
Interim Financial Report for the Period 1 January – 30 September 2023



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 September 2023.

Highlights for the third quarter and first nine months of 2023

- Consolidated revenue for the third quarter of 2023 was DKK 1,229.3 million, which is DKK 99.3 million, or 7.5%, less than for the third quarter of 2022. Consolidated revenue for the first nine months of 2023 was DKK 3,899.6 million, which is DKK 0.9 million more than for the same period last year. The gross profit margin for the first three quarters decreased by 0.4 percentage point compared with the same period of 2022 driven by one-time effects related to supplier-driven price increases in 2022. In the third quarter, there was one less selling day relative to the prior year period. The day-to-day sales index saw a sharp decline in September causing third quarter results to be lower than expected.
- Operating profit (EBIT) for the third quarter of 2023 was DKK 72.1 million, corresponding to a profit margin of 5.9%, against DKK 93.9 million and 7.1% for the third quarter of 2022. Operating profit (EBIT) for the first nine months of 2023 was DKK 226.4 million, corresponding to a profit margin of 5.8%, against DKK 271.1 million and 7.0% for the first three quarters of 2022.
- Profit before tax (EBT) for the third quarter of 2023 was DKK 63.3 million, which is DKK 28.3 million less than in the third quarter of last year. Profit before tax for the first nine months of 2023 amounted to DKK 203.9 million, corresponding to a decrease of DKK 64.6 million.
- The Group's total assets as at 30 September 2023 amounted to DKK 3,268.0 million, which is DKK 31.9 million less than at the same time in 2022.
- The Group's equity as at 30 September 2023 was DKK 1,423.6 million, which is DKK 100.7 million more than at the same time in 2022. The solvency ratio was 43.6% against 40.1% at 30 September 2022. The solvency ratio is above the ambition of at least 40%.
- Cash flow from operating activities totalled DKK 209.1 million for the third quarter of 2023 and DKK 49.9 million for the first three quarters of 2023, which is DKK 221.4 million and DKK 98.6 million more than in the same periods last year. The development is driven by changes in working capital where inventory levels were reduced. Investments for the third quarter of 2023 totalled DKK 24.2 million and DKK 93.0 million for the first nine months of 2023, compared with DKK 21.0 million and DKK 268.6 million in 2022.
- The Group's financial leverage, measured as the ratio between the net interest-bearing debt and the EBITDA of the last 12 months, was 1.7 as at 30 September 2023, against 1.6 at the same time last year and 1.1 as at 31 December 2022. The financial leverage decreased from 2.0 as at 30 June 2023 and is expected to decrease further in the remainder of 2023.

Other highlights for the third quarter of 2023:

- The market saw a sharp and unexpected decline in September 2023 causing AO to decrease its expectations for the rest of the year as stated in Company Announcement No. 8/2023 dated 12 October 2023. Whilst the number of customer visits to AO's stores were higher than in September last year, the basket sizes declined in both segments. In addition, the market activity related to the green transition declined significantly compared to last year, especially the activity related to heat pumps.
- Despite the downward trending market AO continued to gain market shares in the third quarter of 2023.
- The roll-out of the EA range into AO's stores continued as planned, and in the third quarter more than 20% of the EA range was sold through AO stores or ao.dk.
- Appropriate cost saving measures have been initiated during 2023. As a result of efficiency gains and synergies from the EA integration and the new warehouse, the number of employees has been reduced during the year. Part of the reductions made in the second and third quarter will take effect in the fourth quarter. At the same time new hirings have been made, especially in relation to compliance, green transition activities, additional competencies in relevant functions, and the roll-out of EA.

Expectations for the year

As previously stated in Company Announcement No. 8/2023 dated 12 October 2023, third quarter revenue and earnings were lower than expected with negative sales indexes in September. Based on projections from current trading, expectations for the rest of the year have been adjusted downwards.

Revenue

Revenue for 2023 is expected to be in the region of DKK 5,150-5,300 million. Previous expectations were in the region of DKK 5,350-5,500 million. Revenue for 2022 was DKK 5,375.0 million.

EBITDA

EBITDA for 2023 is expected to be in the range of DKK 400-430 million, corresponding to an EBITDA margin of 7.5%-8.3%. Previous EBITDA expectations were in the range of DKK 435-465. EBITDA for 2022 was DKK 491.6 million.

EBT

EBT is expected to be in the region of DKK 260-290 million, corresponding to an EBT margin of 4.9%-5.6%. Previous EBT expectations were in the region of DKK 300-330 million. EBT for 2022 was DKK 377.4 million.

Albertslund, 26 October 2023

Niels A. Johansen
CEO

Per Toelstang
CFO

Financial and operating data for the AO Group (DKKm)

Key figures

	Q1-3 2023	Q1-3 2022	Q3 2023	Q3 2022	Full Year 2022
Consolidated revenue	3,899.6	3,898.8	1,229.3	1,328.6	5,375.0
Gross margin	916.0	930.5	283.1	311.9	1,310.3
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	309.9	352.4	95.6	122.1	491.6
Profit or loss before financial income and expenses (EBIT)	226.4	271.1	72.1	93.9	383.6
Financial income and expenses, net	(22.5)	(2.7)	(8.8)	(2.2)	(6.1)
Profit or loss before tax (EBT)	203.9	268.5	63.3	91.6	377.4
Tax on profit or loss for the period	(44.2)	(58.8)	(13.9)	(20.1)	(83.0)
Net profit or loss for the period	159.7	209.7	49.4	71.6	294.5

Non-current assets	1,777.6	1,706.4	1,777.6	1,706.4	1,727.3
Current assets	1,490.4	1,593.5	1,490.4	1,593.5	1,591.0
Total assets	3,268.0	3,299.9	3,268.0	3,299.9	3,318.3
Share capital	28.0	28.0	28.0	28.0	28.0
Equity	1,423.6	1,322.9	1,423.6	1,322.0	1,407.5
Non-current liabilities	527.7	558.1	527.7	559.1	539.5
Current liabilities	1,316.7	1,418.9	1,316.7	1,418.9	1,371.4

Cash flow from operating activities	49.9	(48.8)	209.1	(12.4)	215.8
Cash flow from investing activities	(93.0)	(268.6)	(24.2)	(21.0)	(333.3)
Of which investments in property, plant and equipment, net	(68.9)	(119.1)	(16.9)	(13.2)	(164.5)
Cash flow from financing activities	8.5	205.5	(184.8)	57.7	15.5
Cash flow for the period	(34.6)	(111.8)	0.0	24.4	(102.0)

Financial ratios*

Gross profit margin	23.5%	23.9%	23.0%	23.5%	24.4%
EBITDA margin	7.9%	9.0%	7.8%	9.2%	9.1%
Profit margin	5.8%	7.0%	5.9%	7.1%	7.1%
Return on capital employed**	6.9%	9.0%	2.6%	3.4%	12.7%
Return on equity**	11.3%	16.4%	3.9%	5.9%	22.2%
Net leverage	1.7	1.6	1.7	1.6	1.1
Solvency ratio	43.6%	40.1%	43.6%	40.1%	42.4%

Book value	50.8	47.2	50.8	47.2	50.3
Share price at the end of the period	73.6	68.0	73.6	68.0	83.1
Earnings per share (EPS Basic), DKK***	5.9	7.7	1.8	2.6	10.8
Diluted earnings per share (EPS-D), DKK***	5.9	7.7	1.8	2.6	10.8

Average number of employees	844	814	839	848	822
Average number of employees, incl. external temporary workers	912	876	900	900	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 third quarter of 2023 totalled DKK 1,229.3 million, which is DKK 99.3 million, or 7.5%, less than for the same quarter of 2022. Consolidated revenue for the first nine months of 2023 totalled DKK 3,899.6 million against DKK 3,898.8 million for the same period last year. The third quarter saw a decline of 7.8% in the B2B business. For the first nine months, growth in the B2B segment was 1.6%. The B2C segment saw an increase in the third quarter sales index compared with the first half of the year. In the third quarter of 2023 the B2C segment declined by 4.1%, compared with the same period last year.

Gross margin for the third quarter of 2023 amounted to DKK 283.1 million, corresponding to a gross profit margin of 23.0%, compared with DKK 311.9 million and a gross profit margin of 23.5% in the equivalent quarter of last year. Gross margin and gross profit margin for the first three quarters of 2023 totalled DKK 916.0 million and 23.5% respectively, compared with DKK 930.5 million and 23.9% for the same period of 2022. Distribution costs for the third quarter of 2023 constituted 4.1% of revenue, which is 0.3 percentage point higher than last year. Distribution costs for the first nine months of 2023 constituted 3.9% of revenue, which is the same level as last year.

Total operating expenses for the third quarter of 2023 amounted to DKK 187.5 million, which is DKK 2.2 million less than for the same quarter last year. Cost reduction measures have kept operating expenses at the same level as last year despite cost inflation. Cost of doing business was 15.3%, compared with 14.3% in the third quarter of 2022.

In the third quarter of 2023, external expenses totalled DKK 73.0 million, which is DKK 1.7 million less than in the third quarter of last year. External expenses for the first nine months of 2023 amounted to DKK 220.5 million, which is DKK 10.0 million more than last year. The main driver behind the increased costs for the first nine months is the acquisition of EA Værktøj in the second quarter of last year.

In the third quarter of 2023, staff costs of DKK 114.5 million decreased by DKK 0.5 million compared with the same period last year. In the first nine months of 2023, staff costs totalled DKK 385.6 million, which is DKK 18.1 million more than in the equivalent period of last year. In the first nine months of 2023, the average number of employees, including temporary workers, was 912 against 876 in the same period a year ago. The average number of employees are expected to be reduced by the end of the year reflecting efficiency gains and synergies during 2023.

Depreciation and amortisation totalled DKK 23.5 million in the third quarter of 2023 and DKK 83.5 million in the first nine months of 2023. Depreciation has been affected by a reassessment of the expected useful lives of the automated warehouse systems from 10 to 15 years.

Operating profit (EBIT) for the third quarter of 2023 was DKK 72.1 million, which is 5.9% of revenue. When compared to the same period last year, EBIT is DKK 21.7 million lower. The profit margin is reduced by 1.2 percentage points driven by the lower gross margin and comparable cost levels. EBIT for the first nine months of 2023 was DKK 226.4 million, corresponding to 5.8% of revenue. When compared to the same period last year, EBIT is DKK 44.7 million lower, and the profit margin is down by 1.2 percentage points.

Financial income and expenses, net, for the third quarter of 2023 were negative at DKK 8.8 million, which is DKK 6.6 million lower than in the same quarter of 2022. Net expenses are mainly attributable to increased interest rates as well as currency translation adjustments, primarily SEK and NOK. Financial income and expenses, net, for the first nine months of 2023 were negative at DKK 22.5 million, which is DKK 19.8 million less than for the first nine months of 2022.

The Group's profit before tax (EBT) for the third quarter of 2023 was DKK 63.3 million, compared with DKK 91.6 million reported for the same period last year. The Group's profit before tax for the first nine months of 2023 was DKK 203.9 million, which is DKK 64.6 million, or 24.1%, less than in the first nine months of 2022.

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

A post-tax profit of DKK 49.4 million was recorded for the third quarter of 2023 against DKK 71.6 million for the third quarter of 2022. A post-tax profit of DKK 159.7 million was recorded for the first three quarters of 2023, compared with DKK 209.7 million for the same period last year.

The Group's total assets as at 30 September 2023 amounted to DKK 3,268.0 million, which is DKK 31.9 million less than at the same time last year.

Non-current assets of DKK 1,777.6 million are DKK 71.2 million, net, higher than at the same time last year.

Current assets as at 30 September 2023 totalled DKK 1,490.4 million, which is DKK 103.1 million less than at the same time last year. When compared with the same period last year, inventories increased by DKK 8.8 million to DKK 793.1 million, and trade receivables went down by DKK 87.6 million to DKK 657.5 million driven by lower sales in September of 2023. Compared with the end of the first quarter, inventory levels have been reduced by DKK 136.2 million, and they are expected to be reduced even more before end of 2023.

Cash and short-term deposits of DKK 0.3 million are DKK 24.8 million lower than at 30 September 2022.

Equity as at 30 September 2023 totalled DKK 1,423.6 million, corresponding to a solvency ratio of 43.6%, and is DKK 100.7 million more than at the same time last year, driven by period earnings after tax less dividend payments of DKK 142.7 million.

The Group's payables to credit institutions amounted to DKK 668.4 million at 30 September 2023 and are DKK 8.1 million lower than at 30 September 2022. In the third quarter, net interest bearing debt was reduced by DKK 180 million. Approximately two thirds of payables to credit institutions are mortgage loans.

Trade payables as at 30 September 2023 amounted to DKK 902.7 million and are DKK 100.2 million lower than at the same time last year. The reduction of inventory levels has reduced procurement and thus trade payables.

Other payables of DKK 97.0 million are DKK 15.3 million higher than at the same time last year. The increase is driven by deferred payments of social cost and payroll related taxes.

For the third quarter of 2023, cash flow from operating activities before changes in working capital was DKK 97.9 million, which is DKK 23.7 million less than for the same period last year. A positive cash flow from changes in inventories of DKK 63.5 million was reported for the third quarter of 2023. Reducing inventories remains a priority. Lower revenue at the end of the period had a positive impact on cash flow from receivables of DKK 19.8 million, which is DKK 114.8 million more than for the same period last year. Cash flow from change in trade and other payables was positive in the third quarter of 2023 by DKK 39.0 million. In the third quarter of 2023, changes in working capital are positive at an amount of DKK 122.3 million in the cash flow statement, compared with a negative of DKK 130.5 million in the same quarter last year. In the third quarter of 2023, cash flow from operating activities was positive at DKK 209.1 million against a negative of DKK 12.4 million for the third quarter last year.

Cash flow from operating activities for the first nine months of 2023 was positive at DKK 49.9 million against a negative of DKK 48.8 million for the same period last year.

Net investments for the third quarter of 2023 totalled DKK 24.2 million against DKK 20.1 million for the third quarter of last year. Net investments for the first nine months of 2023 amounted to DKK 93.0 million against DKK 268.6 million for the same period last year. In 2022 investments were driven by an investment in the central warehouse and the acquisition of EA Værktøj.

In the nine months ended 30 September 2023, the Group's total payables to credit institutions increased by net DKK 176.7 million to DKK 668.4 million. A cash pool agreement has been entered into, meaning that cash and short-term deposits are offset against payables to credit institutions on calculation of interest.

The net interest-bearing debt for the first nine months of 2023 increased by DKK 217.0 million. The financial gearing as at 30 September 2023 was 1.7.

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.

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 September 2023, the Company held a total of 823,900 treasury shares.

Outlook

As mentioned under 'Expectations for the year' and in Company Announcement No. 8/2023, guidance has been changed to a consolidated revenue in the range of DKK 5,150-5,300 million (down from DKK 5,350-5,500 million), EBITDA of DKK 400-430 million (down from DKK 435-465 million), and EBT of DKK 260-290 million (down from DKK 300-330 million).

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 program	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	Q1 2023	27 April 2023
Announcement no. 6	H1 2023	17 August 2023
Announcement no. 7	Notification of transactions of persons discharging managerial responsibilities	17 August 2023
Announcement no. 8	AO sees lower market activity in September	12 October 2023

Management's statement

Today the Board of Directors and the Executive Board have discussed and approved the interim financial report of Brødrene A & O Johansen A/S for the period 1 January – 30 September 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 September 2023 and of the results of the Group's operations and cash flows for the period 1 January – 30 September 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, 26 October 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

(All amounts are in DKK thousands)	Note:	Q1-3 2023	Q1-3 2022	Q3 2023	Q3 2022	Full Year 2022
Revenue	3	3,899,612	3,898,750	1,229,289	1,328,635	5,375,006
Cost of sales		(2,832,045)	(2,815,883)	(896,315)	(966,353)	(3,855,184)
Distribution costs		(153,153)	(153,844)	(50,476)	(51,027)	(213,071)
Gross profit		914,414	929,023	282,498	311,255	1,306,751
Other operating income		1,612	1,432	627	596	3,573
Gross margin		916,026	930,455	283,125	311,851	1,310,324
External expenses		(220,524)	(210,556)	(73,009)	(74,741)	(318,517)
Staff costs		(385,594)	(367,502)	(114,493)	(114,991)	(500,240)
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		309,908	352,397	95,623	122,119	491,567
Depreciation and amortisation		(83,471)	(81,272)	(23,492)	(28,260)	(108,014)
Operating profit or loss (EBIT)		226,437	271,125	72,131	93,859	383,553
Write-down of financial assets		-	-	-	-	-
Financial income		2,611	3,016	767	209	3,033
Financial expenses		(25,157)	(5,681)	(9,594)	(2,438)	(9,158)
Profit or loss before tax (EBT)		203,891	268,460	63,304	91,630	377,428
Tax on profit or loss for the period		(44,192)	(58,768)	(13,898)	(20,052)	(82,959)
Net profit or loss for the period		159,699	209,692	49,406	71,578	294,469
Other comprehensive income						
Items reclassified to the income statement						
Foreign currency translation adjustment relating to foreign entities		(3,407)	(5,447)	(3,060)	(5,100)	(6,156)
Tax on other comprehensive income		-	-	-	-	-
Other comprehensive income after tax		(3,407)	(5,447)	(3,060)	(5,100)	(6,156)
Total comprehensive income		156,292	204,245	46,346	66,478	288,313
Earnings per share						
Earnings per share (EPS)		5.9	7.7	1.8	2.6	10.8
Diluted earnings per share (EPS-D)		5.9	7.7	1.8	2.6	10.8

Balance sheet

(All amounts are in DKK thousands)

ASSETS	Note:	2023.09.30	2022.09.30	2022.12.31
Non-current assets				
Intangible assets				
Goodwill	4	508,539	496,124	499,685
Intellectual property rights		45,489	40,803	48,153
Software		75,446	59,259	64,188
		629,474	596,186	612,026
Property, plant and equipment				
Land and buildings		820,415	785,224	795,870
Leasehold improvements		17,010	12,216	13,609
Fixtures and operating equipment		221,887	215,006	224,782
Right-of-use assets		88,552	97,514	80,740
		1,147,864	1,109,960	1,115,001
Other non-current assets				
Other investments		247	284	284
		247	284	284
Total non-current assets		1,777,585	1,706,430	1,727,311
Current assets				
Inventories	5	793,111	784,328	865,953
Trade receivables	6	657,546	745,113	636,439
Joint tax contribution		-	-	15,931
Other receivables		14,203	17,067	16,199
Prepayments and accrued income		25,209	21,827	21,514
Cash and short-term deposits		332	25,167	34,973
Total current assets		1,490,401	1,593,502	1,591,009
Total assets		3,267,986	3,299,932	3,318,320

Balance sheet

(All amounts are in DKK thousands)

EQUITY AND LIABILITIES

Note:	2023.09.30	2022.09.30	2022.12.31
Equity			
Share capital	28,000	28,000	28,000
Reserve for foreign currency translation adjustments	(12,051)	(7,935)	(8,644)
Retained earnings	1,405,166	1,301,822	1,241,142
Share-based remuneration	2,515	1,028	-
Proposed dividend for the financial year	-	-	147,000
Total equity	1,423,630	1,322,915	1,407,498
Non-current liabilities			
Deferred tax	63,751	53,876	64,612
Credit institutions	403,926	425,707	418,011
Lease liabilities	59,984	76,985	56,836
Frozen holiday pay	-	14	-
Other non-current liabilities	-	1,500	-
Total non-current liabilities	527,661	558,082	539,459
Current liabilities			
Credit institutions	264,516	250,828	73,689
Lease liabilities	31,474	24,401	28,973
Trade payables	902,688	1,002,754	1,181,319
Corporation tax	2,588	3,385	3,501
Joint taxation contribution payable	17,748	53,162	-
Other payables	96,955	81,664	77,141
Provisions for liabilities	726	2,740	6,740
Total current liabilities	1,316,695	1,418,934	1,371,363
Total liabilities	1,844,356	1,977,016	1,910,822
Total equity and liabilities	3,267,986	3,299,932	3,318,320

Cash flow statement

(All amounts are in DKK thousands)

	Q1-3 2022	Q1-3 2021	Q3 2022	Q3 2021	Full year 2021
Operating profit or loss	226,437	271,125	71,869	93,857	383,553
Depreciation and amortisation	83,471	81,272	23,492	25,260	108,014
Other non-cash operating items, net	(2,515)	(1,107)	2,538	(472)	1,543
Cash flow from operations before change in working capital	312,423	351,290	97,899	121,645	493,110
Change in inventories	63,988	(114,402)	63,539	12,330	(219,340)
Change in receivables	(22,806)	(219,996)	19,764	(95,015)	(107,160)
Change in trade and other payables	(268,845)	(53,694)	38,992	(47,833)	145,278
Total change in working capital	(227,663)	(388,092)	122,295	(130,518)	(181,222)
Cash flow from operations	(84,760)	(36,802)	220,194	(8,873)	311,888
Net financials paid	(22,546)	(2,665)	(8,827)	(2,228)	(6,125)
Corporation tax paid	(12,343)	(9,283)	(2,297)	(1,253)	(89,970)
Cash flow from operating activities	(49,871)	(48,750)	209,070	(12,354)	215,793
Purchase of intangible assets	(22,702)	(22,241)	(7,731)	(7,785)	(41,010)
Purchase of property, plant and equipment, net	(68,861)	(119,149)	(16,852)	(13,190)	(164,530)
Purchase of investments	37	-	-	-	-
Acquisitions	(1,500)	(127,163)	-	-	(127,763)
Cash flow from investing activities	(93,026)	(268,553)	(24,223)	(20,975)	(333,303)
Change in payables to credit institutions	176,742	348,643	(175,752)	65,206	161,998
Repayment of lease liabilities	(25,553)	(20,827)	(9,069)	(7,477)	(24,169)
Dividends paid	(142,675)	(122,292)	-	-	(122,292)
Cash flow from financing activities	8,514	205,524	(184,821)	57,729	15,537
Cash flow for the period	(34,641)	(111,779)	26	24,400	(101,973)
Cash and short-term deposits at beginning of period	34,973	136,946	306	767	136,946
Cash and short-terms deposits at end of period	332	25,167	332	25,167	34,973

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 2023	28,000	(8,644)	147,000	1,241,142	1,407,498
Net profit or loss for the period	-	-	-	159,699	159,699
Foreign currency translation adjustment	-	(3,407)	-	-	(3,407)
Total comprehensive income	-	(3,407)	-	159,699	156,292
Dividend distribution	-	-	(142,675)	-	(142,675)
Dividend, own shares	-	-	(4,325)	4,325	-
Share-based remuneration	-	-	-	2,515	2,515
Total transactions with owners	-	-	(147,000)	6,840	(140,160)
Equity at 30 September 2023	28,000	(12,051)	-	1,407,681	1,423,630
Equity at 1 January 2022	28,000	(2,488)	126,000	1,088,422	1,239,934
Net profit or loss for the period	-	-	-	209,692	209,692
Foreign currency translation adjustment	-	(5,447)	-	-	(5,447)
Total comprehensive income	-	(5,447)	-	209,692	204,245
Dividend distribution	-	-	(122,292)	-	(122,292)
Dividend, own shares	-	-	(3,708)	3,708	-
Share-based remuneration	-	-	-	1,028	1,028
Total transactions with owners	-	-	(126,000)	4,736	(121,264)
Equity at 30 September 2022	28,000	(7,935)	-	1,301,822	1,322,915
Equity at 1 January 2022	28,000	(2,488)	126,000	1,088,422	1,239,934
Net profit or loss for the year	-	-	147,000	147,469	294,469
Foreign currency translation adjustment	-	(6,156)	-	-	(6,156)
Total comprehensive income	-	(6,156)	147,000	127,818	288,313
Dividend distribution	-	-	(122,292)	-	(122,292)
Dividend, own shares	-	-	(3,708)	3,708	-
Share-based remuneration	-	-	-	1,543	1,543
Total transactions with owners	-	-	(126,000)	1,236	(120,749)
Equity at 31 December 2022	28,000	(8,644)	147,000	1,241,142	1,407,498

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 nine months 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 nine months 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 Q3 2023

	B2B	B2C	Total
Revenue	1,088.4	140.9	1,229.3
Cost of goods sold	- 801.7	- 93.9	- 895.6
Product margin	286.7	47.0	333.7
Distribution	- 37.7	- 12.8	- 50.5
Gross margin	249.0	34.2	283.2
Direct expenses	- 112.0	- 31.3	- 143.3
EBITDA before indirect expenses	137.0	2.9	139.9
Indirect expenses			- 44.4
EBITDA			95.5
Key figures	B2B	B2C	Total
Gross margin %	22.9%	24.3%	23.0%
EBITDA (before indirect expenses) %	12.6%	2.1%	11.4%
EBITDA %			7.8%

SEGMENT INFORMATION Q3 2022

	B2B	B2C	Total
Revenue	1,180.9	147.7	1,328.6
Cost of goods sold	- 867.8	- 97.9	- 965.7
Product margin	313.1	49.8	362.9
Distribution	- 41.0	- 10.0	- 51.0
Gross margin	272.1	39.8	311.9
Direct expenses	- 110.2	- 29.9	- 140.1
EBITDA before indirect expenses	161.9	9.9	171.8
Indirect expenses			- 49.7
EBITDA			122.1
Key figures	B2B	B2C	Total
Gross margin %	23.0%	26.9%	23.5%
EBITDA (before indirect expenses) %	13.7%	6.7%	12.9%
EBITDA %			9.2%

SEGMENT INFORMATION Q1-3 2023

	B2B	B2C	Total
Revenue	3,485.6	414.0	3,899.6
Cost of goods sold	- 2,562.5	- 267.9	- 2,830.4
Product margin	923.1	146.1	1,069.2
Distribution	- 119.2	- 34.0	- 153.2
Gross margin	803.9	112.1	916.0
Direct expenses	- 363.5	- 92.9	- 456.4
EBITDA before indirect expenses	440.4	19.2	459.6
Indirect expenses			- 149.7
EBITDA			309.9
Key figures	B2B	B2C	Total
Gross margin %	23.1%	27.1%	23.5%
EBITDA (before indirect expenses) %	12.6%	4.6%	11.8%
EBITDA %			7.9%

SEGMENT INFORMATION Q1-3 2022

	B2B	B2C	Total
Revenue	3,431.8	467.0	3,898.8
Cost of goods sold	- 2,508.6	- 305.9	- 2,814.5
Product margin	923.2	161.1	1,084.3
Distribution	- 119.5	- 34.3	- 153.8
Gross margin	803.7	126.8	930.5
Direct expenses	- 338.7	- 92.5	- 431.2
EBITDA before indirect expenses	465.0	34.3	499.3
Indirect expenses			- 146.9
EBITDA			352.4
Key figures	B2B	B2C	Total
Gross margin %	23.4%	27.2%	23.9%
EBITDA (before indirect expenses) %	13.5%	7.3%	12.8%
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 September 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 September 2023. For a more detailed description, reference is made to the consolidated and parent company financial statements for 2022.

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.