translated into the functional currency at the exchange rate at the balance sheet date. The difference between the exchange rate at the balance sheet date and the exchange rate at the time of the occurrence or recognition of the receivable or payable in the latest annual report is recognised in the income statement under cost of goods sold.

When recognised in the consolidated financial statements of companies with a functional currency other than Danish kroner, the income statements are translated at the exchange rate on the transaction date, and the balance sheet items are translated at the exchange rates at the balance sheet date. The average rate for the individual month in question is used for the exchange rate on the transaction date to the extent that this does not give a significantly different picture.

Exchange rate differences arising from the translation of the equity of these companies at the beginning of the year at the exchange rates at the balance sheet date and when translating income statements from average exchange rates to the exchange rates at the balance sheet date are recognised in other comprehensive income on a separate provision for exchange rate adjustments under equity.

Exchange rate adjustments of outstanding balances which are considered part of the total net investment in companies with a functional currency other than Danish kroner are recognised in the consolidated financial statements in other comprehensive income on a separate provision for exchange rate adjustments under equity.

Derivative financial instruments are recognised on the trade date and measured at fair value in the balance sheet. Positive and negative fair values of derivative financial instruments are included in other receivables and other payables, respectively, and the offsetting of positive and negative values is only made when the company is entitled to and intends to settle several financial instruments net. Fair values of derivative financial instruments are calculated on the basis of current market data and recognised valuation methods.

Hedge accounting is not used.

INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

Revenue

Revenue consist of the sale of merchandise that is recognised in the income statement. Revenue is recognised when the control of the individual identifiable delivery obligation is transferred to the customer, and if the income can be calculated reliably and is expected to be received. The recognised revenue is measured at the fair value of the agreed consideration excluding VAT and taxes, and after the deduction of discounts made in connection with the sale.

NOTES

(All amounts are in DKK thousands)

NOTE:

1 Revenue consists of contracts with a single delivery obligation, and where the individual components of the transaction price are separately identifiable.

Discounts are deducted from the consideration based on an estimate of the total discounts during the measurement period.

Cost of sales
Cost of sales consists of the cost price of goods sold during the financial year, as well as distribution costs, which are variable in direct relation to revenue.

External expenses
External expenses include costs for internal transport, administration, advertising and exhibition costs, etc., including costs for the operation of real estate and losses to debtors.

Financial income and expenses
Financial income and expenses include interest and realised and unrealised capital gains and losses, as well as write-downs on securities and debt, the amortisation of financial assets and liabilities, including supplements and reimbursements under the advance tax scheme, etc.

Borrowing costs from general or specific loans attributable to the construction period of qualifying assets are recognised at the cost price of the relevant assets.

Result of investments in subsidiaries
In the parent company's income statement, the proportionate share of the individual subsidiaries' profit/(loss) after tax is recognised after the full elimination of internal gains/losses.

Tax on profit/(loss) for the year
Brødrene A & O Johansen A/S is taxed jointly with all Danish subsidiaries.

The current Danish corporation tax is distributed by settling joint tax contributions between the jointly taxed companies in proportion to their taxable income. In connection with this, companies with a tax loss receive a joint tax contribution from companies that have been able to use these losses to reduce their own taxable profits. (Full distribution). The jointly taxed companies are included in the Danish Tax Prepayment Scheme.

Tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement for tax attributed to profit/(loss) for the year, and in equity for tax attributable to items directly in equity.

BALANCE SHEET

Intangible assets
Goodwill is initially recognised in the balance sheet at cost price as described under 'Business combinations'. Goodwill is subsequently measured at cost price less accumulated impairment losses. Goodwill is not amortised.

The carrying amount of goodwill is allocated to the Group's cash-generating units at the acquisition date. The determination of cash-generating units follows the management structure and internal financial management.

Rights are measured at cost price less accumulated amortisation and impairment losses. Rights are amortised on a straight-line basis over their expected useful life, for a maximum of 20 years.

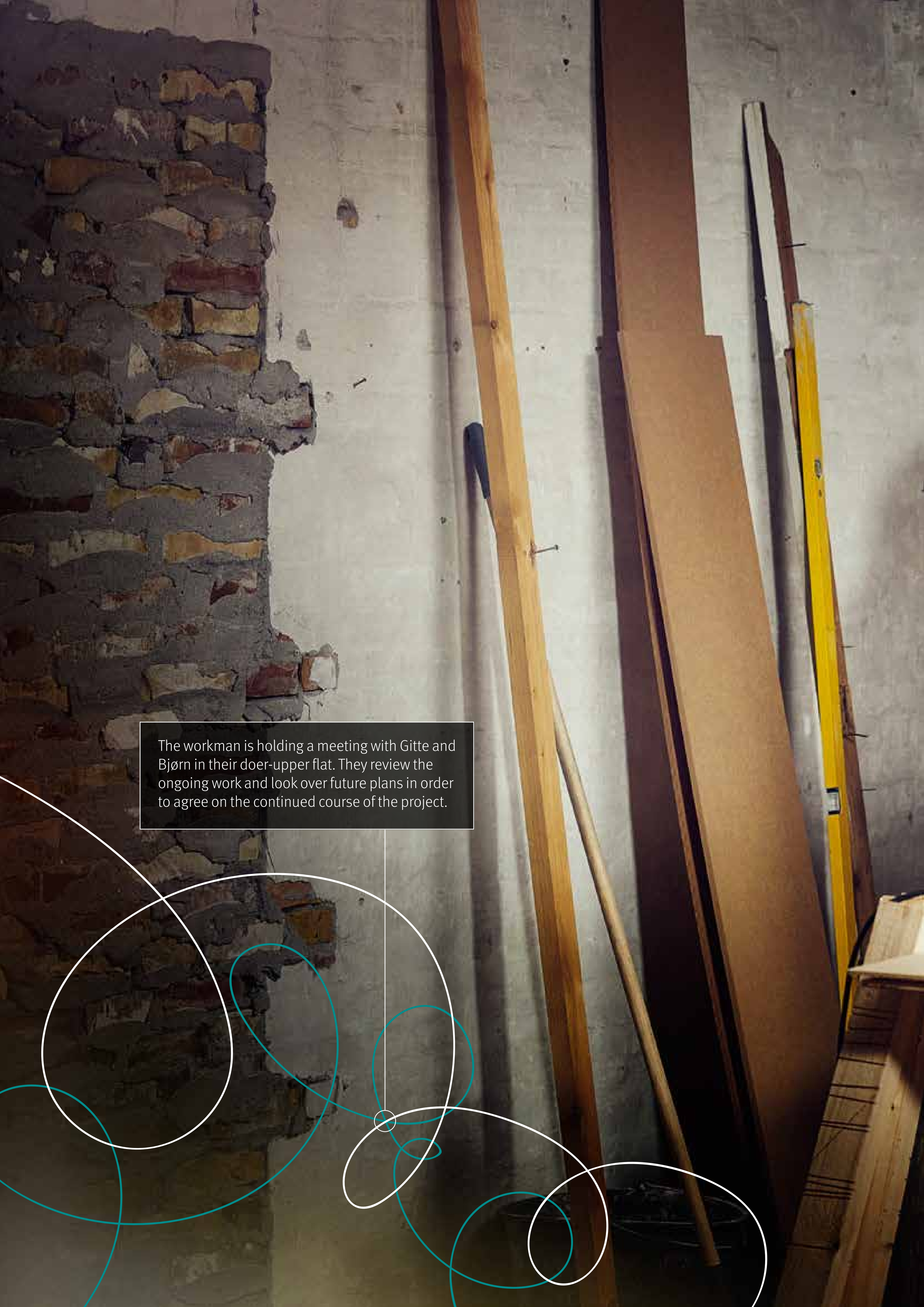
Software is measured at cost price less accumulated amortisation and impairment losses. Software is amortised on a straight-line basis over its expected useful life, for a maximum of 10 years.

Property, plant and equipment, including leases
Land and buildings, leasehold improvements, operating equipment, and fixtures and fittings are measured at their cost price less accumulated depreciation and impairment losses.

The cost price consists of the acquisition price and costs directly related to the acquisition until the time when the asset is ready for use. The cost price of a total asset is divided into separate components, which are depreciated separately if the useful life of the individual component is different.

Subsequent costs, such as when replacing components of a tangible asset, are recognised in the carrying amount of the asset in question when it is probable that the holding will result in future economic benefits for the Group. All other general repair and maintenance costs are recognised in the income statement as they are incurred.

The assets are depreciated on a straight-line basis over its expected useful life, based on the following assessment of the expected life of assets:



The workman is holding a meeting with Gitte and Bjørn in their doer-upper flat. They review the ongoing work and look over future plans in order to agree on the continued course of the project.

NOTE:

1
- Buildings: 50 years
- Installations: 10 years
- Leasehold improvements: Maximum 5 years
- Fixtures and operating equipment: Normally 5 years. 10 years for mini-load storage systems and high bay systems.

Land is not depreciated.

The basis for depreciation is calculated by taking into account the asset's scrap value and is reduced by any impairment losses. The depreciation period and the scrap value are determined at the time of acquisition and are reviewed annually. If the scrap value exceeds the carrying amount, depreciation ceases.

Gains and losses on the disposal of property, plant, and equipment are calculated as the difference between the sale price less selling costs and the carrying amount at the time of sale. Gains or losses are recognised in the income statement under depreciation.

Leases effective as of 1 January 2019
Right-of-use assets and lease liabilities are recognised in the balance sheet at the time when a lease for a specific identifiable asset is made available to the Group for the lease term and when the Group obtains the right to most of the financial benefits from the use of the identified asset and the right to decide the use of the identified asset.

On initial recognition, lease liabilities are measured at the present value of future lease payments using the incremental borrowing rate as the discount factor. The following lease payments are recognised as part of the lease liability:

- Fixed payments.
- Changes in variable lease payments which fluctuates with changes in an index or interest rate based on the current index or interest rate.
- Amounts payable under a residual value guarantee.
- The exercise price of call options reasonably certain to be exercised by the Group.
- Payments made in periods covered by an option to extend the lease which the Group is reasonably certain to exercise.
- Penalties related to a termination option, unless the Group is reasonably certain not to exercise the option.

Lease liabilities are measured at amortised cost using the effective interest rate method. A remeasurement is made when changes in the cash flow as a result of changes in an index or interest rate is identified, if the estimate of a residual guarantee is changed or if the Group is changing the assessment of whether it is reasonably certain to exercise an extension or termination option, or a call option.

Initially right-of-use assets are recognised at cost which is equal to the lease liabilities adjusted for prepaid lease payments and estimated cost of demolition, repairs etc less received discounts or other types of incentive payments from lessor.

Subsequently, right-of-use assets are measured at cost less accumulated depreciation. Right-of-use assets are depreciated over the shorter of the lease term and the useful life of the right-of-use asset. The depreciation is recognised on a straight-line basis in the income statement.

Adjustments are made to the right-of-use asset in case of changes in the lease liability due to changes in the conditions of the leases or changes in the cash flow from fluctuations in an index or an interest rate.

The right-of-use assets are amortised on a straight-line basis over their expected lease periods which constitute:

- Operating equipment 3 – 10 years
- Warehouse properties with associated administration 3 – 10 years
- Stores 3 – 10 years.

Right-of-use assets and leasing liabilities are presented separately in the Group's balance sheet.

The Group has chosen not to recognise leases with a term of less than 12 months or a present value of less than DKK 30,000 instead lease payments are recognised on a straight-line basis in the income statement.
Furthermore, the Group has chosen to determine a discount rate on a portfolio of lease agreements with uniform characteristics.

Leases effective before 1 January 2019
Lease liabilities are accounted for in financial and operating leases.

A lease is classified as financial when it essentially transfers the risks and benefits of owning the leased asset to the lessee. Other leases are classified as operational.

For financially leased assets, the cost price is calculated at the lower of the fair value of the assets or the present value of the future minimum lease payments. When calculating the present value, the lease agreement's internal interest rate or the Group's incremental borrowing rate is used as a discount factor.

Lease payments for operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

NOTES

(All amounts are in DKK thousands)

NOTE:

1 In the Group's balance sheet assets rented out on operational lease terms are recognised, measured and presented in the same way as other similar assets. Income from leasing is recognised on a straight-line basis over the lease term.

Investments in subsidiaries in the parent company's financial statements
Investments in subsidiaries are measured according to the equity method.

Investments in subsidiaries are measured at the proportionate share of the companies' net worth calculated according to the Group's accounting policies with the addition or deduction of unrealised intra-group profits and losses, and the addition or deduction of the remaining value of positive or negative goodwill calculated according to the acquisition method.

Impairment of non-current assets
Goodwill and intangible assets with indefinite useful lives are tested annually for impairment, the first time before the end of the year of acquisition.

The carrying amount of goodwill is tested for impairment together with the other non-current assets in the cash-generating unit to which goodwill is allocated, and is written down over the income statement if the carrying amount is higher than the recoverable amount.

The recoverable amount is generally calculated as the present value of the expected future net cash flow from the activity to which goodwill is linked. The impairment of goodwill is recognised in a separate item in the income statement.

Deferred tax assets are assessed annually and recognised only to the extent that it is probable that they will be utilised.

The carrying amount of the other non-current assets is assessed annually to determine whether there is any indication of impairment. When such an indication is present, the asset's recoverable amount is calculated. The recoverable amount is the asset's fair value less the expected cost of disposal or net present value. The net present value is calculated as the present value of expected future cash flows from the asset or the cash-generating unit which the asset is part of.

An impairment loss is recognised when the carrying amount exceeds the asset's recoverable amount. Impairment losses are recognised in the income statement under depreciation.

Impairment losses on goodwill are not reversed. Impairment losses on other assets are reversed to the extent that changes have occurred in the assumptions and estimates that led to the impairment. Impairment losses are reversed only to the extent that the new carrying amount does not exceed the carrying amount after depreciation if an impairment loss has not been recognised for the asset.

Inventories
Inventories are measured at cost price, which is calculated on the basis of average prices. If the net realisable value is lower than the cost price, an impairment loss is made to the net realisable value.

The cost price includes the acquisition price plus the cost of repatriation.

The net realisable value is calculated as the expected sale price less costs to execute the sale and is determined on the basis of marketability, obsolescence, and expected development in the sales price.

Receivables
Receivables are measured at their amortised cost price. Impairment to counter losses is conducted according to the simplified expected credit loss model, after which the total loss is recognised immediately in the income statement at the same time as the receivable is recognised in the balance sheet on the basis of the expected loss over the total life of the receivable.

Prepayments
Prepayments recognised under assets consist of costs paid for subsequent financial years and are measured at cost price.

Securities and other investments
Shares and bonds are recognised on the trade date under current assets and are subsequently measured at fair value corresponding to the market price of listed securities. Changes in the fair value are recognised in the income statement on an ongoing basis under financial items.

Other investments that are shares in unlisted companies are recognised under non-current assets at fair value plus costs on the trade date and measured at fair value. Dividends are recognised in the income statement unless the dividend clearly represents the recovery of a portion of the cost of the investment. Remaining value adjustments are recognised in other comprehensive income under the provision for fair value adjustments. Upon realisation, the accumulated value adjustment is reclassified from the provision for fair value adjustments to transferred comprehensive income without affecting the income statement.

The fair value is calculated at an estimated fair value calculated on the basis of current market data and recognised valuation methods for unlisted securities.

Equity
Dividend
Proposed dividend is recognised as a liability at the time of adoption at the annual general meeting. Dividend that is expected to be paid for the year is shown as a separate item under equity.

NOTES

(All amounts are in DKK thousands)

NOTE:

1 ***Own shares***

Acquisition and disposal amounts and dividends for own shares are recognised directly in retained earnings under equity. Gains and losses on sales are thus not recognised in the income statement.

Proceeds from the sale of own shares in connection with the exercise of share options are recognised directly in equity.

Reserve for foreign currency translation adjustments

The reserve for foreign currency translation adjustments consists of exchange rate differences arising on translation of the financial statements of foreign companies from their functional currency to DKK.

Employee benefits

The Group has entered into agreements to provide defined contribution pension schemes for the majority of the Group's employees.

Liabilities relating to defined contribution pension schemes for which the Group regularly pays fixed pension contributions to independent pension companies are recognised in the income statement during the period in which they are earned, and payments due are recognised in the balance sheet under other liabilities.

Share options are measured at fair value at the date of issue and are recognised in the income statement under staff costs. The counter item is recognised directly in equity. The fair value of the granted share options is calculated using the option price model (Black & Scholes).

Corporation tax and deferred tax

Current tax liabilities and receivables are recognised in the balance sheet as calculated tax on taxable income for the year, adjusted for tax on previous years' taxable income and tax paid on account.

Deferred tax is measured according to the balance sheet liability method of all temporary differences between the net asset value and tax value of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to non-deductible goodwill and other items where temporary differences - other than business acquisitions - have arisen at the time of acquisition without affecting profit/(loss) or taxable income.

Deferred tax is measured on the basis of the tax rules and at the tax rate that will apply as per the legislation on the balance sheet date when the tax liability is expected to be triggered as current tax. Changes in deferred tax as a result of changes in the tax rate are recognised in the income statement.

Deferred tax assets are recognised under non-current assets at the value that is expected to be realised, either by set-off against deferred tax liabilities or by offsetting tax on future earnings.

Financial liabilities

Debt to mortgage-credit institutions and credit institutions is recognised at the time of borrowing at the value of the proceeds received less transaction costs incurred. In subsequent periods, the financial liabilities are measured at amortised cost corresponding to the capitalised value using the effective interest rate, so that the difference between the proceeds and the nominal value is recognised in the income statement over the loan period.

Financial liabilities also include the capitalised residual lease obligation on finance leases, measured at their amortised cost price.

Other payables, which include debt to suppliers, are measured at their amortised cost price, and other liabilities at net realisable value.

Accruals and deferred income

Accrued expenses recognised under liabilities consist of deferred income and are measured at their cost price.

CASH FLOW STATEMENT

The cash flow statement shows cash flows from operating, investing, and financing activities for the year, the change in cash and cash equivalents for the year, and cash and cash equivalents at the beginning and end of the year.

The liquidity effect of business acquisitions and sales is shown separately under cash flow from investing activities. Cash flow from acquired companies is recognised in the cash flow statement from the date of acquisition, and cash flows from sold companies are recognised up to the point of sale.

Cash flow from operating activities

Cash flows from operating activities are calculated as profit/(loss) before tax adjusted for non-cash operating items, changes in working capital, interest received and paid, and corporate taxes paid.

Cash flow from investing activities

Cash flows from investing activities include payments in connection with: the purchase and sale of companies and activities; the purchase and sale of intangible, tangible, and other non-current assets; and the purchase and sale of securities that are not included as cash and cash equivalents.

The conclusion of finance leases is considered a non-cash transaction.

NOTES

(All amounts are in DKK thousands)

NOTE:

1 **Cash flow from financing activities**

Cash flows from financing activities include changes in the size or composition of share capital and related costs, as well as the raising of loans, the repayment of interest-bearing debt, the purchase and sale of own shares, and the payment of dividends to shareholders.

Cash flows from assets held under finance leases are recognised as the payment of interest and repayment of debt.

Cash and cash equivalents

Cash and cash equivalents consist of cash and short-term deposits.

Segment information

The Group's activities relating to the trade of 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) are operated in an integrated manner and assessed as a total operating segment.

Financial ratios

Financial ratios have been prepared in accordance with IAS 33 and the CFA Society Denmark's 'Recommendations and Financial Ratios'.

When presenting figures, parentheses are used to indicate negative results and deductions.

2 SIGNIFICANT ESTIMATED UNCERTAINTIES AND ASSUMPTIONS

When calculating the carrying amount of certain assets and liabilities, estimates are made of how future events affect the value of these assets and liabilities at the balance sheet date.

The estimates and assumptions may have a significant effect on the financial reporting and can be categorised as significant accounting judgements or significant accounting estimates and assumptions.

The estimates made are based on historical experience and other factors that the management considers reasonable in the circumstances, but which are inherently uncertain and unpredictable. The assumptions may be incomplete or inaccurate, and unexpected events or circumstances may arise. Furthermore, the company is subject to risks and uncertainties that may cause actual results to differ from those estimates.

It may be necessary to change previous estimates due to changes in the circumstances underlying them or due to new knowledge or subsequent events.

Significant accounting judgements, estimates and assumptions

Significant accounting estimates and judgements include assumptions and estimates of the future and other uncertainty, that could potentially have affect the company within the next 12 months. Estimates that are material to the financial reporting are made, inter alia, by valuing the impairment testing of goodwill, receivables, and inventories and by calculating depreciation and impairment.

Land and buildings

AO's properties are primarily used in connection with the Group's operating activities. Fluctuations in the market value of the properties will not affect their use nor thus the accounting valuation.

A change of use of AO's properties could affect the carrying amount.

Impairment testing for goodwill and other intangible assets

In the annual impairment tests of intangible assets, including goodwill and rights, estimates are made of how the parts of the business (cash-generating units) to which goodwill and rights are attributed will be able to generate sufficient positive net cash flows in the future to support the value of the goodwill and rights.

Due to the nature of the business, expected cash flows must be estimated for many years to come, leading to some uncertainty. This uncertainty is reflected by the chosen discount rate.

Impairment testing and the special sensitive conditions in this regard are described in more detail in note 12.

Receivables

Estimates are used when assessing the probability of receivables. Due to the financial situation in society, the risk of losses on doubtful receivables remains high, which has been taken into account when assessing new customers, by way of impairment losses at the balance sheet date, and in the day-to-day governance and control of the receivables as described in note 26.

Inventories

The estimated uncertainty of inventories relates primarily to slow-moving goods and thus to impairment to the net realisable value.

Impairment requirements are continuously assessed on inventories based on historical sales and the assessment of future sales.

NOTES

(All amounts are in DKK thousands)

COMPANY				CONSOLIDATED	
2018	2019	NOTE:		2019	2018

3 **Segment information**

The Group's activities relating to the trade of 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 and corporate customers are operated in an integrated manner and assessed as a total operating segment.

According to IFRS 15, the 2019 revenue can be categorised as Technical Installation of DKK 2,578.0 million (2018: DKK 2,401.0 million) and Construction of DKK 1,004.7 million (2018: DKK 972.4 million).

Revenue from the professional segment amounts to DKK 3,139.2 million (2018: DKK 2,994.7 million) and revenue from the private segment amounts to DKK 443.5 million (2018: DKK 378.7 million).

Online trade (PC, tablet, smartphone and EDI) amounts to DKK 1,400.0 million (2018: DKK 1,187.2 million).

Geographical information

The Group operates primarily in Denmark. International revenue amounts DKK 321.3 million (2018: DKK 290.5 million) or less than 10% of the total Group´s revenue relates to foreign countries, and the same applied in 2018.

Major customers

Just as in 2018, the Group has not traded with any individual customer representing more than 10% of the Group's total revenue for 2019.

Essential conditions

No credit is allowed to customers on the private market. B2B sales are made on short term and therefore no difference between revenue and cash flows is recognized.

As a wholesaler, Brødrene A & O Johansen A/S does not have any substantial warranty obligations, and the return obligations are considered immaterial.

There are no significant estimates other than the recognition of bonus which is based on an estimated annual discount rate.

Company 2018	Company 2019	Note		Consolidated 2019	Consolidated 2018
		4	**Cost of sales**		
(2,311,994)	(2,431,673)		Cost of goods purchased during the year	(2,631,708)	(2,458,129)
(115,273)	(115,050)		Distribution costs	(134,522)	(130,113)
(2,427,267)	(2,546,722)			(2,766,230)	(2,588,241)
			Change in inventories:		
383,991	402,731		Inventory at the beginning of the year	435,364	414,053
1,985	14,630		Change in cost during the year	14,620	1,991
(588)	(3,039)		Inventory writedown, net	(4,667)	673
402,731	423,115		Inventory at the end of the year	458,969	435,364
17,343	8,793		Change in inventory for the year	13,652	18,648
(2,409,925)	**(2,537,929)**		**Cost of sales for the year**	**(2,752,578)**	**(2,569,594)**

The workman is very busy with the tasks on the construction site and has therefore ordered and promptly received a "rush delivery" from AO full of the missing materials. He is now ready to complete his work.

NOTES

(All amounts are in DKK thousands)

COMPANY				CONSOLIDATED	
2018	2019	NOTE:		2019	2018
		5	**Other operating income**		
			The item includes property rental income.		
		6	**External expenses**		
			Remuneration for the auditor elected by the annual general meeting:		
			Total remuneration may be specified as follows:		
(600)	(838)		Statutory audit	(1,203)	(908)
(50)	(86)		Tax and VAT related advisory services	(90)	(50)
(347)	(166)		Other services	(226)	(405)
(997)	**(1,090)**			**(1,519)**	**(1,363)**
		7	**Staff costs**		
(323,443)	(320,120)		Wages and salaries	(349,470)	(351,722)
(23,167)	(22,590)		Pension contributions	(25,085)	(25,509)
(3,847)	(3,531)		Other social security costs	(7,488)	(7,913)
(2,020)	(1,477)		Other staff expenses	(1,526)	(2,067)
(352,476)	**(347,718)**			**(383,569)**	**(387,211)**
			Wages and salaries include remuneration for:		
(2,250)	(2,250)		Board of Directors	(3,225)	(3,225)
(20,420)	(22,037)		Executive Board	(22,037)	(20,420)
(2,629)	(2,670)		Pension contributions	(2,670)	(2,629)
(25,299)	(26,957)			(27,932)	(26,274)
684	674		Average number of full-time employees	734	747

The Group only has defined contribution plans.

Remuneration for the Executive Board includes a provision for bonus for the financial year 2019, as opposed to a payment bonus in previous years. By maintaining previously recognised bonus payments, remuneration for the Executive Board shows an increase of 3.4% in 2019.

The Executive Board of the Company may be granted share options. The value of the granted share options may not exceed the individual executive's annual salary. The value is determined by the Board of Directors according to resolution by the Company's general meeting. There are no unexercised share options at 31 December 2019.

NOTES

(All amounts are in DKK thousands)

COMPANY 2018	COMPANY 2019	NOTE:		CONSOLIDATED 2019	CONSOLIDATED 2018
		8	**Depreciation and amortisation**		
(32,112)	(27,332)		Intangible assets	(27,995)	(32,871)
(39,682)	(39,311)		Property, plant and equipment	(54,042)	(55,783)
0	(21,604)		Right-of-use assets, external	(23,738)	0
0	(40,154)		Right-of-use assets, subsidiaries	0	0
(70)	(7)		Gains/losses from the disposal of assets	14	2,493
(71,864)	**(128,409)**			**(105,761)**	**(86,161)**
		9	**Financial income**		
1,919	1,626		Interest income from current assets	1,665	1,959
6,102	0		Earn-out adjustment	0	6,102
713	643		Interest income from subsidiaries	0	0
0	777		Foreign exchange gains, net	701	0
8,734	**3,047**			**2,366**	**8,061**
		10	**Financial expenses**		
(11,018)	(5,329)		Interest expenses on liabilities	(6,769)	(12,524)
0	(543)		Expenses, lease liabilities, external	(577)	0
0	(1,026)		Expenses, lease liabilities, subsidiaries	0	0
0	(920)		Other financial expenses	(1,067)	(22)
(12)	(182)		Other interest expenses	(382)	(101)
(246)	(530)		Interest expense to subsidiaries	0	0
(11,276)	**(8,530)**			**(8,794)**	**(12,646)**
		11	**Tax on profit or loss for the year**		
(23,840)	(29,460)		Current tax for the year	(39,907)	(33,195)
0	0		Adjustment related to previous years	(7)	(1)
(23,840)	(29,460)			(39,913)	(33,196)
2,380	2,591		Adjustment of deferred tax for the year	2,470	1,266
168	0		Adjustment of deferred tax for previous years	7	191
(21,292)	**(26,869)**		Total	**(37,437)**	**(31,739)**
			Tax on profit/loss for the year can be explained as follows:		
(22,154)	(25,865)		Calculated tax on profit/loss before tax, not incl. subsidiaries' profits	(36,414)	(32,664)
			Tax effect of:		
1,345	0		Non-taxable income	10	1,345
(651)	(1,004)		Other non-deductible costs	(1,032)	(610)
168	0		Adjustment of tax for previous years	(1)	190
(21,292)	**(26,869)**			**(37,437)**	**(31,739)**
21.1%	22.9%		Effective tax rate	22.2%	21.1%
(7,187)	(35,756)		Taxes paid during the financial year	(37,980)	(14,912)

NOTES

(All amounts are in DKK thousands)

COMPANY			NOTE:	CONSOLIDATED		
Goodwill	Intellectual property rights	Software	**12 Intangible assets**	Goodwill	Intellectual property rights	Software
258,269	52,123	227,477	Cost at 1 January 2019	371,334	59,397	233,459
0	0	0	Foreign currency translation adjustment	0	0	2
0	0	0	Reclassification	0	0	343
0	0	18,305	Additions during the year	13,598	2,369	18,356
0	0	0	Disposals during the year	0	0	0
258,269	52,123	245,782	Cost at 31 December 2019	384,932	61,766	252,160
0	(7,985)	(185,939)	Amortisation and depreciation at 1 January 2019	0	(9,788)	(191,291)
0	0	0	Foreign currency translation adjustment	0	0	0
0	(2,662)	(24,670)	Amortisation and depreciation for the year	0	(2,691)	(25,303)
0	0	0	Disposals during the year	0	0	0
0	(10,647)	(210,609)	Amortisation and depreciation at 31 December	0	(12,479)	(216,594)
258,269	**41,477**	**35,173**	**Carrying amount at 31 December 2019**	**384,932**	**49,287**	**35,566**

Goodwill	Intellectual property rights	Software		Goodwill	Intellectual property rights	Software
258,269	52,123	207,981	Cost at 1 January 2018	371,334	59,397	213,516
0	0	0	Foreign currency translation adjustment	0	0	(4)
0	0	20,202	Additions during the year	0	0	20,653
0	0	(706)	Disposals during the year	0	0	(706)
258,269	52,123	227,477	Cost at 31 December 2018	371,334	59,397	233,459
0	(5,323)	(157,195)	Amortisation and depreciation at 1 January 2018	0	(6,818)	(161,831)
0	0	0	Foreign currency translation adjustment	0	0	0
0	0	0	Reclassification	0	0	(265)
0	(2,662)	(29,450)	Amortisation and depreciation for the year	0	(2,970)	(29,901)
0	0	706	Disposals during the year	0	0	706
0	(7,985)	(185,939)	Amortisation and depreciation at 31 December 2018	0	(9,788)	(191,291)
258,269	**44,138**	**41,538**	**Carrying amount at 31 December 2018**	**371,334**	**49,609**	**42,168**

Apart from goodwill, all intangible assets are considered to have limited useful lives. No significant changes have been made in estimates relating to intangible assets. Intellectual property rights relate to Billig VVS', Greenline A/S' and LampeGuru ApS' trademarks, domain names, etc.

NOTES

(All amounts are in DKK thousands)

NOTE:

12 Intangible assets (continued)

Goodwill

At 31 December 2019, Management performed an impairment test of goodwill. Separate cash-generating untis (CGUs) were tested for impairment. The carrying amount of goodwill, key assumptions and sensitivity analysis for future cash flows may be specified per CGU in the following way:

	Goodwill	Pre-tax WACC	Terminal growth rate
AO Danmark A/S	263,183	10 %	1.5 %
Greenline A/S	61,327	10 %	1.5 %
AO Sverige AB	46,824	10 %	1.5 %
LampeGuru ApS	13,598	10 %	1.5 %

The recoverable amount is based on the value in use, which is determined by means of expected net cash flows on the basis of budgets for 2020 and forecasts for 2021-2024 approved by Management, an unchanged discount rate and a terminal growth rate asin 2019. The applied discount rate reflects the specific risks related to the respective CGUs, including geography, capital structure, etc. The applied terminal growth rate is not expected to exceed the long-term average growth rate of the markets in which the company operates.

In the forecast period, AO Denmark and AO Sverige expect that profit margins and market shares will be at the same level as in 2019, and that the recoverable amount will be consideraby higher than the carrying amount.

Until 2024 Greenline expects an average annual growth of 10%, which is lower than the expected growth in online sales in general. Earnings are expected to be at the same level as in 2019, and therefore the recoverable amount is higher than the carrying amount.

Until 2024 LampeGuru ApS expects an average annual revenue growth in revenue of 7%.

Development costs

Development costs are included in "Software". The net value of capitalised development costs may be illustrated as follows:

Consolidated/Company	2019 Completed	2019 Work in progress	2018 Completed	2018 Work in progress
Cost at 1 January	55,653	149	31,882	6,289
Additions during the year	17,035	538	17,482	149
Transfer	149	(149)	6,289	(6,289)
Cost at 31 December	72,837	538	55,653	149
Amortisation and depreciation at 1 January	(24,134)	0	(9,465)	0
Amortisation and depreciation for the year	(17,562)	0	(14,669)	0
Amortisation and depreciation at 31 December	(41,696)	0	(24,134)	0
Carrying amount at 31 December	**31,141**	**538**	**31,519**	**149**

The contractor is handing Anne and Oskar the keys to their new house. They can tackle their plans for the future in a new environment, with plenty of space for children and leisure pursuits.

(All amounts are in DKK thousands)

COMPANY			NOTE:	CONSOLIDATED		
			13 Property, plant and equipment			
Land and buildings	**Leasehold improve-ments**	**Fixtures and operating equipment**		**Land and buildings**	**Leasehold improve-ments**	**Fixtures and operating equipment**
188,120	8,662	369,431	Cost at 1 January 2019	839,281	9,053	386,468
0	0	0	Foreign currency translation adjustment	(254)	0	0
0	0	0	Reclassification	0	0	(343)
96	3,810	20,949	Additions during the year	3,924	199	22,159
0	0	(23)	Disposals during the year	0	0	(716)
188,216	12,472	390,357	Cost at 31 December 2019	842,951	9,252	407,568
(33,330)	(8,243)	(199,930)	Amortisation and depreciation at 1 January 2019	(175,478)	(8,536)	(214,751)
0	0	0	Foreign currency translation adjustment	(8)	0	0
(3,725)	(522)	(35,064)	Amortisation and depreciation for the year	(18,142)	(19)	(35,881)
0	0	0	Disposals during the year	0	0	590
(37,055)	(8,765)	(234,994)	Amortisation and depreciation at 31 December	(193,628)	(8,555)	(250,042)
151,161	**3,707**	**155,363**	**Carrying amount at 31 December 2019**	**649,324**	**697**	**157,526**

Land and buildings	**Leasehold Improve-ments**	**Fixtures and operating equipment**		**Land and buildings**	**Leasehold Improve-ments**	**Fixtures and operating equipment**
187,477	10,393	365,566	Cost at 1 January 2018	800,024	10,787	382,322
0	0	0	Foreign currency translation adjustment	(510)	(3)	(33)
0	0	0	Reclassification	(8)	0	8
643	0	20,569	Additions during the year	39,775	0	21,105
0	(1,731)	(16,704)	Disposals during the year	0	(1,731)	(16,934)
188,120	8,662	369,431	Cost at 31 December 2018	839,281	9,053	386,468
(29,620)	(9,705)	(180,839)	Amortisation and depreciation at 1 January 2018	(159,058)	(9,990)	(195,125)
0	0	0	Foreign currency translation adjustment	(6)	0	(6)
0	0	0	Reclassification	57	0	208
(3,710)	(269)	(35,703)	Amortisation and depreciation for the year	(16,471)	(277)	(36,669)
0	1,731	16,612	Disposals during the year	0	1,731	16,841
(33,330)	(8,243)	(199,930)	Amortisation and depreciation at 31 December 2018	(175,478)	(8,536)	(214,751)
154,790	**419**	**169,501**	**Carrying amount at 31 December 2018**	**663,803**	**517**	**171,717**

NOTES

(All amounts are in DKK thousands)

COMPANY			NOTE:	CONSOLIDATED		
			14 Right-of-use assets and lease liabilities			
Land and buildings	**Fixtures and operating equipment**	**Total**	Right-of-use assets	**Land and buildings**	**Fixtures and operating equipment**	**Total**
0	0	0	Balance at 1 January 2019	0	0	0
230,805	19,775	250,580	Effect, transition to IFRS16 at January 1, 2019	68,775	21,133	89,908
0	5,937	5,937	Additions during the year	0	5,937	5,937
0	(191)	(191)	Disposals during the year	0	(223)	(223)
(53,680)	(8,078)	(61,758)	Amortisation and depreciation for the year	(15,146)	(8,592)	(23,738)
177,125	17,443	194,568	**Carrying amount at 31 December 2019**	53,629	18,255	71,884

2018	2019	Lease liabilities	2019	2018
		Maturity of lease liabilities		
0	63,360	0-1 year	23,566	0
0	119,515	1-5 years	41,504	0
0	22,172	>5 years	9,950	0
0	205,047	Total un-discounted lease liabilities at 31 December 2019	75,020	0
0	60,386	Short-term lease liabilities, less than 1 year	22,796	0
0	134,182	Long-term lease liabilities, more than 1 year	49,088	0
0	194,568	Lease liabilities recognised in the balance sheet	71,884	0
		Amounts recognised in the income statement		
0	(1,570)	Interest expenses on lease liabilities	(577)	0
0	(61,758)	Depreciation related to right-of-use assets	(23,738)	0
0	(63,328)	Total	(24,315)	0

NOTES

(All amounts are in DKK thousands)

NOTE:

15 Investments in subsidiaries (Company)

	2019	2018
Cost at 1 January	214,240	214,240
Additions during the year	17,500	0
Cost at 31 December	231,740	214,240
Value adjustment at 1 January	197,448	173,520
Dividends	(36,250)	(14,000)
Forign currency translation adjustments	(1,092)	(1,175)
Subsidiaries' results	40,310	39,103
Value adjustment at 31 December	200,416	197,448
Carrying amount at 31 December	432,155	411,688

2018 Ownership interest	2019 Ownership interest	Name	Registered office
100 %	100 %	AO Invest A/S	Albertslund
100 %	100 %	Vaga Tehnika Eesti OÜ	Estonia
100 %	100 %	AO Sverige AB	Sweden
100 %	100 %	VVSochBAD Sverige AB	Sweden
100 %	100 %	Billig VVS AS	Norway
100 %	100 %	Greenline A/S	Denmark
0 %	100 %	LampeGuru ApS	Denmark

16 Inventories

COMPANY 2018	COMPANY 2019		Consolidated 2019	Consolidated 2018
1,052	847	Carrying amount of inventories recognised at net selling price	1,015	1,201

NOTES

(All amounts are in DKK thousands)

NOTE:

17 Trade receivables

Trade receivables consist of sale of goods to business customers and which, in essence, have the same risk profile. Provisions for bad debts are made in accordance with the simplified expected credit loss model, taking into account AO's credit policy and debt collection procedure.

Calculated on the basis of a weighted loss ratio, the Group's expected credit losses on trade receivables are as follows:

		2019		
CONSOLIDATED	**Loss ratio**	**Receivable amount**	**Expected loss**	**Total**
Not yet due	0.2%	380,368	(590)	379,778
Due within 1-30 days	4.1%	14,774	(604)	14,170
Due within 31-60 days	42.4%	1,195	(507)	688
Due in more than 60 days	97.8%	21,287	(20,811)	476
Total at 31 December 2019		**417,624**	(22,512)	**395,112**

CONSOLIDATED		**2018**		
Not yet due	1.0%	352,247	(3,354)	348,893
Due within 1-30 days	6.7%	15,090	(1,009)	14,081
Due within 31-60 days	38.9%	720	(280)	440
Due in more than 60 days	71.7%	23,317	(16,723)	6,594
Total at 31 December 2018		**391,374**	(21,366)	**370,008**

COMPANY		**2019**		
Not yet due	0.2%	358,132	(588)	357,544
Due within 1-30 days	6.8%	8,808	(599)	8,209
Due within 31-60 days	54.3%	929	(504)	425
Due in more than 60 days	96.6%	20,633	(19,941)	692
Total at 31 December 2019		**388,502**	(21,632)	**366,870**

COMPANY		**2018**		
Not yet due	1.2%	335,679	(4,114)	331,565
Due within 1-30 days	4.9%	10,001	(495)	9,506
Due within 31-60 days	35.1%	359	(126)	233
Due in more than 60 days	71.6%	20,190	(14,458)	5,732
Total at 31 December 2018		**366,229**	(19,193)	**347,036**

Historically, the Group has incurred no losses on receivables from subsidiaries, and is not expected to going forward.

Gitte and Bjørn have moved into their newly-renovated apartment and are getting a visit from the workman, who is keen to make sure everything is as it should be. After a quick review and hand-over, they part their ways, and the couple can now begin their new adventure.

NOTES

(All amounts are in DKK thousands)

COMPANY 2018	COMPANY 2019	NOTE:		CONSOLIDATED 2019	CONSOLIDATED 2018
		17	**Trade receivables (continued)**		
			Provision for losses on receivables:		
19,610	15,465		Provision for losses on receivables at 1 January excl. VAT	17,736	21,280
(8,860)	(3,377)		Realised loss during the year - use of previous provision	(4,524)	(9,037)
4,715	5,487		Adjustment of provisions for losses	5,243	5,493
15,465	**17,575**		Provision for losses on receivables at 31 December	**18,455**	**17,736**
(175)	(223)		Recognised previously written-off receivables	(223)	(175)
488	12		Losses recognised in the year and not previously provided for	314	641
5,028	**5,276**		Operating effect, net from loss and provision for losses on receivables	**5,334**	**5,959**
		18	**Earnings per share**		
118,514	131,001		Net profit or loss for the year		
2,800,000	2,800,000		Average number of shares in circulation		
(82,390)	(82,390)		Average number of own shares		
2,717,610	2,717,610		Average number of shares in circulation		
0	0		The average dilution effect of outstanding share options		
2,717,610	2,717,610		Diluted average number of outstanding share options		
44	48		Earnings per share (EPS) of DKK 10.		
44	48		Diluted earnings per share (EPS-D) of DKK 10		
		19	**Corporation tax receivable/payable**		
24,826	31,240		Corporation tax paid on account during the year	33,356	26,916
(29,342)	(35,544)		Tax on taxable profit for the year	(39,907)	(33,195)
0	0		Tax payable relating to previous years	(1,842)	172
(4,516)	(4,304)		Total corporation tax receivable/payable	(8,393)	(6,107)

NOTES

(All amounts are in DKK thousands)

NOTE:

20 Equity

Capital management

The Group regularly assesses the need for adapting the capital structure with a view to balancing a higher required rate of return on equity with the increased uncertainty associated with loan capital. At the end of 2019, the equity share of total equity and liabilities amounted to 37,7% (2018: 35.3%). The target is to obtain an equity ratio of approximately 40%. Capital is managed for the Group as a whole.

The share capital consists of the following classes:

Ordinary share capital:		
440 shares of	DKK 100 each	44,000
2340 shares of	DKK 400 each	936,000
180 shares of	DKK 500 each	90,000
220 shares of	DKK 1,000 each	220,000
870 shares of	DKK 5,000 each	4,350,000
		5,640,000
Preference share capital:		
2,236,000 shares of	DKK 10 each	22,360,000
Total share capital		28,000,000

Of the Company's share capital of DKK 28,000,000 DKK 5,640,000 is in the form of ordinary shares and DKK 22,360,000 is in the form of preference shares. Each ordinary share of DKK 100 carries 100 votes whereas each preference share of DKK 10 carries one vote. In addition to the the difference in the number of voting rights, the two share classes differ in the following respects:

The ordinary shares are nonnegotiable securities. The preference shares are listed on NASDAQ Copenhagen. The preference share capital has a preferential dividend right of 6%. In case of liquidation, preference shares take precedence over ordinary shares.

An alteration to the Company's Articles of Association requires that two thirds of cast votes and two thirds of the represented capital at a general meeting are in favour of the alteration.

Holders of preference shares are entitled to appoint and elect one member of the Board of Directors, while holders of ordinary shares elect the remaining Board members.

	Number of shares		Nominal value (DKK thousands)		% of share capital	
Own shares	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
1 January	83,390	83,390	824	824	2.9%	2.9%
Holding at 31 December	83,390	83,390	824	824	**2.9%**	**2.9%**

All own shares are held by Brødrene A & O Johansen A/S.

According to the authorisation of the annual general meeting, Brødrene A & O Johansen A/S is allowed to acquire own shares up to a total holding of 10% of the share capital.

NOTES

(All amounts are in DKK thousands)

NOTE:

20 Equity (continued)

Dividend

The payment of dividends to the Company's shareholders has no tax implication for Brødrene A & O Johansen A/S. Proposed dividend for 2019 amounts to DKK 16,800,000.

Other reserves

Reserve for net revaluation according to the equity method contains value adjustments related to investments in subsidiaries. Included in reserve for development costs is an amount corresponding to capitalised intangible assets meeting the criteria for being defined as a development project.

Reserve for net revaluation according to the equity method and reserve for development costs are unavailable for distribution to shareholders.

Reserve for foreign currency translation adjustment

The reserve for foreign currency translation adjustments includes all translation adjustments that arise as a result of the translation of the financial statements of entities using a functional currency other than Danish kroner. There are no translation adjustments in connection with assets and liabilities constituting a part of the Group's net investment in such entities.

COMPANY				CONSOLIDATED	
2018	**2019**	**NOTE:**		**2019**	**2018**
		21	**Deferred tax**		
32,149	29,601		Deferred tax at 1 January	60,472	61,963
0	0		Foreign currency translation adjustment	(18)	(35)
0	0		Acquisition of enterprise	520	0
(2,380)	(2,591)		Change in deferred tax for the year	(2,470)	(1,266)
(168)	0		Change in deferred tax relating to previous years	(7)	(190)
29,601	**27,010**		**Deferred tax at 31 December**	**58,497**	**60,472**
			Deferred tax relates to:		
9,887	9,033		Intangible assets	11,437	11,888
20,923	19,205		Property, plant and equipment	48,322	49,811
(1,209)	(1,229)		Receivables	(1,240)	(1,219)
0	0		Liabilities	(22)	(8)
29,601	**27,010**		**Deferred tax at the end of the year**	**58,497**	**60,472**
		22	**Other payables**		
41,275	30,510		Holiday allowance	33,165	43,408
5,107	5,299		Salary related items	7,292	7,305
4,000	5,500		Acquisition of enterprise and earn-out	5,500	4,000
13,943	7,222		VAT and taxes	14,760	18,235
11,154	12,040		Other payables	13,532	12,013
75,479	**60,571**			**74,249**	**84,961**

NOTES

(All amounts are in DKK thousands)

COMPANY				CONSOLIDATED	
2018	2019	NOTE:		2019	2018
		23	**Financing activities**		
65,366	61,802		Mortgage loans - floating interest rate - 5 years	228,206	241,105
404,629	210,012		Bank loans - floating short-term interest rate	274,256	405,362
0	194,568		Lease liabilities - floating interest rate	71,884	0
469,995	**466,382**			**574,346**	**646,467**
			Payables relating to financing activities:		
694,762	469,996		Beginning-of-year	646,468	859,721
0	250,580		Addition, lease liabilities per January 1, 2019, IFRS 16	89,908	0
0	0		Addition, debt credit institutions from acquisition	2,189	0
(167,810)	(158,937)		Repayment of debt	(171,195)	(287,402)
(56,956)	25,000		Raising of loans from credit institutions	25,000	74,150
0	5,745		Addition, lease liabilities, net	5,714	0
0	(61,758)		Installment, lease liabilities	(23,738)	0
469,996	**530,626**		Year-end	**574,346**	**646,469**

According to the leases there are no contingent rents. The contractual cash flows appear from note 26.

24 Acquisition of enterprise

In 2019, Brødrene A & O Johansen A/S obtained control over the online company LampeGuru ApS through the acquisition of all existing shares.

In Denmark and Norway, LampeGuru is a leading online provider of lamps, and is in the same segment as the rest of the Group. The acquisition of LampeGuru ApS allows synergies to be created with regard to product range, warehouse/logistics and the existing business of the group.

LampeGuru's revenue of TDKK 11,279 and profit before tax of TDKK 948 are recognised in the annual report for 2019. Acquisition costs of TDKK 340 have been expensed in 2019. Revenue for the entire year 2019 amounts to TDKK 30,900 and profit before tax to TDKK 2,100.

The acquisition price amounts to TDKK 17,500, of which TDKK 10,000 is paid in cash. The Group is obligated to pay an additional TDKK 7,500, of which TDKK 3,000 is expected to be paid in Q1 2020, while TDKK 4,500 is dependent on future earnings in LampeGuru. On the date of acquisition, it is expected that TDKK 7,500 will be paid in full, thus a financial liability of TDKK 7,500 has been recognised in the Group's annual report 2019.

The fair value of acquired assets, liabilities and contingent liabilities, andaqusition price for LampeGuru ApS has been finally calculated and can be specified as follows in TDKK:

Property, plant and equipment	13
Deposits	31
Inventories	4,643
Trade receivables	465
Cash	1,746
Interest-bearing debt	(2,189)
Trade payables	(1,648)
Other payables	(1,007)
Acquired net assets	2,054
Goodwill	13,598
Intellectual property rights	2,369
Deferred tax liabilities	(521)
Price of acquisition	17,500
Contingent acquisition	(7,500)
Cash paid on acquisition	10,000
Cash acquired from LampeGuru ApS	(1,746)
Net cash effect 2019 from aquisition of LampeGuru ApS	8,254


BilligVVS
LavprisVVS
LavprisVVS
LampeGuru.dk
LampeGuru.dk
LampeGuru.dk

Packages from Greenline, BilligVVS, LavprisVVS and Lampeguru. Both couples have used our B2C companies to purchase a number of products that they can now set up themselves and put the finishing touches in place.

NOTES

(All amounts are in DKK thousands)

NOTE:

25 Contingent liabilities, security, etc.

Land and buildings with a total carrying amount of DKK 529,711,000 (2018: DKK 544,368,000) are provided as security for the Group's payables to mortgage credit institutions and finance lease liabilities. Land and buildings with a total carrying amount of DKK 117,383,000 (2018: DKK 119,938,000) are provided as security for the Company's payables to mortgage credit institutions and finance lease liabilities.

A bank guarantee totalling DKK 370,000 (2018: DKK 369,000) has been provided for the Group's rent deposits, and for the Company's rent deposits a bank guarantee totalling DKK 313,000 (2018: DKK 313,000) has been provided.

The company is jointly taxed with AO Invest A/S, Greenline A/S, LampeGuru ApS and the ultimate Danish parent company Avenir Invest ApS, which is the administration company for joint taxation purposes. The company is unlimited, jointly and severally liable with other jointly taxed companies towards the Danish tax authorities for the total corporation tax. Payable corporation taxes within the joint taxation group amounted to DKK 4,304,000 at 31 December 2019 (2018: DKK 4,516,000).
Any adjustment to the taxable income subject to joint taxation might entail an increase in the Company's liability. Group companies are not subject to withholding tax on dividends. Transactions appear from note 28.

The company manages a cash pooling for the Group-related and is jointly and severally liable for this. At 31 December 2019, the cash-pool arrangement amounts to DKK 69,537,000.

26 Financial risks

The Group's risk management policies
As a result of its operations, investments and financing, the Group is exposed to changes in exchange rates and interest-rate levels. It is Group policy not to engage in any active speculation in financial risks. The Group's financial management therefore only concentrates on the management of the of the financial risks that are directly linked to the Group's operations and financing. Financial risks are managed centrally by the Group's finance function.

The overall framework for the financial risk management is laid down in the Group's finance policy, which has been approved by the Board of Directors. The finance policy covers the Group's finance policy as well as its policy relating to credit risks associated with financial counterparties and contains a description of the approved risk framework. Management monitors the Group's risk concentration on customers, currencies and other areas on a regular basis.

Currency risks

The Group's currency risk in connection with Danish operations is limited as revenue is generated in Danish kroner, and goods are primarily purchased in DKK or EUR.

The Group's foreign operations are not much affected by currency fluctuations, as income and expenses are largely paid in local currency. Consolidated results will be affected by exchange differences arising on translation of foreign operations' results and on translation of net assets.

The Group uses derivative financial inustruments to a very limited extent. The derivative financial instruments consist of forward exchange contracts for the purchase of EUR. The fair value of the forward exchange contracts amounts to DKK 0.1 million at 31 December 2019, and therefore no further information is provided.

With regard to investments in Sweden, the Group's equity at 31 December 2019 would be reduced by DKK 3.5 million (2018: DKK 3.8 million), if the SEK exchange rate was 10% lower than the current rate. Other currency risks relating to investments in foreign entities are insignificant.

(All amounts are in DKK thousands)

NOTE:

26 Financial risks (continued)

The Group had no significant currency risks relating to receivables or payables in foreign currencies at 31 December 2019, and the consolidated results would therefore not be affected to any major extent by changes in exchange rates at 31 December 2019.

The Group has the following currency exposure at 31 December:

Consolidated/Company	2019			2018		
	EUR	OTHER*	TOTAL	EUR	OTHER*	TOTAL
Trade payables	32,925	27,360	60,285	27,860	24,396	52,256
Payables to credit institutions	40,870	30,045	70,915	71,061	13,489	84,550
Net exposure	73,795	57,405	131,200	98,921	37,885	136,806
Risk in exchange rate fluctuation	1%	10%		1%	10%	
Estimated effect on income statement and equity	**738**	**5,741**	**6,478**	**989**	**3,789**	**4,778**

* Mainly SEK

The Group's currency exposure related to financial instruments is primarily a result of the Group's financing activities.

Interest rate risks

As a result of its investing and financing activities, the Group has a risk exposure relating to fluctuations in the interest-rate level in Denmark. The main interest rate exposure is related to fluctuations in CIBOR.

In 2019, the Group's interest-bearing debt, determined as payables to credit institutions and lease liabilities less negotiable securities and cash decreased by DKK 231.5 million to DKK 493.9 million at the end of the year adjusted for lease liabilities according to IFRS 16.

Based on the net debt, a decrease of one percentage point in the general interest-rate level would result in a decrease in the Group's annual interest expenses before tax of approximately DKK 4.9 million (2018: approximately DKK 6.3 million).

Liquidity risks

In connection with borrowing, it is the Group's policy to ensure the greatest possible flexibility by spreading the loans on different maturity/renegotiation dates and on different lenders to ensure the best possible terms. The Group's cash resources comprise cash and short-term deposits, securities and undrawn credit facilities. It is the Group's aim to have sufficient cash resources in order to make appropriate decisions also in connection with unforeseen liquidity fluctuations.

NOTES

(All amounts are in DKK thousands)

NOTE:

26 Financial risks (continued)

The Group's payables fall due as follows:

CONSOLIDATED	Carrying amount	Contractual cash flows	2019 Less than 1 year	1 to 5 years	More than 5 years
Mortgage loans	228,206	242,658	15,067	58,110	169,481
Bank loans	274,256	274,256	274,256	0	0
Lease liabilities	71,885	75,068	23,586	41,532	9,950
Trade payables	704,652	704,652	704,652	0	0
31 December	**1,278,999**	**1,296,634**	**1,017,561**	**99,642**	**179,431**

CONSOLIDATED	Carrying amount	Contractual cash flows	2018 Less than 1 year	1 to 5 years	More than 5 years
Mortgage loans	241,106	261,635	15,344	60,545	185,746
Bank loans	405,363	405,363	405,363	0	0
Trade payables	589,259	589,259	589,259	0	0
31 December	**1,235,728**	**1,256,257**	**1,009,966**	**60,545**	**185,746**

The Company's payables fall due as follows:

COMPANY	Carrying amount	Contractual cash flows	2019 Less than 1 year	1 to 5 years	More than 5 years
Mortgage loans	61,802	65,715	3,981	15,446	46,288
Bank loans	274,256	274,256	274,256	0	0
Lease liabilities	194,568	205,047	63,360	119,515	22,172
Trade payables	678,081	678,081	678,081	0	0
Intra-group balances	51,490	51,490	0	51,490	0
31 December	**1,260,197**	**1,274,589**	**1,019,678**	**186,451**	**68,460**

COMPANY	Carrying amount	Contractual cash flows	2019 Less than 1 year	1 to 5 years	More than 5 years
Mortgage loans	65,366	68,748	4,198	15,777	48,773
Bank loans	404,629	404,629	404,629	0	0
Trade payables	565,898	565,898	565,898	0	0
Intra-group balances	36,914	36,914	0	36,914	0
31 December	**1,072,806**	**1,076,189**	**974,725**	**52,691**	**48,773**

NOTES

(All amounts are in DKK thousands)

NOTE:

26 Financial risks (continued)

Assumptions regarding the maturity analysis:

* The maturity analysis is based on all undiscounted cash flows, including estimated interest payments according to contractual basis.
* Interest payments are estimated on the basis of current market conditions.

Based on the Group's expectations for future operations and the Group's current cash resources, no material liquidity risks have been identified. Agreements containing Supply Chain Finance programmes have been concluded.

Group loans and committed credit facilities are not subject to any special terms or conditions (covenants).

Credit risks

The Group's credit risks relate to receivables and cash and short-term deposits. The maximum credit risk associated with financial assets corresponds to the values recognised in the balance sheet.

The Group has no material risks relating to individual customers or business partners. Credit rating is based on an individual assessment of customers and business partners and their respective financial situation. The management of the credit risk is based on internal credit limits determined according to the customers' credit rating. As a result of the current market conditions, the Group has amended its credit limits for a number of customers. If the credit rating of a customer is assessed as being insufficient, the terms of payment are amended or security is provided.

The Group's credit exposure to customers is monitored on an ongoing basis as part of the Group's risk management.

In general, no security has been received for overdue or impaired receivables.

Categories of financial instruments, and methods and assumptions for determining fair values

The carrying amount and fair value of financial instruments are identical with the exception of loans measured at amortised cost, and where the carrying amount at 31 December 2019 amounts to DKK 574.3 million (2018: DKK 646.5 million) incl. lease liabilities at the end of the year.

The methods and assumptions applied in determining fair values of financial instruments are presented below for each class of financial instrument. The methods used have not been changed compared to last year.

The fair value of mortgage debt is determined on the basis of the underlying bonds. Short-term floating-rate bank loans are measured at nominal value.

The fair value of bank loans and finance lease liabilities is determined on the basis of discount models, where all estimated and fixed cash flows are discounted using zero-coupon yield curves.

Trade receivables, cash and short-term deposits, and trade payables are subject to a short credit period and are considered to have a fair value that corresponds to the carrying amount. No further fair value information for financial assets is given when the carrying amount is assumed to be a proper measure of the fair value of the assets.

Anne and Oskar are enjoying their new surroundings. They can now relax and chat happily about all the exciting opportunities that their new home has brought them. They are pleased that the project is complete and that everything has gone according to plan.

NOTES

(All amounts are in DKK thousands)

NOTE:

27 Operating leases

As at 1 January 2019 the Group has implemented IFRS 16 Leases, whereby operating leases are recognised in the balance sheet.

As at 31 December 2018 non-cancellable operating minimum lease payments are determined on a nominal basis and amounts to:

	Consolidated 2018	Company 2018
0-1 year	22,428	60,736
1-5 years	42,429	150,328
>5 years	12,880	31,223
	77,737	242,287
Recognised lease payments	27,077	67,261

In 2018, the Group leased buildings and operating equipment under operating leases. The lease term varied from six months to 12 years with the possibility of extension at the end of the term. None of the leases contain contingent rent.

28 Related parties

The Group's related parties comprise the parent company Avenir Invest ApS (Axeltorv 2, DK-1607 Copenhagen V, Denmark), Evoleska Holding AG (Switzerland), the Board of Directors, the Executive Board and management employees.

In 2019 Avenir Invest ApS acquired shares in Brødrene A & O Johansen A/S from Evoleska Holding AG (Switzerland) and thereby obtained control over the company through its ownership of the majority of the voting rights. During the year, no transactions were carried out with Avenir Invest ApS.

During the year, no significant transactions were carried out with the Board of Directors, the Executive Board, management employees or major shareholders apart from normal management remuneration, cf. note 7, and dividend payments.

In addition, related parties are the Company's subsidiaries to whom letters of subordination have been submitted. Trading with subsidiaries comprises the following:

Company			Consolidated	
2018	2019	tkr.	2019	2018
136,499	125,495	Sale of goods	0	0
43,425	41,180	Rental expenses	0	0
4,975	5,687	Management fee	0	0

Transactions with subsidiaries are eliminated in the consolidated financial statements in accordance with the accounting policies.

NOTES

(All amounts are in DKK thousands)

NOTE:

28 Related parties (continued)

The Company's balances with subsidiaries at 31 December can be seen in the balance sheet. Balances with subsidiaries comprise ordinary trading balances related to the sale of goods.Ordinary trading balances attract no interest and are subject to the same terms of trade as other customers of the Company. Balances with subsidiaries also comprise the construction and conversion of buildings. Return on balances appears from note 9 and 10.

The Company has entered into building leases with AO Invest A/S, cf. note 13.

As the Company is jointly taxed with other Danish group entiiies, it is liable to pay taxes of DKK 6,084,000 (2018: DKK 5.501,000).

29 Subsequent events

No events have occurred after 31 December 2019 that are considered to have a material effect on the annual report for 2019.

30 New accounting regulation

At the time of publication of this annual report, IASB has issued the following new and amended financial reporting standards and interpretations that are not compulsory for Brødrene A & O Johansen A/S in preparing the annual report for 2019;

- IFRS 17 Insurance Contracts
- IFRS 3 Business Combinations - Amendments to IFRS 3
- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Estimates and Errors. Amendments to IAS 1 and IAS 8: Definition of Material
- Conceptual Framework — Amendments to References to the Conceptual Framework in IFRS Standards.

None of the above standards and interpretations have been adopted by the EU.

The adopted standards and interpretations that have not yet come into effect will be implemented as they become compulsory for Brødrene A & O Johansen A/S. It has been assessed that none of the above-mentioned standards and interpretations will affect recognition and measurement for Brødrene A & O Johansen A/S.

FINANCIAL RATIO DEFINITIONS AS RECOMMENDED BY CFA SOCIETY DENMARK

Gross profit margin	(Gross margin / Revenue) * 100
Profit margin	(Operating profit or loss (EBIT) / Revenue) * 100
Return on capital employed	(EBIT / Average total assets) * 100
Return on equity	(Net profit or loss for the year / Average equity) * 100
Solvency ratio	(Equity / Total assets) * 100
Price Earnings Basic (P/E Basic)	Share price at the end of the year / Earnings per share
Earnings per share (EPS Basic), DKK	Profit after tax / Average number of shares in circulation
Diluted earnings per share (EPS-D), DKK	Profit after tax / Diluted average number of outstanding share options

COMPANY INFORMATION

Brødrene A & O Johansen A/S

Rørvang 3
DK-2620 Albertslund
Denmark

Telephone:	+45 70 28 00 00
Telefax:	+45 70 28 01 01
Web site:	www.ao.dk
CVR number:	58 21 06 17
ID code:	DK0060803831
Founded:	1914
Registered office:	Albertslund, Denmark

Board of Directors

Henning Dyremose, Chairman
Michael Kjær, Deputy Chairman
René Alberg
Erik Holm
Carsten Jensen
Niels A. Johansen
Jonas Kvist
Preben Damgaard Nielsen

Executive Board

Niels A. Johansen, Chief Executive Officer
Stefan Funch Jensen, Chief Development Officer
Lili Johansen, Chief Human Resources Officer
Gitte Lindeskov, Chief Information Officer
Per Toelstang, Chief Financial Officer

Auditors

Ernst & Young
Godkendt Revisionspartnerselskab

Annual General Meeting

The Annual General Meeting is scheduled
for 20 March 2020.

AO's STORES AND OFFICES

HEAD OFFICE

BRØDRENE A & O JOHANSEN A/S • RØRVANG 3
DK-2620 ALBERTSLUND • DENMARK • TELEPHONE: +45 70 28 00 00
TELEFAX: +45 70 28 01 01 • EMAIL: AO@AO.DK

COMPETENCY CENTRES:

HEATING, PLUMBING, AND SANITARY WARE PRODUCTS:
TELEPHONE: +45 70 28 24 40

ELECTRICAL EQUIPMENT AND COMPONENTS:
TELEPHONE: +45 70 28 24 50

CONTRACTOR SUPPLIES AND EQUIPMENT:
TELEPHONE: +45 70 28 24 60

VAGA:
TELEPHONE: +45 70 28 07 77

ONLINE SALES:
TELEPHONE: +45 70 28 01 74

STORES, EAST

AO ALBERTSLUND • RØRVANG 3 • DK-2620 ALBERTSLUND
DENMARK • TELEPHONE: +45 70 28 00 01

AO AMAGER • PRAGS BOULEVARD 53 • DK-2300 KØBENHAVN S
DENMARK • TELEPHONE: +45 70 28 07 10

AO BALLERUP • TEMPOVEJ 27 • DK-2750 BALLERUP
DENMARK • TELEPHONE: +45 70 28 07 05

AO FARUM • RUGMARKEN 35E • DK-3520 FARUM
DENMARK • TELEPHONE: +45 70 28 07 19

AO FREDERIKSBERG • FINSENSVEJ 86 • DK-2000 FREDERIKSBERG
DENMARK • TELEPHONE: +45 70 28 07 06

AO FREDERIKSSUND • CENTERVEJ 44 • DK-3600 FREDERIKSSUND
DENMARK • TELEPHONE: +45 70 28 07 35

AO FREDERIKSVÆRK • HANEHOVEDVEJ 46 • DK-3300 FREDERIKS-
VÆRK • DENMARK • TELEPHONE: +45 70 28 07 23

AO GREVE • HÅNDVÆRKERVÆNGET 20 • DK-2670 GREVE
DENMARK • TELEPHONE: +45 70 28 07 21

AO HELSINGØR • INDUSTRIVEJ 16 • DK-3000 HELSINGØR
DENMARK • TELEPHONE: +45 70 28 07 22

AO HILLERØD • HERREDSVEJEN 12 • DK-3400 HILLERØD
DENMARK • TELEPHONE: +45 70 28 07 20

AO HOLBÆK • TÆKKEMANDSVEJ 3 • DK-4300 HOLBÆK
DENMARK • TELEPHONE: +45 70 28 07 24

AO HVIDOVRE • GL. KØGE LANDEVEJ 362 • DK-2650 HVIDOVRE
DENMARK • TELEPHONE: +45 70 28 07 11

AO HØRSHOLM • KOKKEDAL INDUSTRIPARK 42A • DK-2980 KOK-
KEDAL • DENMARK • TELEPHONE: +45 70 28 07 25

AO KASTRUP • ENGLANDSVEJ 360 • DK-2770 KASTRUP
DENMARK • TELEPHONE: +45 70 28 07 04

AO KØGE • VALDEMARSHAAB 15 • DK-4600 KØGE
DENMARK • TELEPHONE: +45 70 28 07 30

AO LYNGBY • FIRSKOVVEJ 25 • DK-2800 LYNGBY
DENMARK • TELEPHONE: +45 70 28 07 02

AO NYKØBING F. • HERNINGVEJ 23 • DK-4800 NYKØBING F
DENMARK • TELEPHONE: +45 70 28 07 32

AO NÆSTVED • HOLSTED PARK 6 • DK-4700 NÆSTVED
DENMARK • TELEPHONE: +45 70 28 07 27

AO NØRREBRO • GLASVEJ 11 • DK-2400 KØBENHAVN NV
DENMARK • TELEPHONE: +45 70 28 07 12

AO RINGSTED • INDUSTRIPARKEN 1 • DK-4100 RINGSTED
DENMARK • TELEPHONE: +45 70 28 07 28

AO ROSKILDE • INDUSTRIVEJ 40B • DK-4000 ROSKILDE
DENMARK • TELEPHONE: +45 70 28 07 29

AO RØDOVRE • ISLEVDALVEJ 142 • DK-2610 RØDOVRE
DENMARK • TELEPHONE: +45 70 28 07 08

AO RØNNE • SANDEMANDSVEJ 10 • DK-3700 RØNNE •
DENMARK • TELEPHONE: +45 70 28 07 31

AO SLAGELSE • JAPANVEJ 16 • DK-4200 SLAGELSE
DENMARK • TELEPHONE: +45 70 28 07 26

AO SØBORG • SYDMARKEN 32C • 2860 SØBORG
DENMARK • TELEPHONE: +45 70 28 07 15

AO VESTERBRO • INGERSLEVSGADE 54 • DK-1705 KØBENHAVN V
DENMARK • TELEPHONE: +45 70 28 07 09

AO VORDINGBORG • KRONDREVET 1 • DK-4760 VORDINGBORG
DENMARK • TELEPHONE: +45 70 28 07 36

AO ØSTERBRO • ØSTBANEGADE 169 • DK-2100 KØBENHAVN Ø
DENMARK • TELEPHONE: +45 70 28 07 03

STORES, WEST

AO ESBJERG • KATTEGATVEJ 1 • DK-6705 ESBJERG Ø.
DENMARK • TELEPHONE: +45 70 28 07 41

AO FREDERICIA • PRANGERVEJ 143 • DK-7000 FREDERICIA
DENMARK • TELEPHONE: +45 70 28 07 42

AO HADERSLEV • NORGESVEJ 41 • DK-6100 HADERSLEV
DENMARK • TELEPHONE: +45 70 28 07 67

AO HERNING • LOLLANDSVEJ 1 • DK-7400 HERNING
DENMARK • TELEPHONE: +45 70 28 07 43

AO HJØRRING • LÆSØVEJ 3 • DK-9800 HJØRRING
DENMARK • TELEPHONE: +45 70 28 07 63

AO HOBRO • SMEDEVEJ 4 • DK-9500 HOBRO
DENMARK • TELEPHONE: +45 70 28 07 44

AO HOLSTEBRO • MADS BJERRES VEJ 1 • DK-7500 HOLSTEBRO
DENMARK • TELEPHONE: +45 70 28 07 45

AO HORSENS • ALLÉGADE 40 • DK-8700 HORSENS
DENMARK • TELEPHONE: +45 70 28 07 46

AO KOLDING • MØNTEN 5 • DK-6000 KOLDING
DENMARK • TELEPHONE: +45 70 28 07 47

AO ODENSE CITY • MIDDELFARTVEJ 8 • DK-5000 ODENSE C
DENMARK • TELEPHONE: +45 70 28 07 50

AO ODENSE SØ • OVE GJEDDES VEJ 18 • DK-5220 ODENSE SØ
DENMARK • TELEPHONE: +45 70 28 07 49

AO RANDERS • TOLDBODGADE 24 • DK-8930 RANDERS NØ
DENMARK • TELEPHONE: +45 70 28 07 52

AO RISSKOV • RAVNSØVEJ 7 • DK-8240 RISSKOV
DENMARK • TELEPHONE: +45 70 28 07 55

AO SILKEBORG • LILLEHØJVEJ 42 • DK-8600 SILKEBORG
DENMARK • TELEPHONE: +45 70 28 07 53

AO SKIVE • VIBORGVEJ 21 C • DK-7800 SKIVE
DENMARK • TELEPHONE: +45 70 28 07 68

AO SØNDERBORG • NØRREKOBBEL 7 D • DK-6400 SØNDERBORG
DENMARK • TELEPHONE: +45 70 28 07 54

AO VEJLE • IBÆK STRANDVEJ 12 • DK-7100 VEJLE
DENMARK • TELEPHONE: +45 70 28 07 58

AO VIBORG • VÆVERVEJ 4 C • DK-8800 VIBORG
DENMARK • TELEFON: +45 70 28 07 62

AO VIBY • JENS JUULS VEJ 7 • DK-8260 VIBY J
DENMARK • TELEPHONE: +45 70 28 07 69

AO AABENRAA • NÆSTMARK 21 • DK-6200 AABENRAA
DENMARK • TELEPHONE +45 70 28 07 34

AO AALBORG • SØNDERBRO 2 A • DK-9000 AALBORG
DENMARK • TELEPHONE: +45 70 28 07 40

AO AARHUS • SØREN FRICHS VEJ 24 • DK-8000 ÅRHUS C
DENMARK • TELEPHONE: +45 70 28 07 70

AO VAGA

VAGA TEKNIK • MOSSVEJ 2 • DK-8700 HORSENS • DENMARK •
TELEPHONE: +45 70 28 07 77

VAGA TEHNIKA EESTI OÜ

VAGA TEHNIKA EESTI OÜ • AKADEEMIA TEE 39 • EE-12618 TALLINN
ESTONIA • TELEPHONE: +372 67 10 300

AO SVERIGE AB

AO SVERIGE AB • BRODALSVÄGEN 15 • SE-433 38 PARTILLE
SWEDEN • TELEPHONE: +46 10 480 96 00

AO SVERIGE AB • BRONSYXEGATAN 6A • SE-213 75 MALMÖ
SWEDEN • TELEPHONE: +46 10 480 95 00

AO SVERIGE AB • REGEMENTSGATAN 24 • SE-504 31 BORÅS
SWEDEN • TELEPHONE: +46 10 480 96 50

AO SVERIGE AB • SVETSAREVÄGEN 1 • SE-291 36 KRISTIANSTAD
SWEDEN • TELEPHONE: +46 10 480 95 50

AO SVERIGE AB • DEPÅGATAN 125 • SE-254 64 HELSINGBORG
SWEDEN • TELEPHONE: +46 10 480 95 30

RENTAL SERVICE

BRØDRENE A & O JOHANSEN A/S
RENTAL SERVICE • HERSTEDVANG 6 • DK-2620 ALBERTSLUND
DENMARK • TELEPHONE: +45 70 28 05 61

REPAIR SHOP

BRØDRENE A & O JOHANSEN A/S • REPAIR SHOP
HERSTEDVANG 6 • DK-2620 ALBERTSLUND
DENMARK • TELEPHONE: +45 70 28 05 61

BILLIGVVS

BILLIGVVS.DK • HTTP://WWW.BILLIGVVS.DK
TELEPHONE: +45 70 10 66 88

LAVPRISEL.DK • HTTP://WWW.LAVPRISEL.DK
TELEPHONE: +45 70 60 29 88

LAVPRISVVS.DK • HTTP://WWW.LAVPRISVVS.DK
TELEPHONE: +45 86 77 00 44

VVSOCHBAD.SE • HTTP://WWW.VVSOCHBAD.SE
TELEPHONE: +46 8 55803010

BILLIGVVS.NO • HTTP://WWW.BILLIGVVS.NO
TELEPHONE: +47 21 64 88 20

GREENLINE A/S

GREENLINE.DK • HTTP://WWW.GREENLINE.DK
TELEPHONE: +45 70 22 20 26

LAMPEGURU APS

LAMPEGURU.DK • HTTP://WWW.LAMPEGURU.DK
TELEPHONE: +45 64 64 29 60

LAMPEGURU.NO • HTTP://WWW.LAMPEGURU.NO
TELEPHONE: +45 64 64 29 60

INFORMATION ABOUT THE BOARD OF DIRECTORS' MANAGERIAL POSTS

• Henning Baunbæk Dyremose
Chairman of the Board

- Manager of Henning Dyremose ApS,
  HD Invest, Virum ApS,
  HCE Invest, Virum ApS,
  CD Invest, Virum ApS,
  Elly Dyremose ApS.
- Born 1945.
- Nationality: Danish.
- Chairman of the Board since 2007.
- Member of the Board since 1997.
- Chairman of Brødrene A & O Johansen A/S' Audit Committee.
- Elected by the ordinary shareholders.
- As Henning Dyremose has been a member of the Board for more than 12 years, he cannot, according to the 'Danish Recommendations on Corporate Governance', be characterised as being independent of special interests.

Qualifications

- Broad leadership experience in business, finance and politics.
- Experience as managing director of a wholesale company with the same customers as Brødrene A & O Johansen A/S.
- Former Minister of Finance.

Managerial Posts

- Deputy Chairman of the boards of:
  Aveny-T Fonden,
  AO Invest A/S.

• Michael Kjær
Deputy Chairman of the Board

- Managing Director of Invest Group A/S.
- Born 1956.
- Nationality: Danish.
- Deputy Chairman of the Board since 2007.
- Member of the Board since 2002.
- Member of Brødrene A & O Johansen A/S' Audit Committee.
- Elected by the ordinary shareholders.
- As Michael Kjær has been a member of the Board for more than 12 years, he cannot according to the 'Danish Recommendations on Corporate Governance', be characterised as being independent of special interests.

Qualifications

- Qualifications in retail management at CEO level.
- Expertise in strategy, marketing and finance.
- Many years of experience with board work.
- Experience with business organisations and employers' associations.

Managerial Posts

- Chairman of the boards of:
  Artha Holding A/S,
  Artha Kapitalforvaltning A/S,
  Artha Fondsmæglerselskab A/S,
  Investeringsselskabet Artha Max A/S,
  Investeringsselskabet Artha Optimum A/S,
  Investeringsselskabet Artha DMax A/S,
  Investeringsselskabet Artha Responsible A/S,
  Investeringsselskabet Artha Safe A/S,
  Kraks Fond,
  Ove K Invest A/S,
  Realfiction Holding AB,
  Realfiction ApS,
  Realfiction Lab ApS,
  CORE Leasing A/S,
  Telecenteret A/S,
  TC-Go A/S.
- Deputy Chairman of the board of:
  AO Invest A/S.
- Member of the boards of:
  Dansk Erhverv,
  Dansk Arbejdsgiverforening,
  Jacobsgaard Investment Advisory ApS,
  MenuPay AB,
  MenuPay ApS,
  Invest Group A/S,
  Kjær 11-11-11 ApS,
  Paul Kjær Invest A/S,
  Paul Kjær 1991 ApS.
- Ad hoc expert judge at the Danish Maritime and Commercial Court.

• René Alberg

- Product Manager.
- Born 1971.
- Nationality: Danish.
- Staff-elected member of the Board.
- Member of the Board since 2006.
- Re-elected in 2018, term expires in 2022.

• Erik Holm

- Managing Director of Maj Invest Equity A/S,
  Manager of Maj Invest Holding A/S,
  Fondsmæglerselskabet Maj Invest A/S,
  Erik Holm Holding ApS,
  MIE5 Holding 4 ApS.
- Born 1960.
- Nationality: Danish.
- Member of the Board since 2009.
- Member of Brødrene A & O Johansen A/S' Audit Committee.
- Elected by the ordinary shareholders.
- Considered to be independent of special interests.

Qualifications

- Experience as managing director of a wholesale company with the same customers as Brødrene A & O Johansen A/S.
- Broad leadership experience in sales, finance and logistics, both in Denmark and internationally.
- Experience of Board work in other listed companies.

Managerial Posts

- Chairman of the boards of:
  Sticks'n'Sushi UK Limited,
  Cenex ApS,
  Sovino Brands Holding ApS,
  Sovino Brands ApS.
- Deputy Chairman of the boards of:
  SP Group A/S,
  Arvid Nilssons Fond.
- Member of the boards of:
  Fonden Maj Invest Equity General Partner,
  Maj Invest Equity A/S,
  Maj Invest South America S.A.,
  Maj Invest Singapore Private Ltd.,
  Wendelbo Møbel Design A/S,
  Wendelbo Interiors A/S,
  AO Invest A/S,
  Sticks'n'Sushi A/S,
  Sticks'n'Sushi Holding A/S,
  MIE5 Datterholding 8 ApS.

• Carsten Jensen

- Logistics Coordinator.
- Born 1955.
- Nationality: Danish.
- Staff-elected member of the Board.
- Member of the Board since 1990.
- Re-elected in 2018, term expires in 2022.

• Niels Axel Johansen

- Chief Executive Officer of Brødrene A & O Johansen A/S.
- Born 1939.
- Nationality: Danish.
- Member of the Board since 1979.
- Elected by the ordinary shareholders.
- As Niels A. Johansen has been a member of the Board for more than 12 years and is a member of the Executive Board, he cannot, according to the 'Danish Recommendations on Corporate Governance', be characterised as being independent of special interests.

Qualifications

- Long-time managerial experience as CEO.
- In-depth knowledge of the wholesale industry of installation materials in Denmark and the rest of Europe.

Managerial Posts

- Chairman of the board of:
  Avenir Invest ApS.
- CEO and member of the board of
  AO Invest A/S.

• Jonas Kvist

- Sales Manager.
- Born 1986.
- Nationality: Danish.
- Staff-elected member of the Board.
- Member of the Board since 2018.
- Elected in 2018, term expires in 2022.

• Preben Damgaard Nielsen

- Managing Director of Damgaard Company A/S,
  Damgaard Group A/S,
  Damgaard Group Holding A/S,
  Ejendomsselskabet Oktanten ApS,
  The Closet ApS,
  Katrine Damgaard Invest ApS,
  Olivia Damgaard Invest ApS,
  Markus Damgaard Invest ApS,
  Damgaard Family Invest ApS,
  Damgaard Family Invest IV ApS,
  Galleri Bo Bjerggaard International ApS,
  PD International Invest ApS,
  Ejendomsselskabet Tesch Alle ApS,
  DGH I ApS,
  PD Estate International ApS.
- Born 1963.
- Nationality: Danish.
- Member of the Board since 2007.
- Member of Brødrene A & O Johansen A/S' Audit Committee.
- Elected by the preference shareholders.
- As Preben Damgaard Nielsen has been a member of the Board for more than 12 years, he cannot, according to the 'Danish Recommendations on Corporate Governance', be characterised as being independent of special interests.

Qualifications

- Broad leadership experience.
- Long-time experience as CEO.
- Long-time experience as board member.
- Worked as CEO of a listed company from 1999 to 2003.
- In-depth knowledge of accounting and IT systems.
- In-depth knowledge and experience of business acquisitions and disposals.

Managerial Posts

- Chairman of the boards of:
  Proactive A/S,
  Proactive Holding 2008 A/S,
  7N A/S,
  Too Good To Go ApS,
  Too Good To Go Holding ApS,
  Templafy ApS,
  Dixa ApS.

- Member of the boards of:
  Skolebordet.dk ApS,
  Damgaard Company A/S,
  Damgaard Group A/S,
  Damgaard Group Holding A/S,
  Scalepoint Technologies Holding A/S,
  Scalepoint Technologies Denmark A/S,
  Configit A/S,
  Configit Holding A/S,
  OrderYOYO ApS,
  Saxo Bank A/S,
  AO Invest A/S.
- Member of the Investment Committee for Seed Denmark.

Products supplied by our B2C stores have been put into use. Google Home, light bulbs suspended from the ceiling and a designer lamp on the table all come together to make for a cosy, modern and functional home that our couples can enjoy.

Brødrene A & O Johansen A/S
Rørvang 3
DK-2620 Albertslund
Denmark

Tel. +45 7028 0000
Fax +45 7028 0101

CVR (Central Business Register)

No.: 58 21 06 17

ao.dk