

---

# **Interim Financial Report for the Period 1 January – 31 March 2018**

---



---

## **Brødrene A & O Johansen A/S**

Rørvang 3 \* DK-2620 Albertslund \* Denmark  
Tel: +45 70 28 00 00 \* Fax: +45 70 28 01 01 \* [www.ao.dk](http://www.ao.dk)

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

---

## Contents

Highlights for the first quarter of 2018.....	page 3
Financial and operating data for the AO Group .....	page 4
Management's review .....	page 5-8
Management's statement .....	page 9
Income statement and statement of comprehensive income .....	page 10
Balance sheet as at 31 March .....	page 11-12
Cash flow statement.....	page 13
Statement of changes in equity .....	page 14
Notes.....	page 15-16

Today the Board of Directors has approved the Group's interim financial report for the period 1 January – 31 March 2018.

### **Highlights for the first quarter of 2018**

- Consolidated revenue for the first quarter of 2018 was DKK 812.4 million, which is DKK 24.4 million or 3% more than for the same period last year. Compared with last year, the first quarter of 2018 had three fewer working days, corresponding to 5%, due to Easter, which fell in March this year.
- Operating profit (EBIT) for the first quarter of 2018 was DKK 28.6 million, corresponding to a profit margin of 3.5%, against DKK 40.8 million and 5.2% for the first quarter of 2017. The gross profit margin was maintained at last year's level, whereas distribution and staff costs increased more than revenue. Measures to counter cost increases have been initiated.
- Profit before tax totalling DKK 32.2 million was DKK 6.1 million lower than last year. An income of DKK 6.1 million was recognised under financial income and expenses, net, when the earn-out agreement related to Greenline A/S was settled.
- As at 31 March 2018, the Group's total assets amounted to DKK 2,221.5 million, which is DKK 131.6 million more than at 31 March 2017. The increase is mainly attributable to increased inventories and trade receivables. In addition, investments have been made in a miniload system and new stores in Farum and Silkeborg.
- The Group's equity of DKK 662.9 million (a solvency ratio of 29.8%) was DKK 96.2 million higher than last year.
- Cash flow from operating activities for the first quarter of 2018 totalled DKK 21.7 million, which is DKK 30.7 million less than for the first quarter of 2017 due to a change in working capital.
- Other highlights for the first quarter of 2018:
  - A new store opened in Farum. In Silkeborg, a building site was acquired with a view to moving the store to a better location.
  - With reference to Company Announcement no. 6/2018, the Board of Directors decided to publish quarterly reports.
  - The Annual General Meeting approved the consolidated and company financial statements as well as the allocation of profits, including a dividend distribution of DKK 6 per preference share.
  - All shareholder-elected Board members were re-elected. At the election of employee representatives to the Board of Directors of Brødrene A & O Johansen A/S, Mr René Alberg and Mr Carsten Jensen were re-elected, while Mr Jonas Kvist was elected instead of Mr Leif Hummel. Afterwards the Board of Directors constituted itself with the same Chairman, Mr Henning Dyremose, and Deputy Chairman, Mr Michael Kjær. The Board of Directors was authorised to acquire own preference shares equivalent to a total of 10 % of the Company's share capital.

### **Expectations for the year**

- As announced in connection with the publication of the annual report for 2017, the Group expects a profit before tax in the range of DKK 145-155 million. In 2017, Brødrene A & O Johansen A/S realised a profit before tax of DKK 145.5 million.

Albertslund, 25 May 2018

Niels A. Johansen  
CEO

Henrik T. Krabbe  
CFO

## Financial and operating data for the AO Group

(DKKm)

<b>Key figures</b>	<b>Q1 2018</b>	<b>Q1 2017</b>	<b>Full year 2017</b>
Consolidated revenue	812.4	788.0	3,269.1
Gross margin*	190.3	187.8	769.8
Earnings before interest, taxes, depreciation and amortization (EBITDA)	50.1	57.0	223.1
Operating profit or loss (EBIT)	28.6	40.8	147.2
Financial income and expenses, net	3.6	(2.4)	(1.7)
Profit or loss before tax (EBT)	32.2	38.3	145.5
Tax on profit or loss for the period	(7.0)	(8.3)	(30.7)
Net profit or loss for the period	25.2	30.0	114.8
Non-current assets	1,300.7	1,279.8	1,304.6
Current assets	920.8	810.1	864.5
Total assets	2,221.5	2,089.9	2,169.1
Share capital	28.0	57.0	28.0
Equity	662.9	566.7	655.9
Non-current liabilities	227.8	338.5	230.1
Current liabilities	1,330.8	1,184.7	1,283.6
Cash flow from operating activities	21.7	52.4	134.4
Cash flow from investing activities	(18.2)	(30.7)	(164.2)
Of which investments in property, plant and equipment, net	(12.0)	(22.8)	(86.0)
Cash flow from financing activities	3.9	(6.2)	52.1
Cash flow for the period	7.3	15.5	22.3

### Financial ratios

Gross profit margin	23.4%	23.8%	23.5%
Profit margin	3.5%	5.2%	4.5%
Return on capital employed	1.3%	2.0%	7.1%
Return on equity	3.8%	4.6%	16.5%
Solvency ratio	29.8%	27.1%	30.2%
Book value**	237	99	234
Share price at the end of the period	345	400	401
Earnings per share (EPS Basic), DKK	9	11	42
Diluted earnings per share (EPS-D), DKK	9	11	42
Average number of employees***	753	695	718

Basic EPS and diluted EPS have been calculated in accordance with IAS 33. Other financial ratios have been calculated in accordance with the Danish Finance Society's "Recommendations and Financial Ratios".

\* Distribution costs have been reclassified from other external expenses to cost of sales. Comparative figures have been restated accordingly, as described in the accounting policies.

\*\* Financial ratios for the respective periods have been adjusted retroactively for the share split.

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

## **Management's review**

The consolidated financial statements include the financial statements of Brødrene A & O Johansen A/S and the wholly owned subsidiaries AO Invest A/S, Greenline A/S, Billig VVS AS, VVSochBad Sverige AB, AO Sverige AB and Vaga Tehnika Eesti OÜ.

### **The Group's financial development**

Consolidated revenue for the first quarter of 2018 was DKK 812.4 million against DKK 788.0 million for the same period of 2017, equalling an increase of DKK 24.4 million or 3%. Compared with the same period last year, the first quarter of 2018 had three fewer working days, corresponding to 5%, due to Easter. In addition, the construction industry was hit by the hard winter. The growth in revenue is mainly attributable to the professional markets in Denmark and Sweden. International revenue accounts for less than 10% of the total revenue.

Gross margin for the first quarter of 2018 amounted to DKK 190.3 million, compared with DKK 187.8 million for the same period of 2017. The gross profit margin declined by 0.4 percentage point to 23.4% as a result of increased distribution costs to customers. The increase in distribution costs is due to a rise in transport prices and the fact that the number of deliveries has increased more than the growth in revenue. To counter this, AO's sales and delivery terms have been adjusted.

External expenses of DKK 45.1 million were up by DKK 2.0 million or 5%, mainly due to distribution from the central warehouse to AO's stores.

Staff costs of DKK 95.1 million increased by 8%, corresponding to DKK 7.4 million compared with the same period last year. The increase is attributable to a change in the employee mix due to the digitisation. The digital solutions are expected to take effect in 2018, so that the growth in staff costs will be smaller than the growth in revenue.

Depreciation, amortisation and write-downs amounted to DKK 21.5 million, an increase of DKK 5.3 million, or 33%, compared with the same period last year. The increase is attributable to investments in software and a new miniload system.

Operating profit (EBIT) for the first three months of 2018 was DKK 28.6 million, which is 3.5% of revenue. Compared to the same period last year, EBIT is DKK 12.2 million lower. The profit margin is down by 1.7 percentage points due to increased external and internal distribution costs, staff costs, depreciation and amortisation.

Financial income and expenses, net, for the first quarter of 2018 were positive at DKK 3.6 million against a negative of DKK 2.4 million in 2017. The earn out agreement relating to the acquisition of Greenline A/S was settled in the first quarter of 2018, which resulted in the reversal of a provision of DKK 6.1 million.

For the first three months of 2018, the Group recorded a pre-tax profit of DKK 32.2 million against DKK 38.3 million reported for the same period last year.

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

A post-tax profit of DKK 25.2 million was recorded for the first quarter of 2018, compared with DKK 30.0 million for the same period last year.

As at 31 March 2018 the Group's total assets amounted to DKK 2,221.5 million, which is DKK 131.6 million more than at the same time last year.

Non-current assets increased by DKK 20.8 million on last year's figures to DKK 1,300.7 million due to the acquisition of a building site in Silkeborg and the expansion of the miniload system.

When compared to the same period last year, current assets increased by DKK 110.7 million to DKK 920.8 million. Inventories increased by DKK 64.8 million to DKK 456.6 million, and trade receivables went up by DKK 21.2 million to DKK 381.8 million. Both inventories and trade receivables increased due to revenue growth.

Equity of DKK 662.9 million, corresponding to a solvency ratio of 29.8%, is DKK 96.2 million higher than at the same time last year due to earnings after tax minus dividend payments of DKK 16.8 million.

The Group's total payables to credit institutions amount to DKK 880.4 million, which is DKK 77.3 million higher than at 31 March 2017 due to a payment of DKK 48.0 million made in relation to the acquisition of Greenline A/S and a change in working capital.

Trade payables of DKK 534.2 million are DKK 9.1 million higher than at the same time last year due to revenue growth and timing differences in payments to suppliers.

When compared to the same time last year, other payables decreased by DKK 57.3 million to DKK 81.9 million, mainly due to the payment of the remaining purchase sum and the adjustment of provision related to Greenline A/S. The remaining earn-out provision of DKK 4.0 million related to the acquisition of Greenline A/S is expected to be paid in 2019 and 2020.

Cash flow from operating activities for the first three months of 2018 amounted to DKK 21.7 million, which is DKK 30.7 million less than for the same period last year. The decline is mainly attributable to increased funds tied up in working capital due to revenue growth and timing differences.

Net investments for the period totalled DKK 18.2 million, which is DKK 12.5 million less than for the same period last year. In the period, DKK 6.2 million was invested in software. DKK 7.6 million was invested in land and buildings due to the acquisition of a building site in Silkeborg and the rebuilding of the central warehouse. Investment in operating equipment totalled DKK 4.4 million and is attributable to fixtures and fittings for a new store in Farum and other store and warehouse improvements.

Shareholders received dividend payments of DKK 16.8 million. In the quarter ended 31 March 2018, the Group's total payables to credit institutions increased by DKK 20.7 million to DKK 880.4 million. A cash pool agreement was entered into, meaning that cash and cash equivalents are offset against payables to credit institutions on calculation of interest.

Total cash flows for the period amounted to DKK 7.3 million. At 31 March 2018 the Group's cash and cash equivalents totalled DKK 35.1 million, which is DKK 12.2 million more than at 31 March 2017.

### **Significant risks**

As mentioned in the annual report for 2017, 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 general guidelines for incentive pay approved by the annual general meeting on 22 March 2012. The guidelines are available in full on the Company's website [www.ao.dk](http://www.ao.dk).

At present, there are no incentive programmes.

On 31 March 2018, the Company held a total of 82,390 treasury shares.

### **Outlook**

As announced in connection with the publication of the annual report for 2017, the Group expects a profit before tax in the range of DKK 145-155 million for the year ending 31 December 2018. There is no change to this expectation, as profit before financial income and expenses, net, is expected to be higher in the second half of 2018 than what was realised in the second half of 2017.

In 2017, the Group realised a profit before tax of DKK 145.5 million.

### **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.

Announcement no. 1	Annual report 2017	22 February 2018
Announcement no. 2	Notice convening the Annual General Meeting of Brødrene A & O Johansen A/S	22 February 2018
Announcement no. 3	Election of employee representatives to the Board of Directors of Brødrene A & O Johansen A/S	19 March 2018
Announcement no. 4	Result of the Annual General Meeting of Brødrene A & O Johansen A/S	23 March 2018
Announcement no. 5	Articles of association	23 March 2018
Announcement no. 6	Revised financial calendar for 2018	23 March 2018



## **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 - 31 March 2018.

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 31 March 2018 and of the results of the Group's operations and cash flows for the period 1 January – 31 March 2018.

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, 25 May 2018

### ***Executive Board***

Niels A. Johansen  
CEO

Henrik T. Krabbe  
CFO

Stefan Funch Jensen  
CDO

Lili Johansen  
CHRO

Gitte Lindeskov  
CIO

### ***Board of Directors***

Henning Dyremose  
Chairman of the Board

Michael Kjær  
Deputy Chairman

René Alberg

Erik Holm

Carsten Jensen

Niels A. Johansen

Jonas Kvist

Preben Damgaard Nielsen

Contacts:  
Niels A. Johansen/Henrik T. Krabbe  
Telephone: +45 70 28 00 00

## Income statement and statement of comprehensive income

(All amounts are in DKK thousands)

	Q1 2018	Q1 2017	Full Year 2017
<b>Revenue</b>	<b>812,370</b>	<b>788,003</b>	<b>3,269,081</b>
Cost of sales	(590,853)	(572,989)	(2,378,419)
Distribution costs	(31,614)	(27,862)	(122,584)
Gross profit	189,902	187,151	768,077
Other operating income	365	653	1,714
<b>Gross margin</b>	<b>190,267</b>	<b>187,804</b>	<b>769,792</b>
External expenses	(45,061)	(43,066)	(175,384)
Staff costs	(95,122)	(87,759)	(371,315)
<b>Earnings before interest, taxes, depreciation and amortisation (EBITDA)</b>	<b>50,084</b>	<b>56,979</b>	<b>223,093</b>
Depreciation, amortisation and impairment of property, plant and equipment as well as intangible assets	(21,495)	(16,212)	(75,875)
<b>Operating profit or loss (EBIT)</b>	<b>28,590</b>	<b>40,767</b>	<b>147,218</b>
Financial income	6,632	516	10,967
Financial expenses	(3,052)	(2,945)	(12,671)
<b>Profit or loss before tax (EBT)</b>	<b>32,170</b>	<b>38,338</b>	<b>145,513</b>
Tax on profit or loss for the period	(6,954)	(8,346)	(30,701)
<b>Net profit or loss for the period</b>	<b>25,216</b>	<b>29,991</b>	<b>114,812</b>
<b>Other comprehensive income</b>			
<b>Items reclassified to the income statement</b>			
Foreign currency translation adjustment relating to foreign entities	(1,402)	(1,568)	(1,692)
Tax on other comprehensive income	0	0	0
Other comprehensive income after tax	<b>(1,402)</b>	<b>(1,568)</b>	<b>(1,692)</b>
<b>Total comprehensive income</b>	<b>23,814</b>	<b>28,423</b>	<b>113,120</b>
<b>Earnings per share</b>			
Earnings per share (EPS)	9	11	42
Diluted earnings per share (EPS-D)	9	11	42

## Balance sheet as at 31 March

(All amounts are in DKK thousands)

<b>ASSETS</b>	Note:	<b>Q1 2018</b>	<b>Q1 2017</b>	<b>Full Year 2017</b>
<b>Non-current assets</b>				
<b>Intangible assets</b>				
Goodwill	4	371,334	371,334	371,334
Intellectual property rights		51,837	55,549	52,579
Software		50,572	47,509	51,685
		<u>473,743</u>	<u>474,392</u>	<u>475,598</u>
<b>Property, plant and equipment</b>				
Land and buildings		643,543	636,486	640,966
Leasehold improvements		711	759	797
Fixtures and operating equipment		182,664	168,181	187,197
		<u>826,919</u>	<u>805,426</u>	<u>828,960</u>
<b>Total non-current assets</b>	5	<b><u>1,300,662</u></b>	<b><u>1,279,819</u></b>	<b><u>1,304,559</u></b>
<b>Current assets</b>				
Inventories	6	456,557	391,739	414,053
Trade receivables	7	381,803	360,617	381,379
Corporation tax receivable		11,829	0	12,217
Other receivables		23,326	23,791	27,010
Prepayments and accrued income		12,202	11,031	1,332
Cash at bank and in hand		35,120	22,910	28,553
<b>Total current assets</b>		<b><u>920,837</u></b>	<b><u>810,088</u></b>	<b><u>864,543</u></b>
<b>Total assets</b>		<b><u>2,221,499</u></b>	<b><u>2,089,906</u></b>	<b><u>2,169,102</u></b>

## Balance sheet as at 31 March

(All amounts are in DKK thousands)

### EQUITY AND LIABILITIES

	Note:	Q1 2018	Q1 2017	Full Year 2017
<b>Equity</b>				
Share capital		28,000	57,000	28,000
Reserve for foreign currency translation adjustments		(1,635)	(108)	(232)
Retained earnings		636,514	509,773	628,099
<b>Total equity</b>		<b>662,878</b>	<b>566,665</b>	<b>655,867</b>
<b>Non-current liabilities</b>				
Deferred tax	8	61,928	54,763	61,963
Credit institutions		165,861	283,770	168,152
<b>Total non-current liabilities</b>		<b>227,789</b>	<b>338,533</b>	<b>230,115</b>
<b>Current liabilities</b>				
Credit institutions		714,551	519,339	691,568
Trade payables		534,204	525,079	516,620
Corporation tax		0	799	0
Other payables		81,919	139,175	74,773
Accruals and deferred income		158	316	158
<b>Total current liabilities</b>		<b>1,330,832</b>	<b>1,184,708</b>	<b>1,283,119</b>
<b>Total liabilities</b>		<b>1,558,621</b>	<b>1,523,241</b>	<b>1,513,235</b>
<b>Total equity and liabilities</b>		<b>2,221,499</b>	<b>2,089,906</b>	<b>2,169,102</b>

## Cash flow statement

(All amounts are in DKK thousands)

	Q1 2018	Q1 2017	Full year 2017
<b>Cash flow from operating activities</b>			
Operating profit or loss	28,590	40,767	147,218
Financial income and expenses, net (interest paid)	3,581	(2,429)	(10,644)
Profit or loss before tax	32,170	38,338	136,574
Depreciation and amortisation:			
Intangible assets	8,084	5,624	26,586
Property, plant and equipment	13,410	10,588	49,289
	21,495	16,212	75,875
Change in working capital:			
Change in trade receivables	(424)	(54,655)	(75,417)
Change in other receivables	(7,184)	(9,211)	(2,732)
Change in inventories	(42,505)	(3,620)	(25,934)
Change in trade payables	17,584	56,876	48,417
Change in other current liabilities	7,145	15,161	7,540
	(25,384)	4,551	(48,127)
Corporation tax paid	(6,622)	(6,709)	(29,911)
<b>Cash flow from operating activities</b>	<b>21,659</b>	<b>52,392</b>	<b>134,411</b>
<b>Cash flow from investing activities</b>			
Software	(6,230)	(6,252)	(28,589)
Land and buildings	(7,563)	(19,047)	(37,646)
Leasehold improvements	0	(89)	(400)
Fixtures and operating equipment	(4,409)	(3,713)	(48,053)
Disposal of property, plant and equipment	0	5	51
Acquisition of Greenline A/S	0	(1,571)	(49,571)
<b>Cash flow from investing activities</b>	<b>(18,202)</b>	<b>(30,667)</b>	<b>(164,208)</b>
<b>Cash flow from financing activities</b>			
Repayment of debt to credit institutions	(2,716)	(2,013)	(8,145)
Raising of loans with credit institutions	23,408	191,293	254,036
Dividends distributed	(16,800)	(16,306)	(16,306)
Acquisition of treasury shares	0	(187,149)	(185,513)
Disposal of treasury shares	0	7,989	7,989
<b>Cash flow from financing activities</b>	<b>3,892</b>	<b>(6,186)</b>	<b>52,061</b>
<b>Cash flow for the period</b>	<b>7,349</b>	<b>15,539</b>	<b>22,264</b>
Cash and cash equivalents at beginning of period	28,553	7,303	7,303
Foreign currency translation adjustment	(781)	68	(1,013)
<b>Cash and cash equivalents at end of period</b>	<b>35,121</b>	<b>22,910</b>	<b>28,553</b>

## Statement of changes in equity

(All amounts are in DKK thousands)

	Share capital	Foreign currency translation adjustment	Retained earnings	Total Equity
Equity at 1 January 2018	28,000	(233)	628,099	655,866
Net profit or loss for the period	0	0	25,216	25,216
Foreign currency translation adjustment relating to foreign entities	0	(1,402)	0	(1,402)
Total comprehensive income	0	(1,402)	25,216	23,814
Adjustment of reserves relating to transactions in previous year	0	0	(2)	(2)
Dividends distributed	0	0	(16,800)	(16,800)
Total transactions with owners	0	0	(16,802)	(16,802)
<b>Equity at 31 March 2018</b>	<b>28,000</b>	<b>(1,635)</b>	<b>636,513</b>	<b>662,878</b>
Equity at 1 January 2017	57,000	1,460	673,611	732,071
Net profit or loss for the period	0	0	29,991	29,991
Foreign currency translation adjustment relating to foreign entities	0	(1,568)	0	(1,568)
Total comprehensive income	0	(1,568)	29,991	28,423
Share option exercise	0	0	7,989	7,989
Dividends distributed	0	0	(16,306)	(16,306)
Acquisition/disposal of treasury shares	0	0	(185,513)	(185,513)
Total transactions with owners	0	0	(193,830)	(193,830)
<b>Equity at 31 March 2017</b>	<b>57,000</b>	<b>(108)</b>	<b>509,772</b>	<b>566,664</b>
Equity at 1 January 2017	57,000	1,460	673,611	732,071
Net profit or loss for the period	0	0	114,812	114,812
Foreign currency translation adjustment relating to foreign entities	0	(1,692)	0	(1,692)
Total comprehensive income	0	(1,692)	114,812	113,120
Capital reduction	(29,000)	0	29,000	0
Merger adjustment	0	0	(199)	(199)
Share option exercise	0	0	12,694	12,694
Dividends distributed	0	0	(16,306)	(16,306)
Acquisition/disposal of treasury shares	0	0	(185,513)	(185,514)
Total transactions with owners	(29,000)	0	(160,324)	(189,325)
<b>Equity at 31 December 2017</b>	<b>28,000</b>	<b>(233)</b>	<b>628,099</b>	<b>655,866</b>

# Notes

## 1 Accounting policies

The interim financial report has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act. Except for the changes mentioned below, the accounting policies are unchanged from the accounting policies applied in the consolidated and company financial statements for 2017, to which reference is made. The consolidated and company financial statements for 2017 contain a full description of the accounting policies.

### Changes in accounting policies

With effect from 1 January 2018, the Group has implemented the following new or amended accounting standards and interpretations: IFRS 9 *Financial Instruments*, IFRS 15 *Revenue from Contracts with Customers*, Amendments to IFRS 2 *Classification and Measurement of Share-based Payment Transactions*, Amendments to IFRS 4 *Applying IFRS 9 Financial Instruments with IFRS 4*, Amendments to IAS 40 *Transfers of Investment Property*, IFRIC 22 *Foreign Currency Transactions and Advance Consideration*, and part of *Annual Improvements to IFRSs 2014-2016*.

In *Annual Improvements to IFRSs 2014-2016* it is the remaining part relating to IFRS 1 and IAS 28 that will apply from January 1, 2018.

None of the above amendments have affected recognition and measurement in the interim report.

## 2 Accounting estimates and judgements

### Estimation uncertainty

The preparation of the interim financial statements requires Management to make accounting estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant estimates made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated and company financial statements for 2017. For a more detailed description of the estimation uncertainty, reference is made to the consolidated and company financial statements for 2017.

## 3 Segment information

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

According to IFRS 15, revenue is categorised into Technical Installation totalling DKK 602.6 million (2017: DKK 568.3 million) and Construction totalling DKK 209.8 million (2017: DKK 219.7 million).

## 4 Goodwill

The annual impairment test of intangible assets, including goodwill, is performed at 31 December 2018, after the completion of budgets and strategy plans for the coming period. At 31 March 2018, Management is of the opinion that there has been no indication of impairment of the carrying amount of goodwill, and therefore no impairment test of goodwill has been performed at 31 March 2018. For a more detailed description of impairment tests, reference is made to the consolidated and company financial statements for 2017.

## 5 Non-current assets

During the reporting period the Group has invested DKK 18.2 million (2017: DKK 29.1 million) in non-current assets.

## 6 Inventories

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

**7 Trade receivables**

An estimate is used to assess the recoverability of receivables according to the same principles as applied in the financial statements for 2017.

**8 Deferred tax**

At 31 March 2018, net deferred tax liabilities were DKK 61.9 million, compared with DKK 54.8 million at 31 March 2017.