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# **Interim Financial Report for the Period 1 January – 30 June 2023**

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## **Brødrene A & O Johansen A/S**

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

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The Board of Directors has approved the Group's interim financial report for the period 1 January – 30 June 2023.

## **Highlights for the second quarter and first half of 2023**

- As expected, market conditions were challenging in the second quarter of 2023. Building and construction activities softened in the period. The normalised price levels for conventional energy sources, in particular gas and oil, reduced the demand for heat pumps. The steep increase in interest rates dampened the activity in the building and construction industry.
- Second quarter sales and results were in line with expectations, and AO continued to gain market shares. Margins were under pressure in April and May. In June, margins rebounded to the June 2022 level.
- B2B activities continued to grow, and the B2B sales index reached 106.5 in the first half of 2023. As expected, margins took a hit compared to last year due to the one-off gains from price increases in 2022. In the B2C sector, private consumers reacted stronger than B2B customers towards the cost inflation, and the decrease in demand continued from the first quarter into the second quarter. The B2C sales index reached 85.5 in the first half of 2023.
- Consolidated revenue for the second quarter of 2023 was DKK 1,266.1 million against 1,318.8 million for the second quarter of 2022. At the end of the quarter, the overall sales index ended at 96. The B2B sales index ended at 98 corresponding to index 100 when adjusted for negative foreign exchange impact and the number of working days in the quarter. The B2C sales index ended at 83. Sales were in line with previous expectations for 2023. Consolidated revenue for the first half of 2023 was DKK 2,670.3 million, which is DKK 100.2 million, or 3.9%, more than for the same period last year.
- The gross profit margin for the second quarter of 2023 was down by 0.9 percentage point when compared with the second quarter of 2022. The main reason is the one-off gain from price increases in 2022. Gross profit went down by DKK 24.6 million driven by the lower margin and the slightly lower revenue.
- EBITDA for the second quarter of 2023 totalled DKK 92.6 million, corresponding to an EBITDA margin of 7.3%, against DKK 119.4 million and 9.1% for the second quarter of 2022. EBITDA for the first half of 2023 was DKK 214.5 million, corresponding to an EBITDA margin of 8.0%, against DKK 230.3 million and 9.0% for the first half of 2022.
- Profit before tax (EBT) for the second quarter of 2023 was DKK 57.5 million, which is DKK 33.4 million less than for the second quarter of last year. Profit before tax (EBT) for the first half of 2023 was DKK 140.8 million, which is DKK 36.0 million less than for the same period last year. The reduced profit before tax is impacted by DKK 7.0 million higher depreciation expenses and DKK 13.3 million higher interest expenses.
- As at 30 June 2023, the Group's total assets amounted to DKK 3,345.5 million, which is DKK 146.3 million more than at the same time in 2022. The increase is primarily attributable to investments in property, plant and equipment, increasing inventories and trade receivables.
- As at 30 June 2023, the Group's equity totalled DKK 1,370.6 million, which is DKK 115.1 million more than at the same time in 2022. The solvency ratio was 41.0% against 39.2% at 30 June 2022.
- Cash flow from operating activities for the second quarter of 2023 was DKK -159.2 million, which is DKK 122.8 million less than for the same period last year. The decrease is primarily attributable to increased working capital, which is affected by the timing of supplier payments. Inventories were reduced by DKK 73 million in the second quarter of 2023. Investments for the second quarter of 2023 totalled DKK 37.6 million, compared with DKK 61.5 million for the second quarter of 2022. Investments are primarily related to IT and store network development, including the introduction of EA assortment in relevant AO stores.
- As at 30 June 2023, net interest-bearing debt totalled DKK 940.3 million against DKK 722.7 million at the same time in 2022. Net interest-bearing debt was 2.0 times the Last Twelve Months EBITDA. Net gearing is expected to be reduced for the rest of the year.
- AO has re-assessed the estimated useful lives of the automated warehouses. The re-assessment of the estimated useful lives from 10 years to 15 years will reduce depreciation by approximately DKK 17 million in 2023.

## **Expectations for the year**

The first half of 2023 confirmed expectations of a strong first quarter and a lower second quarter. Updated expectations for 2023 are as follows:

- Revenue updated to DKK 5,350-5,500 million from DKK 5.250-5.450 million.
- EBITDA unchanged in the range of DKK 435-465 million.
- Earnings before tax unchanged in the range of DKK 300-330 million. Due to the change in depreciation which will impact full-year EBT positively by approximately DKK 17 million, EBT is expected to be in the high end of the range of DKK 300-330 million.

The guidance assumes that demand in the second half of 2023 will continue to be negatively impacted by high cost inflation and increased interest rates which are expected to dampen activities in the building and construction industry. Revenue growth is expected to be flat to slightly negative in the second half of 2023. Margins are expected to be slightly lower than last year.

Albertslund, 17 August 2023

Niels A. Johansen  
CEO

Per Toelstang  
CFO

## Financial and operating data for the AO Group (DKKm)

### Key figures

	H1 2023	H1 2022	Q2 2023	Q2 2022	Full Year 2022
Consolidated revenue	2,670.3	2,570.1	1,266.1	1,318.8	5,375.0
Gross margin	632.9	618.6	299.0	323.6	1,310.3
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	214.5	230.3	92.6	119.4	491.6
Profit or loss before financial income and expenses (EBIT)	154.6	177.3	65.1	92.3	383.6
Financial income and expenses, net	(13.7)	(0.4)	(7.6)	(1.4)	(6.1)
Profit or loss before tax (EBT)	140.8	176.8	57.5	90.9	377.4
Tax on profit or loss for the period	(30.3)	(38.7)	(12.1)	(19.9)	(83.0)
Net profit or loss for the period	110.6	138.1	45.4	71.1	294.5
Non-current assets	1,771.8	1,713.9	1,771.8	1,713.9	1,727.3
Current assets	1,573.7	1,485.3	1,573.7	1,485.3	1,591.0
Total assets	3,345.5	3,199.2	3,345.5	3,199.2	3,318.3
Share capital	28.0	28.0	28.0	28.0	28.0
Equity	1,370.6	1,255.4	1,370.6	1,255.4	1,407.5
Non-current liabilities	534.5	367.2	534.5	367.2	539.5
Current liabilities	1,440.4	1,576.5	1,440.4	1,576.5	1,371.4
Cash flow from operating activities	(159.2)	(36.4)	(5.2)	73.8	215.8
Cash flow from investing activities	(68.8)	(247.6)	(37.6)	(187.1)	(333.3)
Of which investments in property, plant and equipment, net	(52.0)	(106.0)	(29.3)	(52.7)	(164.5)
Cash flow from financing activities	193.3	147.8	42.7	113.4	(15.5)
Cash flow for the period	(34.7)	(136.2)	(0.1)	0.1	(102.0)
<b>Financial ratios*</b>					
Gross profit margin	23.7%	24.1%	23.6%	24.5%	24.4%
EBITDA margin	8.0%	9.0%	7.3%	9.1%	9.1%
Profit margin	5.8%	6.9%	5.1%	7.0%	7.1%
Return on capital employed**	4.6%	6.0%	2.1%	3.0%	12.7%
Return on equity**	8.0%	11.1%	3.6%	5.8%	22.2%
Net gearing	2.0	1.6	2.0	1.6	1.1
Solvency ratio	41.0%	39.2%	41.0%	39.2%	42.4%
Book value	48.9	44.8	48.9	44.8	50.3
Share price at the end of the period	75.8	72.1	75.8	72.1	83.11
Earnings per share (EPS Basic), DKK***	4.1	5.1	1.7	2.6	10.8
Diluted earnings per share (EPS-D), DKK***	4.1	5.1	1.7	2.6	10.8
Average number of employees	844	795	841	853	822
Average number of employees, incl. external temporary workers	910	864	902	920	889

\* 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.

## Management's review

The consolidated financial statements include the financial statements of Brødrene A & O Johansen A/S and the wholly owned subsidiaries AO Invest A/S, Billig VVS AS (Norway), Lampeguru AS (Norway), VVSochBad Sverige AB, and AO Sverige AB.

### The Group's financial development

Consolidated revenue for the second quarter of 2023 totalled DKK 1,266.1 million, which is DKK 52.8 million, or 4.0%, less than last year. The second quarter of 2023 had one working day less than the corresponding quarter a year ago.

Consolidated revenue for the first half of 2023 totalled DKK 2,670.3 million against DKK 2,570.1 million for the first half of 2022, corresponding to a growth of DKK 100.2 million or 3.9%. For the first half of 2023, sales growth in the professional B2B market was 6.5%, countered by a reduction of 14.5% in the private online market. For both segments, growth has been higher in the second quarter than in the first half of the year. International revenue accounts for less than 10% of total revenue.

Gross margin for the second quarter of 2023 amounted to DKK 299.0 million, compared with DKK 323.6 million for the same period of 2022. When compared with the second quarter of 2022, the gross profit margin decreased by 0.9 percentage point to 23.6%. Last year, the second quarter gross profit margin was positively affected by one-off price increases. Distribution costs for the second quarter constituted 3.9% of revenue, which is 0.1 percentage point less than in the second quarter of 2022. The lower share of B2C revenue contributes to the reduction. Gross margin for the first half of 2023 amounted to DKK 632.9 million, compared with DKK 618.6 million last year. The gross profit margin of 23.7% is reduced by 0.4 percentage point compared with the same period last year. Distribution costs constituted 3.8% of revenue in the first half of 2023 against 4.0% in the first half of 2022. The lower share of B2C revenue also contributes to the reduction in distribution costs for the first half of 2023.

Total operating expenses for the second quarter of 2023, amounted to DKK 206.4 million, which is DKK 2.2 million more than for the same period last year. The development in operating expenses was flat in the second quarter of the year despite significant cost and salary inflation. Total operating expenses for the first half of 2023 totalled DKK 418.4 million, which is DKK 30.1 million more than for the same period last year. The increase in the first six months is attributable to the acquisition of EA Værktøj as well as salary increases. Thus, total operating costs, measured as a percentage of revenue, increased from 15.5% in the second quarter of 2022 to 16.3% in 2023. The increase is mainly due to the acquisition of EA Værktøj.

In the second quarter of 2023, external expenses totalled DKK 72.8 million, which is DKK 0.8 million more than in the second quarter of 2022. Despite cost inflation, external expenses were kept stable. External expenses for the first half of 2023 amounted to DKK 147.5 million, which is DKK 11.7 million more than last year. The increase in the first half of the year is attributable to the acquisition of EA Værktøj in the second quarter of 2022.

In the second quarter of 2023, staff costs amounted to DKK 133.6 million, an increase of DKK 1.4 million on last year's figures for the same period. Compared to the same period last year, the number of FTEs has been reduced by 18, or 2.0%. In the first half of 2023, staff costs totalled DKK 270.8 million, which is DKK 18.3 million more than in the same period last year. In the first half of 2023, the average number of employees, including temporary workers, increased by 46 compared with the same period a year ago. The increase is driven by the acquisition of EA Værktøj in 2022.

Depreciation and amortisation totalled DKK 27.5 million in the second quarter of 2023 and DKK 60.0 million in the first half of 2023. Compared with the same periods last year, these figures are up by DKK 0.3 million and DKK 7.0 million, respectively. In the second quarter of 2023, depreciation decreased following the re-assessment of the useful lives of the automated warehouses.

Operating profit (EBIT) for the second quarter of 2023 was DKK 65.1 million, which is 5.1% of revenue. Compared to the same period last year, EBIT is DKK 27.2 million lower, and the profit margin is down by 1.9 percentage points.

In the first half of 2023, EBIT was DKK 154.6 million, corresponding to 5.8% of revenue. Compared to the same period last year, EBIT is DKK 22.7 million lower, and the profit margin is down by 1.1 percentage points.

Financial income and expenses, net, for the second quarter of 2023 were negative at DKK 7.6 million against a negative of DKK 1.4 million in the second quarter of 2022. Financial income and expenses, net, for the first half of 2023 were negative at DKK 13.7 million, which is DKK 13.3 million more than in the first half of 2022, driven by higher interest levels, a higher debt level and a negative foreign exchange impact from SEK and NOK.

For the second quarter of 2023, the Group recorded a pre-tax profit of DKK 57.5 million against DKK 90.9 million reported for the same period last year. For the first half of 2023, the Group recorded a pre-tax profit of DKK 140.8 million, which is DKK 36.0 million less than in the first half of 2022.

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 110.6 million was recorded for the first half of 2023, compared with DKK 138.1 million for the same period last year.

As at 30 June 2023 the Group's total assets amounted to DKK 3,345.5 million, which is DKK 146.3 million, or 4.6%, more than at the same time last year.

Non-current assets of DKK 1,771.8 million are DKK 57.9 million, net, higher than at the same time last year.

Current assets amounted to DKK 1,573.7 million, which is DKK 88.4 million more than at the same time last year. Inventories increased by DKK 60.0 million to DKK 856.7 million. This increase is attributable to an inventory build-up of products affected by supply uncertainty in 2022 as well as price increases. In the second quarter of 2023 inventories were reduced by DKK 72.4 million, and further reduction is expected in the second half of 2023. Trade receivables went up by DKK 22.9 million to DKK 674.2 million. In part, this increase is driven by the increased revenue from the B2B business. Cash and short-term deposits of DKK 0.3 million are at par with the level one year ago.

Equity of DKK 1,370.6 million, corresponding to a solvency ratio of 41.0%, is DKK 115.1 million more than at the same time last year due to earnings after tax minus dividend payments of DKK 142.7 million.

The Group's payables to credit institutions amount to DKK 844.2 million, which is DKK 232.9 million more than at 30 June 2022.

Trade payables of DKK 871.0 million are DKK 174.3 million lower than at the same time last year. The decrease is driven by the timing of supplier payments as well as the ongoing inventory reductions.

Other payables of DKK 88.9 million are DKK 9.3 million lower than at the same time last year.

Cash flow from operating activities for the second quarter of 2023 amounted to DKK -5.2 million, which is DKK 79.0 million less than for the same period last year. The timing of supplier payments had a negative impact on the change in working capital. Cash flow from operating activities for the first half of 2023 amounted to DKK -159.2 million, which is DKK 122.8 million less than for the first half of 2022. The reduction is due to increased funds tied up in working capital.

Net investments for the second quarter of 2023 totalled DKK 37.6 million, which is DKK 149.6 million less than for the same period last year. Net investments for the first half of 2023 totalled DKK 68.8 million, which is DKK 178.8 million less than for the same period last year. The decrease in investments is driven by the acquisition of EA Værktøj in 2022 as well as an overall lower investment level in 2023. Shareholders received dividend payments of DKK 142.7 million against DKK 122.3 million last year. Lease payments amounted to DKK 16.5 million for the first half of 2023.

Total cash flow for the first half of 2023 is negative at DKK 34.7 million. As at 30 June 2023 the Group's cash and short-term deposits totalled DKK 0.3 million, which is DKK 0.4 million less than at 30 June 2022.

The interest-bearing net debt amounted to DKK 940.3 million, and financial gearing was 2.0. Net gearing is expected to be reduced during the second half of 2023.

## **Significant risks**

As mentioned in the annual report for 2022, under the paragraph 'Internal controls and risk management', the Company assesses on an ongoing basis the most significant risks in connection with the Company's activities. In addition to the risks mentioned in the annual report, the Group is sensitive to the overall development in Danish and Swedish economy as well as business trends in the building industries of these countries.

## **Incentive programme and treasury shares**

An incentive programme may be prepared in accordance with the remuneration policy approved by the Annual General Meeting on 18 March 2022. The remuneration policy is available in full on the Company's website [www.ao.dk](http://www.ao.dk).

Two incentive programmes where participants are granted a combined total of 119,773 free restricted shares are currently running. The free restricted shares are expected to be settled through treasury shares already held.

As at 30 June 2023, the Company held a total of 823,900 treasury shares.

## **Outlook**

As mentioned under 'Expectations for the year' consolidated revenue in the range of DKK 5,350-5,500 million, EBITDA of DKK 435-465 million, and EBT in the high end of DKK 300-330 million are expected for 2023.

## **Events after the end of the interim period**

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



## **Company announcements in 2023**

Announcement no. 1	Introduction of a share-based incentive programme	19 January 2023
Announcement no. 2	Annual report 2022	22 February 2023
Announcement no. 3	Notice of Annual General Meeting 2023	22 February 2023
Announcement no. 4	Annual General Meeting 2023	16 March 2023
Announcement no. 5	Interim financial report for the first quarter of 2023	27 April 2023

## **Management's statement**

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 2023.

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 2023 and of the results of the Group's operations and cash flows for the period 1 January – 30 June 2023.

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, 17 August 2023

### ***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

Erik Holm  
Deputy Chairman

René Alberg

Ann Fogelgren

Peter Gath

Leif Hummel

Marlene L. Jakobsen

Niels A. Johansen

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# Income statement and statement of comprehensive income

<i>(All amounts are in DKK thousands)</i>	Note:	H1 2023	H1 2022	Q2 2023	Q2 2022	Full Year 2022
<b>Revenue</b>	<b>3</b>	<b>2,670,323</b>	<b>2,570,115</b>	<b>1,266,050</b>	<b>1,318,801</b>	<b>5,375,006</b>
Cost of sales		(1,935,730)	(1,849,528)	(917,446)	(943,570)	(3,855,184)
Distribution costs		(102,677)	(102,817)	(49,955)	(52,191)	(213,071)
Gross profit		631,916	617,770	298,649	323,040	1,306,751
Other operating income		985	836	311	595	3,573
<b>Gross margin</b>		<b>632,901</b>	<b>618,606</b>	<b>298,960</b>	<b>323,635</b>	<b>1,310,324</b>
External expenses		(147,516)	(135,816)	(72,782)	(72,001)	(318,517)
Staff costs		(270,838)	(252,510)	(133,581)	(132,197)	(500,240)
<b>Earnings before interest, taxes, depreciation and amortisation (EBITDA)</b>		<b>214,547</b>	<b>230,280</b>	<b>92,597</b>	<b>119,437</b>	<b>491,567</b>
Depreciation and amortisation		(59,979)	(53,012)	(27,455)	(27,096)	(108,014)
<b>Operating profit or loss (EBIT)</b>		<b>154,568</b>	<b>177,268</b>	<b>65,142</b>	<b>92,341</b>	<b>383,553</b>
Write-down of financial assets		-	-	-	-	-
Financial income		1,844	2,817	922	1,038	3,033
Financial expenses		(15,563)	(3,253)	(8,537)	(2,437)	(9,158)
<b>Profit or loss before tax (EBT)</b>		<b>140,849</b>	<b>176,832</b>	<b>57,527</b>	<b>90,942</b>	<b>377,428</b>
Tax on profit or loss for the period		(30,294)	(38,716)	(12,130)	(19,867)	(82,959)
<b>Net profit or loss for the period</b>		<b>110,555</b>	<b>138,116</b>	<b>45,397</b>	<b>71,075</b>	<b>294,469</b>
<b>Other comprehensive income</b>						
<b>Items reclassified to the income statement</b>						
Foreign currency translation adjustment relating to foreign entities		(6,457)	(347)	(4,836)	(430)	(6,156)
Tax on other comprehensive income		-	-	-	-	-
Other comprehensive income after tax		(6,457)	(347)	(4,836)	(430)	(6,156)
<b>Total comprehensive income</b>		<b>104,098</b>	<b>137,769</b>	<b>40,561</b>	<b>70,645</b>	<b>288,313</b>
<b>Earnings per share</b>						
Earnings per share (EPS)		4.1	5.1	1.7	2.6	10.8
Diluted earnings per share (EPS-D)		4.1	5.1	1.7	2.6	10.8

## Balance sheet

(All amounts are in DKK thousands)

<b>ASSETS</b>	Note:	<b>2023.06.30</b>	<b>2022.06.30</b>	<b>2022.12.31</b>
<b>Non-current assets</b>				
<b>Intangible assets</b>				
Goodwill	4	508,539	496,124	499,685
Intellectual property rights		46,350	41,609	48,153
Software		67,704	57,381	64,188
		<b>622,593</b>	<b>595,114</b>	<b>612,026</b>
<b>Property, plant and equipment</b>				
Land and buildings		810,010	789,412	795,870
Leasehold improvements		18,119	12,867	13,609
Fixtures and operating equipment		228,262	211,865	224,782
Right-of-use assets		92,579	104,345	80,740
		<b>1,148,970</b>	<b>1,118,489</b>	<b>1,115,001</b>
<b>Other non-current assets</b>				
Other Investments		247	284	284
		<b>247</b>	<b>284</b>	<b>284</b>
<b>Total non-current assets</b>		<b>1,771,810</b>	<b>1,713,887</b>	<b>1,727,311</b>
<b>Current assets</b>				
Inventories	5	856,650	796,658	865,953
Trade receivables	6	674,204	651,279	636,439
Joint taxation contribution		-	-	15,931
Other receivables		14,313	15,886	16,119
Prepayments and accrued income		28,205	20,716	21,514
Cash and short-term deposits		306	767	34,973
<b>Total current assets</b>		<b>1,573,678</b>	<b>1,485,306</b>	<b>1,591,009</b>
<b>Total assets</b>		<b>3,345,488</b>	<b>3,199,193</b>	<b>3,318,320</b>

## Balance sheet

(All amounts are in DKK thousands)

<b>EQUITY AND LIABILITIES</b>	Note:	<b>2023.06.30</b>	<b>2022.06.30</b>	<b>2022.12.31</b>
<b>Equity</b>				
Share capital		28,000	28,000	28,000
Reserve for foreign currency translation adjustments		(15,101)	(2,835)	(8,644)
Retained earnings		1,357,659	1,230,246	1,241,142
Proposed dividend for the financial year		-	-	147,000
<b>Total equity</b>		<b>1,370,558</b>	<b>1,255,411</b>	<b>1,407,498</b>
<b>Non-current liabilities</b>				
Deferred tax		63,656	54,208	64,612
Credit institutions		407,316	230,132	418,011
Lease liabilities		63,533	79,107	56,836
Frozen holiday pay		-	3,798	-
<b>Total non-current liabilities</b>		<b>534,505</b>	<b>367,245</b>	<b>539,459</b>
<b>Current liabilities</b>				
Credit institutions		436,878	381,197	73,689
Lease liabilities		32,909	29,236	28,973
Trade payables		870,966	1,045,210	1,181,319
Corporation tax		2,566	2,884	3,501
Joint taxation contribution payable		5,529	35,759	-
Other payables		88,851	79,511	77,141
Provisions for liabilities		2,726	2,740	6,740
<b>Total current liabilities</b>		<b>1,440,425</b>	<b>1,576,537</b>	<b>1,371,363</b>
<b>Total liabilities</b>		<b>1,974,930</b>	<b>1,943,782</b>	<b>1,910,822</b>
<b>Total equity and liabilities</b>		<b>3,345,488</b>	<b>3,199,193</b>	<b>3,318,320</b>

## Cash flow statement

(All amounts are in DKK thousands)

	H1 2023	H1 2022	Q2 2023	Q2 2022	Full year 2022
Operating profit or loss	154,568	177,268	65,143	92,341	383,553
Depreciation and amortisation	59,979	53,012	27,455	27,096	108,014
Other non-cash operating items, net	(23)	(635)	(780)	-	1,543
Cash flow from operations before change in working capital	214,524	229,645	91,818	119,437	493,110
Change in inventories	449	(126,732)	63,531	(21,887)	(219,340)
Change in receivables	(42,570)	(124,981)	40,813	28,605	(107,160)
Change in trade and other payables	(307,837)	(5,861)	(192,241)	(50,654)	145,278
Total change in working capital	(349,958)	(257,574)	(87,897)	(43,936)	(181,222)
Cash flow from operations	(135,434)	(27,929)	3,921	75,501	311,888
Net financials paid	(13,719)	(437)	(7,616)	(1,399)	(6,125)
Corporation tax paid	(10,046)	(8,030)	(1,500)	(261)	(89,970)
<b>Cash flow from operating activities</b>	<b>(159,199)</b>	<b>(36,396)</b>	<b>(5,195)</b>	<b>73,841</b>	<b>215,793</b>
Purchase of intangible assets	(15,331)	(14,456)	(8,242)	(8,818)	(41,010)
Purchase of property, plant and equipment, net	(52,009)	(105,959)	(29,337)	(52,666)	(164,530)
Purchase/sale of financial assets	37	-	-	-	-
Acquisitions	(1,500)	(127,163)	-	(125,663)	(127,763)
<b>Cash flow from investing activities</b>	<b>(68,803)</b>	<b>(247,578)</b>	<b>(37,579)</b>	<b>(187,147)</b>	<b>(333,303)</b>
Change in amounts owed to credit institutions	352,494	283,437	75,351	141,525	(85,975)
Raising of loans from credit institutions	-	-	-	-	247,973
Repayment of lease liabilities	(16,484)	(13,350)	(7,753)	(6,825)	(24,169)
Dividends paid	(142,675)	(122,292)	(24,900)	(21,266)	(122,292)
<b>Cash flow from financing activities</b>	<b>193,335</b>	<b>147,795</b>	<b>42,698</b>	<b>113,434</b>	<b>15,537</b>
<b>Cash flow for the period</b>	<b>(34,667)</b>	<b>(136,179)</b>	<b>(76)</b>	<b>128</b>	<b>(101,973)</b>
Cash and short-term deposits at beginning of period	34,973	136,946	382	639	136,946
<b>Cash and short-terms deposits at end of period</b>	<b>306</b>	<b>767</b>	<b>306</b>	<b>767</b>	<b>34,973</b>

## Statement of changes in equity

*(All amounts are in DKK thousands)*

	Share Capital	Foreign currency translation adjustment	Proposed dividend for the financial year	Retained earnings	Total equity
<b>Equity at 1 January 2023</b>	<b>28,000</b>	<b>(8,644)</b>	<b>147,000</b>	<b>1,241,142</b>	<b>1,407,498</b>
Net profit or loss for the period	-	-	-	110,555	110,555
Foreign currency translation adjustment relating to foreign entities	-	(6,457)	-	-	(6,457)
<b>Total comprehensive income</b>	<b>-</b>	<b>(6,457)</b>	<b>-</b>	<b>110,555</b>	<b>104,098</b>
Dividend distribution	-	-	(142,675)	-	(142,675)
Dividend, own shares	-	-	(4,325)	4,325	-
Share-based remuneration	-	-	-	1,637	1,637
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>(147,000)</b>	<b>5,962</b>	<b>(141,038)</b>
<b>Equity at 31 December 2022</b>	<b>28,000</b>	<b>(15,101)</b>	<b>-</b>	<b>1,357,659</b>	<b>1,370,558</b>
<b>Equity at 1 January 2022</b>	<b>28,000</b>	<b>(2,488)</b>	<b>126,000</b>	<b>1,088,422</b>	<b>1,239,934</b>
Net profit or loss for the period	-	-	-	138,116	138,116
Foreign currency translation adjustment relating to foreign entities	-	(347)	-	-	(347)
<b>Total comprehensive income</b>	<b>-</b>	<b>(347)</b>	<b>-</b>	<b>138,116</b>	<b>137,769</b>
Dividend distribution	-	-	(122,292)	-	(122,292)
Dividend, own shares	-	-	(3,708)	3,708	-
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>(126,000)</b>	<b>3,708</b>	<b>(122,292)</b>
<b>Equity at 30 June 2022</b>	<b>28,000</b>	<b>(2,835)</b>	<b>-</b>	<b>1,230,246</b>	<b>1,255,411</b>
<b>Equity at 1 January 2022</b>	<b>28,000</b>	<b>(2,488)</b>	<b>126,000</b>	<b>1,088,422</b>	<b>1,239,934</b>
Net profit or loss for the year	-	-	147,000	147,469	294,469
Foreign currency translation adjustment relating to foreign entities	-	(6,156)	-	-	(6,156)
<b>Total comprehensive income</b>	<b>-</b>	<b>(6,156)</b>	<b>147,000</b>	<b>147,469</b>	<b>288,313</b>
Dividend distribution	-	-	(122,292)	-	(122,292)
Dividend, own shares	-	-	(3,708)	3,708	-
Share-based remuneration	-	-	-	1,543	1,543
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>(126,000)</b>	<b>5,251</b>	<b>(120,749)</b>
<b>Equity at 31 December 2022</b>	<b>28,000</b>	<b>(8,644)</b>	<b>147,000</b>	<b>1,241,142</b>	<b>1,407,498</b>

# Notes

## 1 Accounting policies

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

The accounting policies are unchanged from the accounting policies applied in the consolidated and parent company financial statements for 2022, to which reference is made. The consolidated and parent company financial statements for 2022 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 2022. For a more detailed description of the estimation uncertainty, reference is made to the consolidated and parent company financial statements for 2022.

AO has re-assessed the estimated useful lives of the automated warehouses. The re-assessment of the estimated useful lives from 10 years to 15 years will reduce depreciation by approximately DKK 17 million in 2023.

## 3 Segment information

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 2022. 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 2022. The Group has activities within the B2B segment and the B2C segment. The two segments share the same chief operating decision maker but are identified as separate operating segments in the internal management reporting.

SEGMENT INFORMATION Q2 2023				SEGMENT INFORMATION Q2 2022			
	B2B	B2C	Total		B2B	B2C	Total
Revenue	1,138.3	127.7	1,266.1	Revenue	1,165.0	153.8	1,318.8
Cost of goods sold	- 836.2	- 80.8	- 917.0	Cost of goods sold	- 840.6	- 102.4	- 943.0
<b>Product margin</b>	<b>302.1</b>	<b>46.9</b>	<b>349.0</b>	<b>Product margin</b>	<b>324.4</b>	<b>51.4</b>	<b>375.8</b>
Distribution	- 39.7	- 10.3	- 50.0	Distribution	- 41.2	- 11.0	- 52.2
<b>Gross margin</b>	<b>262.4</b>	<b>36.6</b>	<b>299.0</b>	<b>Gross margin</b>	<b>283.2</b>	<b>40.4</b>	<b>323.6</b>
Direct expenses	- 126.7	- 29.2	- 155.9	Direct expenses	- 125.1	- 30.5	- 155.6
<b>EBITDA before indirect expenses</b>	<b>135.7</b>	<b>7.4</b>	<b>143.1</b>	<b>EBITDA before indirect expenses</b>	<b>158.1</b>	<b>9.9</b>	<b>168.0</b>
Indirect expenses			- 50.5	Indirect expenses			- 48.6
<b>EBITDA</b>			<b>92.6</b>	<b>EBITDA</b>			<b>119.4</b>
<b>Key figures</b>	<b>B2B</b>	<b>B2C</b>	<b>Total</b>	<b>Key figures</b>	<b>B2B</b>	<b>B2C</b>	<b>Total</b>
Gross margin %	23.1%	28.7%	23.6%	Gross margin %	24.3%	26.3%	24.5%
EBITDA (before indirect expenses) %	11.9%	5.8%	11.3%	EBITDA (before indirect expenses) %	13.3%	6.4%	12.7%
EBITDA %			7.3%	EBITDA %			9.1%



## Segment information continued

SEGMENT INFORMATION H1 2023				SEGMENT INFORMATION H1 2022			
	B2B	B2C	Total		B2B	B2C	Total
Revenue	2,397.2	273.1	2,670.3	Revenue	2,250.8	319.3	2,570.1
Cost of goods sold	- 1,760.7	- 174.0	- 1,934.7	Cost of goods sold	- 1,640.7	- 208.0	- 1,848.7
<b>Product margin</b>	<b>636.5</b>	<b>99.1</b>	<b>735.6</b>	<b>Product margin</b>	<b>610.1</b>	<b>111.3</b>	<b>721.4</b>
Distribution	- 81.5	- 21.2	- 102.7	Distribution	- 78.5	- 24.3	- 102.8
<b>Gross margin</b>	<b>555.0</b>	<b>77.9</b>	<b>632.9</b>	<b>Gross margin</b>	<b>531.6</b>	<b>87.0</b>	<b>618.6</b>
Direct expenses	- 251.5	- 61.6	- 313.1	Direct expenses	- 228.5	- 62.6	- 291.1
<b>EBITDA before indirect expenses</b>	<b>303.5</b>	<b>16.3</b>	<b>319.8</b>	<b>EBITDA before indirect expenses</b>	<b>303.1</b>	<b>24.4</b>	<b>327.5</b>
Indirect expenses			- 105.3	Indirect expenses			- 97.2
<b>EBITDA</b>			<b>214.5</b>	<b>EBITDA</b>			<b>230.3</b>
<b>Key figures</b>	<b>B2B</b>	<b>B2C</b>	<b>Total</b>	<b>Key figures</b>	<b>B2B</b>	<b>B2C</b>	<b>Total</b>
Gross margin %	23.2%	28.5%	23.7%	Gross margin %	23.6%	27.2%	24.1%
EBITDA (before indirect expenses) %	12.7%	6.0%	12.0%	EBITDA (before indirect expenses) %	13.5%	7.6%	12.7%
EBITDA %			8.0%	EBITDA %			9.0%

## 4 Goodwill and intangible assets

The annual impairment test of intangible assets, including goodwill and intellectual property rights, is performed at 31 December 2023, after the completion of budgets and strategy plans for the coming period.

At 30 June 2023, 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 2023.

## 5 Inventories

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

## 6 Trade receivables

An estimate is used to assess the recoverability of receivables according to the same principles as applied in the financial statements for 2022.