
Interim Financial Report for the Period 1 January – 30 June 2021



Brødrene A & O Johansen A/S

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Today the Board of Directors has approved the Group's interim financial report for the period 1 January – 30 June 2021.

Highlights for the second quarter and first half of 2021

- Consolidated revenue for the second quarter of 2021 was DKK 1,188.8 million, which is DKK 186.5 million, or 18.6%, more than for the second quarter of 2020. The second quarter of 2021 had one more working day than the corresponding quarter a year ago. Consolidated revenue for the first half of 2021 was DKK 2,419.4 million, which is DKK 446.8 million, or 22.6%, more than for the same period last year. The first half of 2021 had the same number of working days as the year-earlier period.
- Operating profit (EBIT) for the second quarter of 2021 was DKK 76.5 million, corresponding to a profit margin of 6.4%, against DKK 54.3 million and 5.4% for the second quarter of 2020. Operating profit (EBIT) for the first half of 2021 was DKK 158.6 million, corresponding to a profit margin of 6.6%, against DKK 106.1 million and 5.4% for the first half of 2020. The earnings growth is attributable to increased sales, whereas the increased profit margin is due to higher efficiency. The gross profit margin for the first half of 2021 is unchanged compared with last year.
- Profit before tax for the second quarter of 2021 was DKK 79.2 million, which is DKK 24.7 million more than in the second quarter of last year. Profit before tax for the first half of 2021 amounted to DKK 160.7 million, which is DKK 56.6 million more than last year.
- As at 30 June 2021, the Group's total assets amounted to DKK 2,593.5 million, which is DKK 300.8 million more than at 30 June 2020. The increase is mainly attributable to a rise in receivables and inventories due the growth in sales and a higher level of non-current assets driven by investment in the central warehouse of the future and acquisitions.
- As at 30 June 2021, the Group's equity of DKK 1,114.5 million, equalling a solvency ratio of 43.0%, was DKK 179.8 million higher than for the same period last year.
- Cash flow from operating activities was DKK 26.9 million for the second quarter of 2021 and DKK 132.8 million for the first half of 2021, which is DKK 89.9 million and DKK 15.2 million less than for the same periods last year. Investments for the second quarter of 2021 totalled DKK 82.5 million and DKK 120.4 million for the first half of 2021, compared with DKK 21.1 million and DKK 32.1 million in 2020.

Other highlights for the first half of 2021:

- As described in the 2020 annual report under 'Outlook', sales growth was extraordinarily high in the first quarter of 2021. The general high level of activity in the building and construction industry increased even more due to enhanced digital commerce following the lockdown of physical DIY stores in part of the quarter. As expected, the growth in sales slowed in the second quarter but remains at a high level. More moderate growth is expected in the second half of 2021.
- On 29 April 2021, Brødrene A & O Johansen A/S entered into an agreement to acquire the business of Complet VVS A/S (CompletVVS.dk), CVR number (Danish company registration number) 78864028), which is a web shop selling plumbing, heating, and sanitary ware products. The acquisition of Complet VVS A/S was effective as of 1 May 2021.
- AO won the Danish E-commerce Award for "Best B2B Company", where sound business practice, growth, customer service, innovation capability, and sustainable initiatives are taken into account. In addition, AO came in second in the category of "Best Omnichannel Business. This award is given to companies that are best at driving sales and loyalty through a coherent customer experience across sales channels.

Expectations for the year

When the first quarter results were announced, growth was expected to slow to a more moderate level than in 2020. Growth in the second quarter was at a somewhat higher level than anticipated in the most recent revision of the expectations for the year. As revenue and earnings for the second quarter were higher than anticipated, the Group increases its pre-tax profit expectations for the year from DKK 260-280 million, as announced in the interim financial report for the first quarter of 2021, to DKK 290-310 million as announced in Company Announcement No. 9-2021 of 7 July 2021.

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

The above expectations are based on assumptions of moderate growth and that there will be no more lockdowns due to COVID-19 restrictions. The acquisition of Complet VVS A/S is expected to have a limited impact on the Group's net profit for the year.

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

Update of financial objectives and capital resources policy

At today's Board meeting, the Board of Directors discussed the financial objectives, the capital resources policy, and the future IR strategy of Brødrene A & O Johansen A/S and decided the following:

Financial objectives

AO's previous four financial objectives were reached on 30 June 2021, and consequently, the Board of Directors set the following new objectives:

1. An annual growth that exceeds the growth of the market. This growth is to take place through a combination of investments in organic growth and acquired growth.
2. A profit margin that equals an EBITDA of 10%. The increase in the profit margin is to take place primarily via continuous economies of scale achieved through increased sales.
3. A cash flow from operating activities that equals 7.5% of revenue.
4. Solid capital resources that are compliant with the adopted capital resources policy.

AO's policy on capital resources and capital allocation is as follows:

It is Brødrene A & O Johansen A/S' policy to ensure and maintain robust capital resources with a solvency ratio of at least 40% and an indicative financial gearing of 0.5 to 1.5. Financial gearing can be increased in connection with acquisitions.

In compliance with the capital resources policy, AO wants to allocate the free cash flow in the following order of priority:

1. Reduction of the interest-bearing debt if AO is above the financial gearing target.
2. Investment in profitable growth, both investment in the existing business and acquisitions, where acquisitions, including synergies, are expected to generate a return on the invested capital before tax of at least 15%.
3. Allocation to shareholders in the form of ordinary dividends defined as 33-50% of the profit for the year after tax.
4. Excess liquidity is used for additional allocation to shareholders in the form of extraordinary dividends, share buy-back programmes, etc.

AO's Board of Directors may deviate from the above-mentioned policy, if it is deemed necessary out of consideration for future market conditions, acquisitions, or other conditions.

Investor Relations initiatives

At today's Board meeting, the Board of Directors decided on the following initiatives regarding Investor Relations:

1. AO will host webcasts, including investor presentations, in connection with the publication of all annual and quarterly reports, beginning after the release of the 2021 annual report.
2. AO will expand its current reporting on segments, beginning with the annual report for 2021.

Share split

The Board of Directors will recommend that a share split in the ratio of 1:10 be approved by the Annual General Meeting in March 2022.

Albertslund, 20 August 2021

Niels A. Johansen
CEO

Per Toelstang
CFO

Financial and operating data for the AO Group

(DKKm)

Key figures

	H1 2021	H1 2020	Q2 2021	Q2 2020	Full Year 2020
Consolidated revenue	2,419.4	1,972.6	1,188.8	1,002.3	4,098.3
Gross margin	540.9	441.9	266.8	220.5	914.4
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	208.6	159.6	100.7	80.7	328.2
Profit or loss before financial income and expenses (EBIT)	158.6	106.1	76.5	54.3	223.8
Financial income and expenses, net	2.1	(2.0)	2.7	0.2	(3.0)
Profit or loss before tax (EBT)	160.7	104.1	79.2	54.5	220.8
Tax on profit or loss for the period	(34.1)	(22.6)	(17.2)	(11.9)	(47.9)
Net profit or loss for the period	126.6	81.5	62.0	42.6	172.9
Non-current assets	1,417.0	1,333.0	1,417.0	1,333.0	1,320.0
Current assets	1,176.5	959.8	1,176.5	959.8	1,063.2
Total assets	2,593.5	2,292.7	2,593.5	2,292.7	2,383.2
Share capital	28.0	28.0	28.0	28.0	28.0
Equity	1,114.5	934.7	1,114.5	934.7	1,030.2
Non-current liabilities	308.1	340.9	308.1	340.9	330.6
Current liabilities	1,171.0	1,017.1	1,171.0	1,017.1	1,022.4
Cash flow from operating activities	132.8	148.0	26.9	116.8	375.4
Cash flow from investing activities	(120.4)	(32.1)	(82.5)	(21.1)	(66.3)
Of which investments in property, plant and equipment, net	(76.6)	(14.6)	(44.7)	(12.0)	(37.3)
Cash flow from financing activities	(82.0)	(182.2)	(44.0)	(88.1)	(256.2)
Cash flow for the period	(69.6)	(66.2)	(99.6)	(7.5)	52.8
Financial ratios*					
Gross profit margin	22.4%	22.4%	22.4%	22.0%	22.3%
Profit margin	6.6%	5.4%	6.4%	5.4%	5.5%
Return on capital employed**	6.4%	4.6%	3.0%	2.4%	9.5%
Return on equity**	11.8%	9.0%	5.7%	4.7%	18.2%
Solvency ratio	43.0%	40.8%	43.0%	40.8%	43.2%
Book value	398	334	398	334	368
Share price at the end of the period	942	407	942	407	604
Earnings per share (EPS Basic), DKK***	47	30	23	16	64
Diluted earnings per share (EPS-D), DKK***	47	30	23	16	64
Average number of employees****	774	733	776	734	741

* Other financial ratios have been calculated in accordance with CFA Society Denmark's 'Recommendations and Financial Ratios'.

** Not translated into full-year figures.

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

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

Management's review

The consolidated financial statements include the financial statements of Brødrene A & O Johansen A/S and the wholly owned subsidiaries AO Invest A/S, Complet VVS A/S, Billig VVS AS (Norway), Lampeguru AS (Norway), VVSochBad Sverige AB, AO Sverige AB, and Vaga Tehnika Eesti OÜ (Estonia). LampeGuru ApS was merged into Brødrene A & O Johansen A/S effective as of 1 January 2021.

The Group's financial development

Consolidated revenue for the second quarter of 2021 totalled DKK 1,188.2 million, which is DKK 186.6 million, or 18.6%, more than last year. The second quarter of 2021 had one more working day than the corresponding quarter a year ago. Consolidated revenue for the first half of 2021 totalled DKK 2,419.4 million against DKK 1,972.6 million for the first half of 2020, corresponding to a growth of DKK 446.8 million or 22.6%.

For the first half of 2021, sales growth in the professional market was 17%, both in Denmark and abroad, and 61% in the private online market. International revenue accounts for less than 10% of total revenue.

Gross margin for the second quarter of 2021 amounted to DKK 266.8 million, compared with DKK 220.5 million for the same period of 2020. When compared with the second quarter of 2020, the gross profit margin increased by 0.4 percentage point to 22.4%. The second quarter gross profit margin was positively affected by a higher bonus settlement from international purchasing organisations than recognised in the financial statements for 2020. Distribution costs for the second quarter constituted 4.3% of revenue, which is 0.3 percentage point more than in the second quarter of 2020. Gross margin for the first half of 2021 amounted to DKK 540.9 million, compared with DKK 441.9 million last year. The gross profit margin of 22.4% is at the same level as last year. Distribution costs constituted 4.3% of revenue in the first half of 2021 against 3.8% in the first half of 2020. The increase in distribution costs is mainly attributable to the relatively larger share of B2C sales compared with last year.

Total operating expenses for the second quarter of 2021, including depreciation and amortisation, amounted to DKK 190.3 million, which is DKK 24.1 million more than for the same period last year. Total operating expenses for the first half of 2021 totalled DKK 382.2 million, which is DKK 46.5 million more than for the same period last year. The increase is mainly attributable to higher staff costs and marketing expenses.

In the second quarter of 2021, external expenses totalled DKK 53.3 million, which is DKK 10.8 million more than in the second quarter of 2020. External expenses for the first half of 2021 amounted to DKK 104.0 million, which is DKK 16.2 million more than last year. The increase is mainly attributable to higher marketing and IT expenses.

In the second quarter of 2021, staff costs amounted to DKK 112.8 million, an increase of DKK 15.4 million on last year's figures for the same period. In the first half of 2021, staff costs totalled DKK 228.3 million, which is DKK 33.8 million more than in the same period last year. In the first half of 2021, the average number of employees increased by 41 compared with the same period a year ago. The increase in the number of employees is attributable to the growth in sales which led to more temporary workers at the central warehouse. In addition, a special bonus of DKK 2.5 million was paid to AO's employees in recognition of their efforts during the COVID-19 pandemic.

Depreciation and amortisation totalled DKK 24.2 million in the second quarter of 2021 and DKK 49.9 million in the first half of 2021. Compared with the same period last year, these figures are down by DKK 2.2 million and DKK 3.6 million, respectively.

Operating profit (EBIT) for the second quarter of 2021 was DKK 76.5 million, which is 6.4% of revenue. Compared to the same period last year, EBIT is DKK 22.2 million higher, and the profit margin is up by 1.0 percentage point. In the first half of 2021, EBIT was DKK 158.6 million, corresponding to 6.6% of revenue. Compared to the same period last year, EBIT is DKK 52.5 million higher, and the profit margin is up by 1.2 percentage points. The increase in EBIT is mainly attributable to higher sales and gross profit.

Financial income and expenses, net, for the second quarter of 2021 were positive at DKK 2.7 million against a positive of DKK 0.2 million in the second quarter of 2020. Financial income and expenses, net, for the first half of 2021 were positive at DKK 2.1 million, which is DKK 4.1 million more than in the first half of 2020. The difference is mainly attributable to foreign currency translation adjustments.

For the second quarter of 2021, the Group recorded a pre-tax profit of DKK 79.2 million against DKK 54.5 million reported for the same period last year. For the first half of 2021, the Group recorded a pre-tax profit of DKK 160.7 million, which is DKK 56.6 million more than in the first half of 2020.

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

A post-tax profit of DKK 126.6 million was recorded for the first half of 2021, compared with DKK 81.5 million for the same period last year.

As at 30 June 2021 the Group's total assets amounted to DKK 2,593.5 million, which is DKK 300.8 million, or 13.1%, more than at the same time last year.

Non-current assets of DKK 1,417.0 million are DKK 84.0 million, net, higher than at the same time last year, as investments have been higher than depreciation. Lease assets amount to DKK 76.5 million.

Current assets increased by DKK 216.8 million to DKK 1,176.5 million, when compared to the same period last year. Inventories increased by DKK 61.4 million to DKK 523.8 million, and trade receivables went up by DKK 95.3 million to DKK 554.8 million due to sales growth. Cash and short-term deposits of DKK 66.8 million are DKK 52.6 million higher than at 30 June 2020.

Equity of DKK 1,114.5 million, corresponding to a solvency ratio of 43.0%, is DKK 179.8 million more than at the same time last year due to earnings after tax minus dividend payments of DKK 40.8 million.

The Group's payables to credit institutions amount to DKK 258.3 million, which is DKK 90.6 million less than at 30 June 2020. Lease liabilities amount to DKK 76.5 million.

Trade payables of DKK 933.9 million are DKK 203.8 million higher than at the same time last year due to the increase in activities and the timing of payments.

Other payables of DKK 119.6 million are DKK 20.9 million higher than at the same time last year

Cash flow from operating activities for the second quarter of 2021 amounted to DKK 26.9 million, which is DKK 89.9 million less than for the same period last year. Cash flow from operating activities for the first half of 2021 amounted to DKK 132.8 million, which is DKK 15.2 million less than for the first half of 2020. The reduction is due to increased funds tied up in working capital driven by a high level of activity up to the end of the period.

Net investments for the second quarter of 2021 totalled DKK 82.5 million, which is DKK 61.4 million more than for the same period last year. Net investments for the first half of 2021 totalled DKK 120.4 million, which is DKK 88.3 million more than for the same period last year. The investment in the expansion of the central warehouse capacity amounted to DKK 48.0 million in the second quarter and DKK 68.7 million in the first half of 2021. Acquisitions consist partly of a payment related to the acquisition of Complet VVS and partly of an earn-out in relation to the acquisition of LampeGuru.

Shareholders received dividend payments of DKK 40.8 million against DKK 16.3 million last year. Lease payments amounted to DKK 12.6 million for the first half of 2021.

Total cash flow for the first half of 2021 is negative at DKK 69.6 million. As at 30 June 2021 the Group's cash and short-term deposits totalled DKK 66.8 million, which is DKK 52.6 million more than at 30 June 2020.

The interest-bearing net debt amounted to DKK 269.5 million, and therefore financial gearing was 0.7. As at 31 December 2020, financial gearing was 0.8.

Significant risks

As mentioned in the annual report for 2020, under the paragraph 'Internal controls and risk management', the Company assesses on an ongoing basis the most significant risks in connection with the Company's activities. In addition to the risks mentioned in the annual report, the Group is sensitive to the overall development in Danish and Swedish economy as well as business trends in the building industries of these countries.

COVID-19 has caused great global uncertainty over the supply of certain raw materials and products, and this uncertainty will affect the supply chain security.

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

Incentive programme and treasury shares

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

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

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

Outlook

As revenue and earnings for the second quarter were higher than anticipated, the Group increases its pre-tax profit expectations for the year from DKK 260-280 million, as announced in the interim financial report for the first quarter of 2021, to DKK 290-310 million as announced in Company Announcement No. 9-2021 of 7 July 2021.

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

The above expectations are based on assumptions of moderate growth and that there will be no more lockdowns due to COVID-19 restrictions. The acquisition of Complet VVS A/S is expected to have a limited impact on the Group's net profit for the year.

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

Events after the end of the interim period

No significant events have occurred after the end of the reporting period.

Additional information

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

Company announcements in 2021

Announcement no. 1	Revised financial calendar for 2021	12 February 2021
Announcement no. 2	New revised financial calendar for 2021	18 February 2021
Announcement no. 3	Annual report 2020	25 February 2021
Announcement no. 4	Notice convening the Annual General Meeting of Brødrene A & O Johansen A/S	25 February 2021
Announcement no. 5	Result of the Annual General Meeting of Brødrene A & O Johansen A/S	19 March 2021
Announcement no. 6	Interim financial report for the first quarter of 2021	29 April 2021
Announcement no. 7	Notification of transactions of persons discharging managerial responsibilities	26 May 2021
Announcement no. 8	Major shareholder announcement	16 June 2021
Announcement no. 9	AO raises its full-year profit guidance	7 July 2021

Management's statement

Today the Board of Directors and the Executive Board have discussed and approved the interim financial report of Brødrene A & O Johansen A/S for the period 1 January - 30 June 2021.

The interim financial report, which has not been audited or reviewed by the Company's auditor, has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act.

In our opinion the interim financial statements give a true and fair view of the Group's assets, liabilities and financial position at 30 June 2021 and of the results of the Group's operations and cash flows for the period 1 January – 30 June 2021.

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

Albertslund, 20 August 2021

Executive Board

Niels A. Johansen
CEO

Per Toelstang
CFO

Stefan Funch Jensen
CDO

Lili Johansen
CHRO

Gitte Lindeskov
CIO

Board of Directors

Henning Dyremose
Chairman of the Board

Michael Kjær
Deputy Chairman

René Alberg

Erik Holm

Carsten Jensen

Niels A. Johansen

Jonas Kvist

Preben Damgaard Nielsen

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Income statement and statement of comprehensive income

(All amounts are in DKK thousands)	Note:	H1 2021	H1 2020	Q2 2021	Q2 2020	Full Year 2020
Revenue	3	2,419,378	1,972,601	1,188,838	1,002,283	4,098,328
Cost of sales		(1,776,475)	(1,455,103)	(871,716)	(742,077)	(3,024,494)
Distribution costs		(103,402)	(75,769)	(50,990)	(39,787)	(159,703)
Gross profit		539,483	441,729	266,132	202,419	914,131
Other operating income		1,400	143	698	70	282
Gross margin		540,883	441,872	266,830	220,489	914,413
External expenses		(104,001)	(87,789)	(53,346)	(42,464)	(192,365)
Staff costs		(228,312)	(194,509)	(112,818)	(97,358)	(393,806)
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		208,570	159,574	100,666	80,667	328,241
Depreciation and amortisation		(49,934)	(53,456)	(24,167)	(26,393)	(104,463)
Operating profit or loss (EBIT)		158,636	106,118	76,499	54,274	223,778
Write-down of financial assets		-	-	-	-	-
Financial income		4,465	994	3,807	855	3,929
Financial expenses		(2,380)	(2,997)	(1,137)	(610)	(6,942)
Profit or loss before tax (EBT)		160,721	104,115	79,169	54,519	220,765
Tax on profit or loss for the period		(34,149)	(22,639)	(17,192)	(11,877)	(47,892)
Net profit or loss for the period		126,572	81,476	61,977	42,642	172,873
Other comprehensive income						
Items reclassified to the income statement						
Foreign currency translation adjustment relating to foreign entities		(1,567)	(809)	589	2,764	3,378
Tax on other comprehensive income		-	-	-	-	-
Other comprehensive income after tax		(1,567)	(809)	589	2,764	3,378
Total comprehensive income		125,005	80,667	62,566	45,406	176,251
Earnings per share						
Earnings per share (EPS)		47	30	23	16	64
Diluted earnings per share (EPS-D)		47	30	23	16	64

Balance sheet

(All amounts are in DKK thousands)

ASSETS	Note:	2021.06.30	2020.06.30	2020.12.31
Non-current assets				
Intangible assets				
Goodwill	4	412,182	384,932	384,932
Intellectual property rights		44,708	47,435	46,014
Software		38,765	35,450	36,036
		495,655	467,817	466,982
Property, plant and equipment				
Land and buildings		680,946	649,608	652,048
Leasehold improvements		1,275	770	1,120
Fixtures and operating equipment		162,634	144,488	138,381
Right-of-use assets		76,490	70,278	61,513
		921,345	865,144	853,062
Total non-current assets		1,417,000	1,332,961	1,320,044
Current assets				
Inventories	5	523,729	462,397	478,002
Trade receivables	6	554,832	459,469	428,431
Other receivables		13,126	9,308	9,193
Prepayments and accrued income		18,051	14,363	14,332
Cash and short-term deposits		66,776	14,197	133,223
Total current assets		1,176,514	959,754	1,063,181
Total assets		2,593,514	2,292,715	2,383,225

Balance sheet

(All amounts are in DKK thousands)

EQUITY AND LIABILITIES

Note:	2021.06.30	2020.06.30	2020.12.31
Equity			
Share capital	28,000	28,000	28,000
Reserve for foreign currency translation adjustments	(688)	(3,308)	879
Retained earnings	1,087,176	909,971	959,368
Proposed dividend for the financial year	-	-	42,000
Total equity	1,114,488	934,663	1,030,247
Non-current liabilities			
Deferred tax	51,804	58,448	52,578
Credit institutions	195,748	205,279	199,281
Lease liabilities	57,541	48,024	43,899
Frozen holiday pay	1,463	26,193	31,856
Other non-current liabilities	1,500	3,000	3,000
Total non-current liabilities	308,056	340,944	330,614
Current liabilities			
Credit institutions	62,553	143,582	87,638
Lease liabilities	18,949	22,254	17,614
Trade payables	933,891	730,154	826,419
Corporation tax	1,453	2,646	3,759
Joint taxation contribution payable	31,787	18,171	1,948
Other payables	119,587	98,685	83,770
Provisions for liabilities	2,750	1,616	1,216
Total current liabilities	1,170,970	1,017,108	1,022,364
Total liabilities	1,479,026	1,358,052	1,352,978
Total equity and liabilities	2,593,514	2,292,715	2,383,225

Cash flow statement

(All amounts are in DKK thousands)

	H1 2021	H1 2020	Q2 2021	Q2 2020	Full year 2020
Operating profit or loss	158,636	106,118	76,499	54,273	223,778
Depreciation and amortisation	49,934	53,456	24,167	26,393	104,463
Other non-cash operating items, net	(1,157)	(669)	(1,456)	2,901	3,624
Cash flow from operations before change in working capital	207,413	158,904	99,210	83,567	331,865
Change in inventories	(45,726)	(3,428)	(20,752)	15,826	(19,100)
Change in receivables	(134,258)	(65,074)	(14,921)	(28,187)	(33,542)
Change in trade and other payables	111,721	70,009	(35,151)	46,531	155,668
Total change in working capital	(68,262)	1,507	(70,824)	34,170	103,026
Cash flow from operations	139,151	160,411	28,386	117,737	434,891
Net financials paid	2,085	(2,004)	2,670	245	(1,935)
Corporation tax paid	(8,479)	(10,404)	(4,186)	(1,227)	(57,573)
Cash flow from operating activities	132,757	148,003	26,870	116,755	375,383
Purchase of intangible assets	(15,497)	(11,959)	(11,040)	(9,103)	(23,531)
Purchase of property, plant and equipment, net	(76,560)	(14,604)	(44,655)	(12,041)	(37,299)
Acquisitions	(28,295)	(5,500)	(26,795)	-	(5,500)
Cash flow from investing activities	(120,352)	(32,063)	(82,490)	(21,144)	(66,330)
Change in payables to credit institutions	(53,617)	(153,601)	(31,412)	(78,924)	(215,543)
Raising of loans from credit institutions	25,000	-	-	-	-
Repayment of lease liabilities	(12,606)	(12,243)	(6,248)	(6,108)	(24,388)
Dividends paid	(40,764)	(16,306)	(6,348)	(3,069)	(16,306)
Cash flow from financing activities	(81,987)	(182,150)	(44,008)	(88,101)	(256,237)
Cash flow for the period	(69,582)	(66,210)	(99,628)	7,510	52,816
Cash and short-term deposits at beginning of period	133,223	80,407	163,268	6,687	80,407
Cash and short-term deposits acquired, acquired enterprise	3,136	-	3,136	-	-
Cash and short-terms deposits at end of period	66,776	14,197	66,776	14,197	133,223

Statement of changes in equity

(All amounts are in DKK thousands)

	Share capital	Foreign currency translation adjustment	Proposed dividend for the financial year	Retained earnings	Total equity
Equity at 1 January 2021	28,000	879	42,000	959,368	1,030,247
Net profit or loss for the period	-	-	-	126,572	126,572
Foreign currency translation adjustment	-	(1,567)	-	-	(1,567)
Total comprehensive income	-	(1,567)	-	126,572	125,005
Dividend distribution	-	-	(40,764)	-	(40,764)
Dividend, own shares	-	-	(1,236)	1,236	-
Total transactions with owners	-	-	(42,000)	1,236	(40,764)
Equity at 30 June 2021	28,000	(688)	-	1,087,176	1,114,488
Equity at 1 January 2020	28,000	(2,499)	16,800	828,001	870,302
Net profit or loss for the period	-	-	-	81,476	81,476
Foreign currency translation adjustment	-	(809)	-	-	(809)
Total comprehensive income	-	(809)	-	81,476	80,667
Dividend distribution	-	-	(16,306)	-	(16,306)
Dividend, own shares	-	-	(494)	494	-
Total transactions with owners	-	-	(16,800)	494	(16,306)
Equity at 30 June 2020	28,000	(3,308)	-	909,971	934,663
Equity at 1 January 2020	28,000	(2,499)	16,800	828,001	870,302
Net profit or loss for the year	-	-	42,000	130,873	172,873
Foreign currency translation adjustment	-	3,378	-	-	3,378
Total comprehensive income	-	3,378	42,000	130,873	176,251
Dividend distribution	-	-	(16,306)	-	(16,306)
Dividend, own shares	-	-	(494)	494	-
Total transactions with owners	-	-	(16,800)	494	(16,306)
Equity at 31 December 2020	28,000	879	42,000	959,368	1,030,247

Notes

1 Accounting policies

The interim financial report has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act.

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

2 Accounting estimates and judgements

Estimation uncertainty

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

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

3 Segment information

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

According to IFRS 15, revenue for the second quarter of 2021 is categorised into Technical Installation totalling DKK 839.0 million (2020: DKK 712.3 million) and Construction totalling DKK 349.9 million (2020: DKK 290.1 million).

According to IFRS 15, revenue for the first half of 2021 is categorised into Technical Installation totalling DKK 1,772.6 million (2020: DKK 1,416.0 million) and Construction totalling DKK 646.8 million (2020: DKK 556.6 million).

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

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

In the first half of 2021, revenue from the private market segment totals DKK 430.6 million or 18% against DKK 268.2 million or 14% in the first half of 2020.

4 Goodwill and intangible assets

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

At 30 June 2021, management is of the opinion that there has been no indication of impairment of the carrying amount of goodwill and intellectual property rights, and therefore no impairment test of goodwill and intellectual property rights has been performed at 30 June 2021.

5 Inventories

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

6 Trade receivables

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