

Company Announcement No. 6/2024

# Interim Financial Report 2024

For the period  
1 January - 30 June 2024



Brødrene A & O Johansen A/S  
Rørvang 3, DK-2620 Albertslund, Denmark  
CVR no. 58 21 06 17



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## Follow us



## Webcast

AO will host a webcast for investors and analysts on Thursday, 15 August 2024 at 1:00 p.m. CET. The webcast and the presentation can be accessed from AO's investor website:

<https://ao.dk/om-ao/investor-relations>

Webcast access numbers for investors and analysts:

DK: +45 78 76 84 90

SE: +46 31-311 50 03

UK: +44 20 3769 6819

US: +1 646 787 0157

PIN for all countries: 735822

Link to webcast:

<https://ao.eventcdn.net/events/interim-report-q2-2024>



# Highlights for the second quarter and first half of 2024

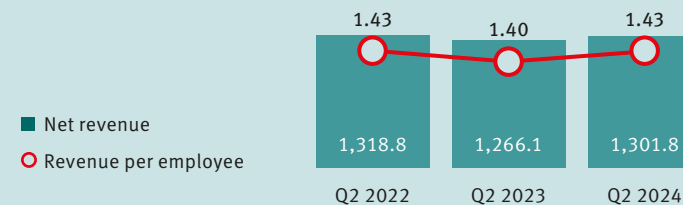
- Q2 revenue for both the B2B and B2C segments was slightly higher than expected.
- As expected, the market activity in Q2 was similar to same period last year. The timing of Easter meant a good start whilst June had two working days less than last year. All in all Q2 offered one more working day compared to Q2 last year. The like-for-like sales improved during the quarter and AO returned to positive growth towards the end of the quarter.
- Despite price pressure, earnings for Q2 and H1 were in line with expectations.
- AO's Danish B2B business continued to gain market shares.
- The B2C segment achieved growth for the third quarter in a row.
- Investments in AO's network of stores continued, and in Odense a major store opened at the end of Q2. Both investments and the roll-out of the EA product range will continue, and an increasing share of the EA product range is sold through AO's stores.
- In Q2, AO acquired three companies. With the acquisition of Svenska VA-Grossisten AO Sweden gains a foothold in the Stockholm area. Designkupp, situated to the south of Oslo, will significantly increase AO's platform in Norway, and Workwear Group is expected to step-change AO's B2B and B2C segments offering sales within workwear and Personal Protective Equipment (PPE). The acquisition of Workwear Group has been approved by the Danish competition authorities and will be included in the AO Group as of August 2024.

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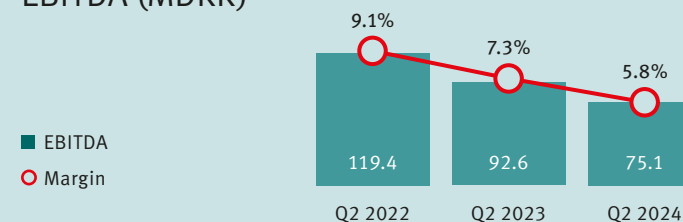
*In 2024, our sales development is in line with expectations. A challenging Q1 was followed by a Q2 similar to last year's Q2. I am satisfied to see AO returning to positive growth in the latter part of Q2. During the period with head-wind, AO continued to invest in its organisation and stores, and therefore AO has a solid foundation for growth.”*

Niels A. Johansen, CEO

## Revenue (MDKK)



## EBITDA (MDKK)



# Acquisition of Designkupp AS (VVSkuupp.no) brings scale to the Norwegian B2C business



AO has acquired 100 percent of Designkupp AS, which operates VVSkuupp.no, the leading online store for bathroom products in Norway.

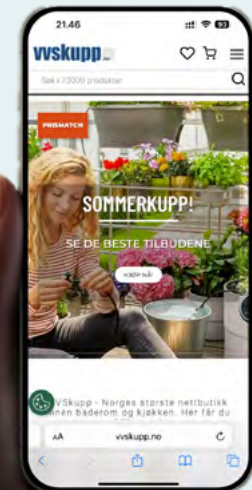
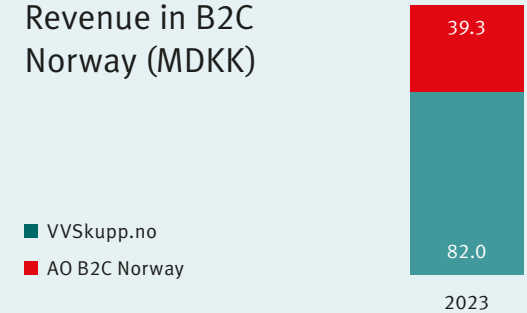
With the acquisition AO gains a leading position in the Norwegian online market for bathroom and home improvement products. VVSkuupp.no offers a product range of more than 70,000 items and will bring local competencies to AO's existing webshops BilligVVS.no and Lampeguru.no. VVSkuupp.no operates out of a site in Grålum, a town to the south of Oslo.

The new business allows AO to optimise the supply chain by supplementing shipments from the central warehouse in Denmark with direct procurement from Norwegian suppliers.

CEO Niels A. Johansen says:

*"The acquisition of VVSkuupp.no triples AO's business in Norway bringing scale to AO. Combining AO's digital expertise with the competent local leadership from VVSkuupp.no, we look forward to further developing VVSkuupp.no as well as AO's existing webshops. We are happy to welcome VVSkuupp.no and the Norwegian team to AO."*

Revenue in B2C Norway (MDKK)



# Expanding offerings within workwear to B2B and B2C customers

The acquisition of Workwear Group marks a step-change in AO's offering of workwear to existing B2B customers as well as adding new B2C business to the group.

Workwear Group operates the webshop Billig-arbejdstøj.dk and is headquartered in Spjald. The company has a modern and future-proof Autostore solution that can facilitate future growth in Workwear Group affecting both AO's B2B and B2C segments. The company which will be integrated into AO's omnichannel business model continues at the same location and with the same organisa-

tion, just as Anders Lindhardsen will remain in his position as CEO of Workwear Group.

Workwear Group's online stores complement AO's own B2C online stores and contribute to AO being able to offer B2B customers a one-stop shop with an expanded range of workwear. With the purchase of Workwear Group, AO also acquires a

new, automated warehouse in Jutland with significant unused capacity that can be integrated into AO's overall logistics solution.

The acquisition is expected to positively affect the AO Group's EBITDA by DKK 25-30 million on a stand-alone basis in the first 12 months after the acquisition.

CEO Niels A. Johansen says:

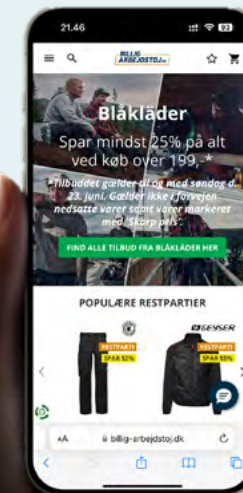
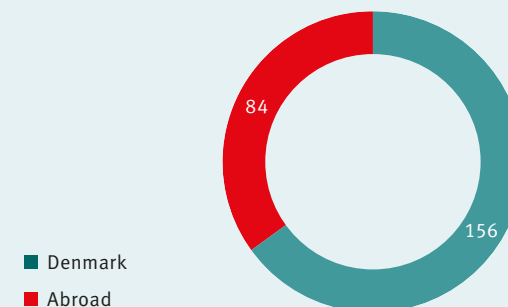
*"I am impressed by Workwear Group's journey. They are the leading player in online sales of workwear in Denmark and have a good position in Sweden and Norway. In addition to complementing AO's own B2C online stores, I am pleased that we in future can offer a wide range of workwear to AO's approximately 28,000 tradesmen through a B2B webshop tailored to their needs. Workwear Group has a broad range with more than 200,000 item numbers from more than 100 suppliers. AO has for a long time wanted to find the right partner in profile clothing and workwear, and with Workwear Group's business model, logistics setup, and many years of experience in both printing and embroidery we have found a perfect match."*

**Workwear**  
group



Approval from the Danish competition authorities has been received and the company will be included in the Group as of August 2024.

Workwear Group revenue 2023



# M&A overview

Summing-up the rationale behind AO's three acquisitions in Q2:

**AO's capital guidelines set out targets for investments. According to the guidelines a new investment should deliver an EBITDA of at least 15% of the invested capital in year 3.**



## Company

Svenska VA-Grossisten  
Established in 2022

## Sales & investment

Sales of SEK 87m (DKK 57m)  
Acquisition price of SEK 90m.

## Rationale

- AO has a leading position within the water and drainage business in Southwestern Sweden. The acquisition of Svenska VA-Grossisten establishes AO in the Stockholm area.
- The ambition is to establish additional sites in the Stockholm area. The next one is expected to open in Q1, 2025.



## Company

Designkupp  
Established in 2016

## Sales & investment

Sales of NOK 125m (DKK 82m)  
Acquisition price of NOK 75m

## Rationale

- Designkupp runs VVSkupp.no, the largest Norwegian webshop within plumbing and bathroom articles.
- The company has its own location in Grålum, south of Oslo and it will significantly increase AO's presence in Norway.
- AO's webshops BilligVVS.no and Lampeguru.no will be handled from the new Grålum-warehouse after integration.



## Company

Workwear Group  
Established in 2009

## Sales & investment

Sales of approx. 265 MDKK  
Acquisition price of approx 275 MDKK

## Rationale

- Workwear Group is a leading Scandinavian player within workwear. Operated out of a modern warehouse with significant unleveraged capacity.
- AO has approx. 28,000 professional customers to whom AO will be able to offer a significantly improved product range as well as improved capabilities through Workwear Group.

# Expectations for the year

The development in Q2 was slightly higher than the initial expectations for 2024 detailed in the annual report for 2023. Revenue and earnings showed a flat development and returned to like-for-like positive growth at the end of Q2.

## Revenue

Excluding the M&A effect revenue for 2024 is now expected to be in the range of DKK 5,150 - 5,300m compared to the previous guidance of DKK 5,000 - 5,200m.

Revenue impact from acquired companies is expected to amount to DKK 150 - 200m. Revenue, including M&A, is expected to amount to DKK 5,300 - 5,500m.

## EBITDA and EBT

EBITDA and EBT for 2024 is expected to be unchanged compared to previous guidance excluding M&A.

Earnings expectations are positively impacted by increased revenue expectations. However, margin pressure is expected to increase slightly in the second half of 2024. Furthermore, approximately DKK 20m in additional costs related to increased losses on receivables, integration costs, and investment in new competencies is included in the guidance. Consequently, EBITDA and EBT guidance remain unchanged at DKK 340 - 370m and DKK 200 - 230m, respectively.

Albertslund, 14 August 2024

**Niels A. Johansen** CEO  
**Per Toelstang** CFO/Deputy CEO

## Guidance updated after acquisitions

Original guidance from 2023 annual report	Updated guidance excl. acquisitions	Updated guidance incl. acquisitions
<b>Revenue (DKKm)</b>		
5,000 - 5,200	5,150 - 5,300	5,300 - 5,500
<b>EBITDA (DKKm)</b>		
340 - 370	Unchanged	Unchanged
<b>EBT (DKKm)</b>		
200 - 230	Unchanged	Unchanged

# Financial and operating data for the AO Group

(mDKK)	H1 2024	H1 2023	Q2 2024	Q2 2023	Full Year 2023
<b>Key figures</b>					
Consolidated revenue	2,552.8	2,670.3	1,301.8	1,266.1	5,261.0
Gross margin	589.2	632.9	296.3	299.0	1,234.3
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	143.3	214.5	75.1	92.6	405.3
Profit or loss before financial income and expenses (EBIT)	86.3	154.6	45.6	65.1	292.2
Financial income and expenses, net	(14.4)	(13.7)	(8.0)	(7.6)	(30.4)
Profit or loss before tax (EBT)	71.9	140.8	37.7	57.5	261.8
Tax on profit or loss for the period	(16.0)	(30.3)	(8.6)	(12.1)	(55.7)
Net profit or loss for the period	55.9	110.6	29.1	45.4	206.1
Non-current assets	1,948.8	1,771.8	1,948.8	1,771.8	1,805.9
Current assets	1,505.6	1,573.7	1,505.6	1,573.7	1,436.5
Total assets	3,454.4	3,345.5	3,454.4	3,345.5	3,242.4
Share capital	28.0	28.0	28.0	28.0	28.0
Equity	1,427.5	1,370.6	1,427.5	1,370.6	1,475.3
Non-current liabilities	555.2	534.5	555.2	534.5	535.2
Current liabilities	1,471.6	1,440.4	1,471.6	1,440.4	1,231.9
Cash flow from operating activities	14.1	(159.2)	68.0	(5.2)	346.4
Cash flow from investing activities	(173.1)	(68.8)	(121.7)	(37.6)	(130.2)
Of which investments in property, plant and equipment, net	(67.7)	(52.0)	(19.8)	(29.3)	(94.8)
Cash flow from financing activities	105.4	193.3	44.9	42.7	(161.7)
Cash flow for the period	(53.6)	(34.7)	(8.8)	(0.1)	54.5

	H1 2024	H1 2023	Q2 2024	Q2 2023	Full Year 2023
<b>Financial ratios*</b>					
Gross profit margin	23.1%	23.7%	22.8%	23.6%	23.5%
EBITDA margin	5.6%	8.0%	5.8%	7.3%	7.7%
Profit margin	3.4%	5.8%	3.5%	5.1%	5.6%
Return on capital employed**	2.6%	4.6%	1.4%	2.1%	8.9%
Return on equity**	3.8%	8.0%	2.2%	3.6%	14.3%
Net gearing	2.4	2.0	2.4	2.0	1.3
Solvency ratio	41.3%	41.0%	41.3%	41.0%	45.5%
Book value	51.0	48.9	51.0	48.9	52.7
Share price at the end of the period	77.7	75.8	77.7	75.8	70.3
Earnings per share (EPS Basic), DKK***	2.1	4.1	1.1	1.7	7.6
Diluted earnings per share (EPS-D), DKK***	2.1	4.1	1.1	1.7	7.6
Average number of employees	836	844	846	841	841
Average number of employees, incl. external temporary workers	905	910	913	902	912

\* 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

Second quarter revenue and earnings were slightly higher than expected. Organic sales were in line with last year with improving market activity over the quarter returning to positive growth. AO outperformed the Danish B2B market while the B2C segment achieved organic growth.

## Q2

### Revenue

Organic revenue development adjusted for number of working days was -1.6%, and revenue was DKK 1,302m (DKK 1,266m). Q2 revenue includes two months of revenue from the acquired business Svenska VA-Grossisten.

Total revenue growth in the quarter of 2.8% was satisfactory and slightly higher than expected.

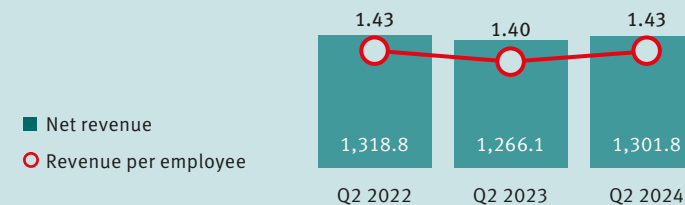
### Gross profit

Gross profit ended at DKK 296m (DKK 299m) corresponding to a gross profit margin of 22.8% (23.6%). Especially in the projects market, price competition has put pressure on margins.

### External costs and staff costs

In total, external operating costs and staff costs made up DKK 221m or 17.0% of revenue (DKK 206m/16.3%). Development is driven by the full year effect of salary and cost inflation. Cost has increased in total and in percentage of revenue. The increase is due to salary and cost inflation as well as investments in future growth areas, however to some extent remedied by cost control initiatives.

## Revenue (MDKK)



Number of FTEs was unchanged at 846 in Q2 compared to Q2 2023 (841). 15 temporary workers within logistics have been converted to permanent employees.

#### EBITDA

EBITDA ended at DKK 75m (DKK 93m), corresponding to an EBITDA margin of 5.8% (7.3%). The decreased EBITDA and EBITDA margin is due to lower margins from price pressure and increased staff cost and external expenses due to inflation.

#### Net financials

Net financials amounted to DKK -8m (DKK -8m).

#### Earnings before tax (EBT)

EBT ended at DKK 38m (DKK 58m).

#### Income tax

Income tax amounted to DKK -9m (DKK -12m), corresponding to an effective tax rate of 22.7% (21.1%).

#### Earnings after tax (EAT)

EAT ended at DKK 29m (DKK 45m).

## H1

#### Revenue

As expected, revenue declined by 4.4% to DKK 2,553m (DKK 2,670m) in the first half of 2024. Revenue development was under pressure in Q1 with double digit decline but returned to positive growth by the end of the first six months.

#### Gross profit

Gross profit ended at DKK 589m (DKK 633m) corresponding to a gross profit margin of 23.1% (23.7%).

#### External expenses and staff costs

In total, external operating costs and staff costs made up 17.8% of revenue (15.7%). Cost of doing business is under pressure from cost inflation as well as increased administrative burdens increasing administrative FTEs.

FTEs for the first half of 2024 were 836 (844).

#### EBITDA

EBITDA ended at DKK 143m (DKK 215m) corresponding to an EBITDA margin of 5.6%. (8.0%).



**Financials**

Net financials amounted to DKK -14m (-14m). Interest rates have been reduced resulting in unchanged net financials despite higher average debt level following investments.

**Earnings before tax (EBT)**

EBT ended at DKK 72m (DKK 141m).

**Income tax**

Income tax amounted to DKK -16m (DKK -30m) corresponding to an effective tax rate of 22.3% (21.5%).

**Earnings after tax (EAT)**

EAT ended at DKK 56m (DKK 111m).

**Equity**

Equity end of June 2024 amounted to DKK 1,428m (DKK 1,371m). Thus, the solvency ratio at period-end was 41.3% (41.0%) and the target of maintaining a solvency of 40%+ was achieved.

**Cash flows**

Net working capital at the end of the period was 7.6% (12.1%) of LTM revenue.

Cash flow from operating activities totalled DKK 14m (DKK -159m).

Change in receivables was DKK -89m (DKK -43m) mainly driven by activity level towards the end of the period.

Change in inventories contributed with DKK -2m (DKK 0m). Inventory level was reduced over 2023 and has been kept stable in 2024.

Change in payables contributed with DKK 10m (DKK -308m).

Cash flow from investing activities totalled DKK -173m (DKK -69m). DKK 91m of the investment derive from the

finalised acquisitions of Svenska VA-Grossisten and Designkupp.

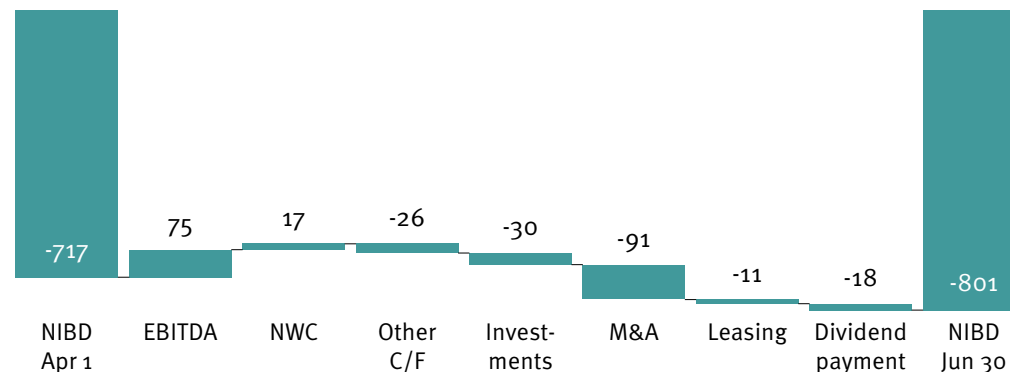
Cash flow from financing activities was DKK 105m (DKK 193m) reflecting dividend payouts as well as increased level of interest bearing debt after acquisitions.

Net interest bearing debt amounted to DKK 801m (DKK 940m) at period end. Financial gearing was 2.4 times EBITDA (2.0 times).

At the end of the period AO had undrawn credit facilities of more than DKK 700m.



**Development in net debt**



# B2B Business Development

AO's B2B segment services the professional tradesmen as well as large construction companies out of 55 stores in Denmark and six stores in Sweden. In Denmark, AO is the wholesaler with the broadest product range serving more trades than our competitors. Roughly 70% of the revenue originates from repair and maintenance and 30% from projects. As a true omni-channel business almost half of the sales in B2B are digital sales. In adverse market conditions the B2B business continued to gain market shares.

## Revenue

Segment revenue was DKK 1,156m (DKK 1,138m) for the quarter. The development was in line with expectations and better than the overall market. Revenue development improved over the quarter.

## Gross profit

Gross profit of DKK 257m (DKK 262m) corresponds to a profit margin of 22.2% (23.1%). Margins are impacted by price pressure on projects especially.

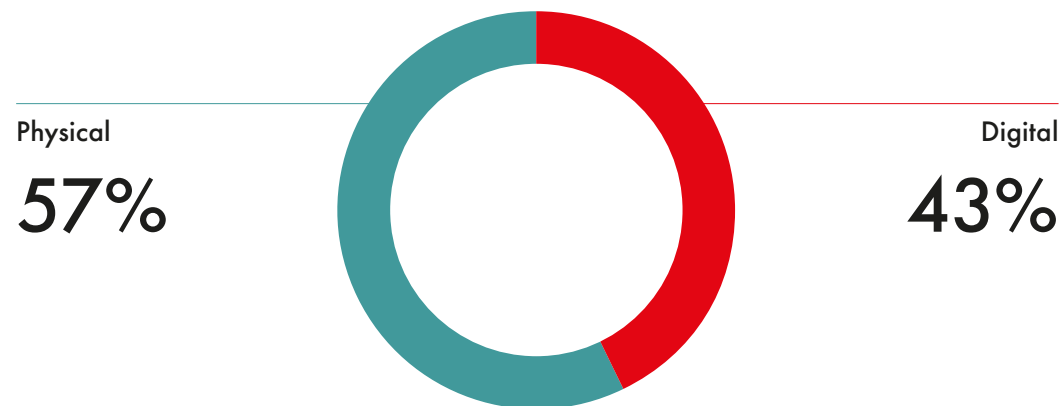
## Direct expenses

Direct expenses were kept stable at DKK 128m (DKK 127m). Impact from salary inflation has been offset by cost savings in the segment. It remains a priority for AO to retain the team needed to cater for future growth.

## EBITDA

Segment EBITDA ended at DKK 130m (DKK 136m).

Distribution of sales channels 2023



MDKK	Q2 2024	Q2 2023
<b>Revenue</b>	<b>1,155.9</b>	<b>1,138.3</b>
Cost of goods sold	(855.0)	(836.2)
<b>Product margin</b>	<b>300.9</b>	<b>302.1</b>
Distribution	(43.8)	(39.7)
<b>Gross profit</b>	<b>257.1</b>	<b>262.4</b>
Direct expenses	(127.5)	(126.7)
<b>EBITDA before indirect expenses</b>	<b>129.6</b>	<b>135.7</b>
<b>Key figures</b>		
Gross margin %	22.2%	23.1%
EBITDA %	11.2%	11.9%

# B2C Business Development

AO is the market leader within online home improvement DIY sales in Denmark. Sales are done out of 11 webshops operating on a shared back-end platform. The B2C segment has returned to a growth trend which has continued in Q2 2024. Increased scale of the B2C business will increase margins.

## Revenue

Segment revenue was DKK 146m (DKK 128m) for the period. The acquired business Designkupp was included on the last day of Q2 and has not contributed revenue.

## Gross profit

Gross profit of DKK 39m (DKK 37m) corresponds to a profit margin of 26.8% (28.7%). The profit margin in the B2C segment was 4.6%-p higher than for the B2B business (5.6%-p).

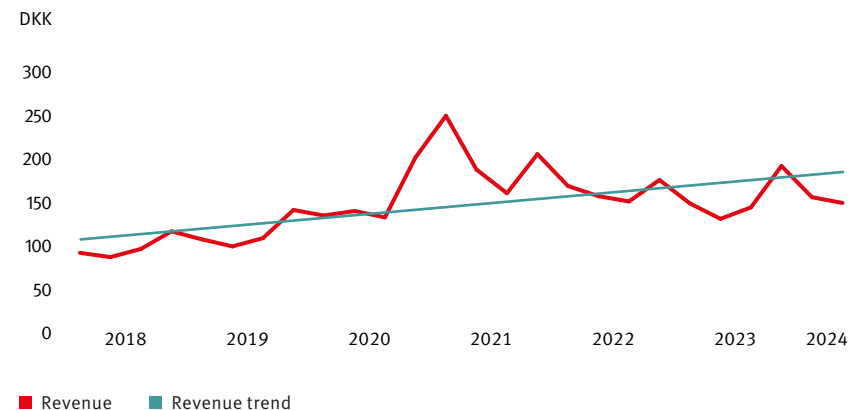
## Direct expenses

The expense level has been under pressure for cost and salary inflation but has been kept stable at DKK 29m (DKK 29m)

## EBITDA

Segment EBITDA ended at DKK 10m (DKK 7m). It is the ambition that the segment EBITDA margin should reach at least 10% which is to be achieved through growing the top line.

## B2C revenue per quarter\*



\* Growth is measured comparing the quarter to the same quarter last year.

MDKK	Q2 2024	Q2 2023
<b>Revenue</b>	<b>146.0</b>	<b>127.7</b>
Cost of goods sold	(96.3)	(80.8)
<b>Product margin</b>	<b>49.7</b>	<b>46.9</b>
Distribution	(10.5)	(10.3)
<b>Gross profit</b>	<b>39.2</b>	<b>36.6</b>
Direct expenses	(29.3)	(29.2)
<b>EBITDA before indirect expenses</b>	<b>9.9</b>	<b>7.4</b>
<b>Key figures</b>		
Gross margin %	26.8%	28.7%
EBITDA %	6.8%	5.8%

# Additional information

## Investor contacts

CEO Niels A. Johansen  
CFO, Deputy CEO Per Toelstang  
Head of IR Nicolaj Harmundal Petersen  
[IR@AO.dk](mailto:IR@AO.dk)

Brødrene A & O Johansen A/S  
Rørvang 3, DK-2620 Albertslund, Denmark  
CVR no. 58 21 06 17

## Financial calendar

23 October 2024 **Interim Financial Report for the period 1 January - 30 September 2024**

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## Company announcements in 2024

2024-02-21 No. 1 **Annual Report 2023**

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2024-02-21 No. 2 **Notice of Annual General Meeting 2024**

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2024-03-20 No. 3 **Annual General Meeting 2024**

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2024-04-24 No. 4 **Interim financial report for Q1 2024**

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2024-06-24 No. 5 **Brødrene A & O Johansen A/S acquires Workwear Group ApS  
(Billig-arbejdstøj.dk)**

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## Forward-looking statements

This interim report contains statements relating to the future, including statements regarding AO's future operating results, financial position, cash flows, business strategy and future targets. Such statements are based on Management's reasonable expectations and forecasts at the time of release of this report. Forward-looking statements are subject to risks and uncertainties and a number of other factors, many of which are beyond AO's control. This may have the effect that actual results may differ significantly from the expectations expressed in the report. Without being exhaustive, such factors include general economic and commercial factors, including market and competitive conditions, supplier issues and financial and regulatory issues and IT failures.

# 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 2024.

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 2024 and of the results of the Group's operations and cash flows for the period 1 January – 30 June 2024.

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, 14 August 2024

## Executive Board

Niels A. Johansen  
CEO

Per Toelstang  
CFO/Deputy CEO

Stefan Funch Jensen  
CTO

Lili Johansen  
CHRO

## Board of Directors

Henning Dyremose  
Chair

Erik Holm  
Deputy Chair

René Alberg

Ann Fogelgren

Peter Gath

Leif Hummel

Marlene L. Jakobsen

Niels A. Johansen

# Income statement and statement of comprehensive income

DKK thousands	Note	H1 2024	H1 2023	Q2 2024	Q2 2023	Full Year 2023
<b>Revenue</b>	3	<b>2,552,762</b>	<b>2,670,323</b>	<b>1,301,849</b>	<b>1,266,050</b>	<b>5,261,016</b>
Cost of sales		(1,858,993)	(1,935,730)	(952,166)	(917,446)	(3,817,312)
Distribution costs		(105,977)	(102,677)	(54,270)	(49,955)	(211,468)
Gross profit		587,792	631,916	295,413	298,649	1,232,236
Other operating income		1,413	985	912	311	2,029
<b>Gross margin</b>		<b>589,205</b>	<b>632,901</b>	<b>296,325</b>	<b>298,960</b>	<b>1,234,265</b>
External expenses		(157,606)	(147,516)	(75,734)	(72,782)	(310,666)
Staff costs		(288,289)	(270,838)	(145,475)	(133,581)	(518,315)
<b>Earnings before interest, taxes, depreciation and amortisation (EBITDA)</b>		<b>143,310</b>	<b>214,547</b>	<b>75,116</b>	<b>92,597</b>	<b>405,284</b>
Depreciation and amortisation		(57,045)	(59,979)	(29,487)	(27,455)	(113,079)
<b>Operating profit or loss (EBIT)</b>		<b>86,265</b>	<b>154,568</b>	<b>45,629</b>	<b>65,142</b>	<b>292,205</b>
Financial income		5,807	1,844	3,079	922	3,338
Financial expenses		(20,175)	(15,563)	(11,033)	(8,537)	(33,739)
<b>Profit or loss before tax (EBT)</b>		<b>71,897</b>	<b>140,849</b>	<b>37,675</b>	<b>57,527</b>	<b>261,804</b>
Tax on profit or loss for the period		(16,045)	(30,294)	(8,567)	(12,130)	(55,708)
<b>Net profit or loss for the period</b>		<b>55,852</b>	<b>110,555</b>	<b>29,108</b>	<b>45,397</b>	<b>206,096</b>

DKK thousands	Note	H1 2024	H1 2023	Q2 2024	Q2 2023	Full Year 2023
<b>Other comprehensive income</b>						
<b>Items reclassified to the income statement</b>						
Foreign currency translation adjustment relating to foreign entities		(3,466)	(6,457)	(2,453)	(4,836)	987
Tax on other comprehensive income			-		-	
Other comprehensive income after tax		(3,466)	(6,457)	(2,453)	(4,836)	987
<b>Total comprehensive income</b>		<b>52,386</b>	<b>104,098</b>	<b>26,655</b>	<b>40,561</b>	<b>207,083</b>
<b>Earnings per share</b>						
Earnings per share (EPS)		2.1	4.1	1.1	1.7	7.6
Diluted earnings per share (EPS-D)		2.1	4.1	1.1	1.7	7.6



# Balance sheet

## Assets

DKK thousands	Note	2024. 06.30	2023. 06.30	2023. 12.31
<b>Non-current assets</b>				
<b>Intangible assets</b>				
Goodwill	4	608,417	508,539	508,539
Intellectual property rights		42,850	46,350	44,611
Software		86,240	67,704	82,913
<b>Property, plant and equipment</b>				
Land and buildings		873,693	810,010	832,268
Leasehold improvements		14,824	18,119	15,530
Fixtures and operating equipment		227,341	228,262	221,966
Right-of-use assets		95,143	92,579	99,838
<b>Other non-current assets</b>				
Other investments		247	247	247
<b>Total non-current assets</b>		<b>1,948,755</b>	<b>1,771,810</b>	<b>1,805,912</b>

DKK thousands	Note	2024. 06.30	2023. 06.30	2023. 12.31
<b>Current assets</b>				
Inventories	5	767,653	856,650	757,411
Trade receivables	6	641,323	674,204	542,788
Joint tax contribution		11,903	-	-
Other receivables		15,958	14,313	20,573
Prepayments and accrued income		32,875	28,205	26,174
Cash and short-term deposits		35,911	306	89,504
<b>Total current assets</b>		<b>1,505,623</b>	<b>1,573,678</b>	<b>1,436,450</b>
<b>Total assets</b>		<b>3,454,378</b>	<b>3,345,488</b>	<b>3,242,362</b>

# Balance sheet

## Equity and liabilities

DKK thousands	Note	2024. 06.30	2023. 06.30	2023. 12.31
<b>Equity</b>				
Share capital		28,000	28,000	28,000
Reserve for foreign currency translation adjustments		(11,123)	(15,101)	(7,657)
Retained earnings		1,410,655	1,357,659	1,349,956
Proposed dividend for the financial year		-	-	105,000
<b>Total equity</b>		<b>1,427,532</b>	<b>1,370,558</b>	<b>1,475,299</b>
<b>Non-current liabilities</b>				
Deferred tax		70,292	63,656	70,098
Credit institutions		408,423	407,316	398,705
Lease liabilities		66,923	63,533	66,352
Other non-current liabilities		9,600	-	-
<b>Total non-current liabilities</b>		<b>555,238</b>	<b>534,505</b>	<b>535,155</b>

DKK thousands	Note	2024. 06.30	2023. 06.30	2023. 12.31
<b>Current liabilities</b>				
Credit institutions		329,216	436,878	109,343
Lease liabilities		31,860	32,909	36,844
Trade payables		1,019,777	870,966	1,006,632
Corporation tax		5,063	2,566	8,357
Joint taxation contribution payable		-	5,529	3,062
Other payables		85,192	88,851	67,170
Provisions for liabilities		500	2,726	500
<b>Total current liabilities</b>		<b>1,471,608</b>	<b>1,440,425</b>	<b>1,231,908</b>
<b>Total liabilities</b>		<b>2,026,846</b>	<b>1,974,930</b>	<b>1,767,063</b>
<b>Total equity and liabilities</b>		<b>3,454,378</b>	<b>3,345,488</b>	<b>3,242,362</b>

# Cash flow statement

DKK thousands	Note	H1 2024	H1 2023	Q2 2024	Q2 2023	Full Year 2023
Operating profit or loss for the period		86,265	154,568	45,630	65,143	292,205
Depreciation and amortisation		57,045	59,979	29,487	27,455	113,079
Other non-cash operating items, net		1,757	(23)	878	(780)	3,393
Cash flow from operations before change in working capital		145,067	214,524	75,995	91,818	408,677
Change in inventories		(1,671)	449	(9,698)	63,531	99,688
Change in receivables		(89,262)	(42,570)	(5,869)	40,813	84,617
Change in trade and other payables		10,326	(307,837)	32,334	(192,241)	(191,014)
Total change in working capital		(80,607)	(349,958)	16,767	(87,897)	(6,709)
Cash flow from operations		64,460	(135,434)	92,762	3,921	401,968
Net financials paid		(14,368)	(13,719)	(7,953)	(7,616)	(30,401)
Corporation tax paid		(36,038)	(10,046)	(16,764)	(1,500)	(25,151)
<b>Cash flow from operating activities</b>		<b>14,054</b>	<b>(159,199)</b>	<b>68,045</b>	<b>(5,195)</b>	<b>346,416</b>

DKK thousands	Note	H1 2024	H1 2023	Q2 2024	Q2 2023	Full Year 2023
Purchase of intangible assets		(14,147)	(15,331)	(10,665)	(8,242)	(33,934)
Purchase of property, plant and equipment, net		(67,669)	(52,009)	(19,774)	(29,337)	(94,819)
Purchase of investments		-	37	-	-	37
Acquisition of enterprises		(91,251)	(1,500)	(91,251)	-	(1,500)
<b>Cash flow from investing activities</b>		<b>(173,067)</b>	<b>(68,803)</b>	<b>(121,690)</b>	<b>(37,579)</b>	<b>(130,216)</b>
Change in payables to credit institutions		227,654	352,494	74,124	75,351	16,348
Repayment of lease liabilities		(20,324)	(16,484)	(11,036)	(7,753)	(35,342)
Dividends paid		(101,910)	(142,675)	(18,209)	(24,900)	(142,675)
<b>Cash flow from financing activities</b>		<b>105,420</b>	<b>193,335</b>	<b>44,879</b>	<b>42,698</b>	<b>(161,669)</b>
<b>Cash flow for the period</b>		<b>(53,593)</b>	<b>(34,667)</b>	<b>(8,766)</b>	<b>(76)</b>	<b>54,531</b>
Cash and short-term deposits at beginning of period		89,504	34,973	44,677	382	34,973
<b>Cash and short-terms deposits at end of period</b>		<b>35,911</b>	<b>306</b>	<b>35,911</b>	<b>306</b>	<b>89,504</b>

# Statement of changes in equity

DKK thousands	Share capital	Foreign currency translation adjustment	Proposed dividend for the financial year	Retained earnings	Total equity
Equity at 1 January 2024	28,000	(7,657)	105,000	1,349,956	1,475,299
Net profit for the period	-	-	-	55,852	55,852
Foreign currency translation adjustment	-	(3,466)	-	-	(3,466)
Total comprehensive income	-	(3,466)	-	55,852	52,386
Dividend distribution	-	-	(101,910)	-	(101,910)
Dividend, treasury shares	-	-	(3,090)	3,090	-
Share-based remuneration	-	-	-	1,757	1,757
Total transactions with owners	-	-	(105,000)	4,847	(100,153)
<b>Equity at 30 June 2024</b>	<b>28,000</b>	<b>(11,123)</b>	<b>-</b>	<b>1,410,655</b>	<b>1,427,532</b>
Equity at 1 January 2023	28,000	(8,644)	147,000	1,241,142	1,407,498
Net profit or loss for the period	-	-	-	110,555	110,555
Foreign currency translation adjustment	-	(6,457)	-	-	(6,457)
Total comprehensive income	-	(6,457)	-	110,555	104,098
Dividend distribution	-	-	(142,675)	-	(142,675)
Dividend, treasury shares	-	-	(4,325)	4,325	-
Share-based remuneration	-	-	-	1,637	1,637
Total transactions with owners	-	-	(147,000)	5,962	(141,038)
<b>Equity at 30 June 2023</b>	<b>28,000</b>	<b>(15,101)</b>	<b>-</b>	<b>1,357,659</b>	<b>1,370,558</b>

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	-	-	105,000	101,096	206,096
Foreign currency translation adjustment	-	987	-	-	987
Total comprehensive income	-	987	105,000	101,096	207,083
Dividend distribution	-	-	(142,675)	-	(142,675)
Dividend, treasury shares	-	-	(4,325)	4,325	-
Share-based remuneration	-	-	-	3,393	3,393
Total transactions with owners	-	-	(147,000)	7,718	(139,282)
<b>Equity at 31 December 2023</b>	<b>28,000</b>	<b>(7,657)</b>	<b>105,000</b>	<b>1,349,956</b>	<b>1,475,299</b>

# Notes

## 1.0 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 2023, to which reference is made. The consolidated and parent company financial statements for 2023 contain a full description of the accounting policies.

## 2.0 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 2023. For a more detailed description of the estimation uncertainty, reference is made to the consolidated and parent company financial statements for 2023.

## 3.0 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 2023.

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 2023.

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.

# Notes

## Segment information Q2 2024

DKK thousands	B2B	B2C	Total
Revenue	1,155.9	146.0	1,301.9
Cost of goods sold	(855.0)	(96.3)	(951.3)
<b>Product margin</b>	<b>300.9</b>	<b>49.7</b>	<b>350.6</b>
Distribution	(43.8)	(10.5)	(54.3)
<b>Gross margin</b>	<b>257.1</b>	<b>39.2</b>	<b>296.3</b>
Direct expenses	(127.5)	(29.3)	(156.8)
<b>EBITDA before indirect expenses</b>	<b>129.6</b>	<b>9.9</b>	<b>139.5</b>
Indirect expenses			(64.4)
<b>EBITDA</b>			<b>75.1</b>
<b>Key figures</b>			
Gross margin %	22.2%	26.8%	22.8%
EBITDA (before indirect expenses) %	11.2%	6.8%	10.7%
EBITDA %			5.8%

## Segment information Q2 2023

DKK thousands	B2B	B2C	Total
Revenue	1,138.3	127.7	1,266.1
Cost of goods sold	(836.2)	(80.8)	(917.0)
<b>Product margin</b>	<b>302.1</b>	<b>46.9</b>	<b>349.0</b>
Distribution	(39.7)	(10.3)	(50.0)
<b>Gross margin</b>	<b>262.4</b>	<b>36.6</b>	<b>299.0</b>
Direct expenses	(126.7)	(29.2)	(155.9)
<b>EBITDA before indirect expenses</b>	<b>135.7</b>	<b>7.4</b>	<b>143.1</b>
Indirect expenses			(50.5)
<b>EBITDA</b>			<b>92.6</b>
<b>Key figures</b>			
Gross margin %	23.1%	28.7%	23.6%
EBITDA (before indirect expenses) %	11.9%	5.8%	11.3%
EBITDA %			7.3%

# Notes

## Segment information H1 2024

DKK thousands	B2B	B2C	Total
Revenue	2,253.9	298.9	2,552.8
Cost of goods sold	(1,662.8)	(194.8)	(1,857.6)
<b>Product margin</b>	<b>591.1</b>	<b>104.1</b>	<b>695.2</b>
Distribution	(83.8)	(22.2)	(106.0)
<b>Gross margin</b>	<b>507.3</b>	<b>81.9</b>	<b>589.2</b>
Direct expenses	(255.4)	(63.1)	(318.5)
<b>EBITDA before indirect expenses</b>	<b>251.9</b>	<b>18.8</b>	<b>270.7</b>
Indirect expenses			(127.4)
<b>EBITDA</b>			<b>143.3</b>
<b>Key figures</b>			
Gross margin %	22.5%	27.4%	23.1%
EBITDA (before indirect expenses) %	11.2%	6.3%	10.6%
EBITDA %			5.6%

## Segment information H1 2023

DKK thousands	B2B	B2C	Total
Revenue	2,397.2	273.1	2,670.3
Cost of goods sold	(1,760.7)	(174.0)	(1,934.7)
<b>Product margin</b>	<b>636.5</b>	<b>99.1</b>	<b>735.6</b>
Distribution	(81.5)	(21.2)	(102.7)
<b>Gross margin</b>	<b>555.0</b>	<b>77.9</b>	<b>632.9</b>
Direct expenses	(251.5)	(61.6)	(313.1)
<b>EBITDA before indirect expenses</b>	<b>303.5</b>	<b>16.3</b>	<b>319.8</b>
Indirect expenses			(105.3)
<b>EBITDA</b>			<b>214.5</b>
<b>Key figures</b>			
Gross margin %	23.2%	28.5%	23.7%
EBITDA (before indirect expenses) %	12.7%	6.0%	12.0%
EBITDA %			8.0%

# Notes

## 4.0 Goodwill and intangible assets

The annual impairment test of intangible assets, including goodwill and intellectual property rights, is performed at 31 December 2024, after the completion of budgets and strategy plans for the coming period.

At 30 June 2024, 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 2024. For a more detailed description, reference is made to the consolidated and parent company financial statements for 2023.

## 5.0 Inventories

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

## 6.0 Trade receivables

An estimate is used to assess the recoverability of receivables according to the same principles as applied in the financial statements for 2023.

## 7.0 Acquisition of enterprises

On May 1 2024 the Group gained control of the Swedish company Svenska VA-Grossisten AB by acquiring all the shares in the company.

With the acquisition AO expands its operation to the capital area of Sweden and will be a foundation for geographic expansion of AO Sweden. Svenska VA-Grossisten is a specialist wholesaler within water and drainage products based in the Stockholm area of Sweden.

In Svenska VA-Grossistens first financial year that ended December 31 2023 a revenue of 57 MDKK and an EBITDA of 9 MDKK was achieved. On a stand alone basis the company expects growth in 2024.

Svenska VA-Grossisten will be a part of AO Sweden and of the B2B segment in AO.

The fair value of acquired assets, liabilities and contingent liabilities, and acquisition price for Svenska VA-Grossisten has been calculated and can be specified as follows:

DKK thousands	2024
Property, plant and equipment	2,934
Inventories	4,203
Trade receivables	8,282
Other receivables	2,105
Cash	6,664
Interest bearing debt including lease liabilities	-1,937
Trade payables	-8,860
Other payables	-4,547
<b>Acquired net assets</b>	<b>8,844</b>
Goodwill	53,483
Rights	-
Deferred tax liabilities	-
<b>Price of acquisition</b>	<b>62,327</b>
Cash paid on acquisition	52,727
Cash acquired	-6,664
<b>Net cash effect 2024 from acquisition</b>	<b>46,063</b>
<b>Earn out liability recognised in balance</b>	<b>9,600</b>



# Notes

## 7.0 Acquisition of enterprises (continued)

On June 30 2024 the Group gained control of the Norwegian company Designkupp AS by acquiring all the shares in the company.

With the acquisition AO gains a leading position in the Norwegian online market for bathroom and home improvement products. Designkupp operates VVSKupp.no, the leading online store for bathroom products in Norway.

In the financial year that ended December 31 2023 Designkupp had a revenue of 82 MDKK and an EBITDA of 3 MDKK.


Designkupp will together with AO's existing webshops in Norway form the Norwegian part of AO's B2C segment.

The fair value of acquired assets, liabilities and contingent liabilities, and acquisition price for Designkupp has been calculated and can be specified as follows:

DKK thousands	2024
Property, plant and equipment	408
Inventories	4,368
Trade receivables	823
Other receivables	149
Cash	4,027
Trade payables	-6,409
Provisions	
Other payables	-1,733
<b>Acquired net assets</b>	<b>1,633</b>
Goodwill	46,395
<b>Price of acquisition</b>	<b>48,027</b>
Cash paid on acquisition	48,027
Cash acquired	-4,027
<b>Net cash effect 2024 from acquisition</b>	<b>44,000</b>

## 8.0 Subsequent events

On August 5 the acquisition of Workwear Group was approved by the Danish competition authorities. The transaction was carried out on August 13 and Workwear Group will be consolidated in the AO Group as of August 2024.

The background features two large, stylized, light gray letters, 'A' and 'O', set against a dark gray background. The 'A' is on the left and the 'O' is on the right, both rendered in a bold, sans-serif font. The 'A' has a triangular cutout in its center, and the 'O' is a simple, thick-lined circle.

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