
Interim Financial Report for the Period 1 January – 30 September 2022



Brødrene A & O Johansen A/S

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The Board of Directors has approved the Group's interim financial report for the period 1 January – 30 September 2022.

Highlights for the third quarter and first nine months of 2022

- Consolidated revenue for the third quarter of 2022 was DKK 1,328.6 million, which is DKK 214.2 million, or 19.2%, more than for the third quarter of 2021. Organic growth in the third quarter was 14.6% driven by the B2B business. Consolidated revenue for the first nine months of 2022 was DKK 3,898.8 million, which is DKK 364.9 million, or 10.3%, more than for the same period last year. The gross profit margin for the first three quarters increased by 0.8 percentage point compared with the same period of 2021.
- Operating profit (EBIT) for the third quarter of 2022 was DKK 93.9 million, corresponding to a profit margin of 7.1%, against DKK 75.1 million and 6.7% for the third quarter of 2021. Operating profit (EBIT) for the first nine months of 2022 was DKK 271.1 million, corresponding to a profit margin of 7.0%, against DKK 233.8 million and 6.6% for the first three quarters of 2021. The increased earnings are at the upper end of the previously announced expectations and are driven by the increasing revenue and the increase in the gross profit margin.
- Profit before tax (EBT) for the third quarter of 2022 was DKK 91.6 million, which is DKK 14.1 million more than in the third quarter of last year. Profit before tax for the first nine months of 2022 amounted to DKK 268.5 million, corresponding to an increase of DKK 30.2 million.
- The Group's total assets as at 30 September 2022 amounted to DKK 3,299.9 million, which is DKK 702.1 million more than at the same time in 2021. The gain is mainly attributable to the acquisition of EA Værktøj, investments in the central warehouse, and increased inventories and receivables compared with the same period last year.
- The Group's equity as at 30 September 2022 was DKK 1,322.9 million, which is DKK 148.7 million more than at the same time in 2021. The solvency ratio was 40.1% against 45.2% at 30 September 2021. The decline in the solvency ratio is attributable to the acquisition of EA Værktøj and increased dividend payments.
- Cash flow from operating activities before changes in working capital for the third quarter of 2022 totalled DKK 121.6 million against DKK 102.3 million for the third quarter of 2021. Cash flow from operating activities before changes in working capital for the first three quarters of 2022 totalled DKK 351.3 million against DKK 309.7 million for the same period last year. Cash flow from operating activities after changes in working capital totalled DKK -12.4 million for the third quarter of 2022 and DKK -48.8 million for the first three quarters of 2022, which is DKK 145.8 million more and DKK 23.3 million less for the same periods last year. The development is driven by changes in working capital due to increased revenue and timing differences in supplier payments. Investments for the third quarter of 2022 totalled DKK 21.0 million and DKK 268.6 million for the first nine months of 2022, compared with DKK 66.4 million and DKK 183.6 million in 2021.
- The Group's financial leverage, measured as the ratio between the net interest-bearing debt and the EBITDA of the last 12 months, was 1.6 as at 30 September 2022, against 1.2 at the same time last year and 0.5 as at 31 December 2021. The financial leverage is expected to decrease in the remainder of 2022.

Other highlights for the third quarter of 2022:

- The warehouse expansions at Albertslund and Horsens have been completed and are put into operation. The expansions mean that AO is ready for future revenue growth.
- Activity in the third quarter was high despite social indicators that usually reflect a decline in purchasing power and demand. In the traditionally small third quarter, the Brødrene A & Johansen Group set a new record for both reported and organic revenue.
- The integration of EA Værktøj continued during the third quarter, and a systemic integration is expected in the fourth quarter of 2022.
- On 30 September 2022, Brødrene A & O Johansen A/S won these two digital awards: 'European User Experience of the Year' and 'Best Mobile Experience of the Year'.

Expectations for the year

Third quarter revenue and earnings were at the higher end of expectations announced in the most recent earnings outlook for the year. Sales developed better than expected during the third quarter of the year, and therefore sales and earnings forecast for the year is adjusted upwards.

Revenue

Revenue for 2022 is expected to be in the region of DKK 5,300-5,400 million. Previous expectations were in the region of DKK 5,200-5,300 million. Revenue for 2021 was DKK 4,800.5 million.

EBITDA

EBITDA for 2022 is expected to be in the range of DKK 480-495 million, corresponding to an EBITDA margin of 8.9%-9.3%. Previous EBITDA expectations were in the range of DKK 455-485. EBITDA for 2021 was DKK 417.2 million.

EBT

EBT is expected to be in the region of DKK 365-380 million, corresponding to an EBT margin of 6.8%-7.2%. Previous EBT expectations were in the region of DKK 345-375 million. EBT for 2021 was DKK 326.1 million.

High cost inflation and rising interest rates are indicators of a future reduction in purchasing power and demand, but a high level of activity is expected to continue into the fourth quarter of 2022, which is the basis for the above-mentioned upward adjustment.

Albertslund, 28 October 2022

Niels A. Johansen
CEO

Per Toelstang
CFO

Financial and operating data for the AO Group

(DKKm)

Key figures

	Q1-3 2022	Q1-3 2021	Q3 2022	Q3 2021	Full Year 2021
Consolidated revenue	3,898.8	3,533.8	1,328.6	1,114.5	4,800.5
Gross margin	930.5	815.2	311.9	253.4	1,119.3
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	352.4	308.8	122.1	100.2	417.2
Profit or loss before financial income and expenses (EBIT)	271.1	233.8	93.9	75.1	316.7
Financial income and expenses, net	(2.7)	4.5	(2.2)	2.4	9.4
Profit or loss before tax (EBT)	268.5	238.3	91.6	77.5	326.1
Tax on profit or loss for the period	(58.8)	(50.9)	(20.1)	(16.7)	(72.3)
Net profit or loss for the period	209.7	187.4	71.6	60.8	253.8
Non-current assets	1,706.4	1,459.9	1,706.4	1,459.9	1,472.7
Current assets	1,593.5	1,137.9	1,593.5	1,137.9	1,235.9
Total assets	3,299.9	2,597.9	3,299.9	2,597.9	2,708.5
Share capital	28.0	28.0	28.0	28.0	28.0
Equity	1,322.9	1,174.2	1,322.9	1,174.2	1,239.9
Non-current liabilities	558.1	300.1	558.1	300.1	295.9
Current liabilities	1,418.9	1,123.6	1,418.9	1,123.6	1,172.7
Cash flow from operating activities	(48.8)	(25.4)	(12.4)	(158.2)	308.1
Cash flow from investing activities	(268.6)	(183.6)	(21.0)	(66.4)	(212.7)
Of which investments in property, plant and equipment, net	(119.1)	(135.7)	(13.2)	(59.1)	(170.5)
Cash flow from financing activities	205.5	80.1	57.7	162.1	(91.6)
Cash flow for the period	(111.8)	(128.9)	24.4	(62.5)	3.7
Financial ratios*					
Gross profit margin	23.9%	23.1%	23.5%	22.7%	23.3%
EBITDA margin	9.0%	8.7%	9.2%	9.0%	8.7%
Profit margin	7.0%	6.6%	7.1%	6.7%	6.6%
Return on capital employed**	9.0%	9.5%	3.4%	3.1%	12.4%
Return on equity**	16.4%	18.3%	5.9%	5.8%	22.4%
Net leverage	1.6	1.2	1.6	1.2	0.5
Solvency ratio	40.1%	45.2%	40.1%	45.2%	45.8%
Book value	47	42	47	42	44.3
Share price at the end of the period	68.0	102.0	68.0	102.0	136.0
Earnings per share (EPS Basic), DKK***/*	7.7	7.0	2.6	2.2	9.3
Diluted earnings per share (EPS-D), DKK***/*	7.7	7.0	2.6	2.2	9.3
Average number of employees	814	702	848	698	705
Average number of employees, incl. external temporary workers	876	775	900	777	784

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

** Not translated into full-year figures.

*** Comparative figures related to shares are adjusted to reflect share split in 2022.

**** 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. EA Værktøj Engros A/S and EA Værktøj Ejendomme A/S were merged into other Group companies effective as of 1 April 2022

The Group's financial development

Consolidated revenue for the third quarter of 2022 totalled DKK 1,328.6 million, which is DKK 214.2 million, or 19.2%, more than for the same quarter of 2021. Organic growth in the quarter was 14.6%. Consolidated revenue for the first nine months of 2022 totalled DKK 3,898.8 million against DKK 3,533.8 million for the same period last year, corresponding to a growth of 10.3%. The third quarter saw growth in the B2B business. In reported figures, this growth was 23.4%, and organic growth was 18.0%. For the first nine months, growth in the B2B segment was 16.5%, and organic growth was 13.0%. During the year, the B2C segment drew nearer to the level of sales reported for 2021. In the third quarter, the B2C revenue was 6.0% lower than in the same period last year.

Gross margin for the third quarter of 2022 amounted to DKK 311.9 million, corresponding to a gross profit margin of 23.5%, compared with DKK 253.4 million and a gross profit margin of 22.7% in the equivalent quarter of last year. Gross margin and gross profit margin for the first three quarters of 2022 totalled DKK 930.5 million and 23.9% respectively, compared with DKK 815.2 million and 23.1% for the same period of 2021. Distribution costs for the third quarter of 2022 constituted 3.8% of revenue, which is 0.5 percentage point lower than last year. Distribution costs for the first nine months of 2022 constituted 3.9% of revenue, which is 0.4 percentage point lower than last year. The decrease in distribution costs is attributable to a lower volume of B2C sales.

Total operating expenses for the third quarter of 2022 totalled DKK 189.7 million, which is DKK 36.5 million more than for the same quarter last year. About half of the cost increase comes from the acquired business of EA Værktøj. In the third quarter of 2022, cost of doing business was 14.3%, compared with 13.7% in the third quarter of 2021.

In the third quarter of 2022, external expenses totalled DKK 74.7 million, which is DKK 15.2 million more than in the third quarter of last year. External expenses for the first nine months of 2022 amounted to DKK 210.6 million, which is DKK 26.1 million more than last year. In addition to the increase related to the acquisition of EA Værktøj, expenses for customer-oriented activities increased after being low during COVID-19, and IT and energy expenses increased as well.

In the third quarter of 2022, staff costs of DKK 115.0 million increased by DKK 21.4 million compared with the same period last year. In the first nine months of 2022, staff costs totalled DKK 367.5 million, which is DKK 45.6 million more than in the equivalent period of last year. In the first nine months of 2022, the average number of employees, including temporary workers, was 876 against 775 in the same period a year ago. In the third quarter, about half the increase in staff costs was attributable to the acquisition of EA Værktøj.

Depreciation and amortisation totalled DKK 28.3 million in the third quarter of 2022 and DKK 81.3 million in the first nine months of 2022. The figures are DKK 3.2 million and DKK 6.3 million more than last year. The increase is attributable to the acquired business of EA Værktøj.

Operating profit (EBIT) for the third quarter of 2022 was DKK 93.9 million, which is 7.1% of revenue. When compared to the same period last year, EBIT is DKK 18.7 million higher. The profit margin is up by 0.4 percentage point due to the fact that the profit impact from revenue growth exceeds the increase in the cost base. EBIT for the first nine months of 2022 was DKK 271.1 million, corresponding to 7.0% of revenue. When compared to the same period last year, EBIT is DKK 37.4 million higher, and the profit margin is up by 0.4 percentage point. The increase in EBIT is mainly attributable to revenue growth and an increase in the gross profit margin only partially offset by an increase in total operating expenses

Financial income and expenses, net, for the third quarter of 2022 were negative at DKK 2.2 million, which is DKK 4.6 million lower than in the same quarter of 2021. Net expenses are mainly attributable to currency translation adjustments, primarily SEK and NOK and an increased rate of interest. Financial income and expenses, net, for the first nine months of 2022 were negative at DKK 2.7 million, which is DKK 7.2 million less than for the first nine months of 2021. The difference is mainly attributable to negative foreign currency translation adjustments.

The Group's profit before tax (EBT) for the third quarter of 2022 was DKK 91.6 million, compared with DKK 77.5 million reported for the same period last year. The Group's profit before tax for the first nine months of 2022 was DKK 268.5 million, which is DKK 30.2 million, or 12.7%, more than in the first nine months of 2021.

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 71.6 million was recorded for the third quarter of 2022 against DKK 60.8 million for the third quarter of 2021. A post-tax profit of DKK 209.7 million was recorded for the first three quarters of 2022, compared with DKK 187.4 million for the same period last year.

The Group's total assets as at 30 September 2022 amounted to DKK 3,299.9 million, which is DKK 702.1 million more than at the same time last year.

Non-current assets of DKK 1,706.4 million are DKK 246.5 million, net, higher than at the same time last year. The increase is mainly attributable to investment in the capacity expansion of AO's central warehouse and the acquisition of EA Værktøj.

Current assets as at 30 September 2022 totalled DKK 1,593.5 million, which is DKK 455.6 million more than at the same time last year. Inventories increased by DKK 233.4 million to DKK 784.3 million, and trade receivables went up by DKK 188.4 million to DKK 745.1 million due to solid sales growth in August and September of 2022 measured against the same months last year. The increase in inventories is driven by new products following the acquisition of EA Værktøj, rising prices and higher minimum stocks to ensure security of supply.

Cash and short-term deposits of DKK 25.2 million are DKK 20.9 million higher than at 30 September 2021.

Equity as at 30 September 2022 totalled DKK 1,322.9 million, corresponding to a solvency ratio of 40.1%, and is DKK 148.7 million more than at the same time last year, driven by period earnings after tax less dividend payments of DKK 122.3 million.

The Group's payables to credit institutions amounted to DKK 676.5 million at 30 September 2022 and are DKK 249.7 million higher than at 30 September 2021, driven by the development in working capital caused by timing differences, investments in the central warehouse, and acquisitions. In the third quarter of 2022, bank loans of DKK 260 million were converted into mortgage loans with differentiated profiles.

Trade payables as at 30 September 2022 amounted to DKK 1,002.8 million and are DKK 290.7 million higher than at the same time last year due to timing differences in payments to suppliers and a general increase in activities.

Other payables of DKK 81.7 million are DKK 26.7 million lower than at the same time last year

For the third quarter of 2022, cash flow from operating activities before changes in working capital was DKK 121.6 million, which is DKK 19.3 million more than for the same period last year. A positive cash flow from changes in inventories of DKK 12.3 million was reported for the third quarter of 2022. Price increases and a focus on security of supply kept inventories at a high level. Higher revenue at the end of the period had a negative impact on cash flow from receivables of DKK 95.0 million, which is DKK 98.3 million more than for the same period last year. Timing differences in payments to suppliers at the end of the third quarter resulted in a decrease in trade payables and other payables of DKK 47.8 million in the third quarter, which is DKK 190.0 million less than in the same period last year. In the third quarter of 2022, changes in working capital are negative at an amount of DKK 130.5 million in the cash flow statement, compared with a negative of DKK 261.7 million in the same quarter last year. In the third quarter of 2022, cash flow from operating activities was negative at DKK 12.4 million against a negative of DKK 158.2 million for the third quarter last year.

Cash flow from operating activities for the first nine months of 2022 was negative at DKK 48.8 million against a negative of DKK 25.4 million for the same period last year. The difference is attributable to the development of working capital where inventories and trade receivables increased due to higher activity and price increases, whereas trade payables decreased due to timing differences in supplier payments.

Net investments for the third quarter of 2022 totalled DKK 21.0 million against DKK 66.4 million for the third quarter of last year. Net investments for the first nine months of 2022 amounted to DKK 268.6 million against DKK 183.6 million for the same period last year. The increase in investments is mainly attributable to an investment in the central warehouse of the future and the acquisition of EA Værktøj. The investment level recorded for the third quarter was thus lower than earlier in the year.

In the nine months ended 30 September 2022, the Group's total payables to credit institutions increased by net DKK 348.6 million to DKK 676.5 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 2022 increased by DKK 558.0 million. A total of DKK 388.1 million was tied up in working capital. Investments and dividend paymentw increased as well.

Significant risks

As mentioned in the annual report for 2021, 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.

In the long run, the increased inflation in society is assumed to lead to a negative spill-over effect on demand. The extent and timing of the impact is difficult to predict. A continued high level of activity is expected in the fourth quarter of 2022.

No significant direct impact is expected because of the war in Ukraine, but the increased uncertainty in the world is estimated to result in a slowdown in economy and investment appetite.

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.

A share-based incentive programme for certain members of the Executive Board and executive officers were introduced in 2022. The incentive programme runs over three years and relates to the granting of a total of 62,847 free restricted shares.

As at 30 September 2022, 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 5,300-5,400 million, EBITDA of DKK 480-495 million, and EBT of DKK 365-385 million are expected for 2022.

AO is focused on realising efficiency improvements and synergies from the recently completed investments in the central warehouse and the acquisition of EA Værktøj. It is expected that the synergies will take effect mainly from 2023.

Events after the end of the interim period

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

Additional information

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

Company announcements in 2022

Announcement no. 1	Annual report 2021	22 February 2022
Announcement no. 2	Notice convening the Annual General Meeting	22 February 2022
Announcement no. 3	Election of employee representatives to the Board of Directors of Brødrene A & O Johansen A/S	14 March 2022
Announcement no. 4	The Danish competition authorities have approved AO's acquisition of EA Værktøj Engros A/S	15 March 2022
Announcement no. 5	Result of the Annual General Meeting of Brødrene A & O Johansen A/S	18 March 2022
Announcement no. 6	Decision to carry out share split in Brødrene A & O Johansen A/S at a ratio of 1:10	21 March 2022
Announcement no. 7	Introduction of a share-based incentive programme	24 March 2022
Announcement no. 8	Total number of voting rights and total share capital in Brødrene A & O Johansen A/S	30 March 2022
Announcement no. 9	Interim financial report for the first quarter of 2022	28 April 2022
Announcement no. 10	Revised financial calendar for 2022	11 May 2022
Announcement no. 11	Interim financial report for the first half of 2022	17 August 2022
Announcement no. 12	AO raises its outlook for this year's revenue and profit	24 October 2022

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 September 2022.

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 2022 and of the results of the Group's operations and cash flows for the period 1 January – 30 September 2022.

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, 28 October 2022

Executive Board

Niels A. Johansen
CEO

Per Toelstang
CFO

Stefan Funch Jensen
CDO

Lili Johansen
CHRO

Gitte Lindeskov
CIO

Board of Directors

Henning Dyremose
Chairman of the Board

Michael Kjær
Deputy Chairman

René Alberg

Erik Holm

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 2022	Q1-3 2021	Q3 2022	Q3 2021	Full Year 2021
Revenue	3	3,898,750	3,533,835	1,328,635	1,114,458	4,800,520
Cost of sales		(2,815,883)	(2,567,286)	(966,353)	(814,328)	(3,474,217)
Distribution costs		(153,844)	(153,404)	(51,027)	(47,414)	(209,637)
Gross profit		929,023	813,145	311,255	252,716	1,116,666
Other operating income		1,432	2,071	596	670	2,681
Gross margin		930,455	815,216	311,851	253,386	1,119,347
External expenses		(210,556)	(184,515)	(74,741)	(59,568)	(272,256)
Staff costs		(367,502)	(321,935)	(114,991)	(93,623)	(429,845)
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		352,397	308,766	122,119	100,195	417,246
Depreciation and amortisation		(81,272)	(75,015)	(28,260)	(25,080)	(100,501)
Operating profit or loss (EBIT)		271,125	233,751	93,859	75,115	316,745
Write-down of financial assets		-	-	-	-	-
Financial income		3,016	7,203	209	2,738	13,720
Financial expenses		(5,681)	(2,690)	(2,438)	(310)	(4,326)
Profit or loss before tax (EBT)		268,460	238,264	91,630	77,543	326,139
Tax on profit or loss for the period		(58,768)	(50,890)	(20,052)	(16,742)	(72,321)
Net profit or loss for the period		209,692	187,374	71,578	60,801	253,818
Other comprehensive income						
Items reclassified to the income statement						
Foreign currency translation adjustment relating to foreign entities		(5,447)	(2,644)	(5,100)	(1,835)	(3,367)
Tax on other comprehensive income		-	-	-	-	-
Other comprehensive income after tax		(5,447)	(2,644)	(5,100)	(1,835)	(3,367)
Total comprehensive income		204,245	184,730	66,478	58,966	250,451
Earnings per share						
Earnings per share (EPS)		7.7	6.9	2.6	2.2	9.3
Diluted earnings per share (EPS-D)		7.7	6.9	2.6	2.2	9.3

Balance sheet

(All amounts are in DKK thousands)

ASSETS	Note:	2022.09.30	2021.09.30	2021.12.31
Non-current assets				
Intangible assets				
Goodwill	4	496,124	412,182	412,030
Intellectual property rights		40,803	43,929	43,163
Software		59,259	42,525	46,123
		596,186	498,636	501,316
Property, plant and equipment				
Land and buildings		785,224	686,028	691,312
Leasehold improvements		12,216	7,253	10,348
Fixtures and operating equipment		215,006	196,033	199,378
Right-of-use assets		97,514	71,731	70,091
		1,109,960	961,045	971,129
Other non-current assets				
Other investments		284	247	247
		284	247	247
Total non-current assets		1,706,430	1,459,928	1,472,692
Current assets				
Inventories	5	784,328	550,889	580,478
Trade receivables	6	745,113	556,711	491,687
Other receivables		17,067	10,487	9,701
Prepayments and accrued income		21,827	15,542	17,040
Cash and short-term deposits		25,167	4,316	136,946
Total current assets		1,593,502	1,137,945	1,235,852
Total assets		3,299,932	2,597,873	2,708,544

Balance sheet

(All amounts are in DKK thousands)

EQUITY AND LIABILITIES	Note:	2022.09.30	2021.09.30	2021.12.31
Equity				
Share capital		28,000	28,000	28,000
Reserve for foreign currency translation adjustments		(7,935)	(1,765)	(2,488)
Retained earnings		1,301,822	1,147,978	1,088,422
Share-based remuneration		1,028	-	-
Proposed dividend for the financial year		-	-	126,000
Total equity		1,322,915	1,174,213	1,239,934
Non-current liabilities				
Deferred tax		53,876	51,809	52,192
Credit institutions		425,707	192,466	188,757
Lease liabilities		76,985	54,328	53,465
Frozen holiday pay		14	-	-
Other non-current liabilities		1,500	1,500	1,500
Total non-current liabilities		558,082	300,103	295,914
Current liabilities				
Credit institutions		250,828	234,343	72,862
Lease liabilities		24,401	17,403	16,627
Trade payables		1,002,754	712,038	1,012,663
Corporation tax		3,385	2,172	3,181
Joint taxation contribution payable		53,162	46,472	2,297
Other payables		81,664	108,379	62,316
Provisions for liabilities		2,740	2,750	2,750
Total current liabilities		1,418,934	1,123,557	1,172,696
Total liabilities		1,977,016	1,423,660	1,468,610
Total equity and liabilities		3,299,932	2,597,873	2,708,544

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	271,125	233,751	93,857	75,115	316,745
Depreciation and amortisation	81,272	75,015	28,260	25,080	100,501
Other non-cash operating items, net	(1,107)	962	(472)	2,120	6,866
Cash flow from operations before change in working capital	351,290	309,728	121,645	102,315	424,112
Change in inventories	(114,402)	(72,887)	12,330	(27,161)	(103,852)
Change in receivables	(219,996)	(130,988)	(95,015)	3,270	(71,058)
Change in trade and other payables	(53,694)	(126,041)	(47,833)	(237,763)	132,126
Total change in working capital	(388,092)	(329,916)	(130,518)	(261,654)	(42,784)
Cash flow from operations	(36,802)	(20,188)	(8,873)	(159,338)	381,328
Net financials paid	(2,665)	4,513	(2,228)	2,428	(2,200)
Corporation tax paid	(9,283)	(9,766)	(1,253)	(1,287)	(71,064)
Cash flow from operating activities	(48,750)	(25,441)	(12,354)	(158,197)	308,064
Purchase of intangible assets	(22,241)	(22,501)	(7,785)	(7,004)	(32,404)
Purchase of property, plant and equipment, net	(119,149)	(135,690)	(13,190)	(59,130)	(170,481)
Purchase of investments	0	(247)	-	(247)	(247)
Acquisitions	(127,163)	(25,159)	-	-	(9,609)
Cash flow from investing activities	(268,553)	(183,597)	(20,975)	(66,381)	(212,741)
Change in payables to credit institutions	348,643	139,890	65,206	168,507	(25,299)
Repayment of lease liabilities	(20,827)	(18,995)	(7,477)	(6,389)	(25,537)
Dividends paid	(122,292)	(40,764)	-	-	(40,764)
Cash flow from financing activities	205,524	80,131	57,729	162,118	(91,600)
Cash flow for the period	(111,779)	(128,907)	24,400	(62,460)	3,723
Cash and short-term deposits at beginning of period	136,946	133,223	767	66,776	133,223
Cash and short-terms deposits at end of period	25,167	4,316	25,167	4,316	136,946

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	Share-based remuneration	Total equity
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)	3,708	1,028	(121,264)
Equity at 30 September 2022	28,000	(7,935)	-	1,301,822	1,028	1,322,915
Equity at 1 January 2021	28,000	879	42,000	959,368	-	1,030,247
Net profit or loss for the period	-	-	-	187,374	-	187,374
Foreign currency translation adjustment	-	(2,644)	-	-	-	(2,644)
Total comprehensive income	-	(2,644)	-	187,374	-	184,730
Dividend distribution	-	-	(40,764)	-	-	(40,764)
Dividend, own shares	-	-	(1,236)	1,236	-	-
Total transactions with owners	-	-	(42,000)	1,236	-	(40,764)
Equity at 30 September 2021	28,000	(1,765)	-	1,147,978	-	1,174,213
Equity at 1 January 2021	28,000	879	42,000	959,368	-	1,030,247
Net profit or loss for the year	-	-	126,000	127,818	-	253,818
Foreign currency translation adjustment	-	(3,367)	-	-	-	(3,367)
Total comprehensive income	-	(3,367)	126,000	127,818	-	250,451
Dividend distribution	-	-	(40,764)	-	-	(40,764)
Dividend, own shares	-	-	(1,236)	1,236	-	-
Total transactions with owners	-	-	(42,000)	1,236	-	(40,764)
Equity at 31 December 2021	28,000	(2,488)	126,000	1,088,422	-	1,239,934

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.

Share options are measured at fair value at the time of granting and recognised in the income statement under staff costs on a straight-line basis during the vesting period. The counter entry is recognised directly in equity. The fair value of the granted share options is calculated using the option pricing model (Black & Scholes), and their fair value is not remeasured.

Apart from the paragraph regarding share options, the accounting policies are unchanged from the accounting policies applied in the consolidated and parent company financial statements for 2021, to which reference is made. The consolidated and parent company financial statements for 2021 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 2021. For a more detailed description of the estimation uncertainty, reference is made to the consolidated and parent company financial statements for 2021.

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 2021.

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 2021.

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 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 Q3 2021

	B2B	B2C	Total
Revenue	957.3	157.2	1,114.5
Cost of goods sold	- 705.4	- 108.3	- 813.7
Product margin	251.9	48.9	300.8
Distribution	- 35.0	- 12.4	- 47.4
Gross margin	216.9	36.5	253.4
Direct expenses	- 89.7	- 26.4	- 116.1
EBITDA before indirect expenses	127.2	10.1	137.3
Indirect expenses			- 37.5
EBITDA			99.8
Key figures	B2B	B2C	Total
Gross margin %	22.7%	23.2%	22.7%
EBITDA (before indirect expenses) %	13.3%	6.4%	12.3%
EBITDA %			9.0%

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%

SEGMENT INFORMATION Q1-3 2021

	B2B	B2C	Total
Revenue	2,946.0	587.8	3,533.8
Cost of goods sold	- 2,175.6	- 389.6	- 2,565.2
Product margin	770.4	198.2	968.6
Distribution	- 105.5	- 47.9	- 153.4
Gross margin	664.9	150.3	815.2
Direct expenses	- 287.2	- 100.3	- 387.5
EBITDA before indirect expenses	377.7	50.0	427.7
Indirect expenses			- 118.9
EBITDA			308.8
Key figures	B2B	B2C	Total
Gross margin %	22.6%	25.6%	23.1%
EBITDA (before indirect expenses) %	12.8%	8.5%	12.1%
EBITDA %			8.7%

4 Goodwill and intangible assets

The annual impairment test of intangible assets, including goodwill and intellectual property rights, is performed at 31 December 2022, after the completion of budgets and strategy plans for the coming period.

At 30 September 2022, 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 2022. For a more detailed description, reference is made to the consolidated and parent company financial statements for 2021.

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 2021.

In previous years, a write-down of DKK 8.0 million was made to counter the increase in bad debts, which was likely to arise in connection with the phasing out of COVID-19 compensation packages. As at 30 September 2022, DKK 3.1 million still remains to be used.