Annual Report 2024

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CVR no. 58 21 06 17

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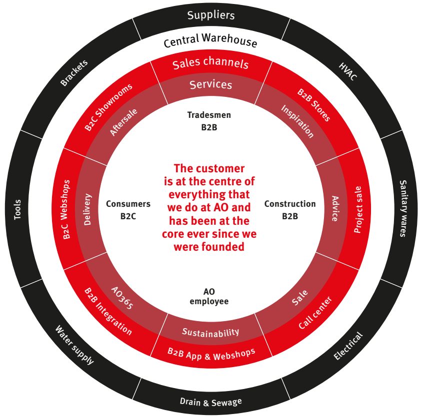

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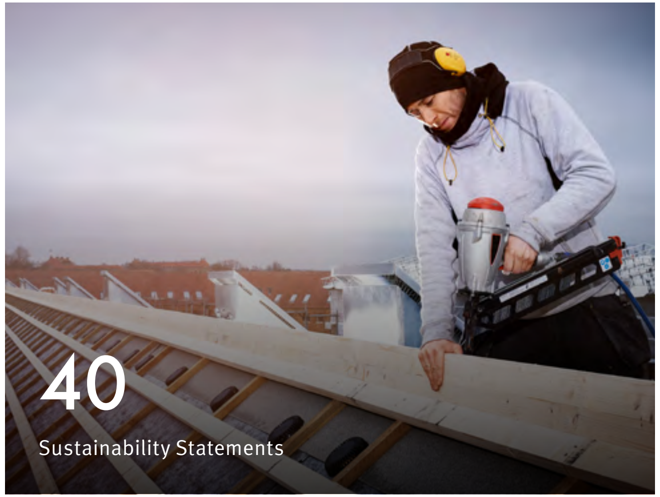
Business model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Follow us

In brief

Our purpose

AO was founded in 1914 with the purpose of creating value for our customers. The purpose is at least as relevant now as it was 110 years ago.

In AO, we lend a hand. We are determined to contribute to making our customers' lives easier. No matter the market conditions or the current mega trends, walking an extra mile for the customer will always be the AO way. AO is proud to be part of the customer team!

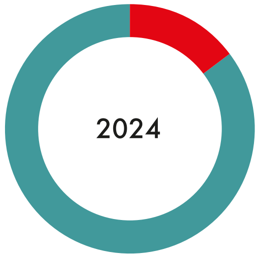
At a glance

Segments

B2B

85.2%

Serving the construction industry and professional tradesmen



B2C

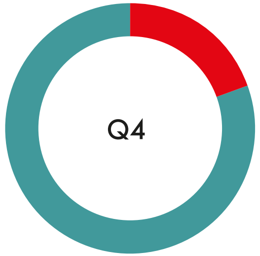
14.8%

Serving private DIY consumers

B2B

80.4%

Serving the construction industry and professional tradesmen



B2C

19.6%

Serving private DIY consumers

23 B2C Webshops

Denmark	10	Sweden	4	Europe	2
Norway	5	Germany	2		

Stores

DK East	DK West	Sweden
30	25	6

8,800

daily customer interactions in our stores

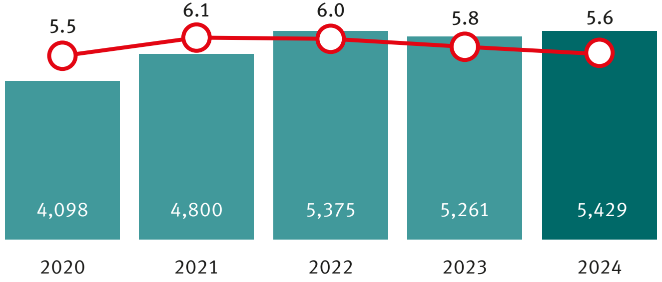
Our long-term ambitions

Beat the market by	EBITDA margin of	Solvency
2%	10%	40%+
year by year		and capital structure (gearing 1.0 - 2.5)

Performance highlights

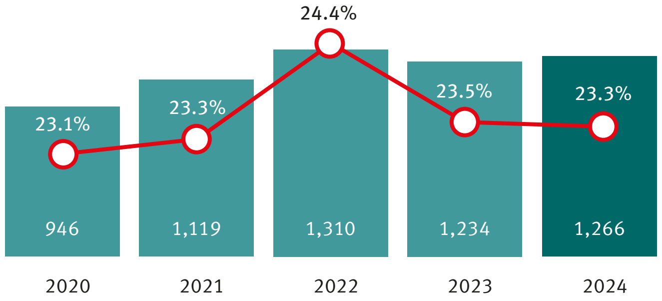
Revenue (MDKK)

Net revenue
Revenue per employee



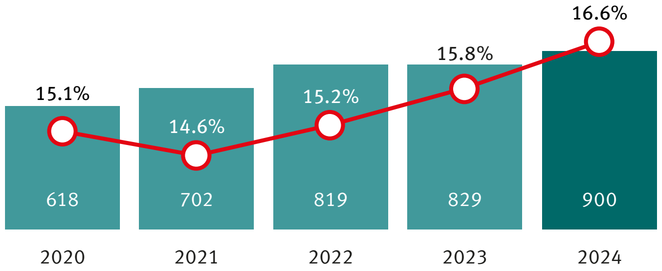
Gross profit (MDKK)

Gross proft
Gross profit margin



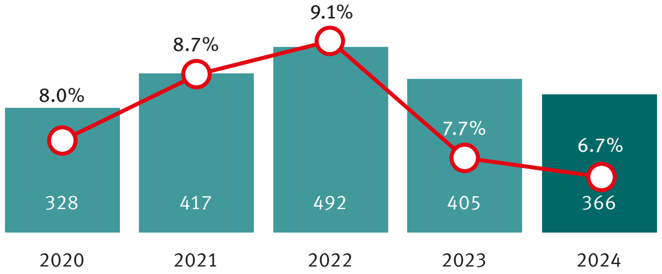
Cost of doing business (MDKK)

Cost of doing business
Cost of doing business ratio



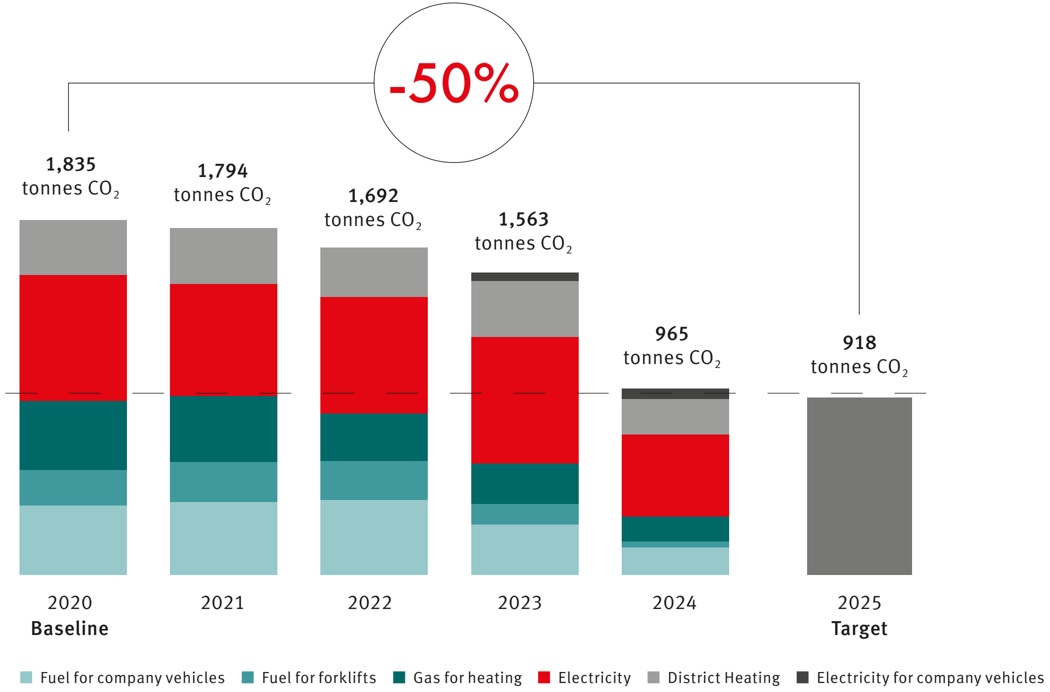
EBITDA (MDKK)

EBITDA
Margin



ESG highlights

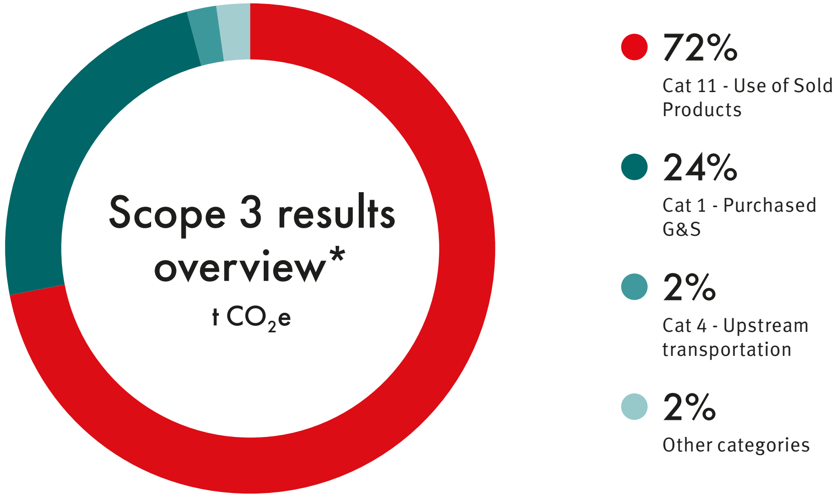
The carbon emissions for scope 1 and 2 for AO Denmark activities:



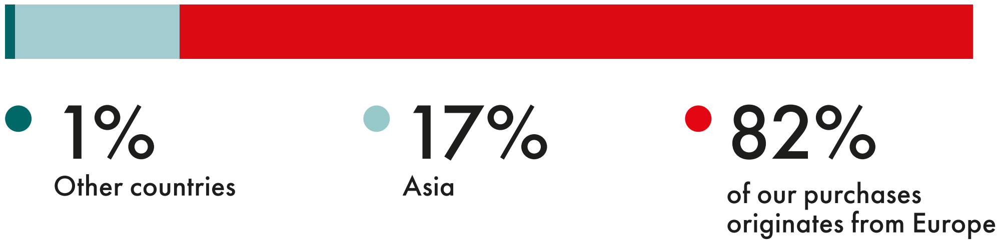
A restatement has been made in the numbers for the periods 2020-2023 since scope 3-emissions related to the scope 1 & 2 was included by mistake. The updated numbers for each year, only including scope 1 & 2, is found in the figure.

Scope 3 distribution on group level mapped for 2024:

Use of sold products is the main contributor to our scope 3 emissions



Purchasing patterns:



Letter from the CEO

Navigating challenges through strategic initiatives

Niels A. Johansen CEO

AO is undergoing a significant transformation. Our revenues in 2025 are expected to be almost 50% higher than in 2020.

While part of this growth will come from acquisitions, the majority of AO's growth journey stems from our commitment to winning today and tomorrow, as well as our continuous focus on improving daily operations.

We anticipated that 2024 would be a challenging year, and our expectations proved right. Geopolitical and economic uncertainty hampered demand.

Lower market activity led to fierce competition. In addition, we saw changed business dynamics with a significant customer consolidation and even minor projects going into price negotiations, which increased the pressure on margins.

Given the challenging market, we are satisfied with AO landing an EBITDA at DKK 366m (6.7%). Having said that, 2024 earnings did not come close to our long-term ambitions.

Even a challenging year can be well spent, and we are satisfied with the strategic steps taken in 2024. AO has a state-of-the-art central warehouse solution and an omnichannel setup that enable us to focus on growth.

In 2024 we took important, strategic steps to grow our business.

We acquired Workwear Group, which will strengthen our sales of workwear both within B2C and B2B. We acquired Svenska VA-Grossisten, which gave us a strategic foothold in the Stockholm area, and through the acquisition of Designkupp located near Oslo we tripled our B2C sales in Norway.

Ever since our establishment in 1914, we have been lending a hand to our customers, and we will continue to do so in 2025.

It has probably never been more important than now to lend a hand – especially to mid- and small-sized installers. New regulatory and green transition makes it more complicated than ever to stay competitive as a small installer.

A successful wholesale company cannot stay competitive without offering a range of digital services and solutions to its customers. We are happy to see that our work with a digital agenda for more than a decade has formed an organisation that welcomes new technologies.

AO also welcomes the increased focus on ESG, and you will find that the number of pages in this Annual Report has increased significantly compared to last year. The many pages of ESG/CSRD reporting may be difficult to digest, but it is very important for us to describe how AO operates regarding ESG.

We expect 2025 to show modest organic growth. This – combined with the growth from the companies acquired in 2024 – leads us to expect a revenue growth of 7-12% in 2025 and an EBITDA of DKK 410-450m.

Finally, I personally would like to welcome our new colleagues into the AO family and to thank all AO employees for their loyalty, dedication and hard work in 2024.

Best regards
Niels A. Johansen, CEO

Highlights of the year

Strategic steps preparing for the future

The lowered demand in the second half of 2023 continued in the first half of 2024. During the second half of 2024 demand increased gradually as expected. Fierce competition continued to put pressure on margins. AO took strategic steps to prepare for the future and continued to gain market shares in a competitive market.

At the beginning of 2024, AO acquired 8,800 m^2 of land and 4,000 m^2 of **warehouse capacity** in Albertslund. In 2025, the buildings at the site will be converted into a partly automated warehouse of 70,000 m^2 to achieve future growth and efficiency.

New and refurbished flagship stores opened in Esbjerg, Odense and Hillerød. In 2024, a range of EA articles was introduced into these flagship stores as well as six other stores.Customer visits increased by 10%.

Three **acquisitions were completed in 2024**, each with strategic importance for the future growth. A strategic foothold was established in the Stockholm area, the business in Norway tripled, and **in Denmark AO became market leader in B2C sales of workwear.**

AO continued to **gain market shares in 2024** and is in a good position to continue doing so in the future.

AO continued to reduce its scope 1 and 2 CO_2 emissions. Compared to 2020, AO Denmark reduced its scope 1 and 2 CO emissions by **47% and is well underway to reach its target of reducing these emissions by 50% by 2025.**

The share of digital sales continued to increase. **The digital share of B2B sales increased to 46%, and on group basis, a record high 53%** of all sales were digital.

Five year summary

(mDKK)	2024	2023	2022	2021	2020
Key figures					
Revenue	5,429.3	5,261.0	5,375.0	4,800.5	4,098.3
Gross margin	1,266.3	1,234.3	1,310.3	1,119.3	945.7
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	366.0	405.3	491.6	417.2	328.2
Operating profit or loss (EBIT)	246.1	292.2	383.6	316.7	223.8
Financial income and expenses, net	(36.0)	(30.4)	(6.1)	9.4	(3.0)
Profit or loss before tax (EBT)	210.1	261.8	377.4	326.1	220.8
Tax on profit or loss for the year	(46.7)	(55.7)	(83.0)	(72.3)	(47.9)
Net profit or loss for the year	163.4	206.1	294.5	253.8	172.9
Non-current assets	2,231.1	1,805.9	1,727.3	1,472.7	1,320.0
Current assets	1,556.3	1,436.5	1,591.0	1,235.9	1,063.2
Total assets	3,787.4	3,242.4	3,318.3	2,708.5	2,383.2
Share capital	28.0	28.0	28.0	28.0	28.0
Equity	1,536.3	1,475.3	1,407.5	1,239.9	1,030.2
Non-current liabilities	831.6	535.2	539.5	295.9	330.6
Current liabilities	1,419.5	1,231.9	1,371.4	1,172.7	1,022.4
Cash flow from operating activities	199.2	346.4	215.8	308.1	375.4
Cash flow from investing activities	(465.4)	(130.2)	(333.3)	(212.7)	(66.3)
Of which investments in property, plant and equipment, net	(116.2)	(94.8)	(164.5)	(170.5)	(37.3)
Cash flow from financing activities	232.1	(161.7)	15.5	(91.6)	(256.2)
Cash flow for the year	(34.1)	54.5	(102.0)	3.7	52.8

	2024	2023	2022	2021	2020
Financial ratios					
Gross profit margin	23.3%	23.5%	24.4%	23.3%	23.1%
EBITDA margin	6.7%	7.7%	9.1%	8.7%	8.0%
Profit margin	4.5%	5.6%	7.1%	6.6%	5.5%
Return on capital employed	7.0%	8.9%	12.7%	12.4%	9.5%
Return on equity	10.9%	14.3%	22.2%	22.4%	18.2%
Net gearing	2.7	1.3	1.1	0.5	0.8
Solvency ratio	40.6%	45.5%	42.4%	45.8%	43.2%
Book value*	54.9	52.7	50.3	44.3	36.8
Share price at the end of the year**	78.6	70.3	83.1	136.0	60.4
Price Earnings Basic (P/E Basic)	13.1	9.3	7.7	14.6	9.4
Dividend per DKK 1 share **	3.0	3.75	5.25	4.5	1.5
Earnings per share (EPS Basic), DKK **	6.0	7.6	10.8	9.3	6.4
Diluted earnings per share (EPS-D), DKK **	6.0	7.6	10.8	9.3	6.4
Number of employees (FTE average)	968	912	889	784	741
Number of employees excluding temporary workers (FTE average)	899	841	822	705	678
Number of employees at year-end (FTE)	981	833	850	734	686

Basic EPS and diluted EPS have been calculated in accordance with IAS 33. Other financial ratios have been prepared in accordance with the CFA Society Denmark's 'Recommendations and Financial Ratios'. See definition of key figures on page 168

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

** Comparative figures related to shares have been restated to reflect share split in 2022.

Outlook for 2025

Follow-up on previously announced outlook for 2024
Revenue ended at DKK 5,429m. AO delivered a growth in revenue of 3%.

It's AO's ambition to reach an annual growth which is at least 2% higher than the market growth.

An EBITDA for the year of DKK 366m corresponding to 6.7% of net sales for the year, and profit before tax of DKK 210m, corresponding to 3.9% of net sales of DKK 5,429m are in line with the latest outlook announced as at 23 October 2024 of net sales of DKK 5,300 – 5,500m, an EBITDA of DKK 340 – 370m and a profit before tax in the range of DKK 200 – 230m.

2025 outlook
AO is in a good position to grow the business. Partly due to the current momentum in AO and partly due to the acquired companies in 2024.

The market activity is expected to show a moderate growth of 2-5% in 2025.

AO momentum and the full year effect from acquired companies is expected to bring a total growth of 7-12%.

The competition and pressure on gross profit margins is expected to remain fierce. As house buildings and project activities are expected to increase, and as interest levels are expected to remain stable, it is though expected that customer demand and wholesale supply will gradually get more balanced.

AO will continue its investments in digital solutions, logistics and stores. The investment level in 2025 is expected to be approximately DKK 200m. Half of it relates to a further investment in the central warehouse to facilitate the longer-term growth.

Based on the above estimates and assumptions, AO expects a revenue of DKK 5,800-6,100m, an EBITDA in the range of DKK 410-450m, and an EBT in the range of DKK 235-275m.

The 2025 guidance is as follows

	2024	Outlook 2025
Revenue, (mDKK)	5,429	5,800 – 6,100 Growth 6.8% to 12.4%
EBITDA, (mDKK)	366	410 – 450 EBITDA margin 7.1% to 7.4%
EBT, (mDKK)	210	235 – 275 EBT margin 4.1% to 4.5%

Sensitivity to the outlook for 2025:
Geopolitical and macroeconomic tensions bring higher uncertainty to estimates than normally. Continued change in the geopolitical and macroeconomic climate, supply disruptions and developments in raw material prices and interest rates may impact outlook for 2025.
Organic growth and gross margins are sensitive to revenue mix from ReMoVe versus projects and to price pressure driven by competition.

Strategy


FORANDRING
Omgivelser
Struktur
Omgivelser
Opgaver
Teknologi
FORANDRING

Business model

SBM-1 AO's omni-channel business model secures a coherent customer experience for all customers across touchpoints.

AO works with more than 1,000 suppliers and is continuously expanding our range of products to target more customers and support one-stop-shopping. The automated central warehouse in Albertslund and the logistics centre in Horsens are corner stones in AO. 90% of all products are picked automatically, thus ensuring both high service quality and efficiency.

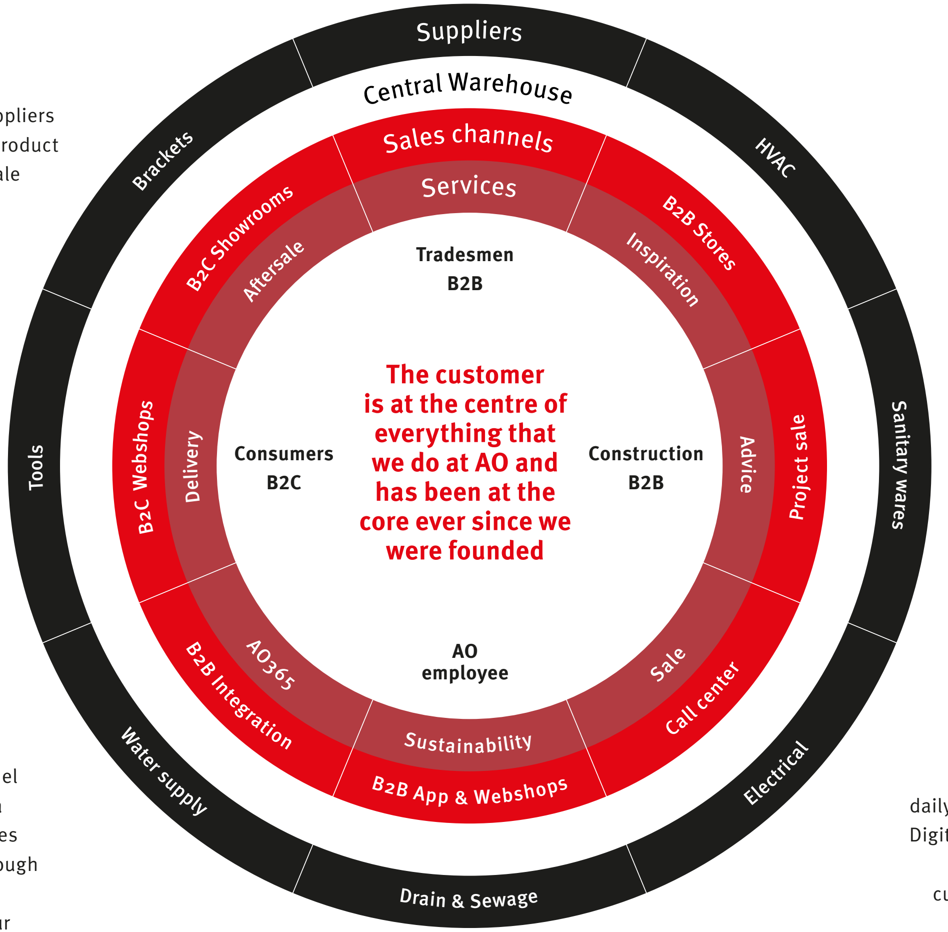
AO's product range and service are promoted across a number of different sales channels that support the individual customer's preference.

AO is providing the best of two worlds via value-added digital services and close customer relations through our local stores.

Modern wholesaling is about offering the right products at the right prices, delivering them at the right time, and making customers' lives as simple and flexible as possible. The AO365 concept is a prime example. With AO365, customers have a digital key to all AO stores, ensuring both convenience and flexibility for each individual customer. AO's employees are a key resource to the success of our business model. Their knowledge and experience bring significant value to the entire value chain.

1. Suppliers

More than 1,000 suppliers provide the widest product range in the wholesale business



2. Central warehouse

Automated warehouse solution ready to serve growth. 600,000 SKUs available for sale

3. Sales channels

Omnichannel business with 55 physical stores in Denmark and six in Sweden enabling 8,800 daily customer interactions. Digital share of sales makes up 53% of revenue. B2C customers are served out of more than 20 unique webshops

4. Services

As a true omnichannel business AO offers a wide range of services from selfservice through AO365 to advanced project advice via our competency centres

Industry and market trends

AO's strategy is shaped by the prevailing megatrends that exert influence on the current market landscape. These trends present both challenges and significant opportunities for AO's business development.

The dominant themes within these market trends revolve around the green transition, climate changes, and the escalating pace of digitalisation.

These trends have been categorised into five megatrends that steer our strategic focus areas.

Green transition

The green transition megatrend symbolises a global shift toward sustainability and eco-conscious practices across industries. It encompasses CO_2 reductions, renewable energy adoption, resource efficiency, and circular economy principles. Consumers increasingly support certified products and services due to environmental certified construction projects and legislative requirements, driving market demand. The recent years have shown that energy prices are a major driver behind green transition demand.

AO has a wide range of products that directly service the green transition. In addition, AO aims to be the wholesale company with the best and most accurate data on the environmental impact of our products enabling our customers to make informed choices in their purchases.

Digitalisation & AI

AI amplifies and transforms digitalisation in multiple ways by making digital systems more intelligent, adaptive, and efficient. AI provides great opportunities for efficiency gains and utilises complex and large datasets to develop new and more personalised services. AO has been at the forefront of digitalisation and will continue to be so regarding AI. Providing our customers with tailored user experience, accurate data on the products – including ESG data is a key point in being the best partner for our customers.

Consolidation

Installers are increasingly joining forces either by mergers or by joining purchasing organisations. The consolidation is happening within and across installer segments. Larger groups of installers seek to use their purchasing power to get better terms as well as their larger flexibility to serve a broader range of customers.

AO has good and long experience in working with various purchasing organisations and is in a good position to service these organisations via our omni-channel offerings.

Climate change

As part of the climate change adaptation in both Denmark and Sweden there is a need for investments in the water infrastructure. In both countries Sewage & Drainage as well as Water Supply in general are due for an overhaul. There will be more focus on storing, retaining, and recycling rainwater, including cleaning surface water. The recycling of rainwater after cleaning can be used in connection with increased biodiversity, especially in cities, where there will be a focus on more urban trees, green roofs and walls, and roof terraces. Storing and retaining surface water during cloudbursts and storm floods can prevent flooding of buildings and equipment.

AO is in a good position to deliver into these projects.

Electrification

The electrification agenda is a pivotal shift toward cleaner energy sources, driving innovation and sustainability. It encompasses electrifying transportation, revolutionising industries, and advancing renewable energy infrastructure.

AO plays a part in the electrification agenda by supplying electrical components, cables, EV chargers, and solar panels.

Corporate strategy

At AO, the customer is at the heart of everything we do and develop. We want to create value for our professional and private customers. That’s something we aim to do every single day, and why we say: “We lend a hand”. It builds on AO's genuine and heartfelt interest in understanding the present and future needs of our customers and being able to support them.

The Group’s strategy is to serve the professional market via AO in Denmark and Sweden and to serve the private markets in Denmark, Norway and Sweden via our portfolio of differentiated webshops run on a common platform.

In the professional market, It is AO’s ambition to be the preferred supplier of technical installation materials for tradesmen and large construction customers. As a rule of thumb, the ReMoVe market represents about 70%, while project sales represent about 30%.

Part of the team

AO is as much a sparring partner as a wholesaler. And we are proud to be part of the team when the tradesmen renovate, modernise and maintain Denmark. It is our strategy to remain the leader in the ReMoVe business by continuing the development of the value creation in our omni-channel offerings.

Towards common goals

AO's projects department creates a secure framework for large construction projects. We are not only focused on the offer, but also on ensuring that your project gets done better, cheaper and faster. It is our strategy to become one of the best partners to construction customers, by developing new digital support services.

It pays to start in the right place

AO has the industry's most complete B2C offer within simple home improvements and DIY. We are close to the customers with all the inspiration, advice and service they need. It is our strategy to remain the online leader in DIY, by continuing to offer new product ranges and solutions, and thus making DIY easier.

Actively contributing to a sustainable world

AO wants to be the leading green wholesaler to the construction industry and make it easy for all installers to comply with climate requirements, and to ensure a minimal environmental impact. AO wishes to help promote a sustainable world by supporting and contributing to a sustainable construction sector.

Our strategy is to continue to innovate and develop our omni-channel offerings – a hybrid business strategy, embracing the human touch in physical and digital touchpoints and securing efficiency, flexibility and scalability via digitalised stores and harvesting the best of two worlds. We will continue to expand our product range and utilise it across target groups.

We aim to increase the business in Sweden too as we see a strong potential for organic growth.

The larger construction projects are served via our Group projects department with competencies targeting the special needs of the construction industry. We will increase both the digital, logistics and advisory services, and we will make it easy to comply with the increasing sustainability needs and requirements.

In the private DIY market, it's AO's ambition to be the leading online trading platform for the sale of technical home improvement materials in Denmark and one of the leading online platforms in Sweden and Norway.

We will continue to evaluate opportunities within M&A in both B2B and B2C.

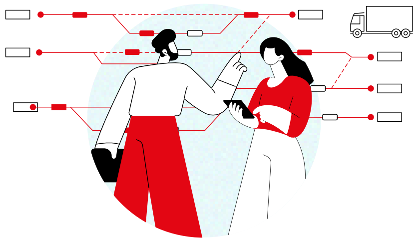
At AO, we believe that everyone has a duty to manage available resources and opportunities in a responsible way, ensuring the best possible conditions for the next generation to build on. That is why we take responsibility through our climate goals: to reduce CO_2 by 50% by 2025 in compliance with GHG Protocol scope 1 and 2, and to make AO scope 1 & 2 carbon neutral by 2030.

"At AO, the customer is at the heart of everything we do and develop. We want to create value for our professional and private customers. That's something we aim to do every single day, and why we say: "We lend a hand".

Strategic ambitions

Profitable growth

- It is a strategic priority for AO to maintain and expand the industry's best B2B opportunities and the market's best B2C opportunities.
- The pressure on profit margins is estimated to remain high in the future, but AO will pursue a profitable growth via an ambitious and data-driven purchasing and pricing strategy.
- AO has the widest installer coverage with increasing cross-sell across product categories. New growth opportunities await in new business segments and in AO Sweden.
- AO´s omni-channel strategy secures both digital efficiency and close customer relations
- It´s AO´s ambition to beat the market with a minimum of 2% each year via organic and acquisitive growth



High efficiency

- It is AO’s ambition to continue to optimise internal and external processes, so that we use our skills for the complex tasks that make a difference for our customers and automate simple manual tasks.
- AI has been heralded as the most important technology of our time. We believe in a proactive approach to the use of artificial intelligence across AO.
- AO has made substantial investments in optimising efficiency and increasing capacity at the central warehouse in Albertslund and the Logistics Centre West in Horsens. We will continue to exploit these synergies.
- It's our ambition to have the highest efficiency in the market and to reach an EBITDA margin of 10%.

Solid foundation

- AO must attract and retain the industry's best employees with high agility, professionalism and well-being.
- At AO, we have the best team in the industry. An organisation rounded out by AO's culture and with the industry's most loyal and experienced employees. The most important thing for AO's future competitiveness is the employees.
- IT plays a decisive role in AO's transformational power. It is crucial that AO has an IT landscape that is agile, scalable and future-proof, so that we can use as many resources as possible on development rather than operation.
- AO has a strong balance sheet and a robust capital structure, enabling AO to resist headwind and to seize opportunities. AO has a gearing target of an interest-bearing debt in the range 1.0-2.5 times EBITDA.

Performance

Financial results

Growth for the year driven by organic development and strategic acquisitions

In 2024 we achieved an EBITDA of DKK 366m (DKK 405m) in line with guidance. Organic growth was -1.0% (-3.3%) and gross profit margin ended at 23.3% (23.5%). Revenue development and earnings improved over the year.

Revenue
Organic revenue development was -1.0% (-3.3%) and revenue for 2024 was DKK 5,429m (DKK 5,261m) in line with latest outlook from the Q3 report. On an organic level revenue, development improved over the year with organic growth of 3.0% in the second half of the year.

Gross profit
Gross profit ended at DKK 1,266m (DKK 1,234m) corresponding to a gross profit margin of 23.3% (23.5%). Included in gross profit is a one-time gain of DKK 14m related to the sale of real estate. Gross profit has been impacted negatively by price pressure and an unfavourable product mix. Acquired businesses and a higher proportion of B2C sales have had positive impact on the gross profit margin.

External costs and staff costs
In total, external operating costs and staff costs made up 16.6% of revenue (15.8%). Cost of doing business has increased due to cost and salary inflation as well as increased administrative burdens increasing FTEs. A shift towards lower average revenue per sale transaction has increased the cost of doing business measured in relation to revenue. Additionally, the acquired business carries an underlying higher rate of costs measured in percentage of revenue.

Year end FTEs were 981 (833). Organic increase in FTEs was 42 while acquired businesses contribute 106 new FTEs.

EBITDA
EBITDA ended at DKK 366m (DKK 405m), corresponding to an EBITDA margin of 6.7% (7.7%). Margins were under pressure from cost inflation and lower basket sizes. EBITDA margins have increased in the B2C business where a new scale has been reached after the acquisitions during 2024. The results of the segments are presented in the following pages.

Financials
Net financials amounted to DKK -36m (DKK -30m). Interest rates came down during 2024, and the average debt level increased compared to last year.

Earnings before tax (EBT)
EBT ended at DKK 210m (DKK 262m).

Income tax
Income tax amounted to DKK -47m (DKK -56m), corresponding to an effective tax rate of 22.2% (21.3%).

Earnings after tax (EAT)
EAT ended at DKK 163m (DKK 206m).

Equity
At the end of the year equity amounted to DKK 1,536m (DKK 1,475m). Thus, the solvency ratio at year-end was 40.6% (45.5%) and the target of maintaining a solvency of 40%+ was achieved.

Cash flows
Average net working capital for the year was 6.3% (5.8%) of revenue. Net working capital at the end of the year was 7.1% (5.6%) of revenue.

Cash flow from operating activities totalled DKK 199m (DKK 346m).

Change in receivables was DKK -65m (DKK +85m) driven by the Q4 activity as well as timing of payments.

Change in inventories contributed with a cash flow of DKK -2m (DKK +100m).

Change in trade payables contributed with a cash flow of DKK -12m (DKK -191m)

Cash flow from investing activities totalled DKK -465m (DKK -130m) impacted by the acquisitions of Svenska VA-Grossisten, Designkupp and Workwear Group.

Cash flow from financing activities was DKK +232m (DKK -162m) reflecting a high level of dividend payouts as well as new loan facilities in relation to the acquisitions.

Net interest bearing debt amounted to DKK 993m (DKK 522m) at year end after a year with three acquisitions. Financial gearing was 2.7 times EBITDA (1.3 times). AO has a target gearing between 1.0 and 2.5 times EBITDA.

Q4 financials

After a slow start, the 2024 the market gradually improved over the year. On an organic level the growth in Q4 was 4.1%, and including acquisitions the growth was 13.9%. Number of customer visits in AO's store network was at record high levels underlining the importance of local presence.

Revenue
Organic revenue development was +4.1% (-7.8%) with additional growth from acquisitions. Q4 Revenue was DKK 1,550m (DKK 1,361m) marking the first quarter with a quarterly revenue of more than DKK 1,500m.

Gross profit
Gross profit of DKK 374m (DKK 318m) corresponds to a profit margin of 24.1% (23.4%). Due to acquisitions the quarter showed a positive segment mix on the gross profit margin of 0.6%.

External expenses and staff costs
Driven by acquisitions external expenses and staff cost in Q4 increased to DKK 251m (DKK 223m) corresponding to a cost of doing business ratio of 16.2% (16.4%). On an organic level the cost of doing business ratio was reduced to 15.7% (16.4%).

EBITDA
EBITDA ended at DKK 123m (DKK 95m), corresponding to an EBITDA margin of 7.9% (7.0%). In Q4 margins improved but are still under pressure.

Earnings before tax (EBT)
EBT of the quarter ended at DKK 80m (DKK 58m).

MDKK	Q4 2024	Q4 2023
Revenue	**1,550.4**	**1,361.4**
Cost of sales	(1,176.8)	(1,043.6)
Gross profit	373.6	317.8
Other operating income	0.4	0.4
Gross margin	**374.0**	**318.2**
External expenses	(92.2)	(90.1)
Staff costs	(158.7)	(132.7)
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**123.1**	**95.4**
Depreciation and amortisation	(32.5)	(29.6)
Operating profit or loss (EBIT)	**90.6**	**65.8**
Financial income	5.4	0.7
Financial expenses	(16.0)	(8.6)
Profit or loss before tax (EBT)	**80.0**	**57.9**
Tax on profit or loss for the year	(18.5)	(11.5)
Net profit or loss for the year	**61.5**	**46.4**

B2B

The B2B business services the professional tradesmen as well as large construction companies out of our omni-channel business model. In Denmark, AO is the wholesaler with the broadest product range serving more trades than our competitors. The B2B segment has roughly 70% of its revenue within repair and maintenance and 30% within projects. In the B2B segment AO has continued to gain market shares on an organic level in 2024 and in Q4.

Growth for the year and Q4 was positively affected by the acquisition of Svenska VA-Grossisten.

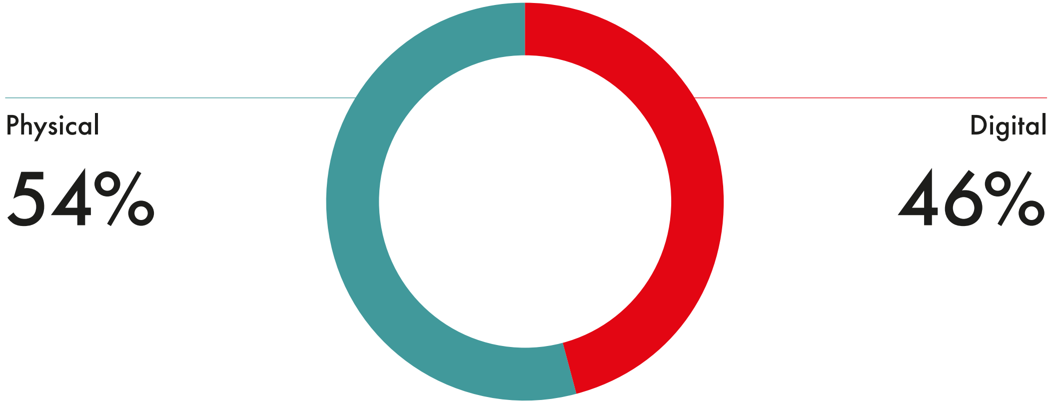
Revenue
Segment revenue was DKK 4,623m (DKK 4,659m) for the year and DKK 1,246m (DKK 1,173m) for the quarter. Revenue development has improved over the year ending in organic growth of 4.6% in Q4.

Gross profit
Gross profit of DKK 1,012m (DKK 1,070m) corresponds to a profit margin of 21.9% (23.0%) for the year due to margin pressure. Gross profit margin recovered partly in Q4 and ended at 22.2% (22.7%).

Direct expenses
Cost inflation as well as new hires have contributed to an increase in direct expenses which ended at DKK 508m (DKK 486m).

EBITDA
Segment EBITDA ended at DKK 507m (DKK 585m).

Distribution of sales channels



MDKK	2024	2023	Q4 2024	Q4 2023
Revenue	**4,623.5**	**4,658.6**	**1,246.3**	**1,173.0**
Cost of goods sold	(3,438.7)	(3,427.4)	(927.0)	(864.9)
Product margin	**1,184.8**	**1,231.1**	**319.3**	**308.0**
Distribution	(173.0)	(160.7)	(42.9)	(41.5)
Gross profit	**1,011.8**	**1,070.4**	**276.4**	**266.5**
Direct expenses	(504.7)	(485.9)	(128.2)	(122.4)
EBITDA before indirect expenses	**507.1**	**584.5**	**148.2**	**144.1**
Key figures				
Gross margin %	21.9%	23.0%	22.2%	22.7%
EBITDA %	11.0%	12.5%	11.9%	12.3%

B2C

AO is the market leader within online DIY sales in Denmark. With the acquisitions during the year AO has become the leading player within online DIY bathroom sales in Norway and within workwear in Denmark. The addition of the two new B2C companies has increased the number of websites significantly and B2C made up almost 20% of Group revenue in Q4.

Number of households serviced

Revenue

Segment revenue was DKK 805m (DKK 603m) for the year and DKK 304m (DKK 189m) for the quarter. On an organic level, the B2C segment recorded growth in all quarters of 2024 despite record-breaking sales during 'Black Week' in 2023.

Gross profit

Gross profit of DKK 240m (DKK 164m) corresponds to a profit margin of 29.8% (27.2%). The acquired companies bring higher gross profit margins than the organic business. On an organic level, margins increased slightly.

Direct expenses

In 2024, direct expenses increased to DKK 168m (DKK 133m), but driven by the higher activity, the ratio of cost of doing business decreased to 20.9% (22.1%).

EBITDA

Segment EBITDA ended at DKK 72m (DKK 31m) for the year. New top line scale to the B2C business improved the earnings. Segment EBITDA margin grew to 12.1% (6.1%) in Q4.

MDKK	2024	2023	Q4 2024	Q4 2023
Revenue	**805.8**	**602.5**	**304.1**	**188.5**
Cost of goods sold	(504.7)	(387.8)	(182.7)	(119.9)
Product margin	**301.1**	**214.6**	**121.4**	**68.5**
Distribution	(60.8)	(50.7)	(23.6)	(16.7)
Gross profit	**240.3**	**163.9**	**97.8**	**51.8**
Direct expenses	(168.1)	(133.2)	(61.1)	(40.3)
EBITDA before indirect expenses	**72.2**	**30.7**	**36.7**	**11.5**
Key figures				
Gross margin %	29.8%	27.2%	32.2%	27.5%
EBITDA %	9.0%	5.1%	12.1%	6.1%

Corporate governance

Risk management

The identification and management of business risks form part of the annual strategic plan for the Group, which is approved by the Board of Directors. The Executive Board and the Board of Directors also establish the framework for determination of credit risk, currency risk, interest rate risk and liquidity risk.

Risk management is an integral part of the business management at AO. We prioritise having the necessary competencies within the business areas in which we operate. A yearly reassessment of risks and methods for risk identification and management is conducted. To define risk appetite and assess risks, risks are mapped in a classical risk model based on probability (frequency) and financial impact.

Risk identification

The focus of the risk management process is to identify and evaluate operational and strategic risks for AO in the short, medium, and long term. These risks are defined as events or developments that have a significant negative impact on AO's ability to:

- achieve profit goals
- execute on the strategy
- maintain a 'license to operate'.

Both gross risks (inherent risk) and net risks (residual risk) are considered. Gross risks are defined as the product of the consequence and probability of a risk, assuming that no risk mitigation measures are in place. Net risks are the product of the remaining risk after risk-reducing measures. Net risks should align with AO's risk appetite.

Risk assessment

The significance of risks is assessed as a combination of the probability of the risk materialising and the consequences if it does. The probability is evaluated based on the frequency with which AO expects the risk to occur, while the consequences are assessed on various parameters:

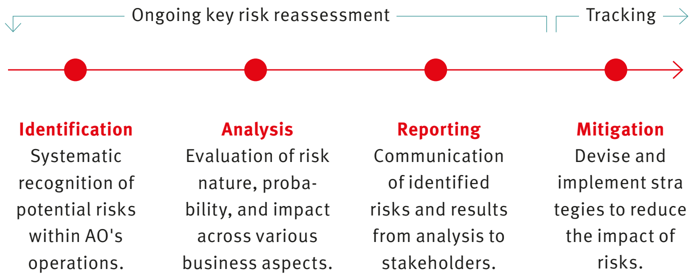
- impact on results (direct or indirect financial effect)
- impact on reputation
- compliance (license to operate, including personal safety).

Risk Management

The purpose of identifying, assessing, and subsequently managing risks is to reduce net risk to an acceptable level in accordance with the decided level of risk appetite. In the risk management system, we employ four strategies to handle risks:

- avoid – cease or make changes to activities that pose risks.
- transfer – shift risk to a third party.
- mitigate – seek to minimise identified risks to an acceptable level.
- accept – monitor risk and create contingency plans if the risk occurs.

Dynamic risk adaption



Net risks

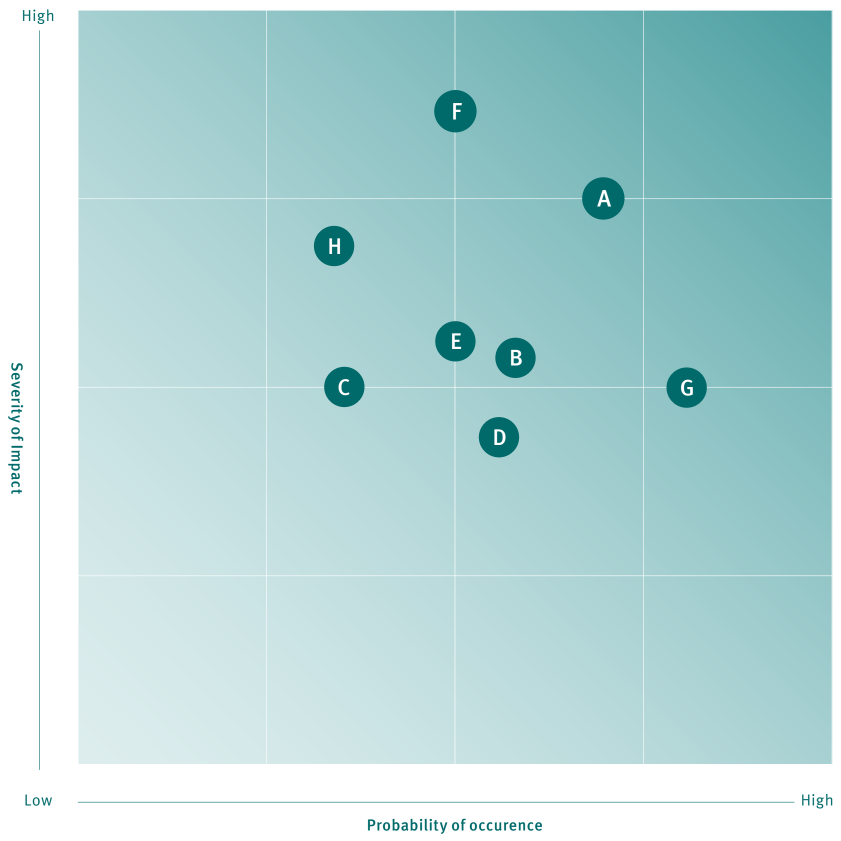
Changes to previously identified risks

The risk of 'New entrants in the market' has been expanded to a broader risk of "Market and competition dynamics".

The people risk related to the inability to attract or retain key employees is no longer identified as a top risk for AO. Management and HR initiatives have reduced the risk and AO is able to attract key talent in the market.

- **A** Market and competition dynamics
- **B** Geopolitical and macroeconomic uncertainty
- **C** Credit Management
- **D** Global supply chain
- **E** Environmental & products master data
- **F** IT risks
- **G** Cyberattack
- **H** Dependency on service providers

Risk map



	A Market and competition dynamics	B Geopolitical and macroeconomic uncertainty	C Credit Management	D Global supply chain
Description	Risk of new competitors entering into or expanding in the Danish market. Continued and accelerating consolidation amongst customer groups. New risk	Risk of market decline due to geopolitical or macro-economic uncertainties. The risk is unchanged	Risk of losses associated with extending credit to customers. The risk is unchanged	Risk of product unavailability due to supply chain uncertainties. Impact assessment has been reduced
Impact	The risk of increased consolidation in the Danish market creating stronger competitors and customers with higher bargaining power could mean that AO loses competitive advantages and is unable to meet the goal of gaining market share or maintaining profit margins. **Probability:** High **Impact:** High	Geopolitical uncertainties can lead to macroeconomic downturns involving inflation, rising interest rates, increasing energy costs, etc. This could impact the construction industry overall and decrease market demand. **Probability:** High **Impact:** Medium	Customer credits are an established part of the wholesale industry, and the majority of the group's sales are conducted on credit. The risk increases during downturns in the construction industry, where the likelihood of sudden bankruptcies among the customer base rises. **Probability:** Medium **Impact:** Medium	In the event that AO cannot supply the products customers need, there is a risk of losing customers to competitors, ultimately affecting revenue and earnings. **Probability:** High **Impact:** Medium
Risk response	**Mitigation** To minimise the potential impact, AO aims to continue making it as easy and transparent as possible for customers to trade with AO. Emphasis on streamlining the supply chain and overhead costs is intended to ensure that AO can remain competitive in terms of pricing, even compared to larger competitors. **Acceptance** AO acknowledges that the risk cannot be entirely avoided and actively monitors the actions of existing and potential new competitors.	**Acceptance** AO acknowledges that the risk cannot be entirely avoided and actively works to monitor market developments. In budgets and forecasts, AO establishes the foundation for business initiatives. AO aims to have a scalable business with lower overhead costs than competitors, which can mitigate the impact.	**Mitigation** AO has established a credit policy and continuously monitors customers' outstanding balances. Accounts with overdue balances are closed, reducing the risk of further losses. **Transfer** AO insures larger customer engagements through credit insurance, providing coverage against significant individual losses. **Acceptance** There is an acceptance of a certain level of risk in customer credits.	**Mitigation** AO collaborates closely with its key suppliers, gaining an understanding of their supply situations. In dialogue with the sales and procurement organisation, min/max inventory levels are established, and shortages are monitored. Where possible, efforts are made to have alternative products and suppliers for essential items. During crisis periods, buffer stocks are built up to ensure AO can fulfil customer orders.

■ High
■ Medium

	E **Environmental & products master data**	F **IT risks**	G **Cyberattack**	H **Dependency on service providers**
Description	Risk of not being able to adhere to regulatory and customer driven demands for detailed data on environmental impact of the products sold. New risk	Risk of breakdowns in business-critical systems, including the failure to fully leverage IT integrations. The risk is unchanged	Risk of IT breakdown due to a cyberattack. The risk is unchanged	Risk of dicontinued service from key service providers causing business disruptions. New risk
Impact	Inadequate product documentation can reduce transparency in the assortment, making it harder for customers to assess a product's environmental impact. This may lead to lost business opportunities as customers' expectations are not met. Additionally, the required data collection from suppliers can be challenging and requires significant effort in data registration and validation. **Probability:** Medium **Impact:** Medium	Frequent but short-term IT outages resulting in operational losses, leading to an inability to maintain the desired efficiency and service level for AO's customers. There is a risk that the lack of optimisation in operations could result in productivity loss. **Probability:** Medium **Impact:** High	Business disruption due to compromised data, denial-of-service attacks, ransomware, etc. are among the consequences of a cyberattack. The duration of such a business disruption can be lenghty and have significant impact on AO's ability to conduct business. **Probability:** High **Impact:** Medium	Sudden discontinued service from key service providers could disrupt AO's ability to deliver goods timely or negatively impact the efficiency of the logistics. A lack of ability to live up to AO's commitments towards customers could result in loss of business affecting revenue and earnings. **Probability:** Medium **Impact:** High
Risk response	**Mitigation** AO works primarily with major suppliers and a professionel collaboration is established in order to get high quality product documentation. Every effort is being made to get EPDs (Environmental Product Documentation) on the products as well as information relevant for certified construction projects such as Swan-labeled construction and DGNB. AO is educating its own work force to support customers in their efforts towards legal and regulatory compliance. Master Data Governance plays an integral part in ensuring availability of documentation.	**Mitigation** AO collaborates closely with its key partners and works on expanding a robust IT organisation to support AO's activities.	**Mitigation** AO has established an IT Security Council reporting to AO's management, which provides guidelines for AO's IT security. Business Continuity Plans are in place to mitigate the impact. **Transfer** AO has obtained insurance coverage against cyberattacks, thus reducing but not eliminating the potential impact.	**Mitigation** AO has a close collaboration with its key service providers. On an ongoing basis AO coordinates future demands for services with its suppliers in order to ensure that needs are met. Alternative suppliers are identified for key services.

■ High
■ Medium

Corporate governance

The Board of Directors/Audit Committee and the Executive Board have overall responsibility for the Group's internal controls and risk management in connection with the financial reporting process, including compliance with applicable legislation and other regulations in relation to financial reporting.

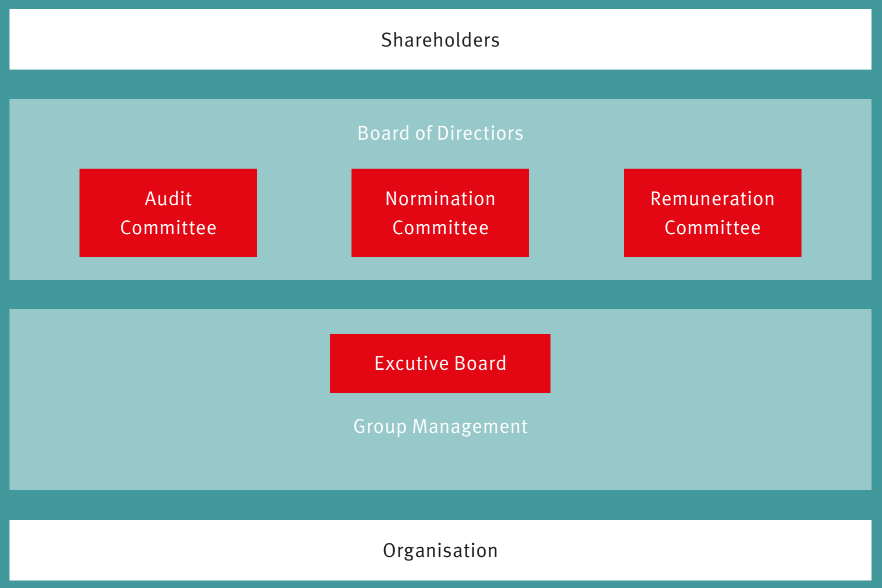
AO has established internal control and risk management systems to ensure that financial reporting is carried out in accordance with IFRS and other accounting regulations applicable to listed Danish companies. In addition, the systems increase the certainty that the internal and external financial reporting provides a true and fair presentation that is free from material misstatement.

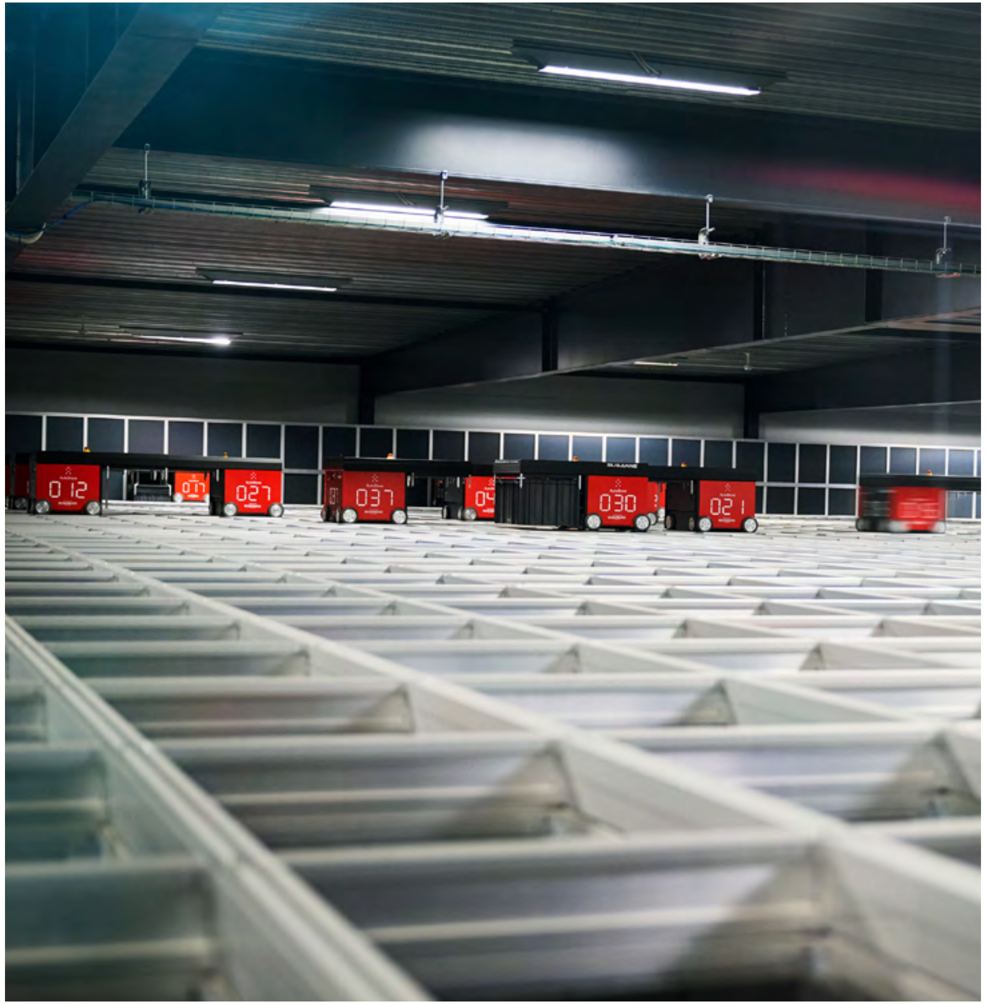
The Audit Committee monitors the control and risk management systems in the Group on an ongoing basis. In this context, risks that may affect the Group's financial reporting process are likewise assessed on an ongoing basis. The risk assessment is based on significant items and other business-critical areas.

Recommendations on corporate governance
All recommendations have been analysed and considered by the Board of Directors and the Executive Board of Brødrene A & O Johansen A/S, and the Board of Directors is of the opinion that the management of Brødrene A & O Johansen A/S complies with the most important recommendations in the report.

The company has opted to implement another approach to five areas in 2024, which is two fewer than in 2023.

Two-tier governance structure





A summary of the areas where the Group has chosen to follow a different practice is provided below:

- Given the company's ownership structure, the Board reserves the right to reject takeover bids in certain cases without submission to shareholders.
- The Chief Executive Officer is responsible for the general management of the company while also serving as a member of the Board.
- 3 out of 5 of the Directors elected by the Annual General Meeting are not independent as they have been members for more than 12 years.
- 2 out of 4 of the members of the Audit Committee are not independent. This committee is made up solely of members of the company's Board of Directors, which is why there is no requirement for independence. The chair of the Audit Committee is independent.

Brødrene A & O Johansen A/S has prepared a full report on corporate governance for the 2024 financial year under Section 107b of the Danish Financial Statements Act. This can be viewed or downloaded at:

Corporate Governance 2024
https://ao.dk/globalassets/download/regnskabsdata/2024/statutory-report-on-corporate-governance-2024.pdf

Board of Directors

GOV-1 Brødrene A & O Johansen A/S' Board of Directors comprises a total of eight members who have been elected to protect the interests of the shareholders as best as possible and to ensure an appropriate and balanced development of the company both in the short and the long term.

The Board of Directors oversees the overall and strategic management of the company.

- Five members are elected by the General Meeting.

  The holders of Class B shares have the right to elect one Board member whereas the holders of Class A shares elect the remaining Board members. The election of Board members representing each individual share class is determined by a simple majority of votes. The Board members are elected for a period of one year after which they may be re-elected.

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  In Denmark, the Company's employees elect three Board members according to the current provisions of the Danish Companies Act. Staff-elected Board members are elected for a term of four years. In addition, the Company's employees also elect an equivalent number of alternates who are elected for a similar term.//

  Staff-elected Board members have good knowledge of the Company's activities and contribute in a constructive way to the decisions of the Board, and they have the same rights, duties, and responsibilities as Board members elected by the General Meeting.

The Board of Directors holds meetings 6-7 times a year. In 2024 additional meetings were held in relation to the three acquisitions.

Audit Committee
The purpose of the Audit Committee's work is to make an independent assessment of whether the Company's financial reporting, internal control, risk management and statutory audit are appropriate in relation to the Company's and the Group's size and complexity. In 2024, the Board member elected by the Class B shareholders was appointed Chair of the Audit Committee.

The Audit Committee has the following tasks:

- to monitor and report on the financial reporting process,
- to monitor and report on the sustainability reporting proces,
- to monitor the efficiency of the Company's internal control, internal audit, if any, and risk management systems,
- to monitor the statutory audit of the financial statements and sustainability reports,
- to monitor and review the independence of the auditor, including reviewing and approving the nature and extent of the external auditor's non-audit services,
- to recommend the appointment of auditors including sustainability auditors,

Meetings
The Audit Committee consists of four members who are appointed from and among the Board of Directors. The Audit Committee hold meetings 4-5 times a year. In 2024, additional meetings were held in relation to the implementation of new sustainablity reporting.

Nomination Committee
The Board of Directors has set up a Nomination Committee consisting of two members responsible for performing the following preparatory tasks:

- describing the required qualifications for a given member of the Board of Directors and the Executive Management, the estimated time required for performing the duties of this member of the Board of Directors and the competencies, knowledge and experience that are or should be represented in the two management bodies,

- on an annual basis evaluating the Board of Directors and the Executive Management's structure, size, composition, and results and preparing recommendations for the Board of Directors for any changes,
- in cooperation with the chairperson handling the annual evaluation of the Board of Directors and assessing the individual management members' competencies, knowledge, experience, and succession as well as reporting on it to the Board of Directors,
- handling the recruitment of new members to the Board of Directors and the Executive Management and nominating candidates for the Board of Directors' approval,
- ensuring that a succession plan for the Executive Management is in place,
- supervising Executive Managements' policy for the engagement of executive employees, and
- supervising the preparation of a diversity policy for the Board of Directors' approval.

Remuneration committee
The Remuneration Committee is made up of two members who are appointed from among the Board of Directors. The committee is responsible for:

- preparing a draft remuneration policy for the Board of Directors' approval prior to the presentation at the general meeting,
- providing a proposal to the Board of Directors on the remuneration of the members of the executive management,
- providing a proposal to the Board of Directors on the remuneration of the Board of Directors prior to the presentation at the General Meeting,
- ensuring that the management's actual remuneration complies with the Company's remuneration policy and the evaluation of the individual member's performance, and
- assisting in the preparation of the annual remuneration report for the Board of Directors' approval prior to the presentation for the General Meeting's advisory vote.

Participation in Board meetings in 2024

Board member	Board Meetings	Audit Committee	Remuneration Comittee	Nomination Comittee
Henning Dyremose	●●●●●●●●	●●●●●●●	●	●
Erik Holm	●●●●●●●○	●●●●●●●	●	●
Peter Gath	●●●●●●●●	●●●●●●●		
Niels A. Johansen	●●●●●●●●			
Ann Fogelgren	●●●●●●●○	●●●●●●●		
René Alberg	●●●●●●●●			
Leif Hummel	●●●●●●●●			
Marlene L. Jakobsen	●●●●●●●●			
Meeting participation in 2024 %	96.9%	100%	100%	100%

*During the year, two Board meetings were held on short notice. In each case, the Board was represented by seven of the eight members, and the member who could not attend was briefed and consulted beforehand.

Board evaluation procedure
The Board of Directors annually assess and evaluate the competence, knowledge, and experience of the individual members of the Board of Directors and the Executive Management and report their findings to the Board of Directors.

In 2024, the Board of Directors conducted an evaluation of the Board of Directors and its individual members. As in 2023, this year's evaluation was conducted thorugh a questionnaire provided to each individual member of the Board of Directors by an external service provider. The evaluation included, effectiveness, performance, and composition of the Board of Directors. The evaluation concluded that the Board of Directors is working well, forwarded material is of high quality, the Board of Directors has the right competencies, and that there is a high degree of satisfaction with the cooperation between the Board of Directors and Executive Management.

Proposals for the Annual General Meeting
The Annual General Meeting will be held completely electronically at 1 p.m. on March 21 2025.

1. Allocation of profits
The net profit for the year amounts to DKK 163.4m. The Board of Directors proposes to distribute a dividend of DKK 3.0 per DKK 1 share, corresponding to around 50% of the profit after tax for the year and 300% of the share capital.

2. Approval of remuneration policy
The Board of Directors proposes that the Annual General Meeting approves the amended remuneration policy adopted by the Board of Directors. The full text of the revised remuneration policy is attached to the notice to attend the Annual General Meeting.

3. Authorisation to acquire own shares
The Board of Directors proposes that it be authorised by the General Meeting during the period until 1 May 2026 to let the Company acquire own shares equivalent to a total of 10% of the Company's share capital at the time of being granted authorisation, provided that the Company's total holding of own shares at no point exceeds 10% of the Company's share capital. The consideration must not deviate by more than 10% from the official price quoted at Nasdaq Copenhagen at the time of acquisition.

4. Authorisation of the Chair
The Board of Directors proposes that the Chair of the Annual General Meeting (with the right of substitution) be authorised to register the resolutions passed by the Annual General Meeting with the Danish Business Authority and to make such alterations as the Danish Business Authority may require for registration or approval.

Members of the Board of Directors

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Henning Baunbæk Dyremose

Chair

Born: 1945

Joined: 1997, Chair since 2007

Nationality: Danish

Deputy Chair of the Audit Committee, Chair of the Remuneration and Nomination Committees

Elected by Class A shareholders

As Henning Dyremose has been a member of the Board of Directors for more than 12 years, he cannot, according to the 'Danish Recommendations on Corporate Governance', be characterised as being independent of special interests.

Qualifications

Broad leadership experience in business, finance and politics

Experience as managing director of a wholesale company with the same customers as Brødrene A & O Johansen A/S

Former Minister of Finance

Managerial Posts

Chair of the Board of AO Invest A/S

CEO of Henning Dyremose ApS; HD Invest, Virum ApS; HCE Invest, Virum ApS; CD Invest, Virum ApS and Elly Dyremose ApS

Share ownership

59,770 (59,770) Class B shares. No trades in AO shares in 2024.

Erik Holm

Deputy Chair

Born: 1960

Joined: 2009

Nationality: Danish

Member of the Audit Committee, Deputy Chair of the Remuneration and Nomination Committees

Elected by Class A shareholders

As Erik Holm has been a member of the Board of Directors for more than 12 years, he cannot, according to the 'Danish Recommendations on Corporate Governance', be characterised as being independent of special interests.

Qualifications

Experience as managing director of a wholesale company with the same customers as Brødrene A & O Johansen A/S

Broad leadership experience in sales, finance, and logistics, both in Denmark and internationally

Experience of Board work in other listed companies

Managerial Posts

Chair of the Boards of CR EL & TEKNIK A/S, Norr11 Holding ApS, Norr11 International ApS, Hotel Koldingfjord A/S

Deputy Chairman of the Boards of SP Group A/S, Arvid Nilssons Fond and AO Invest A/S

Member of the Boards of Miluda Invest ApS, Dragsholm Slot P/S, Hotelselskabet af 8. februar 2018 K/S and Tokyo Topco Limited (Sticks 'n' Sushi)

CEO of Erik Holm Holding ApS, JU-CH Holding Aps and Lullula ApS

Share ownership

0 (0) Class B shares. No trades in AO shares in 2024.

Members of the Board of Directors

GOV-1

Ann Fogelgren

Member

Born: 1974

Joined: 2023

Nationality: Swedish

Member of the Audit Committee

Elected by Class A shareholders

According to the ‘Danish Recommendations on Corporate Governance’ Ann Fogelgren is considered to be independent of special interests.

Qualifications

PhD in Information Systems from Copenhagen Business School in 2005

Chief Information Officer of GN Store Nord A/S

Former CIO posts at a number of large Danish companies

Former CDO

In depth knowledge of strategic IT solutions and AI technology

Managerial Posts

Member of the Board of AO Invest A/S

Share ownership

0 (0) Class B shares. No trades in AO shares in 2024.

Peter Gath

Member

Born: 1965

Joined: 2023

Nationality: Danish

Chair of the Audit Committee

Elected by Class B shareholders

According to the ‘Danish Recommendations on Corporate Governance’ Peter Gath is considered to be independent of special interests.

Qualifications

State-authorised public accountant in 1996

Cand.jur. (Master of Law) in 1991

Certified Sustainablility Auditor in 2024

Former long term Audit Partner at KPMG and EY and former Chair of FSR (The Institute of State-Authorised Public Accountants in Denmark)

Former external auditor for Brødrene A & O Johansen A/S

Managerial Posts

Chair of the Board of FSRs Studie- & Understøttelsesfond and Fonden Johannes Hages Hus

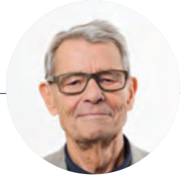
Member of the Board of AO Invest A/S, Milde-Fonden, Lyn Mildé A/S, Konsolidator A/S and Board Office A/S

CFO of St. Jørgen Holding ApS and CEO of Strategia Finans ApS

Share ownership

7,000 (7,000) Class B shares. No trades in AO shares in 2024.

Niels A. Johansen



Member

Born: 1939

Joined: 1979

Nationality: Danish

Elected by Class A shareholders

As Niels A. Johansen has been a member of the Board of Directors for more than 12 years, he cannot, according to the ‘Danish Recommendations on Corporate Governance’, be characterised as being independent of special interests.

Qualifications

Long-time managerial experience as CEO

In-depth knowledge of the wholesale industry of installation materials in Denmark and the rest of Europe

Managerial Posts

Chair of the Board of Directors of Avenir Invest ApS.

Niels A. Johansen is the CEO and member of the Board of Directors of a consolidated company and the Chair of the Board of Directors of three consolidated companies

Share ownership

28,270 (28,270) Class A shares and 2,810,400 (2,810,400) Class B shares. No trades in AO shares in 2024.

Members of the Board of Directors

GOV-1

René Alberg

Employee-elected member

Elected in 2022, term expires in 2026

Born: 1971

Joined: 2006

Nationality: Danish

Product Manager

Share ownership

500 (500) Class B shares. No trades in AO shares in 2024.

Leif Hummel

Employee-elected member

Elected in 2022, term expires in 2026

Born: 1963

Joined: 2022

Nationality: Danish

Facility Manager

Share ownership

5,200 (5,200) Class B shares. No trades in AO shares in 2024.

Marlene L. Jakobsen

Employee-elected member

Elected in 2022, term expires in 2026

Born: 1983

Joined 2022

Nationality: Danish

Store Manager

Share ownership

364 (294) Class B shares. Acquired 70 Class B shares in 2024.

Executive Board

GOV-1

Niels A. Johansen

CEO

Born: 1939

Chair of the Board of Directors of Avenir Invest ApS.

Niels A. Johansen is the CEO and member of the Board of Directors of a consolidated company and the Chair of the Board of Directors of three consolidated companies

Holds 28,270 (28,270) Class A shares and 2,810,400 (2,810,400) Class B shares either directly or indirectly

Per Toelstang

CFO, Deputy CEO

Born: 1966

CEO of

MP Toelstang Holding ApS, Toelstang Invest ApS,

Ridersclub ApS

Chair of the Board of Directors of

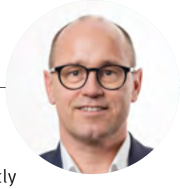
Høvegaard ApS

Member of the Board of Directors of

Kohberg Bakery Group A/S

Holds 20,000 (20,000) Class B shares either directly or indirectly

Stefan Funch Jensen



CTO

Born: 1974

Holds 0 (0) Class B shares either directly or indirectly

Lili Johansen

CHRO

Born: 1957

Member of the Board of Directors of Avenir Invest ApS.

Holds 28,110 (28,110) Class A shares and 360,000 (360,000) Class B shares either directly or indirectly

AO Management Team

Jeanette Roed Berthelsen
CSO, HVAC & Projects

Torben Christiansen
CSO, Construction

Lars Kestner
CSO, Electricals

Gitte Lindeskov
CIO

Ian Schlottmann
CPO

Sebastian Sigvaldason
Logistics Director

Shareholder information

Dividend
The Board of Directors proposes that a dividend of DKK 3.00 per DKK 1 share be distributed for 2024 corresponding to a payout ratio of 51.4%. The proposal is in line with the capital allocation policy which states a payout ratio of 33% - 50%.

Shareholders, capital, and voting rights
AO has two classes of shares. Class A shares cannot be negotiated without the approval of the Board, whereas Class B shares are freely negotiable. In addition, the B share class carries special rights in the form of payment of cumulative dividends.

The Company's nominal share capital is DKK 28,000k. Of which DKK 5,640k are Class A shares and DKK 22,360k are Class B shares. Each class A share of DKK 100 carries 1,000 votes, whereas each Class B share of DKK 1 carries 1 vote. In addition to the difference in the number of votes, the two share classes differ in the following respects:

The Class A shares are non-negotiable instruments, whereas the Class B shares are listed on Nasdaq Copenhagen under ID code DK0061686714.

The holders of Class B shares have a preferential cumulative dividend right of 6%. This means that no dividend will be paid for Class A shares until the Class B shares have achieved a cumulative dividend of 6%.

In the event of liquidation, Class B shares take precedence over Class A shares.

Changes to the Company's Articles of Association require that two thirds of cast votes and two thirds of the represented capital at a general meeting are in favour of the change.

The Company's Board of Directors consists of eight members who do not have to be shareholders. Five members are elected by the Annual General Meeting, and three members are elected by the staff. Holders of Class B shares are entitled to appoint and elect one Board member, while holders of Class A shares elect the remaining Board members elected by the Annual General Meeting.

AO shares

	A share	B share
Shares	56,400	22,360,000
Nominal value per share (DKK)	100	1
Nominal value (DKK)	5,640,000	22,360,000
Votes per share	1,000	1
Treasury shares		823,900
Stock Exchange		Nasdaq Copenhagen Ticker: AOJ B ISIN: DK0061686714
Share price year-end (DKK)		78.6
Market Cap year-end (MDKK)	443.3	1,757.5

Dividend payments

MDKK	2024	2023	2022	2021	2020
Dividend	84.0	105.0	147.0	126.0	42.0
Payout ratio	51%	50%	50%	50%	24%

Investor relations policy

By making factual, relevant, and reliable information available to shareholders and other stakeholders, the management of Brødrene A & O Johansen A/S aims at giving the share market the best possible basis for pricing the Company's shares fairly.

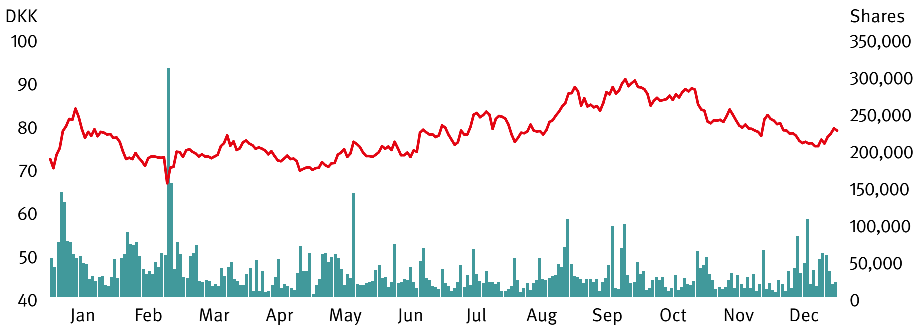
Brødrene A & O Johansen A/S's Investor Relations activities are designed to ensure that the disclosure of information is in accordance with the current disclosure requirements established by Nasdaq Copenhagen A/S.

Brødrene A & O Johansen A/S's financial communication with stakeholders takes place mainly through company announcements, quarterly webcasts, and investor meetings.

Brødrene A & O Johansen A/S does not comment on any information relating to financial results or expectations in the period between the end of an accounting period and the date on which results are published. The Company's management will refrain from holding investor meetings and the like in this period. The Company will also be reluctant to arrange meetings in periods where it is dealing with matters that could result in decisions that are to be announced to the public.

	Number of Class A shares (DKK 100)	Number of Class B shares (DKK 1)	Number of shares – nominal value	Capital, %	Votes, %
Avenir Invest ApS	56,220	208,000	5,830,000	20.82%	71.65%
Niels A. Johansen	160	2,706,400	2,722,400	9.72%	3.64%
Other registered shares	20	16,860,371	16,862,371	60.22%	21.43%
Unregistered shares	0	1,761,329	1,761,329	6.29%	2.24%
Total, excluding treasury shares	56,400	21,536,100	27,176,100	97.06%	98.95%
Treasury shares	0	823,900	823,900	2.94%	1.05%
Total	56,400	22,360,000	28,000,000	100.00%	100.00%

AO share price 2024



Financial calendar

27/2 2025	**Annual Report**
21/3 2025	**Annual General Meeting**
30/4 2025	**Quarterly Report Q1 2025**
14/8 2025	**Quarterly Report Q2 2025**
29/10 2025	**Quarterly Report Q3 2025**

Analysts

The AO share is covered by the following financial institutions:

- SEB

Investor contacts
CEO Niels A. Johansen
CFO, Deputy CEO Per Toelstang
Head of IR Nicolaj Harmundal Petersen
IR@AO.dk

Data ethics

Statutory Statement on Data Ethics, cf. Section 99d of the Danish Financial Statements Act

This statutory statement on data ethics of Brødrene A&O Johansen A/S is part of the Management's review in the Annual Report for 2024 and covers the accounting period from 1 January to 31 December 2024.

Brødrene A & O Johansen A/S is the only Danish company in the group covered by the rules. Therefore, this statement only applies to Brødrene A & O Johansen A/S (hereinafter referred to as 'AO').

Statement on Data Ethics

It is important for AO that customers and other business partners can trust AO's processing of data. AO has therefore chosen to focus on data ethics, so that it is constantly ensured that data is processed ethically for the common good of both customers and AO.

Consequently, the Board of Directors has adopted a data ethics policy; a policy that determines AO's position on and handling of data ethics issues. The policy is based on a series of data ethics principles about

- Management's dedication to data ethics
- Responsible processing of data in accordance with rules and society's perception
- Ensure transparency of processing operations
- Avoid discrimination and exclusion
- Support privacy and information security
- Training of employees.

It is AO's goal that all employees are aware of the data ethics values that underlie AO's work with data. Therefore, there is continuous awareness-raising about the data ethics policy, and all employees are required to complete a data ethics training programme. AO makes extensive use of data to optimise business processes and develop its operations. AO has therefore established a data ethics working group to address data ethics issues. The purpose of the data ethics working group includes making recommendations on specific data ethics challenges and ensuring compliance with AO's data ethics policy.

AO has, for a number of years, been highly focused on protecting data – including personal data – from unauthorised disclosure. This protection includes, among other things, deletion, data minimisation, and safeguarding through technical and organisational measures. In the autumn of 2024, AO has therefore been certified according to a standard for information security (ISO27001) and a standard for data protection (ISO27701). Compliance with these standards ensures that all data is secured in a reasonable manner and that the outside world can trust AO's use of data.

The data ethics working group has also ensured that AO's use of artificial intelligence (AI) on data has been mapped within AO. In the summer of 2024, AO's IT Security Council conducted a mapping of where AI is used in AO. At the end of 2024, the data ethics working group has been authorised to assess data ethics issues before AI-based projects are put into operation. These assessments will, among other things, focus on legality, reasonableness, and bias.

In 2025, the data ethics working group will therefore focus on AI-based projects and continuously assess whether there is a need to adjust the use of AI within AO.

Sustainability statement

AO now exclusively uses electric company vehicles, with charging already installed or to be installed at every store

Executive Summary

AO’s Sustainability Statement for 2024

AO believes that we all have a common responsibility to manage resources and opportunities in a responsible way to ensure the best possible conditions for the next generation to build upon.

AO is committed to participate in creating a positive change in the construction and installation industry by helping our customers achieving sustainable growth.

This can be done by setting a good example, by working with the value chain to reduce negative ESG impacts, and most importantly, by making it easy for the AO's customers to comply with sustainability demands and progress in their own sustainability efforts.

In 2024 AO has taken significant steps towards integrating ESG further into its business strategy. AO aims to be the Everyday Green Partner for its customers by delivering products and services enabling the customer to deal with sustainability requirements and make a positive impact.

The employees are the core of AO, and they are crucial to the company’s success and results. AO is committed to being a socially responsible business and providing the best possible working conditions for our employees.In 2025 AO will be focusing on further increasing the overall employee satisfaction.

Finally, 2024 was a busy year with 3 new companies joining the AO family introducing new opportunities to make a positive impact in the industry.

Highlights of 2024 include:

- AO's 1.5° near-term 2030 target and our net zero target by 2045 has been validated by Science Based Targets initiative (SBTi).
- The goal is to reduce scope 1 and 2 CO_2-emissions for AO Denmarks activities by 50% in 2025 compared with 2020 is well on track.
- Fossil fuels across Denmark, Sweden, and Norway has almost been eliminated with the only exceptions of gas heating in a few locations and a few heavy vehicles that cannot be electrified yet.
- All gas forklifts have been replaced by electric forklifts
- 47% of AO's employees have worked for AO for more than 5 years
- AO's whistleblower scheme has been expanded to include external stakeholders
- Finally, AO has strengthened its position as the Everyday Green Partner by increasing the efforts to meet customers’ demands for environmental data and services for sustainability certified construction projects. This will continue to be a key priority in the years to come.

Contents

ESG timeline

1998
- AO developed and implemented its first environmental policy

1999
- ISO 14001 certification for headquarters and central warehouse

2000
63% of waste sorted for recycling

2008
- Logistics center in Horsens receives ISO 14001-certification

2010
- First annual CSR report

2012
80% of waste sorted for recycling

2020
- First scope 1 & 2 CO_2-baseline year for AO Denmark

2021
- First annual ESG report
- Whistleblower scheme was introduced in AO

2022
- First Taxonomy reporting
- Creation of a climate and sustainability department
- First CO_2 goal for AO Denmark activities in scope 1 & 2: 50% reduction in 2025 by phasing out fossil fuels across AO

2023
- AO Denmark reduced CO_2-emissions by

  30%

  in one year due to massive phasing out of fossil fuels.
- New solar roofs were introduced in our Central Warehouse in Albertslund covering appr. 15% of electrical usage.

2024
- Science Based climate targets validated by SBTi
- Full implementation of CSRD in the sustainability statement
- All passenger cars are changed to pure electric.
- All gas heating except for three locations is changed to district heating or heating pumps
- AO Sweden's ISO-certifications covered both environmental, quality and health & safety management (ISO 14001, 9001 and 45001)
- AO Denmark's ISO-certifications covered both environmental and quality management (ISO 14001 and 9001)

Contents

Sustainability is an integrated part of our strategic vision and business strategy

In line with our commitment to create a positive change in the construction and installation industry, AO helps the customers achieving sustainable growth. AO believe it can be done by setting a good example and by working with the value chain to reduce negative ESG impacts, and most importantly, by making it easy for the customers to choose the more sustainable path forward. ESG is now fully incorporated in our strategy and represents a cornerstone in the strategic vision. At AO sustainability is seen as a way to help customers reach their objectives more effectively and responsibly.

Part of the team

AO is as much a sparring partner as a wholesaler. And we are proud to be part of the team when the tradesmen renovate, modernise and maintain Denmark. It is our strategy to remain the leader in the ReMoVe business by continuing the development of the value creation in our omni-channel offerings.

Towards common goals

AO's projects department creates a secure framework for large construction projects. We are not only focused on the offer, but also on ensuring that your project gets done better, cheaper and faster. It is our strategy to become one of the best partners to construction customers, by developing new digital support services.

It pays to start in the right place

AO has the industry's most complete B2C offer within simple home improvements and DIY. We are close to the customers with all the inspiration, advice and service they need. It is our strategy to remain the onlineleader in DIY, by continuing to offer new product ranges and solutions, and thus making DIY easier.

Actively contributing to a sustainable world

AO wants to be the leading green wholesaler to the construction industry and make it easy for all installers to comply with climate requirements, and to ensure a minimal environmental impact. AO wishes to help promote a sustainable world by supporting and contributing to a sustainable construction sector.

Contents

AO’s climate targets have been validated by the SBTi

The Science Based Targets initiative (SBTi) is a globally recognised organisation that validates corporate climate targets based on the latest climate science.

By having AO's targets validated by SBTi, AO demonstrates that our climate ambitions align with the necessary efforts to limit global warming to 1.5°C. This validation ensures that AO's near-term and net-zero goals are credible and in line with international climate action standards.

AO's targets represent a significant step forward in setting new benchmarks for climate ambition.

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Near-term target

AO is committed to reducing absolute Scope 1 and 2 GHG emissions by 80% by 2030, using 2022 as the base year. Additionally, AO commits to a 42% reduction in absolute Scope 3 GHG emissions within the same timeframe.

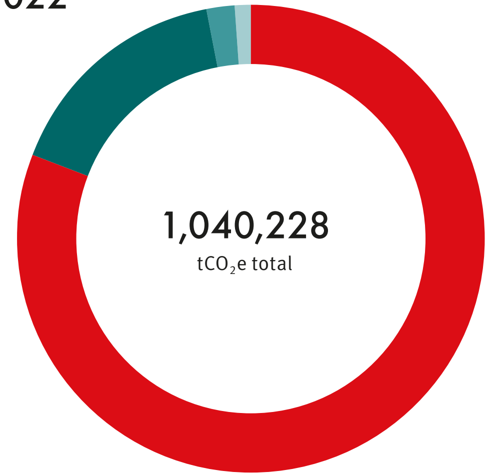
Net-zero target

AO commits to reach net-zero greenhouse gas emissions across the value chain by 2045.

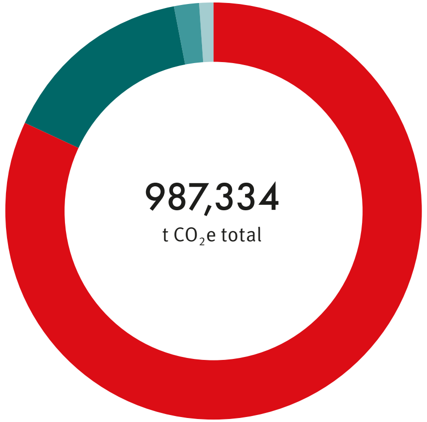
Contents

Progress on AO's Science Based Targets initiative validated CO_2-reduction targets

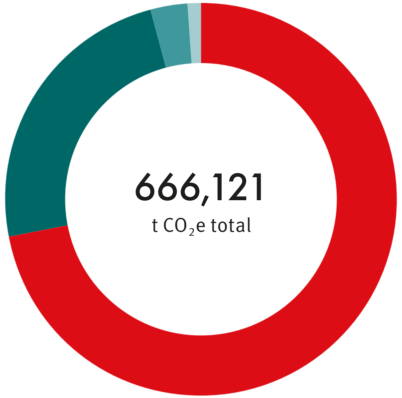
2022



2023



2024



100%	-5%	-36%

2022
- **81%** Cat 11 - Use of Sold Products
- **16%** Cat 1 - Purchased G&S
- **2%** Cat 4 - Upstream Transportation & Distribution
- **1%** Other categories

2023
- **82%** Cat 11 - Use of Sold Products
- **15%** Cat 1 - Purchased G&S
- **2%** Cat 4 - Upstream Transportation & Distribution
- **1%** Other categories

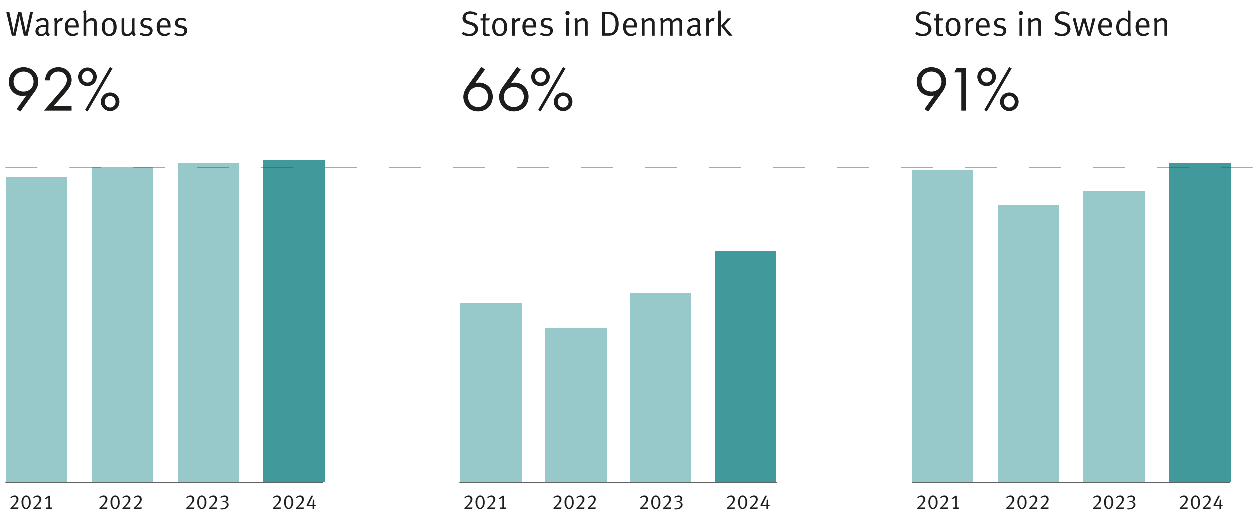
2024
- **72%** Cat 11 - Use of Sold Products
- **24%** Cat 1 - Purchased G&S
- **2%** Cat 4 - Upstream Transportation & Distribution
- **2 %** Other categories

Contents

We are making significant progress in reaching AO's goal of sorting 90% of all waste

Waste sorting is the area where our employees have the greatest environmental impact.

To strengthen our efforts, we have implemented a waste sorting scheme across AO, leading to a significant improvement — particularly in our stores, where the potential is highest. In the coming years, we will further enhance waste sorting across AO, working towards our long-term goal of achieving a 90% sorting rate.



Goal for waste sorting

90%

* Data consists of existing facilities excluding acquired facilities in 2024. / ** Sorting is defined as sorted waste excluding residual waste and landfill

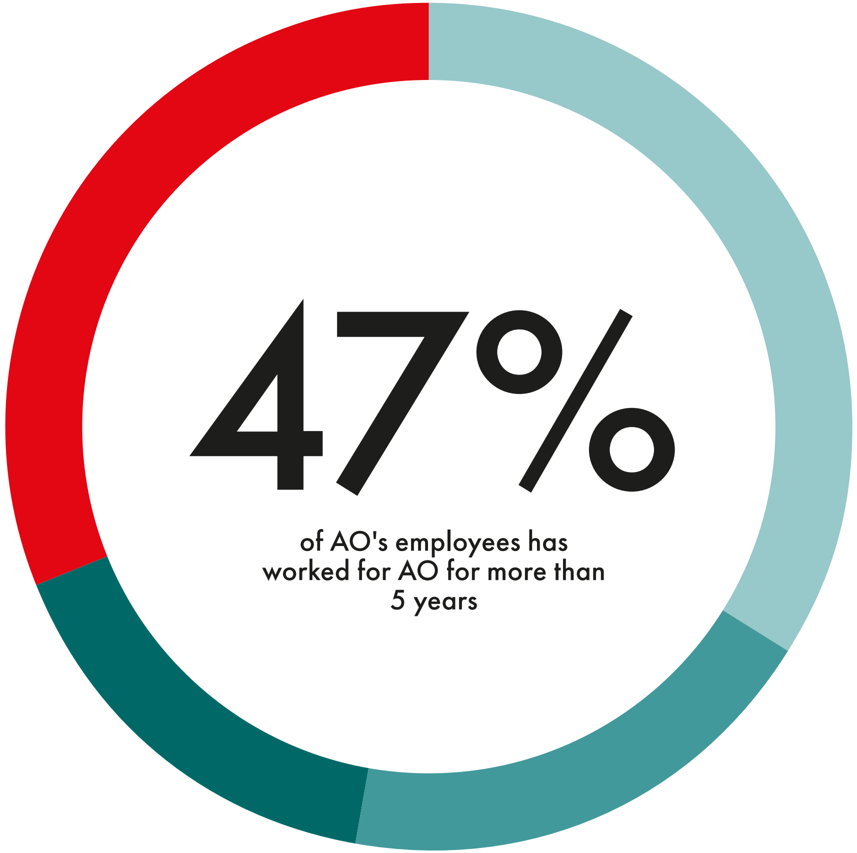
Contents

The employees are the core of our business

There is room and opportunities in AO throughout life

5%

of AO Group staff are trainees. It is important to AO to ensure the right mix of skills and to help trainees get a good start in their career



Seniority levels in the workplace

- 34% 0-2 years
- 19% 3-5 years
- 16% 6-10 years
- 31% More than 10 years

Contents

Governance

Achieving progress through ISO management systems

AO believes that goals and best practices should set the standard across all aspects of the business. AO is committed to maintaining structured processes and continuous improvement in quality, environmental management, and occupational health and safety through internationally recognised ISO certifications.

In Denmark, AO currently hold ISO 9001 and ISO 14001 certifications. AO is actively working towards ISO 45001 certification in Denmark, which AO expect to achieve in 2025. This will further strengthen AO's commitment to a safe and healthy work environment for all employees. AO's operations in Sweden are certified according to ISO 9001 (quality management), ISO 14001 (environmental management), and ISO 45001 (occupational health and safety).

ISO certifications also play a key role in tender processes, where they serve as a recognised framework for structured processes and continuous improvement.

Looking ahead to 2025, AO's goal is to ensure that all parts of the AO Group, including recently acquired businesses, are included in our ISO certifications, reinforcing AO's dedication to systematic management and long-term progress.

Management System • ISO 9001, 14001 FORCE Certification

ISO 9001 and ISO 14001 certifications

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General

Contents

Basis of preparation

General basis for preparation
The sustainability statement covers the AO Group's operations, including all subsidiaries and the latest businesses acquired by the Group in 2024. The format is similar to that of the financial statement.

In the event of acquisitions or divestments, the Sustainability Statement is following the same principles as the Financial Statements.

Value Chain Coverage
The sustainability statement explicitly includes impacts of upstream, own operations and downstream aspects of AO's value chain, reflecting the company's role as a construction wholesaler. The upstream value chain encompasses the whole lifecycle of the upstream activities including extraction of raw materials, transportation and production and their associated impacts, risks, and opportunities (IROs), while the downstream value chain covers all impacts of our customers and end users including transportation, usage and disposal. The specific IRO's for both upstream, own operations and downstream will be mentioned in the beginning of each ESRS-section in the sustainability statement.

AO sustainability statement covers the whole upstream and downstream value chain informed by AO's double materiality assessment and an ESG-survey conducted as AO's due diligence process.

- **Upstream:** AO evaluates the sustainability performance of its suppliers through shared information and ongoing collaboration. Key IROs identified are based on desktop research of the impacts of the various parts of our value chain and knowledge about the environmental impact on the products we purchase.

- **Downstream:** AO assesses the IRO's related to the use and disposal of its products by customers using desktop research about the impact of our industry as well as specific knowledge on the impact of the products we sell.

Furthermore, AO has close corporation with suppliers and customers as well as knowledge on the impact of its activities including the products AO sell, which informs AO's assessments.

The value chain coverage is in accordance with any specific requirements related to the value chain in other ESRS and the IRO's for each ESRS can be found in the beginning of each ESRS section. AO has no associates or joint ventures. AO has not used the option to omit a specific piece of information corresponding to intellectual property, know-how or the results of innovation.

AO has not used exemption from disclosure of impending developments or matters in the course of negotiation.

Disclosures in relation to specific circumstances

Time horizons
In the process of stating AO's impacts, risks and opportunities for the Group's double materiality assessment and material topics, the definition in ESRS 1 section 6.4 for time horizon has been used. If estimation has been made with a time horizon deviating from the used definition, it will be clearly stated.

The time horizons applied for the sustainability statement:

- **Short-term (within reporting year):** Immediate operational adjustments and mitigation strategies for identified high-risk sites.

- **Medium-term (end of reporting year to 5 years):** Integration of formal climate scenario analyses and adaptation of business strategies accordingly.

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- **Long-term (5+ years):** Ongoing evaluation and adjustment of AO's business model to align with evolving climate-related trends and regulations.

Sources of estimation and outcome uncertainty

In AO's calculations based on data and estimates from its business and value chain, the basis and accuracy of the calculation will be stated, regarding quantitative measurement techniques and monetary amounts along with uncertainty of estimations of the future.

Preparation of ESG performance data requires Management to make estimates in some areas, which affect the reported data. Management forms its estimates based on historical experience, independent advice, in-house specialists and other information believed to be reasonable under the circumstances. AO has identified following metrics subject to uncertainty and estimates:
- Scope 3 emissions (Page 71)

No changes in reporting or reporting errors

There are no changes or errors in the sustainability statement compared to last year as this is the first year of reporting a full sustainability statement.

Segment information

There are no material ESRS sectors for AO and no group, products, services or customer accounts for more than 10% of our revenue.

List of disclosure requirements incorporated by reference

- **Strategy, Business Model, and Value Chain**
  SBM-1 - Strategy, page 13-17

- **Headcount of employees by geographical areas**
  SBM-1 - Social, page 99

- **Composition and diversity of administrative, management and supervisory bodies**
  GOV-1 - Corporate governance, page 31-36

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Sustainability governance

Group sustainability
AO manages and controls our business in a responsible manner ensuring honesty and integrity in the way AO does business.

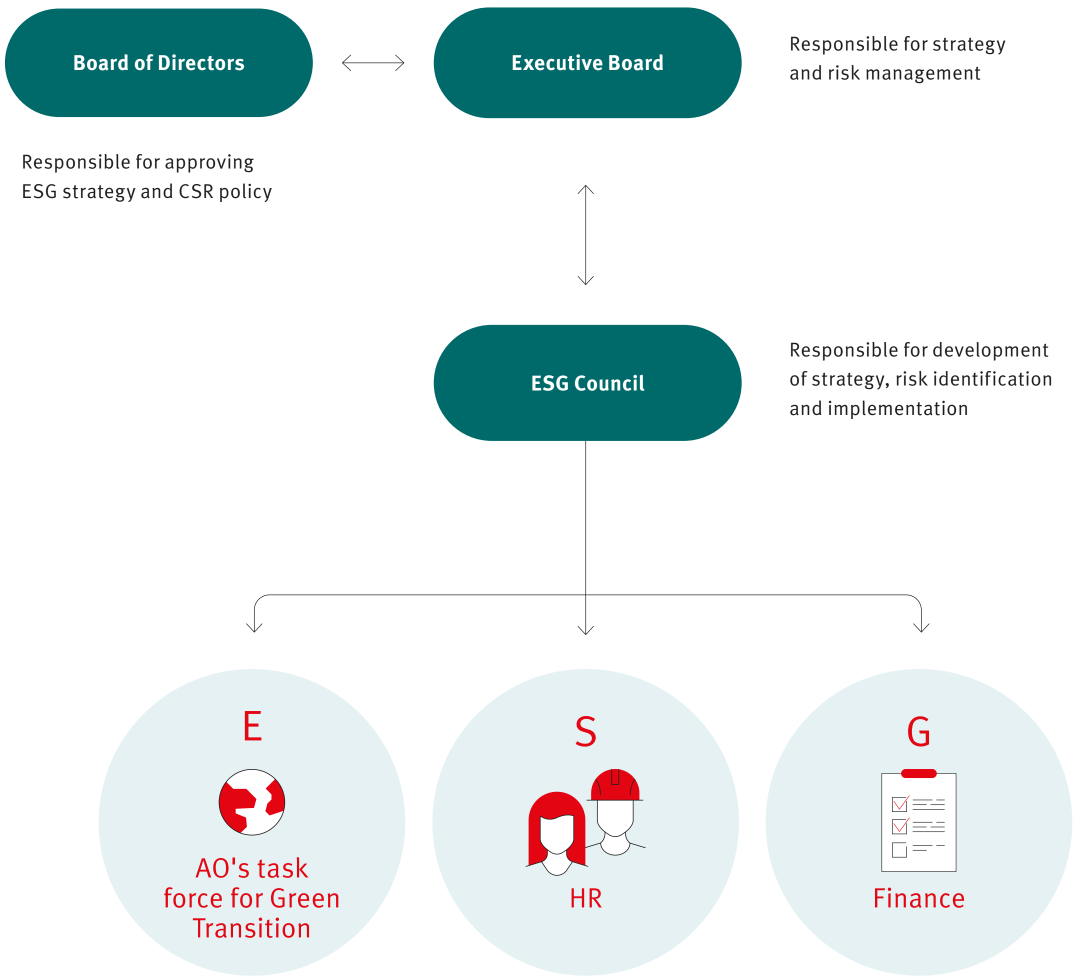
The sustainability in AO is governed by the ESG Council, which consists of the Executive Board and the head of Climate & Sustainability (1 female and 4 males).

AO's permanent taskforce for the green transition in AO reports to the head of Climate & Sustainability.

Strategy and implementation of ESG initiatives as well as material IROs are discussed at monthly meetings in the ESG Council.

These meetings provide the possibility to inform and address views from affected stakeholders on sustainability-related impacts. The ESG Council reports to the Board of Directors multiple times a year. When presenting initiatives, no trade-offs has been identified during the assessment.

The ESG Council leverages the expertise of subject matter experts with in-depth knowledge of sustainability matters within the organisation.



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Governance structure
You can read more about AO's Board composition and governance structure in the Corporate Governance section on page 29, where you can also find information on the experience and background of the Board of Directors and Executive Board cf. DR ESRS GOV-1.

The role of the administrative, management and supervisory bodies
Clear policies and guidelines for how to conduct and do business are important for AO. Management and other administrative roles and leaders are expected to set a good example. AO’s policies and guides for business conduct are built upon many years of experience doing business in the wholesale industry. This experience is based on management in sales, finance, logistics, and IT. In addition, valuable knowledge is acquired through the Board of Directors’ experience with global stan dards. The acquired experience is important to follow, maintain and keep relevant, both for AO and its business partners.

Sustainability targets
Environmental targets on decarbonisation reductions in AO's own operations, environmental information and impact on products sold and circularity improvement targets have been approved by the ESG-Council and Board of Directors.

Governance of the sustainability targets transpires throughout the organisation from procurement to sales and service, by assigning ownership to the permanent taskforce. This results in a matrix-based governance model.ESG-related topics are being monitored monthly by the ESG Council and regular risk assessments with ESG topics have been established and included, along with internal controls and documentation of ESG related data.

A transition plan is endorsed by AO's management and supervisory bodies, with focus on energy efficiency and transition to renewable energy, both within AO's operations and across its value chain.

The foundation for AO’s environmental efforts is the ISO 14001 environmental management system, where AO's policies and procedures to support the climate and environmental policy are audited every year.

AO's most significant climate and environmental impact lies within the value chain, meaning a crucial part of the task is collaborating with customers and suppliers to drive change in the industry.

As the Everyday Green Partner, AO assists the customers in their green transition by offering environmental data, products, and services that support more sustainable constructions and societies.

AO submitted a target to reduce absolute Scope 1 and 2 GHG emissions by 80% by 2030 from a 2022 base year and reach net-zero greenhouse gas emissions across the value chain by 2045, which was validated by SBTi.

AO’s waste targets are not based on any significant assumptions but inspired by legislation and driven by AO’s environmental ambitions.

AO informs its executive team and board of directors about sustainability matters through robust governance mechanisms, business ethics training, whistleblower systems, audits, transparent communication, and proactive supplier management. These measures enable the company to address sustainability issues effectively and maintain high ethical standards.

Sustainability matters addressed by AO in 2024
In 2024, the ESG Council prioritised discussions on key sustainability impacts, risks, and opportunities aligned with AO's sustainability objectives and compliance frameworks. The Council’s efforts focused on four primary areas:

1. Climate action and resource management
The Council reviewed initiatives to transition AO’s operations away from fossil fuels, with specific projects initiated at selected sites to support renewable energy adoption. Waste management improvements were also discussed, with strategies to enhance waste sorting across locations, aiming to embed best practices and improve transparency to support AO’s environmental goals.

2. Sustainable partnerships and innovation
Recognising the importance of circular economy principles, the Council has approved a new research initiative to focus on circular economy opportunities for AO. Additionally, opportunities to invest in biodiversity and sustainable procurement were explored. The Council evaluated Power Purchase Agreements (PPAs) as part of its green energy procurement strategy, deciding to re-evaluate long-term financial instruments in this area in the future.

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3. Sustainability strategy and reporting
The ESG Council played an instrumental role in guiding AO's strategic roadmap for sustainability, involving departments across the green transition taskforce, finance, and HR to build a flexible, sustainable strategy that aligns with AO's ESG vision. To ensure compliance, the ESG Council also addressed ISO 14001 environmental certification requirements, aligning audits to drive consistency in environmental and quality management across all business units.

4. Environmental awareness
AO increased the visibility of its environmental commitments to raise awareness of environmental impacts both internally and externally. These discussions are an attempt to pursue a proactive approach to sustainability, embedding compliance, and driving long-term value creation in line with stakeholder expectations and regulatory requirements.

Integration of sustainability-related performance in incentive schemes
The incentive schemes and remuneration policies related to the Executive Board are currently not linked to sustainability or climate-related targets. Inclusion of sustainability and climate-related targets in future incentive schemes will be evaluated.

Risk management and internal controls over sustainability reporting
In the reporting of the sustainability statement AO is exposed to risk of human error and incomplete data, as the process of data collection consist of data from multiple external sources and manual collection and handling of data. To best mitigate the risks, automated data collection processes have been established, where possible, and data is thoroughly analysed and reviewed.

The business environment is becoming increasingly volatile, with economic fluctuations and societal changes occurring at a faster pace. In this context, managing risks and identifying potential threats to AO's business are crucial components of AO's governance. The most significant risks to the company are regularly monitored, and if deemed material, they are disclosed in company announcements, as well as in interim and annual reports.

In recent years, the nature of business risks has evolved, with digital risks and cyber threats becoming more prominent due to the rapid growth of globalisation and digitalisation. This has heightened the need for robust contingency plans to ensure that the company is prepared for potential incidents, such as cyberattacks or data breaches.

AO monitors these emerging risks on a regular basis and implement contingency measures to safeguard its operations. By staying vigilant and adaptable, AO ensures that the company is well-prepared to address current threats and protect the long-term sustainability of the business. AO's commitment to risk management reflects its broader dedication to responsible business conduct and maintaining the trust of stakeholders.

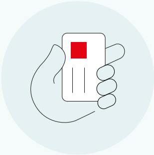
Strategy

Strategy, business model and value chain
The integration of the three newly acquired businesses in 2024 has not changed the significance of the type of products and services AO offers or the markets and customer groups AO focuses on. AO's sustainability-related goals and strategy remain the same after the integration.

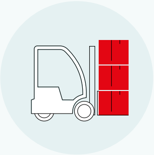
Please read more about AO's strategy, business model and value chain in the Strategy section in page 13-17.

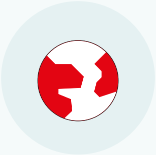
Contents

Stakeholders


Customers


Employees


Suppliers


Environment


Shareholders


Interests and views of stakeholders

AO's customers are its most important stakeholders. AO is customer-driven, guided by the principle 'Customer is King' in everything it does. AO strives to be the main and preferred partner for its customers and continuously aims to deliver first class service, by understanding their needs.

Employees

AO's employees are key to its success. AO is committed to provide the employees a meaningful and engaging workplace with room for growth and development in a safe and healthy environment for its employees. AO engages with its employees through different channels, by sending updates on the business through the intranet, developments conversation with managers, the Worker Councils and employee surveys. AO also has a whistleblower system for employees to raise concerns and awareness of any issues.

Suppliers

AO relies on strong partnerships and open dialogue with its suppliers to operate effectively and profitably. Ongoing supplier relationships are crucial for AO to meet its targets, as its main ESG-impacts are closely linked to the production and use of the products it sells.

Environment

The environment is directly affected by the actual and potential negative impacts of AO's business activities. From the extraction of raw materials to the energy consumed during product use and the challenges of waste disposal for outdated or damaged items, every stage of the lifecycle has environmental consequences. AO recognise its responsibility to minimise these impacts and adopt sustainable practices that protect the planet for future generations.

Shareholders

AO is listed on Nasdaq Copenhagen, an international marketplace for Danish Securities.It requires regular engagement with shareholders, analysts and others interested in Ao's business. This is managed through the investor relations department, which participates in conference calls, briefings, and general dialogue, to ensure clear financial communication.

Interests and views of stakeholders

The administrative, management and supervisory bodies are informed about the relevant views and interests of affected stakeholders when assessing various sustainability initiatives.

Significant decisions are presented to and discussed by the Executive Board and, where appropriate, the Board of Directors. These meetings also provide the possibility to inform and address views from affected stakeholders on sustainability-related impacts, when relevant.

Contents

Material impact risks and opportunities

		Impact, risk or opportunity	Actual or potential	Positive or negative	Value chain	Time horizon
E1 Climate change						
E1 Climate change adaptation	Climate change adaptation plays a significant role in three of AO's vital product categories: VA (water supply and drainage), VAGA, and VVS (heating, plumbing and sanitary ware). By offering products in these categories, AO actively contribute to assisting communities in adapting to the growing impact of extreme weather events such as floods, droughts, and rising sea levels. Thus, climate change adaptation is highly relevant in the downstream segment of AO's value chain.	Opportunity	Actual	Positive	Downstream	Long term
E1 Climate Change mitigation	Our direct CO_2 footprint is limited (scope 1 and 2). The majority of AO's overall CO_2 footprint lies in indirect emissions (scope 3), including emissions from the manufacturing of AO's products sold to customers, transportation of goods from manufacturers to AO and to customers, as well as emissions from customers' use and disposal of AO's goods.	Impact	Actual	Negative	Upstream, own operations and downstream	Medium term
E1 Energy	Our direct CO_2 footprint is limited (scope 1 and 2). The majority of AO's overall CO_2 footprint comes from indirect emissions (scope 3), including emissions from the manufacturing of AO's purchases, transportation of goods from manufacturers to AO and to customers, as well as emissions from customers' use and disposal of AO goods.	Impact	Actual	Negative	Upstream, own operations and downstream	Medium term
E2 Pollution						
E2 Substances of very high concern	The relationship with Substances of Very High Concern (SVHCs) is essentially indirect and is largely connected to upstream and downstream activities. This includes substances like certain heavy metals, carcinogens, mutagens, or persistent organic pollutants that may originate from suppliers' manufacturing processes or may be components within the products AO acquire and distribute to customers. In addition, our product line includes a multitude of chemicals commonly used in the construction industry. Among these are substances categorized as SVHCs due to their considerable health and environmental impacts. The handling, utilisation, and eventual disposal of these substances can result in their release into the environment, impacting both ecosystems and potentially human health.	Impact	actual	Negative	Upstream and downstream	Medium term

Contents

Material impact risks and opportunities - continued

		Impact, risk or opportunity	Actual or potential	Positive or negative	Value chain	Time horizon
E5 Resource use and circular economy						
E5 Resource inflows, including resource use	Resource inflows have implications for resource use, both within the operations and along the broader value chain. Although we do not produce our own materials, our operations rely on virgin resources for packaging and distribution. Additionally, products we source are possibly manufactured using raw materials extracted from mines or natural areas. This extraction process can have substantial environmental impacts.	Impact	Actual	Negative	Upstream and own operations	Medium term
E5 Resources outflows related to products and services	As a technical installation wholesale company, the resource outflows are significantly tied to the products and services, spanning across their life cycle from distribution to end-of-life. Upon product distribution, resource outflows primarily encompass packaging materials. The packaging used to protect and transport our products, such as cardboard, plastic wrap, and pallets, can become waste after delivery. At the customer's end, the products, once transformed into buildings or other construction projects, embody significant resource outflows. Construction waste, which includes unused materials and by-products of the building process, represents a substantial portion of this outflow. When the products reach the end of their life cycle, incorrect treatment can cause loss of valuable resources, which can be avoided by repurposing or recycling.	Impact	Actual	Negative	Downstream and own operations	Medium term
E5 Waste	Impact on waste generation and management is significant and can be categorised into three main areas: upstream activities, operations, and downstream activities. Upstream, suppliers in the extraction, processing, and manufacturing of raw materials contribute to waste generation. For example, the mining and refining of metals or the manufacturing of construction materials often result in a substantial amount of waste, including unused raw materials, by-products, and packaging materials. In the operations, waste is generated primarily through the warehouses, shops and packaging materials and unsold or expired products. The facilities also generate typical office waste, such as paper, plastics, and electronic waste. Downstream, the products AO distributed can contribute to waste at the end of their life cycle. Construction materials and other products that are not fully used or recycled can end up as waste in landfills or other disposal sites.	Impact	Actual	Negative	Downstream and own operations	Medium term

Contents

Material impact risks and opportunities - continued

		Impact, risk or opportunity	Actual or potential	Positive or negative	Value chain	Time horizon
S1 Own workforce						
S1 Working conditions	**Secure employment** In general AO utilises temporary workers to address fluctuations in activity driven by market development. In the recent market downturn AO has not made significant redundancies but in a recession scenario that would be an inherent risk. In relation to M&A activities realisation of synergies could result in redundancies on a limited scale.	Impact	Actual	Negative	Own operations	Medium term
	Working time Pressure on specific groups of employees at peak times both in stores and in the administration can lead to stress both in the warehouse and in the administration and support functions.	Impact	Actual	Negative	Own operations	Medium term
	Health and safety Occupational health and safety remain a priority, particularly in high-risk areas like warehouses and stores (heavy lifting, truck driving etc.). Additionally, offensive language, bullying, and stress is a high priority and are not tolerated.	Risk	Potential	Negative	Own operations	Medium term
S1 Equal treatment and opportunities for all	**Training and skills development** AO is committed to providing equal opportunities for all employees to enhance their skills and competencies. This is facilitated through annual employee development interviews and an educational system accessible via the intranet. Additionally, AO invests in training and education programmes specifically designed for AO trainees, fostering the development of future talent within the organisation. These efforts reflect a strong commitment to employee growth and career advancement.	Opportunity	Potential	Positive	Own operations	Medium term
	Diversity AO is focused on promoting from within for middle management, managerial, and director roles, this approach can inadvertently limit diversity in skills and experience. The current workforce shows a not fully balanced gender distribution, with a predominance of men in the organisation. These factors suggest an opportunity to broaden recruitment efforts to increase gender balance.	Risk and opportunity	Potential	Negative and positive	Own operations	Medium term

Contents

Material impact risks and opportunities - continued

		Impact, risk or opportunity	Actual or potential	Positive or negative	Value chain	Time horizon
G1 Business Conduct						
G1 Corporate culture	When doing business with complex international business value chains with more than 1,000 suppliers there is an inherent potential negative impact from corruption, bribery, harassment or an informal economy if not properly addressed and managed through a sound and stable corporate culture.	Risk	Potential	Negative	Upstream, own operations and down-stream	Short term
G1 Protection of whistleblowers	Whistleblowers can be subject to negative consequences if the organisation does not implement adequate protection. A lack of whistleblower protection can lead to negative impacts on the workforce and lack of knowledge of incidents. A lack of whistleblower channels in the value chain increases the risk of AO to be linked with incidents outside of AOs sphere of control.	Risk	Potential	Negative	Upstream, own operations and down-stream	Short term
G1 Corruption and bribery	In general AO operate in countries with little tradition of corruption and bribery. We have a policy for corruption and bribery and provide training for our employees to make them able to detect and prevent corruption and bribery. Cases of corruption and bribery could lead to reputational damage for AO.	Risk	Potential	Negative	Own operations	Short term

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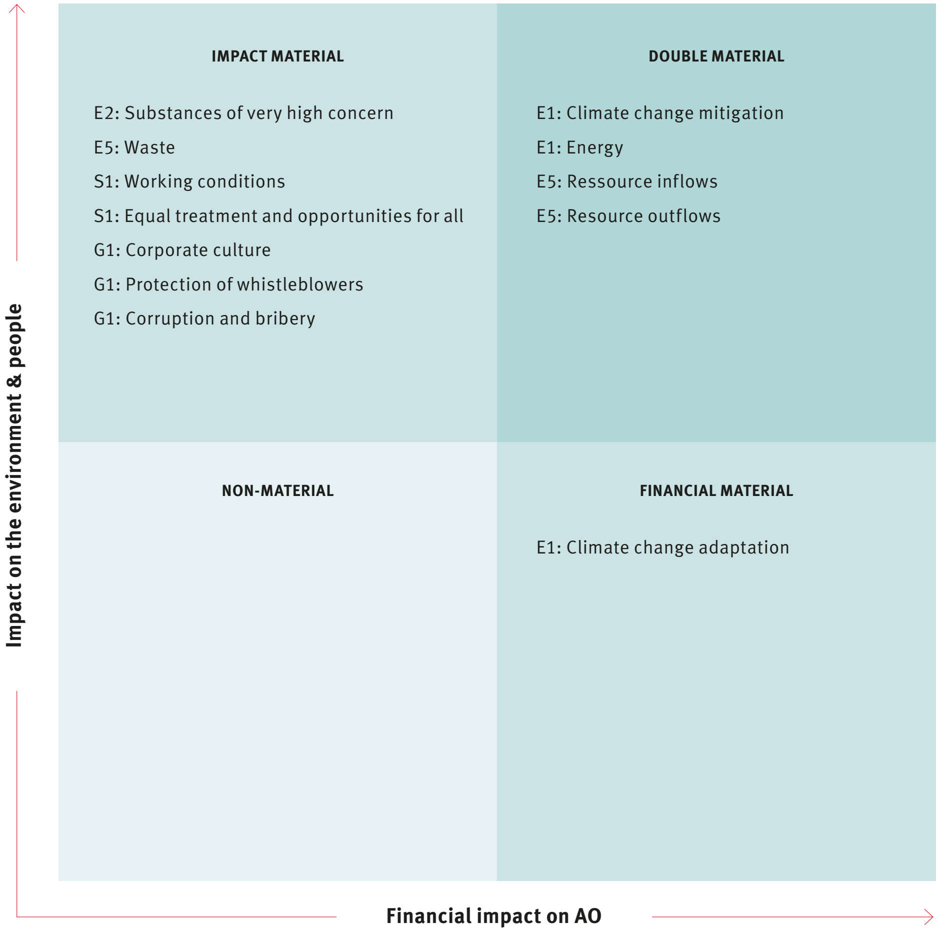
Double Materiality Assessment

In 2023, AO started working towards CSRD readiness and compliance by completing the first Double Materiality Assessment (DMA) and GAP analysis. The process included engagement with multiple internal and external stakeholders. In 2024 to ensure compliance, AO has performed a review of the double materiality assessment and GAP analysis along with the data collection, risk assessment and internal controls. During AO's review assistance from specialised consultants has been used.



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Methodology and scoring

The process of AO double materiality assessment followed the requirements of the European Sustain ability Reporting Standards ESRS1 and 2.

The Board of directors has approved the Double Materiality Assessment, the given threshold for materiality, and the list of material topics.

Scope
AO identified and assessed impacts, risks and opportunities for its own operations and its value chain for all topics, focusing on both upstream and downstream activities. The value chain assessment was mainly based on direct suppliers and AO's own internal know ledge combined with data from external consultants and supplier information.

Impact and financial assessment included both positive and negative impacts, which were considered actual and/or potential for our business related to environment, social and governance matters. AO's assessment was based on ESRS, and guidelines provided in 2024, to ensure alignment and compliance to CSRD. As AO's business develops, the company will continue to review its double materiality assessment (DMA) and activities with impacts, risks, and opportunities to keep a relevant and actual assessment on the most material topics to AO.

Stakeholder engagement
In completing the DMA, AO engaged internal stakeholders from the start to secure understanding, provide ownership and benefit from the knowledge of the stakeholders. External consultation was included to support the process and ensure understanding of the requirements. While working on the DMA, AO approached external business partners and stakeholders to better understand how their business could impact AO and how the business decisions and activities could affect their business.

AO maintains a continuous engagement with our business partners and stakeholders to improve our business, collaboration, and commitment to agreements.

Materiality scoring Process
For actual impacts AO used the three parameters ‘Scale,’ ‘Scope,’ and ‘Irremediability’ for a combined scoring of Severity. For potential impacts, an additional parameter ‘Likelihood’ was added, as per the ESRS guidance.

Assessment of actual impact: See table below

Two parameters, ‘Size of the potential financial impact’ and ‘Likelihood’ were used to score financial risk and opportunity. The measurement for “Size of the potential financial impact” has been based on the same scale as the used for AO risk assessment. Likelihood was scored on the same basis as for impacts.

	Environment	Social	Governance
Scale	The extent of the impact on the relevant individuals/economy/environment - whether low or high.	The extent of the impact on the right to life/health/basic life needs - whether low or high.	The extent of the impact on the right to life/health/basic life needs - whether low or high.
Scope	How widespread the impact would be from immediate to global level	How widespread the impact would be on a population or employees	How widespread the impact would be on a population or employees
Irremediability	How difficult it would be to undo the damage based on time, effort, and costs	How difficult it would be to undo the damage based on time, effort, and costs	How difficult it would be to undo the damage based on time, effort, and costs
Likelihood	Assessment of likelihood on a scale from 'rare' to 'certain'.	Assessment of likelihood on a scale from 'rare' to 'certain'.	Assessment of likelihood from 'rare' to 'certain'.

Contents

Material topics based on the DMA

The outcome of the DMA scoring shows that the following five out of the ten ESRS topics are material to AO:

- E1 Climate change
- E2 Pollution
- E5 Resource use and circular economy
- S1 Own workforce
- G1 Business conduct

The outcome of the DMA is consistent with current sustainability strategy. For each material topic AO has identified impacts, risks and opportunities (IROs) and assessed whether each subtopic was material or not. The material topics and subtopics are further specified and presented in the following sections, with more information on why AO find them material and how they are incorporated as part of our organisation and daily activities.

Non-material topics based on DMA

The outcome of the DMA scoring shows that the following six out of the ten ESRS topics are not material to AO due to the nature of our business as a wholesale company:

- E2: Pollution of air, Water & soil, Living organisms and food resources, Substances of concern, Microplastics
- E3: Water, Marine resources
- E4: Direct impact drivers of biodiversity loss, Impacts on the state of species, Impacts on the extent and condition of ecosystems, Impacts and dependencies on ecosystem services
- S1: Other work-related rights
- S2: Working conditions, Equal treatment and opportunities for all, Other work-related rights
- S4: Information-related impacts, Personal safety, Social inclusion

Topics reviewed as immaterial in early assessment iand not included in the full Double Materiality Assessment:

- S3: Economic, social and cultural rights
- S3: Civil and political rights
- S3: Rights of indigenous peoples
- G1: Animal welfare
- G1: Political engagement and lobbying activities

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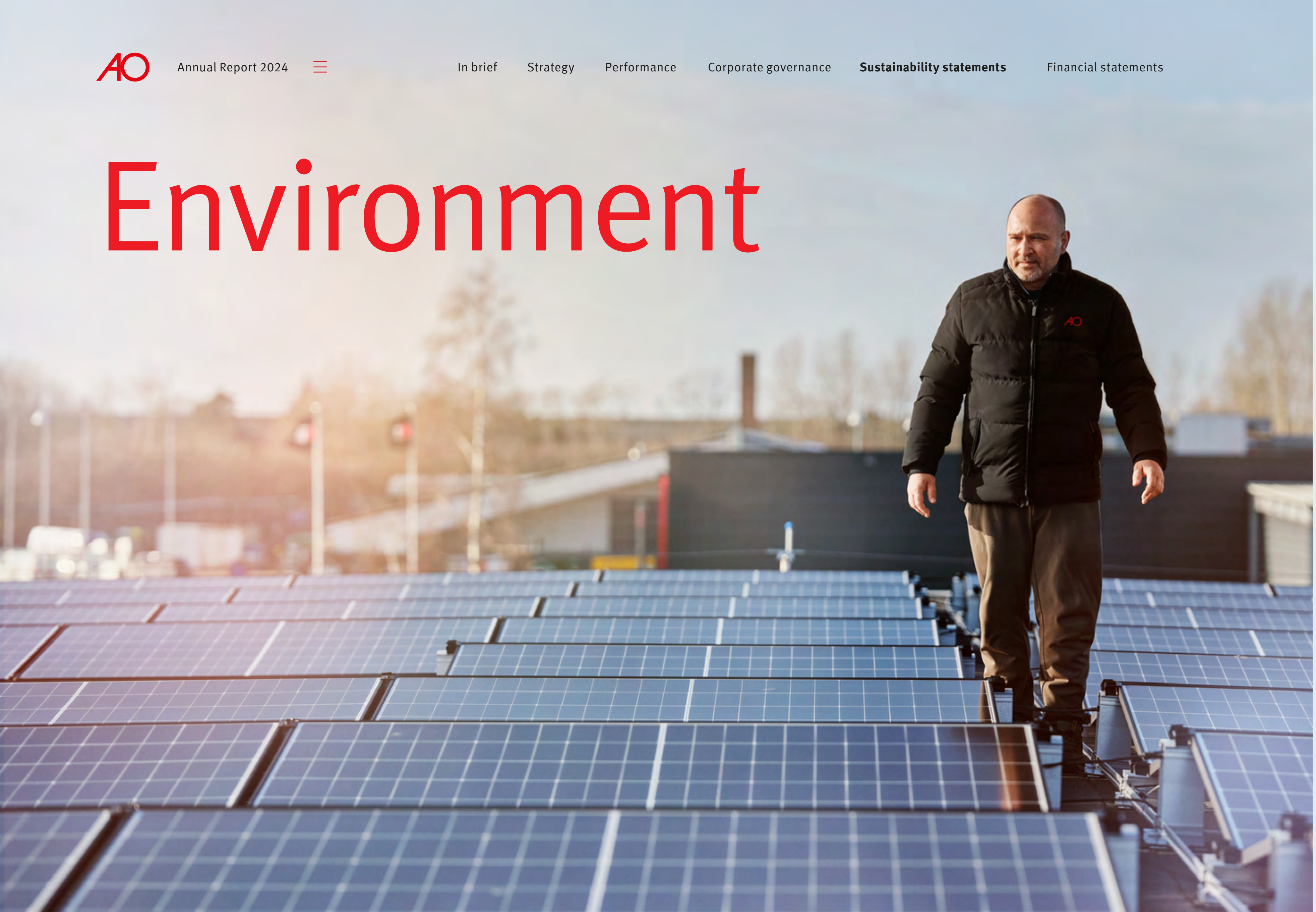
Environment



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E1 Climate change

Impact, risks and opportunities

Through the company's double materiality assessment AO identified which climate related impacts, risk and opportunities that are material for AO and its value chain. To identify these climate related impacts, AO has conducted an analysis of its GHG emission calculations as well as a flood risk assessment of its physical locations. When conducting the flood risk assessment, no full scenario analysis has been conducted, but AO has made an analysis based on external expertise and relevant flood risk tools.

AO has yet to conduct any substantial financial assessment that will provide data on Climate change regarding how the impacts, risks and opportunities can affect AO on a monetary basis. The process to identify these financial effects will be conducted when AO has more mature data.

AO has found that in terms of its own operations, AO has a limited area of opportunity where it is possible for the company to have any climate change adaptation strategies and implementations. AO has around 60 physical locations and based on its assessment of the physical locations, only a few AO stores are situated in areas associated with climate-related hazards like flood risk.

AO has a product portfolio where climate change adaptation plays a significant role in creating an opportunity. Through three of AO's product categories: VA, VAGA, and VVS. AO offers products in categories that actively contributes to assisting communities in adapting to the growing impact of extreme weather events such as floods and rising sea levels. Climate change adaptation measures are already needed today, due to the climate-related hazards AO is experiencing.

Furthermore, AO is exposed to risks such as supply chain disruptions and increasing prices due to extreme weather events brought on by climate change. If AO's suppliers and sub suppliers are not able to adapt to climate change, it could become a potential financial risk for AO.

As AO is a wholesaler selling goods to craftsmen and installers, with a very limited own in-house production, AO's direct CO_2 footprint is limited. This assessment is based on the GHG-emissions calculations. AO's scope 3 accounted for 99% of our total emissions, whereas Scope 1 and 2 only accounted for 1% total.

AO's main CO_2 footprint lies in scope 3 activities in the upstream and downstream value chain from the manufacturing of AO's purchases, transportation of goods from manufacturers to AO and to customers, as well as emissions from customers' use of sold goods.

Even though AO's scope 1 & 2 CO_2 footprint is small, AO still considers emissions in scope 1 and 2 material, as AO has direct influence on the emissions and due to the fact that CO_2 causes harm on a global scale and is hard to redeem once the damage is done.

AO's direct energy consumption is limited to its daily operational activities. This includes energy required for running the offices, warehouses, and the energy source consumed by our own vehicles. The indirect energy usage, however, forms a substantial part of AO's total energy footprint. Primarily this involves the energy usage of sold products and secondarily the energy consumed during the production of the materials AO distribute, sourced from various manufacturers. Additionally, significant energy is used in the transportation of these materials from factories to AO's warehouses and to its customers.

Resilience analysis
AO has identified the following material climate-related risks impacting the operations:

Physical Risk: Two of the retail sites is in an area with a high risk of flooding. This constitutes a climate-related physical risk due to the potential for property and damage and operational disruptions. The flooding risk is not considered a safety concern for employees and customers at the locations. The financial consequences of these flooding events are very limited as the nearest store is less than 30 km away and the downtime is limited.

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Transition Risk: Changes in climate-related regulations, market preferences, and technological advancements may affect the business operations. However, given the diverse supply chain with numerous suppliers across each product group, AO consider the transition risk to be manageable. The ease of substituting suppliers allows AO to adapt swiftly to regulatory and market changes.

The scope of the resilience analysis is focused on:

Assessing the vulnerability of the physical locations to climate-related events, specifically flooding as well as evaluating the flexibility and robustness of the supply chain in the face of climate-related disruptions.

The analysis of the physical risks was conducted internally in late 2023 by mapping the locations against climate risk zones. AO has not conducted a formal analysis of the supply chain meaning that the assessment is based on a high-level assessment of the supplier landscape.

AO has not employed a formal climate scenario analysis as outlined in ESRS 2 IRO-1. AO recognises the importance of global supply chain risks, but due to the diverse number of suppliers, AO is not currently planning to do a scenario analysis.

AO expects a gradual shift towards a lower-carbon economy, impacting energy consumption patterns and technological advancements. Anticipated increases in renewable energy adoption may affect operational costs and supply chain dynamics. Technological innovations may offer new opportunities for efficiency and sustainability in our operations.

The shift will have a limited financial impact on the own operations, but a shift in macroeconomic trends could present business opportunities for AO. AO has business areas supporting both climate mitigation and climate change investments.

The time horizons applied and their alignment with the climate and business:

- Short-Term (within reporting year): Immediate operational adjustments and mitigation strategies for identified high-risk sites.
- Medium-term (end of reporting year to 5 years): Integration of formal climate scenario analyses and adaptation of business strategies accordingly.
- Long-term (5+ years): Ongoing evaluation and adjustment of the business model to align with evolving climate-related trends and regulations.

The primary uncertainty in the resilience analysis lies in the lack of rigid methodology behind the assessments. Additionally, timing and severity of climate-related events and regulatory changes is an uncertainty. While AO has identified assets at risk, incorporating these insights into the strategic planning and investment decisions is an evolving process also taking into consideration the limited amount of assets at risk.

AO has identified Global supply chain risks as one of the key risks for the Group. It is being evaluated whether and how to integrate climate change resilience into the strategy.

AO is assessing its ability to adjust or adapt its strategy and business model to climate change in both short, medium, and long term as follows:

Strategic Flexibility: AO's diversified supply chain and flexible sourcing strategies position AO well to adapt to climate-related changes over the short, medium, and long term.

Access to finance: AO is committed to maintaining strong relationships with financial partners to secure ongoing access to capital at affordable rates.

Asset management: AO can redeploy, upgrade, or decommission assets as needed to respond to climate risks, which is currently very limited.

Product and service shifts: The business model allows for adjustments in our product and service offerings to meet changing market demands.

Workforce reskilling: AO is prepared to invest in reskilling the workforce to support new operational needs arising from climate adaptation strategies.

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Transition plan for Climate change

Transition plan for Climate change mitigation & adaption
AO believe that we all have a responsibility to manage the resources in a manner beneficial to both current and future generations, respecting people, and the planet. The biggest difference AO can make is by simplifying the process for the customers to make more sustainable choices, hence considering a sustainable business model as the prerequisite for commercial success.

As a wholesaler in the construction and installation industry, with various business units and products, AO has a complex value chain with an upstream that spans across the globe. However, AO’s own operations and downstream is limited to primarily Denmark, Sweden and Norway.

AO takes responsibility over own activities by reducing climate and environmental impacts in its business, regardless of their significance across the value chain.

By obtaining a better understanding of AO's impact, risks and opportunities regarding climate change AO has now continued with a transition plan to address climate change mitigation, with clear objectives.

The Science Based Targets initiative (SBTi) has validated that the science-based greenhouse gas emissions reduction target(s) submitted by Brødrene A&O Johansen A/S conform to the SBTi Criteria and Recommendations (Version 5.2). SBTi has validated that AO's near-term target is in line with the 1.5°C trajectory. The official near-term science-based target language:

Brødrene A&O Johansen A/S commits to reduce absolute scope 1 and 2 GHG emissions 80% by 2030 from a 2022 base year. Brødrene A&O Johansen A/S also commits to reduce absolute scope 3 GHG emissions 42% within the same timeframe. The SBTi has also validated AO’s net-zero target. The official net-zero science-based target language is: Brødrene A&O Johansen A/S commits to reach net-zero greenhouse gas emissions across the value chain by 2045.

The assessment does not show any potential locked in GHG emissions from AO's key assets and product, and is thereby not considered a risk, which could prevent AO from achieving the GHG reduction targets.

AO’s transition plan is endorsed by AO's management and supervisory bodies, embedding climate objectives within AO's corporate governance. This ensures a coordinated approach across all levels of the organisation, with financial planning that reflects the company's priorities, ensuring that resources are allocated to support its transition goals and annual reporting to track progress against our targets.

AO is well underway with this transition plan being implemented throughout the Group and will annually report on progress, maintaining transparency with stakeholders. This includes detailing actions taken to reduce emissions, challenges faced, and adjustments to the strategy as needed to stay on track with targets aligning with the Science Based Target initiative.

Policies
Building on the transition plan, AOs climate and environmental policy establish a structured framework to drive sustainable progress across its entire value chain.

The scope of AO’s climate & environmental policy is covering the entire value chain across all geographies and all identified stakeholders. The ESG Council is responsible for the implementation of the policy. The environmental and climate policy solely covers climate change mitigation and adaptation, energy efficiency, pollution, waste management, circular economy.

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Climate change mitigation:

- Reducing CO_2 emissions in scope 1, 2, and 3 in accordance with the Science Based Targets initiative (SBTi)-validated goals.
- Phasing out fossil fuels in heating, company vehicles and forklifts to meet the CO_2 targets for scope 1 and 2.
- Increasing the share of more sustainable products when sourcing from suppliers to benefit customers. Through prioritisation and dialogue, AO aim to shift customer focus towards more sustainable products.
- Inspiring partners and the industry to support a sustainable value chain, also leveraging AO's influence in industry associations.

Climate change adaptation:

- Addressing the consequences of climate change by adapting locations to the climate.
- Providing goods and solutions that assist customers and local communities with necessary climate adaptation.

Energy efficiency and renewable energy deployment:

- Reducing the annual energy consumption and increasing the share of renewable energy by installing solar panels.
- Investing in energy-efficient solutions and promoting energy and CO_2 saving initiatives among both our customers and suppliers.

Recognising the significant impact of scope 3 emissions, AO has initiated a comprehensive ESG survey for suppliers, aiming to gain a better understanding of their business practices regarding ESG. AO will consider introducing supplier's carbon reduction information during procurement and contracting to source more energy-efficient products. AO wants to cooperate with its suppliers and encourage practices across the value chain that increase use of recycled material and encourage them on their transition from conventional electricity to renewables etc. AO will especially engage in collaboration with suppliers of ceramics-, plastics and metals-based products to reduce CO_2-emissions in accordance with the net zero target. This effort is essential for addressing emissions from purchased goods and services, and the use phase of sold products, which constitute most of AO's indirect emissions.

Actions and Targets

AO has not yet implemented a strategy as to how the company intend to eliminate its residual GHG emissions in relation to the SBTi- aligned net zero target. However, in the fall of 2024 students from Aalborg University's Sustainable Cities Master's program have investigated credible beyond value chain mitigation measures, and AO will at a later stage decide on whether to engage in further studies.

AO is currently investigating the possibility to introduce nature-based solutions to the sites.

The ability to implement the actions requires resources; however, these are not significant or extraordinary in nature, especially when compared to resource-intensive industries such as large-scale production companies.

AO continuously look for opportunities to reduce the emissions and has identified areas of investments and costs related to actions taken in line with the transition plan taken in 2024. Investments related to buildings and company cars have been made. The financial amount of the actions taken in 2024 can be found in the Taxonomy section on page 80.

AO will continue to invest in emission reductions to reach the emission targets. This includes both capital and operational expenditures aimed at reducing emissions and enhancing efficiency.

There are no other targets than the above mentioned related to manage the IRO's in ESRS E1. Other relevant environmental targets are referenced in other chapters of the report.

AO's actions so far has led to a substantial reduction in the carbon footprint, with a 27% decline in Scope 1 and 2 CO_2 emissions compared to the 2022 baseline. AO's targets are aligned with the GHG protocol and validated by Science Based Target initiative. The accounting of CO_2-emissions is conducted for both scope 1, 2 and 3 for the value chain. AO monitor the GHG-emissions in scope 1, 2 and 3 every year in alignment with the SBTi guidelines, and follow the accounting guidelines for calculations for all categories. AO accounts for all scope 3-categories besides from excluded categories: 8, 10, 14 and 15 and the target is furthermore not derived using a sectoral decarbonisation pathway.

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Aside from calculating AO's GHG inventory and carbon reduction potentials, some of the main levers of GHG emissions in Scope 3 have been identified. As shown in the Scope 3 calculations, the two largest emission categories are the use of sold products and purchased goods & services. Reducing emissions, therefore, requires AO to engage with suppliers and customers to drive behavioral change. The materials with the highest emissions include ceramics, plastic, and metals.

AO is well underway with the current actions to reduce carbon emissions in Scope 1 and 2 to zero CO_2e, and by engaging with suppliers and downstream costumers, there is potential for a substantial reduction in Scope 3.

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Energy consumption and mix

Energy efficiency and the transition to renewable energy are central to AO's climate strategy, both within the operations and across the value chain. Internally, AO focuses on reducing energy consumption by implementing energy-efficient technologies and installing solar panels to increase the share of renewable energy in the operations. Additionally, AO is committed to phasing out conventional fossil fuels in heating, company vehicles, and forklifts, directly supporting AO's Science Based Targets for scope 1 and 2. Externally, AO prioritises enabling customers to make more energy-efficient choices. By sourcing and offering

§ Accounting policy

Energy consumption and mix

Non-renewable sources (fossil fuel)

Energy from non-renewable sources covers fuel consumption related to the Group's leasing car fleet, natural gas consumption, electricity consumption and district heating related to the heating of office buildings, AO stores and office activities.

For conversion from litre and m^3 consumption to megawatt-hours, Energistyrelsen and Danmarks statistik conversion factors have been used.

Renewable sources

Energy from renewable sources covers electricity generated, related to office activities

Achieved and expected GHG emission reductions	UoM	2024
Achieved GHG emission reductions	%	36.0%
Expected GHG emission reductions by 2030		
Scope 1 & 2 vs 2022 base year	%	80.0%
Scope 3 vs 2022 base year	%	42.0%
Expected GHG emission reductions by 2045		
Scope 1, 2 & 3 vs 2022 base year		90.0%

Energy consumption mix	2024	2023
Fuel consumption from coal and coal products (MWh)	0	0
Fuel consumption from crude oil and petroleum products (MWh)	1,089.6	2,056.5
Fuel consumption from natural gas (MWh)	641.7	1,128.5
Fuel consumption from other fossil sources (MWh)	0	0
Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)	11,283.8	12,042.7
Total fossil energy consumption (MWh)	**13,015.1**	**15,227.7**
Share of fossil sources in total energy consumption (%)	**97.9%**	**99.9%**
Consumption from nuclear sources (MWh)	0	0
Share of consumption from nuclear sources in total energy consumption (%)	**0%**	**0%**
Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.) (MWh)	0	0
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	0	0
The consumption of self-generated non-fuel renewable energy (MWh)	280.0	8.0
Total renewable energy consumption (MWh)	**280.0**	**8.0**
Share of renewable sources in total energy consumption (%)	**2.1%**	**0.1%**
Total energy consumption (MWh)	**13,295.0**	**15,235.7**

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a broader range of energy-saving products, AO actively guide customers towards solutions that lower energy use and reduce CO_2 emissions during the use phase. Through targeted dialogue with suppliers, AO will investigate the development and adoption of renewable energy technologies, particularly in industries reliant on ceramics, plastics, and metals. These efforts align with AO's ambition to reach our net-zero target.

GHG emissions

The methodologies, assumptions and emissions factors used to calculate the AO group emissions are provided in the accounting policies together with the presented data. The acquisition of Svenska VA-Grossisten, DesignKupp, and Workwear Group has led to an increase in the share of fossil fuel cars and non-renewable energy within the total AO Group's energy consumption, despite improvements made during the year. However, AO was still able to reduce its total emissions in 2024 compared to 2023.

The primary reason for the total reduction in 2024 vs 2023 comes from cat 11 - Use of sold products, mainly driven by a reduction of CO_2e from electricity usage.

§ Accounting policy

GHG intensity (scope 1, 2 & 3)

GHG intensity has been calculated as gross scope 1, scope 2 location-based/market-based, and gross scope 3 CO_2 emissions divided by reported net revenue in DKK million.

	2024	2023	Baseline 2022	% vs LY	% vs Baseline	2030	2045	Annual % target/ Baseline
Gross scope 1 GHG emissions								
Actual total GHG emission	420	861	1,602	-51.2%	-73.8%	320	160	-10.0%
Actual total GHG emission								
Gross location-based Scope 2 GHG emissions	1,941	2,389	3,093	-18.8%	-37.2%	619	309	-10.0%
Gross market-based Scope 2 GHG emissions	4,712	4,796	5,451	-1.8%	-13.6%	1,090	545	-10.0%
Significant scope 3 GHG emissions								
Category								
1. Purchased Goods & Services	160,179	149,060	171,917	7.5%	-6.8%			
2. Capital Goods	2	1	2	97.5%	8.6%			
3. Fuel & Energy related Emissions	246	287	436	-14.3%	-43.6%			
4. Upstream Transportation & Distribution	16,337	16,989	18,797	-3.8%	-13.1%			
5. Waste generated in Operations	374	316	703	18.4%	-46.8%			
6. Business Travel	63	83	89	-24.1%	-29.0%			
7. Employee Commuting	753	689	642	9.3%	17.3%			
9. Downstream Transportation & Distribution	4,141	3,559	6,221	16.4%	-33.4%			
11. Use of Sold Products	480,877	813,478	838,255	-40.9%	-42.6%			
12. End-of-life Treatment of Sold Products	3,146	2,870	3,162	9.6%	-0.5%			
13. Downstream leased Assets	3	2	4	9.3%	-37.9%			
Significant scope 3 GHG emissions	**666,121**	**987,334**	**1,040,228**	**-32.5%**	**-36.0%**	**603,332**		**-5.3%**
Total GHG emissions								
Total GHG emissions location based	668,482	990,278	1,035,275	-32.5%	-35.4%		66,850	-3.2%
Total GHG emissions market based	671,253	992,685	1,037,633	-32.4%	-35.3%		67,127	-3.2%

GHG intensity based on net revenue	UoM	2024	2023	2022
GHG intensity (location based)	t CO_2e per DKK million	123.1	188.3	194.4
GHG intensity (market based)	t CO_2e per DKK million	123.6	188.7	194.8

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§ Accounting policies for GHG emissions scope 1, 2 & 3

Direct GHG emissions (scope 1)

Scope 1 emissions are reported based on the Greenhouse Gas (GHG) Protocol and cover all direct emissions of greenhouse gases from AO. The direct carbon emissions from various fuels are determined based on the fuel quantities and the relevant emission factor.

Indirect GHG emissions (scope 2)
Scope 2 emissions are reported based on the GHG Protocol and include indirect GHG emissions from the generation of electricity and heat purchased and consumed by AO. Scope 2 emissions are primarily calculated as the power volumes purchased multiplied by the emission factor for electricity. For district heating local emission factors from each district heating area are not used. Location-based emissions are calculated based on average country-specific emission factors. Market-based emissions consider renewable power purchased and assume that regular power is delivered as residual power.

Indirect GHG emissions (scope 3)
Scope 3 emissions are reported based on the GHG Protocol, where the scope 3 inventory is split into 15 subcategories (C1-C15):

- **Category 1**. Purchased goods for resale's emissions were calculated using a physical data approach, where products were categorized based on weight and custom codes to estimate material composition and assign GWP emission factors. This covered 88% of the purchased goods list, with extrapolations applied to remaining items. For products lacking weight data, weight and emissions were estimated using averages from the other product categories. For remaining products and services not meant for resale, a spend-based approach was applied, using AO's financial data across entities and emission factors from the EEIO database, adjusted for inflation and currency conversion.
- **Category 2** includes GHG emissions from capital goods procurement. CO_2e emissions were calculated using a spend-based approach and relevant emission factors were applied.
- **Category 3** includes the indirect emissions of fuels, electricity and district heating. They were calculated using data from scope 1 and 2. When location-specific emission factors were unavailable for Denmark, proxy factors were applied. The indirect share of the market-based emission factors was determined using the DK grid mix emission factor split.
- **Category 4** includes transportation emissions from suppliers, goods transportation between stores, warehouses, and direct deliveries to customers. For deliveries from AO to own facilities or customers CO_2-reports was provided by the transportation-companies. For emissions deriving from delivery to AO these reports were not available. Therefore, the calculations were based on: Product origin, weight, and units and they were used to group suppliers by country and region. A transport split

Scope 3 category ID	Scope 3 category	Justification
8	Upstream leased assets	The fuel and electricity consumption of leased items are accounted for in Scope 1-2 and Scope 3.3. Double accounting is avoided. The life cycle emissions associated with manufacturing or constructing leased assets are optional. SBT asks to exclude optional GHG activities from the Scope 3 GHG boundary.
10	Processing of Sold Products	AO does not sell products that (may) require further processing.
14	Franchises	AO does not operate a franchising business model.
15	Investments	AO does not have any investments that fall under the definition of this category.

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was applied based on whether the region is within the EU. Transport distances were estimated using seadistance.org, with emissions calculated based on assumed distances and product weights. Where country of origin was not available emissions were extrapolated based on averages from the known data sources.

- **Category 5** includes emissions from waste disposal, based on data provided on waste type from our waste handling partners. Relevant emission factors was multiplied by the waste amount.
- **Category 6** includes emissions from business travel, calculated using a spend-based approach. Travel spending was categorized into domestic, foreign, and client-related travel, with a statistical ratio applied as a proxy for other locations. Emissions were calculated using spend-based factors for air and land travel, while hotel stay emissions were estimated using an average hotel rate and a global emission factor per night.
- **Category 7** includes emissions from employee commuting, calculated based on average travel distance, transport mode, and the number of employees, including temporary workers. The transport split was derived from national statistics, with commuting distances adjusted for round trips and annual working days. Emission factors were applied except for foot and bike travel, which were set to zero.
- **Category 9** includes customer product pick-ups in 2024. The average shopping travel distance in Denmark (14.7 km/day) was used. Emissions were calculated without considering product weight.
- **Category 11** includes emissions from the use of sold products. As no use-phase data was provided, estimates were made using product category information and purchased units. Electricity-consuming products were identified, sorted by relevance, and assessed for wattage, lifespan, and daily usage. Where data was insufficient, an extrapolation was applied.
- **Category 12** includes emissions from the end-of-life treatment of sold products. Products were sorted by weight, with the most relevant categories covering 80% of the total. Material and waste type assumptions were made, and a waste ratio was applied to the full product list. Waste treatment methods were based on statistical data, with emissions per kg of waste calculated.
- **Category 13** includes emissions from the operation of assets owned and leased to third parties. CO_2e emissions were calculated using a spend-based approach, with emission factors adjusted for inflation.
- The subcategories 8, 10, 14 and 15 are not relevant for AO and was therefore excluded.
- The metrics for the scope 3 calculations, will have some level of uncertainty, as some of the data is based on extrapolations.

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Update on the original AO Denmark CO_2-targets for scope 1 & 2

As part of AO's ongoing commitment to sustainability and reducing the environmental impact, we have set ambitious climate targets both for AO Denmark and the AO Group as a whole.

AO Denmark Targets
Since 2020, AO Denmark has committed to reducing its Scope 1 and 2 carbon emissions by 50% by 2025, with a longer-term goal of achieving zero emissions in scope 1 & 2 by 2030. These targets were designed to align with AO Denmark's operational focus and are outlined in previous annual reports.

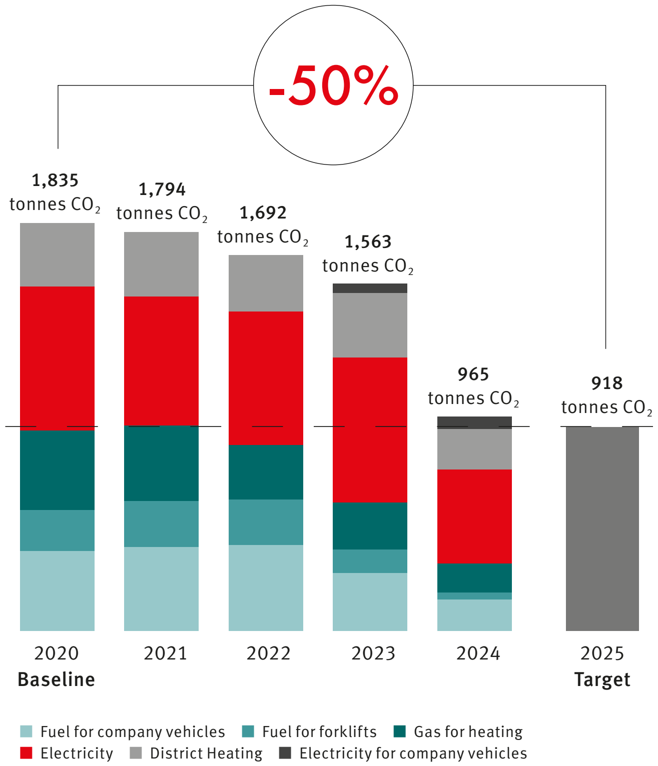
Due to the progress being made in phasing out fossil fuels in heating, forklifts and company vehicles AO has achieved a reduction in 2024 compared to the base year of 47.4%. Based on this positive development, it is expected that the 2025 goal of reducing 50% compared to 2020 for AO Denmark activities will be achieved.

New group-level Climate targets aligned with Science-Based Targets (SBTi)
In 2023, AO took a significant step forward by calculating our scope 1, 2, and 3 emissions across the entire AO Group. Validation from the Science-Based Targets initiative (SBTi) for the new, more comprehensive climate targets were received. These targets commit the AO Group to reduce scope 1 and 2 emissions by 80% in 2030, while reducing scope 3 emissions by 42% in the same timeframe and achieving net-zero emissions by 2045. These new goals reflect our broader, long-term climate strategy and are in line with global standards and the EU's sustainability regulations, including the Corporate Sustainability Reporting Directive (CSRD).

Maintaining AO Denmark's Targets
While the new SBTi-aligned goals are now the primary focus for the AO Group, it is important to retain the original climate targets for AO Denmark. These goals remain relevant and demonstrate our ability to achieve short-term climate objectives, particularly for investors and stakeholders who value seeing measurable progress. AO is committed to transparent reporting on both sets of targets until 2025 to ensure clarity and to highlight progress across both the Danish operations and the wider AO Group. After 2025 the reporting will focus solely on the SBTi-related scope 1, 2 & 3 progress on group level.

Navigating the difference in targets
Maintaining both the AO Denmark-specific targets and the Group-level SBTi targets may initially appear complex. However, these two sets of goals serve different purposes. AO Denmark's targets reflect the historical commitment and focus on operational performance within Denmark, while the Group-level SBTi targets represent the broader climate ambitions across all operations. Both are important in demonstrating the overall sustainability strategy and progress.

The carbon emissions for scope 1 and 2



A restatement for the years 2020-2023 has been made excluding scope 3 emissions related to Scope 1 & 2 which were included in previous years reporting. Corrected Scope 1 & 2 emissions can be seen in the figure above.

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E2 Pollution

Impact, risks and opportunities

AO's material impact on pollution is related to substances of very high concern (SVHC), that AO sells to its customers, and it is both relevant for upstream and downstream activities. No part of AO's business value chain is excluded if it relates to the harmful substances that are in the company's products.

AO has conducted an analysis of the harmful substances sold by AO across its operations including all sites and business activities. In addition the amount of items with harmful substances stored in each of AO's warehouses and stores has been ascertained. The physical risks of pollution in emergency situations are not considered material due to the limited amounts stored in AO's warehouses. However, all AO's locations follow all regulatory requirements regarding hazardous items and fire regulation sas a part of our ISO 14001 certified management system.

Products handled by AO and registered on the SVHC list will only affect the immediate surroundings and will not cause significant harm to others besides the people who use the chemicals. However, some of the chemicals that are under SVHC have the potential to cause more lasting damage, where irremediability (part of the severity assessment) scores high in the assessment. There is also a high likelihood that the customers in the downstream value chain will be exposed to these substances when they use them.

Due to the limited number of products sold and the well-regulated area, no subtopic concerning pollution was considered financial material based on AO's benchmark for financial materiality used throughout the assessment across all ESRS's.

The decision process regarding IRO's is similar to the IRO assessment process across ESRS's and will be evaluated yearly based on potential changes in the upstream supply chain, AO's own operations and downstream effects of products sold. Opportunities to minimise the negative impact of products containing harmful substances will be part of AO's work with customers to reduce the number of such goods. This effort is also integrated into the ISO 14001 management system.

Input parameters for current the material sub-topic are safety data sheets used for analysis and the REACH restriction lists and the SCIP-database under the European Chemical Agency (ECHA). Input parameters for reassessment of non-material topics will be scale, scope, irremediability and likelihood of potential pollution throughout the value chain.

Process for analysing SVHC

Based on safety data sheets AO has conducted an analysis of all chemicals sold. The analysis was performed by internal and external specialists.

Based on the safety data sheet information all chemicals were divided into categories based on REACH restriction lists. All new chemicals are analysed to assess which restriction lists (if any) the substances are categorised into. Articles with SVHC-substances are monitored through the registration of goods that are listed in the SCIP-database by the European Chemicals Agency (ECHA). The reported quantities of chemicals and articles containing SVHC substances reflect the total weight in kilograms of the products, regardless of the proportion of SVHC substances within them. The disclosure is not validated by an external body.

The information and communication provided on these substances to customers follows the CLP-regulation.

Policies on substances of very high concern

AO's Climate and Environmental policy as well as Corporate Social Responsibility Policy address the issue of harmful substances. The responsibility for implementing the policies lies with the Procurement Director. Reducing harmful substances in the chemicals AO sells relates to both upstream and downstream activities. In

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the policies and ISO 14001 management system, it is addressed how to address harmful substances in the following way:

Climate and environmental policy:

- Annually analyse and reduce the amount of environmentally harmful substances by engaging in dialogue with suppliers on how to replace or phase them out, particularly in products sold to private consumers and substances of very high concern (SVHC). Our goal is to phase out SVHCs completely by 2030 for the benefit of both people and the environment.
- Increasing the share of sustainable products when purchasing from suppliers to benefit our customers. Through prioritisation and dialogue, AO aim to shift customer focus towards sustainable products.

Corporate social responsibility policy:

- AO reduces environmentally harmful substances for the benefit of both people and the environment.

As AO's work with monitoring harmful substances both in terms of reduction of harmful substances as well as handling emergency situations is a part of the certified ISO 14001-manangement system, the following part of AO's climate and environmental policy is also relevant:

AO's environmental management certification aims to support AO and its employees in the climate and environmental efforts. Therefore, the entire AO, from top management to stores, is certified in the ISO 14001 environmental management system, which includes:

- Actively involving employees in environmental efforts.
- Including environmental topics on the agenda of internal sales, board, and management meetings.
- Measuring departments on environmental performance, just as they are measured on other outcomes.
- Ensuring that initiatives with environmental impact are planned, implemented, and evaluated in collaboration with AO's responsible environmental unit.
- Assisting AO's customers in making green choices when shopping with us.

AO's environmental policy should be viewed in conjunction with its social responsibility policy, where reducing AO's climate and environmental impact is central to AO's efforts. The scope of AO’s climate & environmen tal policy is covering the whole value chain across all geographies and all identified stakeholders. The CTO is responsible for the implementation of the policy. The environmental and climate policy solely covers climate change mitigation and adaptation, energy efficiency, pollution, waste management, circular economy.

AO has consulted stakeholders by interviewing customers about their view on AO’s customer-related work with sustainability including harmful substances. We have not consulted neighbours regarding the matter, but as harmful substances are a well-regulated field, we are following regulation on the matter including requirement to warehouse setup.

Targets and actions

AO’s target is linked to AO's policies, and it is to eliminate all SVHC-substances in products AO sell by 2030 and reduce substances of concern, where viable substitutes are available. AO's policy states that the company will do that by annually analysing and reducing the amount of environmentally harmful substances by engaging in dialogue with suppliers on how AO can replace or phase out these substances — particularly in products sold to private consumers and substances of very high concern (SVHC). As 2030 is a short time frame, the interim target is to decrease the number of chemical products each year.

No official methodology has been used to set the targets as it is not applicable and therefore there are no significant assumptions used to set the targets. The targets are related to the EU’s chemicals strategy for sustainability towards a toxic-free environment and the scientific evidence proposed in the strategy.

AO do not have any targets related to air, water, and soil pollution reduction activities, as these topics are not material for AO.

Process for analysing and monitoring SVHC

AO plans to tracks the effectiveness of our actions yearly by reanalysing the substances in chemicals using specialised software and track the amounts sold of SVHC substances as well as substances of other REACH restriction lists. The baseline for the calculation will be 2024, as the target has been set during 2024.

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AO has consulted stakeholders by customer interview during the fall of 2023 about their view on AO's customer-related work with sustainability including harmful substances. They were not a part of the target setting process.

The target relates directly to the climate and environmental policy as stated above. AO follow regulation updates using software and updates its list of relevant regulation each year.

§ Accounting policy

Substances of very high concern

Total weight in tonnage (in tonnes) and percentage of SVHC as part of substances or articles (ingredients in final product) sold in AO.

The volume of SVHC is presented as total weight (in tonnes) of all substances or articles containing SVHC, not the total weight of the actual SVHC ingredient.

The weight of a substance or article is included if the SVHC concentration is more then 0.1% of its volume.

Substances of very high concern	UoM	2024 SCIP	2024 SVHC
Amount of substances of very high concern that leave facilities as part of products	Weight tonnes	679.8	9.6
Percentage of net revenue made with products and services that are or that contain substances of very high concern	%	5.8%	0.04%

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E5 Resource use and circular economy

Impact, risks and opportunities

To assess the materiality of AO's ressource use and impact on the circular economy, general knowledge about the construction industry was used, based on year-long involvement in the industry and continuous knowledge expansion about the industry's negative impacts through desk research as well as external and internal knowledge sharing.

To understand trends in the construction industry and circular economy, and to understand what can be expected in the future, AO is keeping itself updated on legislation on relevant topics on international level. This can minimise certain risks, like incompliance, and highlight opportunities like market trends.

Most of the materiality assessment was based on general data regarding the construction industry, while calculation and analysis of waste and packaging is based on product-specific supplier data.

AO's activities are not classified as a polluting company, as defined by the Danish Environmental Protection Act, where local negative impacts are absent or negligible and therefore there are no affected stakeholders. Due to AO's stakeholders participating in the production of some of the most problematic materials, affected stakeholders can be expected in some of the value chain. Due to the complexity of the value chain and no direct influence on the initial stages of product production, the affected stakeholders are difficult to identify and negative impacts on them difficult to mitigate. AO will work towards stronger risks assessments including stakeholder management in the future.

AO's material impacts in the construction industry come from the products it buys and sells, which require a significant amount of resources—both the materials themselves and the energy, water, and other resources needed for raw material extraction, production, packaging, and distribution. For own activities, most of the resources are used for production of energy for electricity and heating of own facilities, and production of procured packaging. While identifying IROs relevant for resource use and circular economy, all types of resource inflows and outflows were considered, including energy and water consumption in own operations as well as in upstream and downstream activities. Water was deemed non-material (see Non-material topics based on DMA). Energy consumption is covered in chapter E1.

Policy

The scope of AO's climate & environmental policy is covering the whole value chain across all geographies and all identified stakeholders. Due to the nature of AO's business, where most of the material impacts are a consequence of the activities in AO's upstream value chain, the Climate and Environmental Policy primarily concerns downstream and upstream activities with AO's direct influence. However, reduction of waste is the first step toward reducing material impacts of downstream operations. The activities to reduce the material impact of AO's own activities, require AO's employees to learn new daily habits, such as correct waste sorting. The ESG Council is responsible for the implementation of the policy. The environmental and climate policy solely covers climate change mitigation and adaptation, energy efficiency, pollution, waste management, circular economy.

The Climate and Environmental Policy is accessible on the company's intranet and on AO's website. The policy is accessible to stakeholders and the public. All AO employees must complete an online course regarding AO's work with environment and climate. AO finds it important that all employees receive information about the focus area in the policy. All AO employees are encouraged to contact the AO's sustainability team regarding questions, help or ideas.

AO is focusing on reducing residual waste amounts, and is contributing to minimise use of virgin resources. In Q4 2024, AO began a take-back scheme project to scale-up take-back efforts of suppliers and contribute to the use of recycled and secondary materials in their manufacturing processes.

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Actions
To support correct waste management, AO established a waste sorting solution and is continuously adjusting the solution to optimise it depending on the location. AO's employees must also undergo a course in correct sorting and are kept updated when new knowledge about specific waste fractions is obtained. AO expects the knowledge about correct waste sorting to spread and contribute to higher waste sorting rates as well as a higher actual recycling rate at all AO's locations. Waste data is uploaded monthly and made available to all AO's employees. Here, waste data is visualised, indicating which of AO Denmark's locations are reaching or exceeding the targets, and which locations are lagging. This gives an insight into which locations need help, and which locations can be used as an inspiration for good practices.

As mentioned above, AO began a take-back scheme project in Q4 2024, to reduce reliance on virgin resources and increase the use of secondary and recycled resources directly in AO's value chain. This project has already shown potential for scaling up take-back efforts, not only for products, but also packaging. Further dialogue with relevant suppliers is needed to fully explore the potential and develop and implement specific take-back schemes. In the same quarter, another project was initiated, where returned goods will be mapped, including the reason for return, process for return and further handling of the returned goods. This is the first step in identifying opportunities for achieving higher levels of waste hierarchy for this group of products.

Both of the above mentioned projects are meant to contribute to the development of circular strategy, which will cover downstream, upstream and AO's own activities and will focus on value retention, waste prevention and high actual recycling rates, as well as procurement of products with recycled materials.

Most of the mentioned and planned actions are meant to be a continuous effort unless their positive effect is not proven. In that case, new actions and initiatives will be implemented by AO. AO has not previously reported en these actions and therefore the progress in relation to previous reporting periods is not possible.

Targets
Regarding circular economy, one target is specified in the Climate and Environmental Policy:

- 90% of waste is sorted for further treatment by 2030 and residual waste should be no more than 10 % of all waste produced by AO. This relates to recycling in the waste hierarchy.

AO plans to track the effectiveness of our actions yearly by analysing the amount of waste that is sorted for further treatment and amount of residual waste. The baseline for the calculation will be 2024, as the target has been set during 2024.

Danish legislation does not set any specific targets that companies must reach. AO's waste sorting targets are not based on any significant assumptions but inspired by legislation and driven by AO's environmental ambitions. In 2025, AO will strive to set more relevant goals for the future, including upstream, downstream and AO's own activities.

Resources inflows
Due to the extent of AO's product range and consequently its wide-reaching and complex value chain, AO has not executed an analysis of its full resource inflows.

Regarding own operations, AO is in the process of mapping its packaging consumption in line with the extended producer responsibility for packaging. These are the resource inflows that are within AO's full control. AO has no knowledge of the resource inflows derived from property, plant and equipment used in own operations. As water usage is not a part of AO's main operations, it is not considered material.

Resources outflows and waste
AO's primary activities are procurement and sales of products and AO does not contribute to the products' design. Furthermore, AO's own production activities, VAGA, represents a negligible share of AO's revenue. Consequently other areas, such as waste, are being prioritised as more important at the moment.

As a wholesaler in the construction industry, AO generates waste, often due to breakage, cutoffs, and incorrect orders. However, cardboard packaging is AO's largest material waste stream, accounting for 35% of its total waste. The second-largest material waste stream is wood, at around 30%, followed by incinerated waste, which makes up about 14%. Steel, other metals, and

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ceramics each account for approximately 3% of AO's total waste. Other material waste streams do not exceed 1.5% of annual waste.

AO's waste data is collected through various waste management companies that sort and weigh all our waste and provide detailed data reporting. Waste is generally reported based on invoices received from waste recipients, supplemented with plant-specific measurement methods for commercial facilities, including construction activities. Waste is weighed using verified weights and sorted by type, every month, by our waste partners. The table below shows waste amounts across all AO's locations in Denmark, Sweden and Norway, including the newly acquired companies. Waste data for the three new companies is included from the time they became part of the AO Group.

AO Denmark generates about 88 % of all waste generated by AO Group and has, together with AO Sweden, the most versatile waste streams in the group (described above). Other members of AO Group generate primarily paper and wood waste, most of which is recycled. Waste recycling is not yet fully implemented in some of the smaller Group entities leading to higher disposal rates. In the coming years, AO will intensify collaboration with these locations to ensure high waste sorting rates across the group.

Waste	UoM	2024
Total amount of waste generated	Weight tonnes	1,708
Non-recycled waste	Weight tonnes	315
Percentage of non-recycled waste	%	18.4%

Waste		UoM	Hazardous	Non-hazardous
Diverted from disposal	Preparation for reuse	Weight tonnes	0	0
	Recycling	Weight tonnes	3	1,390
	Other recovery operations	Weight tonnes	3	209
Directed to disposal	Incineration	Weight tonnes	0	82
	Landfill	Weight tonnes	0	21
	Other disposal operations	Weight tonnes	0	0

Small projects encouraging reduction of waste

NEXT
Whenever AO has materials and products that are still intact and useful but not eligible for sale, such as screws that have expired and are in old packaging, AO sends them to a vocational school that can use them for training and education of future carpenters, rather than disposing of the screws.

RED project
The 'RED' project, initiated by our customer Finn L. & Davidsen, receives monthly donations from AO. We provide slow-moving stock items and returned products with cosmetic damage, which are handed out to DIY enthusiasts once a year.

§ Accounting policy

Waste weight
Waste treatment volumes are reported in absolute tonnage (in tonnes) of waste collected from AOs location during the reporting period. All data is third-party data. Data is actual data from the whole AO Group.

Non-recycled waste
Total weight in tonnage (in kg) and percentage of waste that has not been recycled.

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EU Taxonomy

Under the EU Taxonomy Regulation, listed companies employing more than 500 people must disclose the share of their revenue, expenses and capital employed in 2024 that are defined as environmentally sustainable under the Taxonomy Regulation.

For the 2024 financial year, reporting is required in relation to “Countering climate change”, “Adapting to climate change”, "Water", "Pollution", "Circular Economy", and "Biodiversity and ecosystems".

AO is an environmentally aware and climate conscious company. As stated previously, AO’s direct carbon footprint is limited, as we are a wholesaler and conduct neither major production nor other activities that could potentially harm our environment and climate. That is why reporting on the environmental sustainability of our activities as defined in the EU Taxonomy Regulation is limited and does not present a complete view of our environmental and climate efforts, as they extend beyond our own activities. See section “Environment and climate” for more information about our activities.

We have conducted an analysis of our activities to identify if any of our activities are eligible as defined in the Annexes 1-2 of the Climate delegated act or in the Annexes 1-4 of the Environmental delegated act in the EU Taxonomy Regulation. The aim of this has been to identify whether AO has any reportable turnover, investments or expenses to be included in our report for 2024.

Wholesale trading is not included as a separate activity in the EU Taxonomy Regulation. Hence AO only has sub-activities that are covered by the Regulation.

Identified areas with eligible economic activities during the reporting period were further assessed for alignment. However, AO does not claim alignment for 2024 due to insufficient documentation in the relevant areas.

Reporting in accordance with the taxonomy

According to the classification system in the EU Taxonomy, AO is required to submit a report in relation to activity “CCM 6.5 Transport by motorbikes, passenger cars and commercial vehicles”, "CCM 7.6 Installation, maintenance and repair of renewable energy technologies” and activity “CCM 7.7 Acquisition and ownership of buildings”. All three activities are deemed to have the potential to contribute to the environmental and climate objective “Adapting to climate change”.

We have compared the three identified activities "CCM 6.5 Transport by motorbikes, passenger cars and commercial vehicles”, "CCM 7.6 Installation, maintenance and repair of renewable energy technologies” and "CCM 7.7 Acquisition and ownership of buildings” with technical screening criteria according to the Delegated Regulation 2021/2139 and have identified 0% of our revenue, 56% of our investments, and 27 % of our total maintenance expenses to be eligible according to the classification system, cf. below in the taxonomy form for turnover, capital expenditure (CapEx) and operating expenses (OpEx). None of the turnover, investments or operating expenses have been assessed as being environmentally sustainable activities.

As yet, no capital expenditure plan for upgrading our investments to become environmentally sustainable in the longer term has been made.

This is illustrated below in the mandatory tables in accordance with Delegated Regulation (EU) 2021/852.

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Taxonomy form for turnover

Economic Activities (1)	Code (2)	Absolute turnover (3) mDKK	Proportion of Turnover (4)	Substantial Contribution Criteria: Climate Change Mitigation (5)*	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and ecosystems (10)	DNSH criteria ('Does Not Significantly Harm'): Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Taxonomy aligned or eligible propor-tion of total turnover, year N (18)**	Category (enabling activity) (20)	Category(transitional activity)(21)
A. Taxonomy-eligible activities																	2023		
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustain-able activities (Taxonomy-aligned) (A.1)		0	0%	0%	0%	0%	0%	0%	0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%	0%	0%
Of which Enabling																			
Of which Transitional																			
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxono-my-aligned activities) (A.2)		0	0%														0%		
A. Turnover of Taxonomy eligbile activi-ties (A.1+A.2)		0	0%														0%		
B. Taxonomy-non-eligible activities																			
Turnover of Taxonomy-non-eligible activities		5,429.3	100%														100%		
Total Turnover (A+B)		5,429.3	100%														100%		

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Taxonomy form for capital expenditure (CapEx)

				Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic Activities (1)	Code (2)	Absolute CapEx (3) mDKK	Proportion of CapEx (4)	Climate Change Mitigation (5)*	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Taxonomy aligned or eligible propor-tion of total CapEx, year N (18)**	Category (enabling activity) (20)	Category(transitional activity)(21)
A. Taxonomy-eligible activities																	2023		
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	0%	0%	0%	0%	0%	0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%	0%	0%
Of which Enabling																			
Of which Transitional																			
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Acquisition and ownership of buildings	CCM 7.7	84.5	49%														33%		
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	2.7	2%																
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	9.5	6%														18%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		96.7	56%														51%		
A. CapEx of Taxonomy eligible activities (A.1+A.2)		96.7	56%														51%		
B. Taxonomy-non-eligible activities																			
CapEx of Taxonomy-non-eligible activities		75.1	44%														49%		
Total CapEx (A+B)		171.8	100%														100%		

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Taxonomy form for operating expenditure (OpEx)

Economic Activities (1)	Code (2)	Absolute OpEx (3) mDKK	Proportion of OpEx (4)	Substantial Contribution Criteria: Climate Change Mitigation (5)*	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and ecosystems (10)	DNSH criteria ('Does Not Significantly Harm'): Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Taxonomy aligned or eligible propor-2023 tion of total OpEx, year N (18)**	Category (enabling activity) (20)	Category(transitional activity)(21)
A. Taxonomy-eligible activities			8%														2023		
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	0%	0%	0%	0%	0%	0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%	0%	0%
Of which Enabling																			
Of which Transitional																			
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Acquisition and ownership of buildings (OpEx B)	CCM 7.7	14.0	24%														23%		
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	0	0%																
Transport by motorbikes, passenger cars and light commercial vehicles (OpEx C)	CCM 6.5	1.4	2%														4%3		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		15.3	27%														27%		
A. OpEx of Taxonomy eligible activities (A.1+A.2)		15.3	27%														27%		
B. Taxonomy-non-eligible activities																			
OpEx of Taxonomy-non-eligible activities		41.9	73%														73%		
Total OpEx (A+B)		57.2	100%														100%		

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Accounting policies

All KPIs have been calculated on Group level in accordance with Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 220/852 of the European Parliament and of the Council, Annex 1.

Our accounting policies below are described in detail to allow a better understanding of how the proportion of our taxonomy-aligned and taxonomy-eligible activities has been calculated.

Turnover
Turnover is calculated on the same basis as the turnover in the financial statements. No turnover has been identified for activity "CCM 6.5 Transport by motorbikes, passenger cars and commercial vehicles", "CCM 7.6 Installation, maintenance and repair of renewable energy technologies" and activity "CCM 7.7 Acquisition and ownership of buildings".

CapEx
Capital expenditure for activity "CCM 6.5 Transport by motorbikes, passenger cars and commercial vehicles" is calculated on the basis of Annex 1, section 1.1.2 and includes the purchase and lease of company cars and other vehicles. This is viewed in relation to the total investments in "Intangible assets" (excluding goodwill), "Property, plant and equipment" and "Right-of-use assets", cf. notes 3.1-3.3 of AO's Annual Report for 2024.

Capital expenditure for activity "CCM 7.6 Installation, maintenance and repair of renewable energy technologies" is calculated on the basis of Annex 1, section 1.1.2 and includes the purchase and lease of solar panels. This is viewed in relation to the total investments in "Intangible assets" (excluding goodwill), "Property, plant and equipment" and "Right -of-use assets", cf. notes 3.1-3.3 of AO's Annual Report for 2024.

Capital expenditure for activity "CCM 7.7 Acquisition and ownership of buildings" is calculated on the basis of Annex 1, section 1.1.2 and includes all acquisitions and property leases. This is viewed in relation to the total investments in "Intangible assets" (excluding goodwill), "Property, plant and equipment" and "Right -of-use assets", cf. notes 3.1-3.3 of AO's Annual Report for 2024.

OpEx
Operating expenses for activity "CCM 6.5 Transport by motorbikes, passenger cars and commercial vehicles" are calculated on the basis of Annex 1, section 1.1.3. and include all direct maintenance expenses associated with the Group's company cars and other vehicles.

The proportion of operating expenses is calculated as direct maintenance expenses viewed in relation to the Group's total maintenance expenses.

Operating Expenses for activity "CCM 7.6 Installation, maintenance and repair of renewable energy technologies" are calculated on the basis of Annex 1, section 1.1.3. and include all direct installation and maintenance expenses associated with the operative administration of own and leased property.

The proportion of maintenance expenses is calculated as direct maintenance expenses viewed in relation to the Group's total maintenance expenses.

Operating Expenses for activity "CCM 7.7 Acquisition and ownership of buildings" are calculated on the basis of Annex 1, section 1.1.3. and include all direct maintenance expenses associated with the operative administration of own and leased property.

The proportion of maintenance expenses is calculated as direct maintenance expenses viewed in relation to the Group's total maintenance expenses.

Through cross checking with the Annual Report for 2024, it has been ensured that there is no duplication of the components included in the calculation of revenue, capital expenditure and operating expenses.

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Social

Contents

S1 Own workforce

Own Workforce

Working and social conditions are an integrated part of AO's CSR (Corporate Social Responsibility) policy.

The employees are the core of AO, and they are crucial to the company's success and results. AO is committed to being a socially responsible business and ensuring that every employee is satisfied and has the best working conditions.

AO has identified the following key social employee-related topics as part of our assessment of material sustainability factors:

- Employee retention and job satisfaction
- Sick leave and workplace accidents
- Skill enhancement and further training

Risks relate to economic downturns and business acquisitions, which may lead to workforce reductions. To a lesser extent, risks relate to the potential loss of talented employees and the challenge of recruiting and developing the necessary resources and expertise.

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S1 Own workforce

Impact, risks and opportunities

The employees are the core of AO, and they are crucial to the company's success and results.

Through targeted activities in working environment and employee development, AO strives to create long-term opportunities. AO focuses on building a dynamic and flexible workforce capable of adapting to changes and supporting the company's ambitions of being an attractive, inclusive, and socially responsible workplace.

AO's CHRO is responsible for the implementation of all HR policies applying to the entire AO Group, unless anything else is stated.

The measurement of the metrics related to characteristics of own employees is based on the AO Group and is not validated by an external body other than the assurance provider, unless anything else is stated.

Health and safety

AO actively works to create a safe and healthy work environment that enhances the company's reputation. Through strategic workforce planning, compliance with policies, health programmes, and continuous evaluations via job satisfaction surveys and workplace assessments, areas for improvement are identified to reduce risks associated with work-related stress and physical safety. AO has implemented preventive measures, including flexible working arrangements and mental health initiatives, to help employees achieve a good work-life balance.

Inclusion through diversity initiatives

Diversity is regarded as a strength that contributes to innovation and AO's long-term success. Efforts are made to ensure equal opportunities for all employees, regardless of background, to foster a workplace where all employees feel valued and respected.

Skill enhancement and further training

To minimise risks associated with the loss of key competencies and ensure long-term competitiveness, AO offers ongoing talent development, skill enhancement, and further training. This includes both internal and external training options allowing employees to pursue professional and personal growth. These initiatives not only support individual employee development but also strengthen the company's overall competencies and resilience.

Risk identification and prevention

AO proactively addresses potential challenges as they are identified. Implemented measures to mitigate identified risks include enhanced well-being initiatives, flexible work arrangements, health programmes, and a clearly defined code of conduct through guidelines and policies, such as Ethics & Compliance, which are regularly updated based on employee feedback and business needs.

Goals and systems

To support AO's efforts and sustainability goals, a structured approach to data collection through integrated HR systems has been established. Using modern systems, data on employee well-being, retention, sick leave, workplace accidents, etc., are collected. Systematic data collection allows the company to precisely identify areas with potential for improvement and respond quickly to risks and changes. This ensures that AO's social efforts are part of the company's daily operations.

For instance, AO uses data from job satisfaction surveys and workplace assessments to improve the work environment by identifying stress factors and implementing specific improvement measures. By analysing retention data, AO can tailor its development programmes to ensure that employees have the necessary skills and motivation to stay with the company long-term.

By working in a structured and data-driven way, AO ensures that its social sustainability initiatives are effective and yield long-term results for both employees and the company. This contributes to creating a sustainable and inclusive workplace that meets both employee needs and company goals.

HR activities are managed by a central HR function headed by AO's CHRO. The HR function is tasked with the management of the material impacts affecting AO's own workforce.

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Forward-looking efforts

AO prioritises employee well-being, retention, and development, and will continue to strengthen its efforts in the identified areas to ensure a workplace that promotes both well-being and motivation among employees.

AO is dedicated to advancing its initiatives and achieving its ambitious social goals so that the company can maintain a supportive and diverse work environment that contributes to the sustainable development of all employees, the company, and society.

AO takes pride in a strong corporate culture, reflected in low employee turnover and a commitment to ensuring health and safety of everyone.

Data collection

AO's HR-related data collection and analysis is designed to create an accurate, targeted, and ongoing assessment of conditions within the company. AO uses a combination of quantitative and qualitative methods to gain a comprehensive understanding of employee well-being, work environment, diversity, and skill enhancement. This methodology outlines the key practices and sources for collecting and maintaining employee data.

Data sources and collection

As part of the hiring process, all contract employees, including trainees, must complete a form with the personal information necessary for employment. The collected information is entered into AO’s HR database, which serves as the central data warehouse for all employee-related data. The database is continuously updated with changes, such as start and end dates, working hours, transfers, management levels, or contract status.

Additional data sources include direct input from managers or employees, for instance, in cases of workplace accidents or extended illness. Data is also collected through job satisfaction surveys. Data entry is primarily manual, based on input from managers or employees, and data is regularly updated throughout the employment period.

Analytical approach

Economic factors and project-based work are considered when analysing variations in workforce numbers over the reporting period. Overall workforce planning is done by senior management based on strategic goals, economic conditions, and the company’s vision. Actual figures are periodically compared with budgeted targets, including data on any third-party personnel

The HR department monitors the implementation of improvements and adjustments by conducting assessments with the employees involved and affected. This process ensures that the changes have achieved the desired outcomes and identifies whether additional actions are required to meet expectations.

Actions and targets

AO does not have any key actions for 2024 or specific targets, but is working on actions and setting targets for 2025.

Policies

Policy for Corporate Social Responsibility Policy on Respect for Human Rights Senior Policy Ethics & Compliance	AO continuously enhances the company’s work environment through regular monitoring and use of KPIs. AO tracks productivity, employee satisfaction, and retention rates using annual reports to assess progress. These insights guide necessary adjustments to AO’s strategies and policies, ensuring AO remains responsive to both employee needs and business requirements. To further ensure a safe and dynamic workplace, AO conducts regular assessments of human rights impacts across its operations. These comprehensive assessments involve employee interviews, policy reviews, and consultations with stakeholders and experts. The insights gained are used to develop action plans that mitigate potential risks.	By focusing on these key areas, AO aims to create a dynamic, inclusive, and sustainable work environment where all employees feel valued, protected, and supported. Maintaining high standards in reporting and monitoring enables AO to contribute to the well-being and professional development of its workforce, ensuring that AO remains a responsible and forward-thinking employer.

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Working conditions

Employee retention and job satisfaction

Employee well-being and retention are fundamental to AO's success as a company. AO recognises that an engaged and satisfied workforce not only increases productivity but also fosters a strong corporate culture and creates a positive work environment. AO's approach to well-being includes both physical and mental health, balanced working hours, and meaningful opportunities for personal and professional development.

To ensure retention, AO is focused on building a sustainable culture where employees feel valued and respected.

Retention

AO recognises that low employee turnover creates continuity and forms the foundation for strong teamwork. Therefore, AO has implemented a range of initiatives aimed at enhancing employee engagement and creating a work environment where all employees thrive and feel valued.

AO's retention strategy includes flexible working conditions, competitive salary packages with an annual individual salary review for salaried employees, health benefits, and extensive opportunities for skill enhancement and further training.

AO continuously evaluates the effectiveness of these initiatives and adjust them based on employee feedback and market developments.

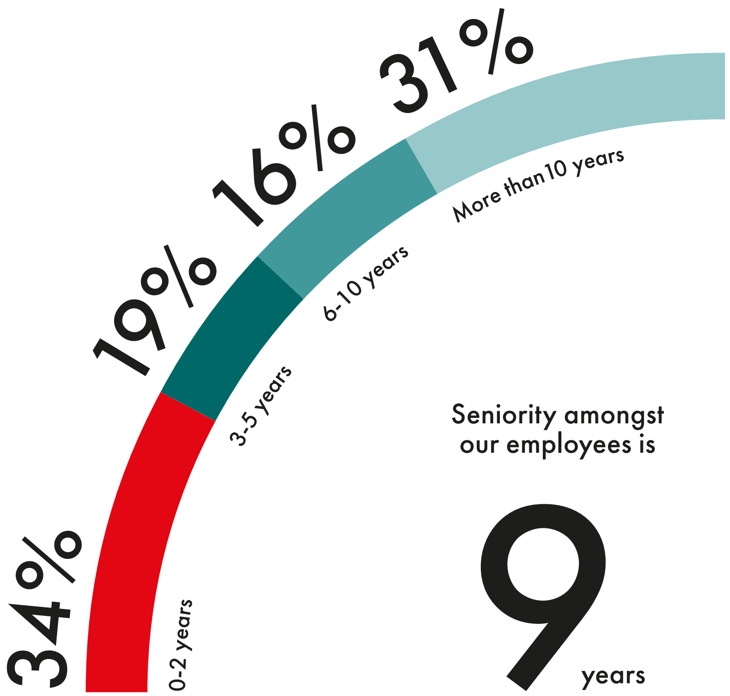
Employee turnover	UoM	2024
Number of employees who have left undertaking	Headcount	130
Percentage of employee turnover	%	12.6%

AO's goal is to remain an attractive workplace where talented employees choose to stay and contribute to the group's success and sustainability.

§ Accounting policy

Employee turnover

The rate of employee turnover is calculated as the number of employees who left voluntarily or due to dismissal, retirement, or death in service during the reporting period to the headcount at the end of the reporting period.



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Conditions of employment

All AO employees have employment contracts that clearly state their rights and obligations. Salaried employees and workers paid by the hour are covered by collective agreements. Managers' employment terms are governed by the National Salaried Employees Act and are aligned with the collective agreement for salaried employees regarding parental leave, additional vacation days, and child sickness leave. All employees are entitled to five weeks of paid vacation according to national law, and to legally permitted absences due to, for example, illness, parental leave, adoption, or compulsory military service in accordance with national law.

AO pays a fair wage to their employees in line with national legislation, market trends and agreements with trade unions.

All employees are covered by social protection, through public programs in both Denmark, Sweden and Norway.

AO respects employees' rights to organise and to engage in collective bargaining.

Collective bargaining agreements	UoM	2024
Percentage of total employees covered by collective bargaining agreements	%	88.7%
Percentage of own employees covered by collective bargaining agreements - by country with significant employment (in the EEA)	%	100.0%

To foster trust and open communication regarding working conditions, AO has made the company guidelines and policies accessible to all employees on the company intranet and in the employee handbook. Additionally, AO has implemented an e-learning portal, 'AO Campus', where all new employees complete mandatory e-learning courses, including the "Ethics and Compliance' course, which helps protect and safeguard employees against discrimination, harassment, and unsafe working conditions.

§ Accounting policy

Collectives bargaining agreements

Data consists of full-time, part-time and temporary employees (students + maternity substitute), at the end of the reporting period.

The split between employees covered and not covered by collective bargaining agreements, is determined by the position of the employee. All managers with staff responsibility are not covered. No assumptions are made.

Metric for the employees covered by country is for employees located in Sweden. Non-employees are covered under Danish legislation, market trends and agreements with trade unions, through the external bureau the non-employees are employed with.

The social protection through the public programs cover sickness, unemployment, employment injury and acquired disability, parental leave and retirement.

AO has established a whistleblower system, an effective grievance and feedback mechanism that is externally managed, allowing employees to report issues without fear of retaliation. Through the company's 'Learning Universe' on the intranet, employees are informed about the company's training strategy and their opportunities to develop their skills and competencies through courses and continuing training and education.

In AO's occupational health and safety organisation, a key focus is on safety protocols to minimise risks and prevent injuries.

By focusing on these elements, AO is committed to providing a socially responsible and supportive work environment that not only promotes employee well-being throughout their careers but also enhances the company's overall performance and reputation.

Health services

All employees can enrol in a health insurance plan that provides quick and professional assistance for treatment or diagnosis of discomfort, illness, or injury.

In addition, an EarlyCare programme is offered, where employees who are on sick leave or at risk of taking sick leave can receive support for treatment.

Job satisfaction

AO puts value in sharing knowledge and information with its employees.

With a focus on improving working conditions and ensuring high job satisfaction, AO conducts regular job satisfaction surveys where employees can provide feedback to the company. These surveys are followed

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by action plans, and based on them, improved measures are implemented to meet employees' needs and preferences.

By combining job satisfaction initiatives with a clear code of conduct and employee involvement, AO fosters a workplace community built on trust, respect, and engagement. This supports AO's goal of creating a workplace where everyone feels valued and motivated to contribute to the company's success.

Flexible work arrangements

The company offers flexible working hours and the option to work from home to support a healthy work-life balance. The flexibility policy is outlined in the employee handbook and available on the company intranet.

In cases of long-term illness, the goal is to bring the employee back to work in a safe, swift, and considerate way. Employees are offered a gradual return-to-work plan with hours adapted to their individual recovery, ensuring they can return to work with confidence.

To support employees approaching retirement, AO has a senior policy that allows employees to plan their retirement well in advance. This ensures that their roles can be individually tailored to accommodate abilities and preferences in the later stages of their careers.

Family-related leave	UoM	Female	Male	Total
Percentage of employees entitled to take family-related leave	%	100%	100%	100%
Total of entitled employees that took family-related leave by gender	No.	17	36	53
Percentage of entitled employees that took family-related leave by gender	%	6.0%	4.8%	5.2%

Employee involvement

AO continuously promotes employee involvement and transparency through regular updates via the company intranet, kick-off meetings, team, and department meetings, as well as virtual presentations covering topics such as company performance (financial review). IT security, training opportunities and e-learning courses.

AO actively involves employees in shaping and improving company processes, often through project-based initiatives and evaluations of new systems.

AO's goals and results are communicated in part through mandatory reports, ensuring the maintenance of stakeholder trust. This strengthens the shared understanding of the company's goals and reinforces its culture, which brings the organisation closer together.

AO assesses the effectiveness of its engagement with its own workforces through regular job satisfaction surveys, direct communication channels, and workplace assessments (APVs), i.e. also with regard to previous remedies provided and Works Council.

§ Accounting policy

Family-related leave
Data consists of full-time, part-time, temporary employees (students + maternity substitutes), at the end of the reporting period.

Data collection is done in HR systems and is reviewed and approved by employee managers. Additional data registration is done in government systems required by law.

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Works Council

AO has not entered into an agreement with its employees to set up a European Works Council.

According to the Danish rules for works councils, which are set out in the Cooperation Agreement between the Confederation of Danish Employers and the Danish Confederation of Trade Unions (now merged into the Danish Trade Union Confederation), companies with more than 35 employees must establish a works council.

AO has therefore set up a Works Council, which meets every two months. The Works Council consists of six management representatives and six employee representatives, the latter being elected by the employees. Employee representatives are elected from among employees within the Danish parent company, without managerial responsibilities for a term of two years.

Minutes of Works Council meetings are made available to Danish employees through AO's intranet.

Workers' representatives	UoM	DK	SWE
Percentage of employees in each country with significant employment (in the EEA) covered by workers' representatives	%	100%	100%

The Works Council ensures mutual information-sharing and dialogue about workplace matters, both actual and potential impacts, so that management and employees can achieve a common understanding, thereby promoting a positive workplace culture and efficient operations. Employees can contact their workers' representatives and ask them to bring up issues at the Work Council meetings.

Employees who may be particularly vulnerable to impacts and/or who are marginalised will usually contact AO's HR department regarding special needs – either directly or through their immediate manager. The HR department will strive to find acceptable solutions to any problems.

Employee representatives in the Board of Directors

AO's Board of Directors consists of eight members, three of whom are employee representatives elected by the employees for a term of four years. The employee representatives ensure that employees have a direct voice in the top management of the company. The employee representatives are, among other things, involved in identifying and assessing actual and potential impact on AO's workforce. Thus, AO's employees can influence decisions that directly affect their work environment, working conditions, setting targets and the company's future development.

Approximately six ordinary board meetings are held each year.

Employee code of conduct

AO's code of conduct, including guidelines and policies for employees, defines and establishes the expected behaviour in both internal and external situations. As part of their onboarding, all new employees are required to complete a mandatory online course with information about AO's culture.

The e-learning course on ethics and compliance clarifies expectations regarding employees' ethical behaviour and actions.

All employees are expected to act in accordance with this code of conduct, respecting AO's principles and commitments regarding health and safety, discrimination, anti-corruption and bribery, environment, data protection, etc. Managers are responsible for ensuring the implementation and adherence to the code of conduct.

§ Accounting policy

Workers' representatives

Data consists of full-time, part-time and temporary employees (students + maternity substitutes), at the end of the reporting period.

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Health and safety

Sick leave and workplace accidents

Ensuring a safe and healthy work environment is one of AO's top priorities. Low absence rates and the prevention of workplace accidents are essential for AO employees' well-being and the overall efficiency of the company.

AO is continually working on developing preventive measures, which include safety training, ergonomic improvements, health programmes and regular risk assessments. Through systematic follow-up and analysis of the causes of absence and accidents, AO can identify areas for improvement and implement targeted actions. In this way, AO can promote a work environment where safety and health are central, and where all employees thrive and feel secure.

Sick leave management

AO places a strong focus on sick leave management, with a policy aimed at supporting an early and proactive approach to help retain employees who are on sick leave and, to the largest extent possible, support their return to work as quickly as possible.

Through the company's EarlyCare programme, the organisation and/or an employee who is on sick leave or at risk of taking sick leave can contact EarlyCare and speak with Health Guides who can offer treatment assistance. Early intervention can minimise the risk of illness developing into a long-term absence. The employee is provided with a personal Health Guide who closely follows and supports them through consultations and offers additional treatment options if needed. The Health Guide supports the person throughout the entire process. The goal is to help the employee return to work in a safe, quick, and successful manner.

In addition, employees have the option to enrol in the company's health insurance, which gives them quick and professional access to treatment or assessment if they experience discomfort, illness, or injury. This insurance also covers the employee's child or children, and employees can opt to extend the insurance to their spouse, partner, or registered partner at a favourable rate.

AO conducts regular workplace assessments (APVs), which allow employees to provide feedback on their physical and psychological working conditions. Action plans are developed based on the feedback, enabling ongoing improvements and the implementation of both existing and new safety protocols to protect employees from injury and stress.

AO has implemented ergonomic workstations and robotic technology in its warehouses to reduce physical strain. In other company functions, ergonomic workspaces have been introduced to prevent work-related ailments.

Workplace accidents

AO prioritises employee safety and protection, in part through AO's occupational health and safety committee, which continuously works to prevent accidents by updating and establishing new standards and policies to safeguard employees. The committee actively addresses safety challenges in the workplace, especially in high-risk areas such as logistics and stores. It provides safety briefings to management and conducts regular audits in departments and stores to identify and address potential safety risks.

The health and safety committee implements regular safety training for all employees, including refresher courses, to maintain awareness of best practices. Interactive workshops and hands-on exercises are held to ensure proper equipment use and risk management. Procedures are updated regularly to keep employees informed and equipped with the necessary knowledge to work safely.

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Accidents in the workplace are reported through the health and safety committee, which receives information about incidents and reports them to the public authorities via a safety management system.

AO's goal is to establish a zero-accident culture, partly through risk assessments of work processes to identify potential hazards and initiate preventive actions. This approach enhances employee awareness, engagement, and accountability, fostering a culture of safe behaviour. The target for 2025 is to reduce our rate of recordable work-related accidents by 20% compared to 2024, consisting of our own employees and non-employees combined.

Health and safety management system	UoM	2024
Percentage of people in its own workforce who are covered by health and safety management system based on legal requirements and (or) recognised standards or guidelines	%	100%

Health and safety incidents	UoM	DK	SWE	2024
Number of fatalities in own workforce as result of work-related injuries and work-related ill health	No.	0	0	0
Number of fatalities as result of work-related injuries and work-related ill health of other workers working on undertaking's sites	No.	0	0	0
Number of recordable work-related accidents for own workforce	No.	20	0	20
Number of recordable work-related accidents for non-employees	No.	4	0	4
Rate of recordable work-related accidents for own workforce	Rate	12.3	0,0	12.3
Rate of recordable work-related accidents for non-employees	Rate	30.6	0,0	30.6
Number of cases of recordable work-related ill health of employees	No.	0	0	
Number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health related to employees	No.	48	0	48

§ Accounting policy

Health and safety management system
Data consists of full-time, part-time, temporary employees (students + maternity substitutes) and non-employees (substitutes) in storage facilities, end of the reporting period.

Health and safety incidents
Data consists of full-time, part-time, temporary employees (students + maternity substitutes) and non-employees (substitutes) in storage facilities, end of the reporting period.

Incidents are recorded with specific information required for formal registration to the labor and welfare authority

Days lost is exclusive non-employees (substitutes) in storage facilities

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Equal treatment and opportunities for all

Skill enhancement and further training

AO's strategy for skill enhancement is an investment in our employees and in the company's future success and sustainability.

Enhancing skills and providing further training and education are crucial for AO to remain competitive and adapt to ever-changing market needs. AO's employees are central to its success, and the company invests in their professional development to enhance both individual and organisational competencies. AO encourages ongoing learning as an integral part of its culture and offers a wide range of educational opportunities. Skill enhancement is considered an opportunity for AO to increase our employees' skills and knowledge.

AO invests in training programmes and courses that allow employees to develop their skills, expand their competencies, and grow professionally. For example, AO offers a course in pipe-laying techniques with the possibility of advancing to a training course on the construction of sewerage systems, specialised IT courses, and continuing education such as a graduate diplomas. Unskilled warehouse workers are offered a skills assessment, enabling them to pursue a training programme in warehouse and terminal operations and thereby become skilled workers.

As part of AO's social responsibility and commitment to the future workforce, AO prioritises hiring trainees across all company functions. Through the company's trainee programme, AO provides young people with hands-on learning, professional development, and mentorship programmes that help them build the skills and experience needed for a successful career. This initiative is part of AO's social responsibility and an important step toward supporting the future workforce, while also creating a talent pipeline for the company. AO views it as its duty to contribute to youth employment and development and work actively to foster a supportive learning culture. By participating in the training of young people, AO supports both its own business goals and society's need for a skilled workforce, creating value for all involved.

To prepare managers for their roles and promote AO's values, managers are offered a company-tailored leadership programme at academy level, developed with a global and societal focus, closely following trends and values in leadership and management.

Due to the company's size, many employees advance or change roles within AO over the course of their careers - both horisontally and vertically.

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Development and training	UoM	Female	Male	Total
Percentage of employees that participated in regular performance and career development reviews	%	18.2%	19.6%	19.2%
Average number of training hours per person for employees	Avg.	5.0	9.0	7.9

§ Accounting policy

Development and training

Data consists of full-time, part-time and temporary employees (students + maternity substitutes), at the end of the reporting period.

Performance and career development reviews

All employee performance and development reviews is registered, allowing tracking of the total of completed, ongoing and planned reviews.

Training hours

Data is combined from 2 data sources.

First source: AO internal education system with mandatory and voluntary training courses.

Second source: Manual tracking of external education and courses.

The total hours from both sources is used to calculate the average training hours.

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Diversity and Inclusion

AO recognises that diversity contributes to creating a dynamic and innovative workplace. Through the company's ethics and compliance policies, AO actively promotes diversity with a focus on respecting human rights. AO strives to foster an inclusive environment at all levels, attracting and retaining talented employees from diverse backgrounds and cultures. The company offers equal opportunities regardless of ethnicity, race, religion, age, gender, disability, sexual orientation, political views, or social status. In addition, AO has a policy for increasing the underrepresented gender at the company's other management levels.

AO views an inclusive environment as key to achieving long-term success and works continuously to ensure that its workplace reflects these values.

Human rights

AO complies with and upholds fundamental international human rights standards, including the UN Universal Declaration of Human Rights, the core principles on human rights as described in the UN Guiding Principles on Business and Human Rights, the EU Convention on Human Rights, and the basic conventions adopted by the International Labour Organization (ILO), which is an agency of the UN dealing with labour issues.

AO's policy for respect for human rights specifically addresses the right to freely associate, organise, and engage in collective bargaining. AO does not tolerate forced labour, child labour, or discrimination. All employees are required to complete a training course about discrimination, part of the full ethics and compliance course. AO's policies do not address trafficking in human beings as AO complies with national and local rights and EU legislation.

AO's policy for respect for human rights and supplier code of conduct, which are part of AO's broader sustainability strategy set out by the ESG Council, apply to all employees and business partners, ensuring that respect for human rights is upheld naturally throughout the company.

§ Accounting policy

Discrimination, human rights etc.
Data consists of full-time, part-time, temporary employees (students + maternity substitutes) and non-employees (substitutes) in storage facilities, at the end of the reporting period.

Data collection is from AO's whistleblower system, formal complaints given to own manager or to HR. All formal complaints are registered regardless of channel. Incidents can only be counted if a formal complaint has been made through the whistleblower system, through the employees' own manager or through HR.

Discrimination, human rights etc.	UoM	2024
Number of incidents of discrimination	No.	0
Number of complaints filed through channels for people in own workforce to raise concerns	No.	0
Number of complaints filed to National Contact Points for OECD Multinational Enterprises	No.	0
Amount of fines, penalties, and compensation for damages as result of incidents of discrimination, including harassment and complaints filed	Amount	0
Number of severe human rights issues and incidents connected to own workforce	No.	0
Number of severe human rights issues and incidents connected to own workforce that are cases of non respect of UN Guiding Principles and OECD Guidelines for Multinational Enterprises	No.	0
Amount of fines, penalties, and compensation for severe human rights issues and incidents connected to own workforce	No.	0

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§ Accounting policy

Gender distribution at top management
Data consists of members of the Executive Board and the Group Management. Diversity split and number of members is disclosed at the end of the reporting period.

§ Accounting policy

Workers' representatives
Data consists of full-time, part-time and temporary emplyees (students + maternity substitutes), at the end of the reporting period.

Gender distribution at top management	UoM	Female	Male	Total
Gender distribution in number of employees (head count) at top management level	Headcount	3	7	10
Gender distribution in percentage of employees at top management level	%	30.0%	70.0%	100%

Equal treatment

AO has developed policies and set clear goals to support diversity in recruitment and career development. AO strives to ensure a diverse and supportive workplace where equal treatment and opportunities are central to its values.

AO is focused on creating a work environment that promotes respect, continuous professional growth, and engagement for all employees, regardless of background, gender, or personal circumstances. This is key to attracting and retaining talented employees.

§ Accounting policy

Full time equivalent (FTE)
The total number of hours worked divided by the standard number of hours for a full-time employee.

Pay-gap	UoM	2024
Gender-pay gap (male vs female)	%	20.4%

Remuneration	UoM	2024
Annual total remuneration ratio	Ratio	23.2

Non-employees	UoM	2024
Number of non-employees in own workforce	FTE	65
Number of non-employees in own workforce - self-employed people	FTE	0
Number of non-employees in own workforce - people provided by undertakings primarily engaged in employment activities	FTE	0

Age groups	UoM	2024
Distribution of employees (head count) under 30 years old	Headcount	182
Distribution of employees (head count) between 30 and 50 years old	Headcount	436
Distribution of employees (head count) over 50 years old	Headcount	411

The gender pay gap reflects historical sector factors in the industry in which AO operates, where more men historically have pursued careers within the construction sector and make up the majority of the talent pool, which is evident in our leadership levels and throughout the organisation. Many of AO's diversity initiatives aim to balance gender representation in leadership and throughout the organisation and achieve pay equity for equal qualifications and jobs. Although AO practices equal pay for equal work, the overall figures are affected by the gender imbalance in the sector. Without these sector-specific impacts, our gender pay data reflects equality.

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§ Accounting policy

Pay-gap
Data consists of full-time, part-time, temporary employees (students + maternity substitutes), for the whole reporting period. Data used for the calculation is a "full salary package" i.e. salary, bonus, holiday pay, pension, benefits. Calculation is based on the difference of average pay levels between female and male employees, expressed as percentage of the average pay level of male employees (data includes all employees' gross hourly pay level).

Remuneration ratio
Data consists of full-time, part-time, temporary employees (students + maternity substitutes), for the whole reporting period. Calculation is based on the highest paid individual to the median annual total remuneration for all employees (excluding the highest-paid individual). Data used for the calculation is a "full salary package" i.e. salary, bonus, holiday pay, pension, benefits.

Non-employees
Data consists of non-employees (substitutes) in storage facilities, at the end of the reporting period.

Age groups
Data consists of full-time, part-time, temporary employees (students + maternity substitutes), at the end of the reporting period.

Employees	UoM	Female	Male	Total
Number of employees (head count)	Headcount	285	744	1,029
Number of employees (FTE)	FTE	249	732	981

Permanent employees	UoM	Female	Male	Total
Number of employees (head count)	Headcount	268	701	969
Number of employees (FTE)	FTE	232	689	921

Temporary employees	UoM	Female	Male	Total
Number of employees (head count)	Headcount	17	43	60
Number of employees (FTE)	FTE	17	43	60

Employees by country	UoM	Female	Male	Total
Denmark	Headcount	274	697	971
Norway	Headcount	3	5	8
Sweden	Headcount	8	42	50

*This table covers S1-6 and SBM-1

§ Accounting policy

Employees
Data consists of full-time, part-time and temporary employees (students + maternity substitutes), at the end of the reporting period.

Permanent employees
Data consists of full-time and part-time employees, at the end of the reporting period.

Temporary employees
Data consists of students and maternity substitutes, at the end of the reporting period.

Employees by countries
Data consists of full-time, part-time and temporary employees (students + maternity substitutes), at the end of the reporting period.

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Governance

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G1 Business Conduct

Impact, risks and opportunities

AO is committed to conducting its business responsibly and fairly, with a strong emphasis on partnerships. As a major player in the Danish construction industry, AO's operations span over 400,000 products sourced from more than 1,000 suppliers, creating both opportunities and potential risks. Ensuring that the company maintains the highest standards of business conduct and governance is central to AO's corporate culture, particularly in managing the complexities of international business value chains.

The company has procedures and systems in place for reporting misconduct.

In a large and complex business network, there are inherent risks such as corruption, bribery, harassment, and participation in an informal economy if not properly managed. AO actively promotes a culture of integrity and honesty throughout its business, with clear guidelines and regular training on ethical behaviour. This includes stringent anti-corruption policies and a zero-tolerance stance toward unethical conduct. By setting high standards within AO, it is ensured that both employees and business partners adhere to best practices, reducing the risk of improper business practices infiltrating AO's operations. The AO culture is promoted on the company's internal e-learning environment.

A whistleblower system for both external and internal has been implemented. Without adequate whistleblower protection, individuals may hesitate to report misconduct due to fear of retaliation. A lack of trust in whistleblower systems can lead to unreported incidents, both internally and across the company's value chain, increasing the risk of legal violations and reputational harm. AO is committed to safeguarding whistleblowers by implementing robust and anonymous reporting mechanisms. AO ensures that whistleblowers are protected from any negative consequences, thereby fostering a culture of openness and accountability. Extending these practices to AO's value chain also strengthens its oversight of suppliers and partners, allowing AO to detect and address any potential issues early.

Imposing long payment terms on smaller suppliers could potentially destabilise their financial health. AO is committed to fair and responsible supplier relations. AO prioritises timely payments and equitable terms. By maintaining fair payment practices, AO not only supports the sustainability of its suppliers but also preserve its reputation as a trusted and reliable partner.

AO enforces strict anti-corruption policies and regularly audits its business practices to ensure compliance with all relevant laws and ethical standards. Employees and partners are trained on recognising and preventing corrupt practices, and AO's systems are designed to prevent unethical behaviour at all levels of the organisation. By promoting transparency and ensuring that all decisions are free from undue influence, AO protects both its reputation and the integrity of its business operations.

AO commits to a culture of honesty, transparency, and accountability to reduce risks and enhance its relationships with stakeholders, from suppliers to customers and employees.

Effective governance leads to long-term business sustainability. By ensuring ethical business conduct, timely supplier payments, and strong whistleblower protection, AO creates a more resilient and trustworthy organisation. These measures also position AO as a preferred partner in the market, attracting like-minded businesses and customers who value integrity and responsible corporate practices.

AO's approach to business conduct and governance is centred on maintaining the highest ethical standards, fostering transparency, and protecting its business relationships. By mitigating risks related to corruption, supplier relations, and whistleblower protection, AO

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upholds its reputation as a fair and responsible player in the industry, while seizing opportunities to build stronger, more sustainable partnerships.

Maintaining clear communication about the company's business conduct and corporate culture is key to AO's success. AO's policies not only provide a strong foundation for how AO operates but also create a tangible set of guidelines for AO's employees to follow. A well-defined code of conduct, backed by mechanisms for reporting and investigating concerns, is crucial in fostering transparency and accountability throughout the organisation.

AO places emphasis on keeping its policies relevant and up to date, ensuring they remain aligned with international standards, including UN conventions. AO's corporate culture is built on integrity and responsibility, and it is vital that all employees understand how AO conducts business and the expectations surrounding ethical behaviour. By providing clear guidance on these policies, AO helps employees navigate challenges and contribute to maintaining AO's reputation as an honest and responsible business.

In addition to other mandatory courses on, for example, corruption and bribery, environmental policies, etc, all new employees are required to complete a training course on business conduct in AO. The training courses are expected to be completed during the beginning of the employment.

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Corporate culture

Business practice and ethics
At AO, ethical business practices are at the heart of how the company operates. To ensure that AO's business conduct aligns with its values and those of its partners, AO has developed a Supplier Code of Conduct. This Code is a key part of the commercial agreements between AO and its suppliers, serving as a framework to align expectations regarding business practices and ethics.

The Supplier Code of Conduct outlines essential provisions for compliance with internationally recognised standards on workers' rights, human rights, environmental protection, and the prevention of bribery and corruption. AO holds both its suppliers and their subcontractors accountable to these high standards. In 2024, AO recorded no breaches or instances of non-compliance with its Supplier Code of Conduct, reflecting the commitment of our partners to uphold these values.

The Supplier Code of Conduct has been approved by the Board of Directors and can be accessed here:

The Supplier Code of Conduct 2024
https://ao.dk/globalassets/download/regnskabsdata/2024/2024-supplier-code-of-conduct.pdf

In addition to these provisions, while no separate goals or activities were completed specifically in 2024 regarding workers' rights, human rights, or anti-corruption, AO remains observant. AO continues to monitor and assess its practices to identify areas for further action as needed.

In the fall of 2023, AO initiated an ESG Supplier Survey to screen all its suppliers. This screening is part of AO's ongoing effort to strengthen risk management and enhance its due diligence processes, ensuring that sustainability and ethical standards are integrated into every aspect of its operations.

AO believes that strong partnerships with our customers and suppliers provide the foundation for focusing on sustainable solutions across its entire value chain. At AO, the customer is paramount, and this commitment extends to offering products that meet high environmental standards. In 2024, AO increased the percentage of products with ecolabels or products that have undergone life cycle analysis from our suppliers. This allows AO to support its customers in making more sustainable choices by prioritising certified products and engaging with them on these matters.

Looking ahead, AO aims to pass on sustainability awareness from its suppliers to its customers through information sharing and expertise training for its staff. AO also seeks to inspire and encourage its partners to adopt sustainable solutions. AO will continue to advocate for sustainability through industry associations, employers' associations, and in collaboration with public authorities, contributing to a more sustainable future in the construction industry.

Tax policy
Taxes play an important role in society and the development of the countries in which AO operates. AO contributes to this by taking on its share of social responsibility regarding common welfare and sustainability through tax.

AO pursues a responsible and transparent tax practice and does not support tax evasion, contribute to tax speculation, or misuse of tax laws. AO complies with applicable tax laws and pays the correct taxes and duties at the appropriate time in the countries in which AO operates.

AO provides full transparency and openness to both tax authorities and the company's other stakeholders. The company has zero tolerance for tax evasion or abuse.

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It must always be possible to explain and defend tax dispositions.

AO expects its customers, suppliers, and other partners to have the same view on tax payment as the company.

AO's tax policy can be viewed here:

Tax Policy 2024
https://ao.dk/globalassets/download/regnskabsdata/2024/2024-tax-policy-_final.v2.pdf

Payment Practices

AO is committed to fair and transparent payment practices for all suppliers, regardless of their size including SMEs. AO ensures that all suppliers, whether SMEs or large companiesand across all categories, are treated equally with respect to payment terms, maintaining consistent conditions. AO's payment system is structured to process payments twice a week, with deviations from this schedule occurring only in rare cases.

While AO does not disclose specific details of its standard payment terms, AO upholds equal treatment in all supplier transactions. On average, AO can calculate the number of days before payments are processed through its system, further ensuring timely and reliable payments to its partners. This approach strengthens AO's relationships with suppliers and reinforces its commitment to responsible business practices.

Payment practices	UoM	2024
Average number of days to pay invoice	Days	1.5
Percentage of payments aligned with standard payment terms	%	94.9%
Number of outstanding legal proceedings for late payments	No.	0

AO accept reverse factoring as a payment option. This allows the supplier to be paid within a few days from delivery.

§ Accounting Policy

Standard payment terms
The Groups standard payment terms are "Current month plus 60 days." unless other payment terms are agreed with the supplier.

Payment practices
Payments to suppliers are made twice a week in accordance with agreed payment terms.

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Protection of whistleblowers

AO has chosen to establish a whistleblower scheme that allows its employees as well as external stakeholders to report serious violations or suspicion thereof in a confidential matter.

Employees are informed about the whistleblower system and where to access it. Other stakeholders may access the system through the Group's websites.

Information about AO's policy on and usage of the whistleblower system is available on AO's intranet and the Group's websites. No formal training is conducted or required to use the reporting system.

The scheme is administered by an independent third party to secure the anonymity and confidentiality of the reporting person.

Incidents will be managed by the independent third party and forwarded to AO where they will be processed and investigated in accordance with AO's whistleblower procedure which is available on AO's intranet and various websites.

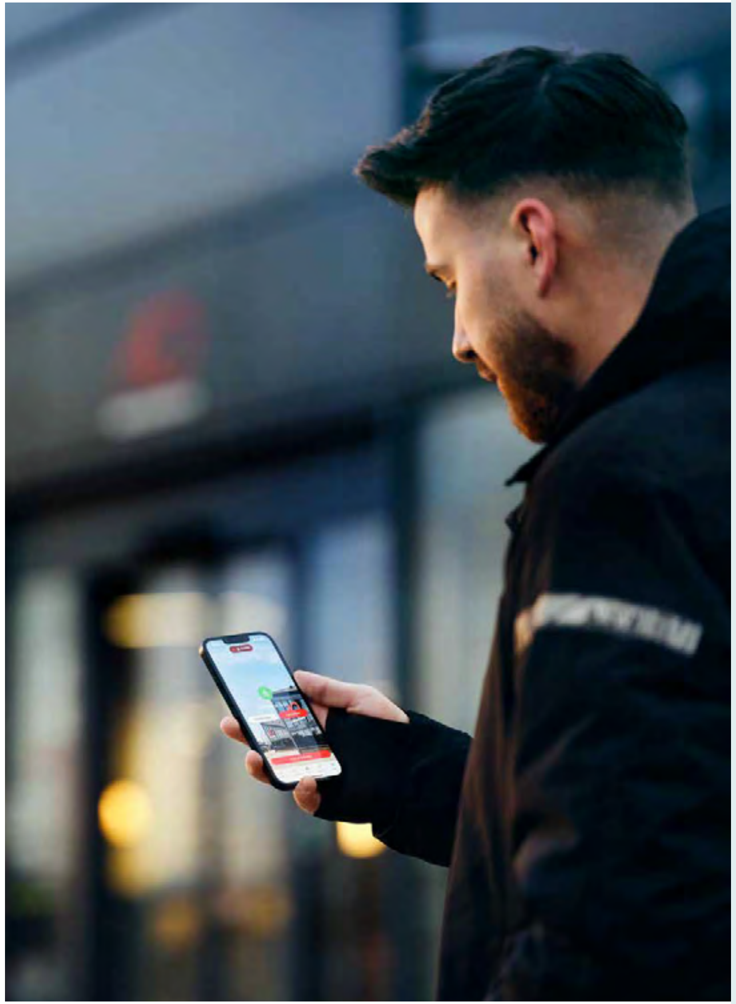
Zero whistleblower reports have been received in 2024.

Once a year, the Board of Directors will assess whether the scheme is working as intended. In 2024, it was decided to extend the scheme to include external stakeholders.

The whistleblower system is an integral part of AO to prevent, detect and address allegations and incidents of corruption and bribery.

AO's whistleblower policy can be viewed here:

Whistleblower Policy 2024
https://ao.dk/om-ao/whistleblower



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Corruption and bribery

AO complies with applicable legislation and international conventions on corporate governance, including workers' rights, human rights, environment, bribery, and corruption, in the countries in which AO operates. AO maintains a zero-tolerance approach to violations of these conditions or breaches of rights.

Rules on anti-corruption and bribery are covered by the company's own rules and ethical guidelines. In the company's view, the countries in which AO does business are all well-regulated in respect of these areas.

AO is aware that its dealings with suppliers pose the most significant risk of infringement or violation in these areas, primarily due to direct and indirect purchasing from countries where local legislation is not followed or enforced to the same degree.

AO regularly monitors purchasing patterns and the origin of its goods to ascertain the risk of non-compliance with AO's Supplier Code of Conduct.

Given the current distribution of its purchases, AO is of the opinion that the company is only at a limited risk of being indirectly involved in violations of workers' rights, human rights and rules on anti-corruption and bribery, given that AO operates only in well-regulated countries and that 82% of the company's purchases originate (2023: 83%) from Europe.

Purchase patterns

- **82%** of our purchases originates from Europe
- **17%** Asia
- **1%** Other countries

§ Accounting policy

Purchase origins
Purchase pattern is calculated as: Total volume of purchase of goods determined by country of origin as informed by suppliers.

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Incidents of corruption or bribery	UoM	2024
Number of convictions for violation of anti-corruption and anti- bribery laws	No.	0
Amount of fines for violation of anti-corruption and anti- bribery laws	No.	0
Any actions taken to address breaches in procedures and standards of anti-corruption and anti-bribery.	No.	0

In 2024, AO decided to implement a mandatory online corruption and bribery course for all employees. The purpose is to give every employee the necessary knowledge on how to act in difficult situations or who to ask for guidance if there is any confusion or uncertainty. It is the target that all employees undergo the training within 3 months after joining AO.

No specific process has been established for reporting on results from investigations of incidents.

Prevention and detection of corruption and bribery	UoM	2024
The percentage of functions-at-risk covered by training programmes (Corruption and Bribery) - Passed	%	92.0%
Not started / In progress	%	8.0%

AO takes business conduct seriously and does not tolerate violations in relation to corruption and bribery.

§ Accounting policy

Incidents of corruption or bribery
Number of incidents is based on reported incidents that has led to conviction for a violation, the monetary amount for violation fines and if any actions was taken.

If any actions are necessary, further details will be presented.

Functions-at-risk
Functions-at-risk consists of purchasing department, sales management & IT management.

Completion rate is stated as of the end of the period.

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Cross-cutting standards

ESRS 2	General disclosures	Section/ report	Page
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BP-2	Disclosures in relation to specific circumstances	SUS	50-51
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GOV-1	The role of the administrative, management and supervisory bodies	MR	31
GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	SUS	53-54
GOV-3	Integration of sustainability-related performance in incentive schemes	SUS	54
GOV-4	Statement on sustainability due diligence	SUS	111
GOV-5	Risk management and internal controls over sustainability reporting	SUS	54
SBM-1	Strategy, business model and value chain	FS	13
SBM-2	Interests and views of stakeholders	SUS	55
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	SUS	56-59
IRO-1	Description of the process to identify and assess material impacts, risks and opportunities	SUS	60-62
IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	SUS	109-111

Environmental standards

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E1-1	Transition plan for climate change mitigation	SUS	66-68
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	SUS	57
ESRS 2 IRO-1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	SUS	64-65
E1-2	Disclosure Requirement E1-2 – Policies related to climate change mitigation and adaptation	SUS	67-68
E1-3	Disclosure Requirement E1-3 – Actions and resources in relation to climate change policies	SUS	67
E1-4	Targets related to climate change mitigation and adaptation	SUS	67
E1-5	Energy consumption and mix	SUS	69
E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	SUS	70
E1-7	GHG removals and GHG mitigation projects financed through carbon credits	-	-
E1-8	Internal carbon pricing	-	-
E1-9	Anticipated financial effects from material physical and transition risks and potential	-	-

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Environmental standards

ESRS E2	Pollution	Section/ report	Page
ESRS 2 IRO-1	Description of the processes to identify and assess material pollution-related impacts, risks and opportunities	SUS	56, 74
E2-1	Policies related to pollution	SUS	74-75
E2-2	Actions and resources related to pollution	SUS	75
E2-3	Targets related to pollution	SUS	75
E2-4	Pollution of air, water and soil	-	-
E2-5	Substances of concern and substances of very high concern	SUS	75-76
E2-6	Anticipated financial effects from pollution-related impacts, risks and opportunities	-	-

Environmental standards

ESRS E5	Resource use and circular economy	Section/ report	Page
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E5-1	Policies related to resource use and circular economy	SUS	77
E5-2	Actions and resources related to resource use and circular economy	SUS	78
E5-3	Targets related to resource use and circular economy	SUS	78
E5-4	Resource inflows	SUS	78
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E5-6	Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities	-	-

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ESRS 2 SBM-2	Interests and views of stakeholders	SUS	55, 88
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	SUS	58, 87-88
S1-1	Policies related to own workforce	SUS	88
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S1-3	Processes to remediate negative impacts and channels for own workforce to raise concerns	SUS	90
S1-4	Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	SUS	88
S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	SUS	88
S1-6	Characteristics of the undertaking's employees	SUS	98-99
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S1-12	Persons with disabilities	-	-
S1-13	Training and skills development metrics	SUS	96
S1-14	Health and safety metrics	SUS	94
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ESRS 2 IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	SUS	61-62
G1-1	Business conduct policies and corporate culture	SUS	103
G1-2	Management of relationships with suppliers	-	-
G1-3	Prevention and detection of corruption and bribery	SUS	106-107
G1-4	Incidents of corruption or bribery	SUS	107
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Statement on sustainability due diligence

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1	Embedding due diligence in governance,strategy and business model	General	50-54
2	Engaging with affected stakeholders in all key steps of the due diligence	General	50, 52-55, 61
3	Identifying and assessing adverse impacts	General Environment Social Governance	56-62, 66, 74, 77, 87, 101
4	Taking actions to address those adverse impacts	Environment	67, 78
5	Tracking the effectiveness of these efforts and communicating	Environment Social	67, 75, 78, 88

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EU legislation data points

Disclosure requirement	Datapoint	Sustainability statements	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU Climate Law reference	Section	Page
ESRS 2 GOV-1	21 (d)	Board's gender diversity	●		●		MR	33-35
ESRS 2 GOV-1	21 (e)	Percentage of board members who are independent			●		MR	33-35
ESRS 2 GOV-4	30	Statement on due diligence	●				SUS	111
ESRS 2 SBM-1	40 (d) i	Involvement in activities related to fossil fuel activities	●	●	●		Not relevant	-
ESRS 2 SBM-1	40 (d) ii	Involvement in activities related to chemical production	●		●		Not relevant	-
ESRS 2 SBM-1	40 (d) iii	Involvement in activities related to controversial weapons	●		●		Not relevant	-
ESRS 2 SBM-1	40 (d) iv	Involvement in activities related to cultivation and production of tobacco			●		Not relevant	-
ESRS E1-1	14	Transition plan to reach climate neutrality by 2050				●	SUS	66-67
ESRS E1-1	16 (g)	Undertakings excluded from Paris-aligned Benchmarks		●	●		Not relevant	-
ESRS E1-4	34	GHG emission reduction targets	●	●	●		SUS	69-70
ESRS E1-5	38	Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors)	●				Not relevant	-
ESRS E1-5	37	Energy consumption and mix	●				SUS	69
ESRS E1-5	40-43	Energy intensity associated with activities in high climate impact sectors	●				Not relevant	-
ESRS E1-6	44	Gross Scope 1, 2, 3 and Total GHG emissions	●	●	●		SUS	70
ESRS E1-6	53-55	Gross GHG emissions intensity	●	●	●		SUS	70

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EU legislation data points – continued

Disclosure requirement	Datapoint	Sustainability statements	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU Climate Law reference	Section	Page
ESRS E1-7	56	GHG removals and carbon credits				●	Not material	-
ESRS E1-9	66	Exposure of the benchmark portfolio to climate-related physical risks			●		Not material	-
ESRS E1-9	66 (a); 66(c)	Disaggregation of monetary amounts by acute and chronic physical risk; Location of significant assets at material physical risk		●			Not material	-
ESRS E1-9	67 (c)	Breakdown of the carrying value of its real estate assets by energy-efficiency classes		●			Not material	-
ESRS E1-9	69	Degree of exposure of the portfolio to climate-related opportunities			●		Not material	-
ESRS E2-4	28	Amount of each pollutant listed in Annex II of the E-PRTR Regulation emitted to air, water and soil	●				Not material	-
ESRS E3-1	9	Water and marine resources	●				Not material	-
ESRS E3-1	13	Dedicated policy	●				Not material	-
ESRS E3-1	14	Sustainable oceans and seas	●				Not material	-
ESRS E3-4	28 (c)	Total water recycled and reused	●				Not material	-
ESRS E3-4	29	Total water consumption in m^3 per net revenue on own operations	●				Not material	-
ESRS 2 SBM-3 - E4	16 (a) i		●				Not material	-
ESRS 2 SBM-3 - E4	16 (b)		●				Not material	-
ESRS 2 SBM-3 - E4	16 (c)		●				Not material	-
ESRS E4-2	24 (b)	Sustainable land / agriculture practices or policies	●				Not material	-
ESRS E4-2	24 (c)	Sustainable oceans / seas practices or policies	●				Not material	-
ESRS E4-2	24 (d)	Policies to address deforestation	●				Not material	-
ESRS E5-5	37 (d)	Non-recycled waste	●				SUS	79

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EU legislation data points – continued

Disclosure requirement	Datapoint	Sustainability statements	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU Climate Law reference	Section	Page
ESRS E5-5	39	Hazardous waste and radioactive waste	●				SUS	79
ESRS 2 SBM-3 - S1	14 (f)	Risk of incidents of forced labour	●				Not relevant	-
ESRS 2 SBM-3 - S1	14 (g)	Risk of incidents of child labour	●				Not relevant	-
ESRS S1-1	20	Human rights policy commitments	●				SUS	97
ESRS S1-1	21	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8			●			87-88
ESRS S1-1	22	Processes and measures for preventing trafficking in human beings	●				SUS	97
ESRS S1-1	23	Workplace accident prevention policy or management system	●				SUS	87, 93-94
ESRS S1-3	32 (c)	Grievance/complaints handling mechanisms	●				SUS	93-94
ESRS S1-14	88 (b) and (c)	Number of fatalities and number and rate of work-related accidents	●		●		SUS	94
ESRS S1-14	88 (e)	Number of days lost to injuries, accidents, fatalities or illness	●				SUS	94
ESRS S1-16	97 (a)	Unadjusted gender pay gap	●		●		SUS	98
ESRS S1-16	97 (b)	Excessive CEO pay ratio	●				SUS	98
ESRS S1-17	103 (a)	Incidents of discrimination	●				SUS	97
ESRS S1-17	104 (a)	Non-respect of UNGPs on Business and Human Rights and OECD	●		●		Not relevant	-
ESRS 2 SBM-3 - S2	11 (b)	Significant risk of child labour or forced labour in the value chain	●				Not material	-
ESRS S2-1	17	Human rights policy commitments	●				Not material	-
ESRS S2-1	18	Policies related to value chain workers	●				Not material	-

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EU legislation data points – continued

Disclosure requirement	Datapoint	Sustainability statements	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU Climate Law reference	Section	Page
ESRS S2-1	19	Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines	●		●		Not material	-
ESRS S2-1	19	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8			●		Not material	-
ESRS S2-4	36	Human rights issues and incidents connected to its upstream and downstream value chain	●				Not material	-
ESRS S3-1	16	Human rights policy commitments	●				Not material	-
ESRS S3-1	17	Non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines	●		●		Not material	-
ESRS S3-4	36	Human rights issues and incidents	●				Not material	-
ESRS S4-1	16	Policies related to consumers and end-users	●				Not material	-
ESRS S4-1	17	Non-respect of UNGPs on Business and Human Rights and OECD guidelines	●		●		Not material	-
ESRS S4-4	35	Human rights issues and incidents	●				Not material	-
ESRS G1-1	§10 (b)	United Nations Convention against Corruption	●				Not material	-
ESRS G1-1	§10 (d)	Protection of whistle- blowers	●				SUS	105
ESRS G1-4	§24 (a)	Fines for violation of anti-corruption and anti-bribery laws	●		●		SUS	107
ESRS G1-4	§24 (b)	Standards of anti- corruption and anti-bribery	●				SUS	106-107

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Income statement

For 1 January – 31 December

DKK millions	Note	2024	2023
Revenue	2.1	**5,429.3**	**5,261.0**
Cost of sales	2.2	(4,179.4)	(4,028.7)
Gross profit		1,249.9	1,232.3
Other operating income	2.3	16.4	2.0
Gross margin		**1,266.3**	**1,234.3**
External expenses	2.4	(331.1)	(310.7)
Staff costs	2.5	(569.2)	(518.3)
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		**366.0**	**405.3**
Depreciation and amortisation	2.6	(119.9)	(113.1)
Operating profit or loss (EBIT)		**246.1**	**292.2**
Financial income	4.4	12.3	3.3
Financial expenses	4.5	(48.3)	(33.7)
Profit or loss before tax (EBT)		**210.1**	**261.8**
Tax on profit or loss for the year	2.7	(46.7)	(55.7)
Net profit or loss for the year		**163.4**	**206.1**
Earnings per share	3.6		
Earnings per share (EPS)		6.0	7.6
Diluted earnings per share (EPS-D)		6.0	7.6

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Statement of comprehensive income

For 1 January – 31 December

DKK millions	Note	2024	2023
Other comprehensive income			
Net profit or loss for the year		**163.4**	**206.1**
Items which will be reclassified to the income statement			
Foreign currency translation adjustment relating to foreign entities		(4.1)	1.0
Tax on other comprehensive income		0	0
Other comprehensive income after tax		(4.1)	1.0
Total comprehensive income		**159.4**	**207.1**

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Balance sheet as at 31 December

Assets

DKK millions	Note	2024	2023
Non-current assets			
Intangible assets	3.1		
Goodwill		757.5	508.5
Intellectual property rights		63.9	44.6
Software		106.6	82.9
		928.0	636.1
Property, plant and equipment	3.2		
Land and buildings		941.9	832.3
Leasehold improvements		15.2	15.5
Fixtures and operating equipment		254.7	222.0
Right-of-use assets	3.3	91.1	99.8
		1,302.9	1,169.6
Other non-current assets			
Other investments		0.2	0.2
		0.2	0.2
Total non-current assets		**2,231.1**	**1,805.9**

DKK millions	Note	2024	2023
Current assets			
Inventories	2.2, 3.4	814.5	757.4
Trade receivables	3.5	608.2	542.8
Joint tax contribution		16.4	0
Other receivables		36.5	20.6
Prepayments and accrued income		25.3	26.2
Cash and short-term deposits		55.4	89.5
Total current assets		**1,556.3**	**1,436.5**
Total assets		**3,787.4**	**3,242.4**

Contents

Balance sheet as at 31 December

Equity and liabilities

DKK millions	Note	2024	2023
Equity	4.1		
Share capital		28.0	28.0
Reserve for foreign currency translation adjustments		(11.7)	(7.6)
Retained earnings		1,436.0	1,349.9
Proposed dividend for the financial year		84.0	105.0
Total equity		**1,536.3**	**1,475.3**
Non-current liabilities			
Deferred tax	3.8	83.2	70.1
Credit institutions	4.2	643.6	398.7
Lease liabilities	3.3, 4.2	93.7	66.4
Other non-current liabilities		11.1	0
Total non-current liabilities		**831.6**	**535.2**

DKK millions	Note	2024	2023
Current liabilities			
Credit institutions	4.2	278.9	109.3
Lease liabilities	3.3, 4.2	31.8	36.8
Trade payables	4.2, 4.3	1,036.8	1,006.6
Joint tax contribution		0	8.4
Corporation tax payable	3.7	8.2	3.1
Provisions for liabilities	3.9	0.5	0.5
Other payables	3.9	63.3	67.2
Total current liabilities		**1,419.5**	**1,231.9**
Total liabilities		**2,251.1**	**1,767.1**
Total equity and liabilities		**3,787.4**	**3,242.4**
Segment information	2.1		
Contingent liabilities, security, etc.	5.2		
Notes without reference	5.3-5.6		

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Cash flow statement

DKK millions	Note	2024	2023
Cash flow from operating activities			
Operating profit or loss (EBIT)		246.1	292.2
Depreciation and amortisation	2.6	119.9	113.1
Other non-cash operating items, net		3.5	3.4
Cash flow from operations before change in working capital		369.5	408.7
Change in inventories		(2.4)	99.7
Change in receivables		(65.0)	84.6
Change in trade payables and other current payables		(11.7)	(191.0)
Change in working capital		(79.1)	(6.7)
Cash flow from operations		290.4	402.0
Financial income received		12.3	3.3
Financial expenses paid		(48.3)	(33.7)
Corporation tax paid		(55.2)	(25.2)
Cash flow from operating activities		**199.2**	**346.4**

DKK millions	Note	2024	2023
Cash flow from investing activities			
Purchase of intangible assets		(44.1)	(33.9)
Purchase of property, plant and equipment		(116.2)	(94.8)
Sale of other non-current assets		0	0
Acquisition of enterprise	5.1	(305.1)	(1.5)
Cash flow from investing activities		**(465.4)**	**(130.2)**
Cash flow from financing activities			
Change of debt to credit institutions		16.0	(76.4)
Raising of loans from credit institutions		359.7	92.7
Repayment of lease liabilities		(41.7)	(35.3)
Dividends paid		(101.9)	(142.7)
Cash flow from financing activities		**232.1**	**(161.7)**
Cashflow for the year		**(34.1)**	**54.5**
Cash and short-term deposits at beginning of year		89.5	35.0
Cash and short-term deposits at end of year		**55.4**	**89.5**

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Consolidated statement of changes in equity

DKK millions	Share capital	Foreign currency translation adjustment	Proposed dividend for the year	Retained earnings	Total equity
Equity at 1 January 2024	**28.0**	**(7.6)**	**105.0**	**1,349.9**	**1,475.3**
Net profit for the year	0	0	84.0	79.4	163.4
Foreign currency translation adjustment	0	(4.1)	0	0	(4.1)
Total comprehensive income	0	(4.1)	84.0	79.4	159.4
Dividend distribution	0	0	(101.9)	0	(101.9)
Dividend, treasury shares	0	0	(3.1)	3.1	0
Sharebased remuneration	0	0	0	3.5	3.5
Total transactions with owners	0	0	(105.0)	6.6	(98.4)
Equity at 31 December 2024	**28.0**	**(11.7)**	**84.0**	**1,436.0**	**1,536.3**
Equity at 1 January 2023	**28.0**	**(8.6)**	**147.0**	**1,241.1**	**1,407.5**
Net profit for the year	0	0	105.0	101.1	206.1
Foreign currency translation adjustment	0	1.0	0	0	1.0
Total comprehensive income	0	1.0	105.0	101.1	207.1
Dividend distribution	0	0	(142.7)	0	(142.7)
Dividend, treasury shares	0	0	(4.3)	4.3	0
Sharebased remuneration	0	0	0	3.4	3.4
Total transactions with owners	0	0	(147.0)	7.7	(139.3)
Equity at 31 December 2023	**28.0**	**(7.6)**	**105.0**	**1,349.9**	**1,475.3**

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Section 1

Basis of preparation

1.1 Accounting policies

1.2 Significant estimated uncertainties and judgements

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Section 1

1.1 Accounting policies

Brødrene A & O Johansen A/S is a limited company domiciled in Denmark. The financial part of the annual report for the period 1 January to 31 December 2024 comprises both the consolidated financial statements of Brødrene A & O Johansen A/S and its subsidiaries (the Group) and separate annual financial statements for the parent company.

The consolidated financial statements of Brødrene A & O Johansen A/S for 2024 are presented in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act.

On 27 February 2025, the Board of Directors and the Executive Board discussed and approved the annual report for 2023 for Brødrene A & O Johansen A/S. The annual report will be presented to the shareholders of Brødrene A & O Johansen A/S for approval at the annual general meeting on 21 March 2025.

Basis of preparation

The annual report is presented in Danish kroner, rounded to the nearest DKK 1,000,000. In previuous years amounts were rounded to the nearest DKK 1,000 so comparison figures have been restated.

The annual report has been prepared in accordance with the historical cost principle except financial instruments presented at fair value.

The accounting policies as described below have been applied consistently throughout the financial year and to the comparative figures. For standards implemented prospectively, the comparative figures will not be restated.

Changes in accounting policies

Effective as of 1 January 2024, Brødrene A & O Johansen A/S has implemented:

- Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants – Amendments to IAS1;
- Lease Liability in a Sale and Leaseback – Amendments to IFRS 16; and
- Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

The changed standards have had no effect on recognition and measurement in the annual report.

iXBRL reporting

The annual report is published in the European Single Electronic Format (ESEF), xHTML, that can be opened by all standard web browsers. The annual report has been tagged using inline eXtensible Business Reporting Language (iXBRL) in accordance with the ESEF taxonomy. The annual report has been submitted in a XHTML document along with specific technical files all included in the file 5299004B6ZEGVCR9ZR75-2024-12-31- en.zip.

Consolidated financial statements

The consolidated financial statements consist of the parent company Brødrene A & O Johansen A/S and subsidiaries in which Brødrene A & O Johansen A/S has a controlling influence.

The Group has a controlling influence over a company if the Group is exposed or entitled to variable returns from its involvement in the company and has the ability to influence these returns through its control over the company.

In assessing whether the Group exercises a controlling influence, account is taken of de facto control and potential voting rights, which are real and have substance at the balance sheet date.

The consolidated financial statements have been prepared as a summary of the parent company's and the individual subsidiaries' financial statements, prepared according to the Group's accounting policies, with intra-group income

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Section 1

1.1 Accounting policies (continued)

and expenses, shareholdings, internal balances and dividends, as well as realised and unrealised gains on transactions between the consolidated companies, all eliminated.

Business combinations

Newly acquired or newly established companies are recognised in the consolidated financial statements as of the date of acquisition. Companies sold or liquidated are recognised in the consolidated financial statements as of the date of disposal. Comparative figures are not corrected for newly acquired companies. Discontinued activities are presented separately.

The acquisition method is applied when the Group acquires control over the newly acquired company. The acquired companies' identifiable assets, liabilities, and contingent liabilities are measured at fair value at the acquisition date. Identifiable intangible assets are recognised if they can be segregated or arise from a contractual right. Deferred tax is recognised on the revaluations made.

The acquisition date is the point at which control is actually gained over the acquired company.

Positive differences (goodwill) between the purchase price and the fair value of acquired identifiable assets, and the liabilities and contingent liabilities, are recognised as goodwill under intangible assets. Goodwill is not amortised but is tested for impairment at least annually. The first impairment test is performed before the end of the year of acquisition.

Upon acquisition, goodwill is allocated to cash-generating units, which subsequently form the basis for impairment testing. Negative differences (negative goodwill) are recognised in profit/(loss) for the year as at the acquisition date.

The purchase price for a company consists of the fair value of the agreed price. If parts of the purchase price are contingent on future events, this part of the price is recognised at fair value as at the acquisition date and is classified as either a financial liability or equity according to its content. A contingent purchase price, which is classified as a financial liability, is regularly remeasured at fair value and adjusted directly in the income statement.

Costs attributable to business combinations are recognised in profit/(loss) for the year when incurred.

If, at the time of acquisition, there is uncertainty about the measurement of the acquired identifiable assets, liabilities, and contingent liabilities, initial recognition takes place on the basis of preliminarily calculated fair values. If subsequently it turns out that identifiable assets, liabilities, and contingent liabilities had a different fair value at the time of acquisition than first assumed, goodwill is adjusted for up to 12 months after the acquisition. The effect of the adjustments is recognised in opening equity and the comparative figures are adjusted.

Gains or losses on the disposal or liquidation of subsidiaries are calculated as the difference between the sales price or the settlement amount, and the carrying amount of net assets including goodwill at the time of sale and costs of the sale or liquidation.

Foreign currency translation

A functional currency is set for each of the reporting companies in the Group. The functional currency is the currency used in the primary economic environment in which each reporting company operates. Transactions in currencies other than the functional currency are foreign currency transactions. The functional currency of the parent company is DKK.

Foreign currency transactions are initially translated into the functional currency at the exchange rate on the transaction date.

Receivables, payables, and other monetary items denominated in foreign currencies are translated into the functional currency at the exchange rate at the balance sheet date. The difference between the exchange rate at the balance sheet date and the exchange rate at the time of the occurrence or recognition of the receivable or payable in the

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Section 1

1.1 Accounting policies (continued)

latest annual report is recognised in the income statement under financial items.

When recognised in the consolidated financial statements of companies with a functional currency other than Danish kroner, the income statements are translated at the exchange rate on the transaction date, and the balance sheet items are translated at the exchange rates at the balance sheet date. The average rate for the individual month in question is used for the exchange rate on the transaction date to the extent that this does not give a significantly different picture.

Exchange rate differences arising from the translation of the equity of these companies at the beginning of the year at the exchange rates at the balance sheet date and when translating income statements from average exchange rates to the exchange rates at the balance sheet date are recognised in other comprehensive income on a separate provision for exchange rate adjustments under equity.

Exchange rate adjustments of outstanding balances which are considered part of the total net investment in companies with a functional currency other than Danish kroner are recognised in the consolidated financial statements in other comprehensive income on a separate provision for exchange rate adjustments under equity.

Description of accounting policies in notes

Descriptions of accounting policies in the notes form part of the overall description of accounting policies. These descriptions are found in the following notes:

2.1	Segment information
2.2	Cost of sales
2.4	External expenses
2.5	Staff costs
4.4	Financial income
4.5	Financial expenses
2.7	Tax on profit or loss for the year
3.1	Intangible assets
3.2	Property, plant and equipment
3.3	Right-of-use assets and lease liabilities
3.4	Inventories
3.5	Trade receivables
3.7	Corporation tax receivable/payable
3.8	Deferred tax
4.2	Financing activities
4.3	Financial risks

§ Accounting policy

Prepayments

Prepayments recognised under assets consist of costs paid for subsequent financial years and are measured at cost price.

Equity

Dividend

Proposed dividend is recognised as a liability at the time of adoption at the annual general meeting. Dividend that is expected to be paid for the year is shown as a separate item under equity.

Treasury shares

Acquisition and disposal amounts and dividends for treasury shares are recognised directly in retained earnings under equity. Gains and losses on sales are thus not recognised in the income statement.

Proceeds from the sale of treasury shares in connection with the exercise of share options are recognised directly in equity.

Reserve for foreign currency translation adjustments

The reserve for foreign currency translation adjustments consists of exchange rate differences arising on translation of the financial statements of foreign companies from their functional currency to DKK.

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Section 1

1.1 Accounting policies (continued)

Accruals and deferred income
Accrued expenses recognised under liabilities consist of deferred income and are measured at their cost price.

Cash flow statement
The cash flow statement shows cash flows from operating, investing, and financing activities for the year, the change in cash and cash equivalents for the year, and cash and cash equivalents at the beginning and end of the year.

The liquidity effect of business acquisitions and sales is shown separately under cash flow from investing activities. Cash flow from acquired companies is recognised in the cash flow statement from the date of acquisition, and cash flows from sold companies are recognised up to the point of sale.

Cash flow from operating activities
Cash flows from operating activities are calculated as profit/(loss) before tax adjusted for non-cash operating items, changes in working capital, interest received and paid, and corporate taxes paid.

Cash flow from investing activities
Cash flows from investing activities include payments in connection with: the purchase and sale of companies and activities; the purchase and sale of intangible, tangible, and other non-current assets; and the purchase and sale of securities that are not included as cash and cash equivalents.

The conclusion of finance leases is considered a non-cash transaction.

Cash flow from financing activities
Cash flows from financing activities include changes in the size or composition of share capital and related costs, as well as the raising of loans, the repayment of interest-bearing debt, the purchase and sale of treasury shares, and the payment of dividends to shareholders.

Cash flows from assets held under finance leases are recognised as the payment of interest and repayment of debt.

Cash and cash equivalents
Cash and cash equivalents consist of cash and short-term deposits.

Financial ratios
Financial ratios have been prepared in accordance with IAS 33 and the CFA Society Denmark's 'Recommendations and Financial Ratios'.

When presenting figures, parentheses are used to indicate negative results and deductions.

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Section 1

1.2 Significant estimated uncertainties and judgements

When calculating the carrying amount of certain assets and liabilities, estimates are made of how future events affect the value of these assets and liabilities at the balance sheet date.

The estimates and assumptions may have a significant effect on the financial reporting and can be categorised as significant accounting judgements or significant accounting estimates and assumptions.

The estimates made are based on historical experience and other factors that the management considers reasonable in the circumstances, but which are inherently uncertain and unpredictable. The assumptions may be incomplete or inaccurate, and unexpected events or circumstances may arise. Furthermore, the company is subject to risks and uncertainties that may cause actual results to differ from those estimates.

It may be necessary to change previous estimates due to changes in the circumstances underlying them or due to new knowledge or subsequent events.

Significant accounting judgements, estimates and assumptions

Significant accounting estimates and judgements include assumptions and estimates of the future and other uncertainty, that could potentially affect the company within the next 12 months. Estimates that are material to the financial reporting are made, inter alia, by valuing the impairment testing of goodwill, receivables, and inventories and by calculating depreciation and impairment.

The following estimates and accompanying assessments are deemed material for the preparation of the financial statements:

- Impairment testing for goodwill and other intangible assets
- Valuation of receivables
- Inventory valuation
- Valuations in connection with business combinations

These estimates and assessments are described in the following notes:

Note 3.1	Intangible assets
Note 3.4	Inventories
Note 3.5	Trade receivables
Note 5.1	Business combinations

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Section 2

Income statement

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Section 2

2.1 Segment information

DKK millions	B2B	B2C	Total
2024			
Revenue	4,623.5	805.8	5,429.3
Cost of goods sold	(3,438.7)	(504.7)	(3,943.4)
Product margin	**1,184.8**	**301.1**	**1,485.9**
Distribution	(173.0)	(60.8)	(233.8)
Gross margin	**1,011.8**	**240.3**	**1,252.1**
Direct expenses	(504.7)	(168.1)	(672.8)
EBITDA before indirect expenses	**507.1**	**72.2**	**579.3**
Sale of property			14.2
Indirect expenses			(227.5)
EBITDA			**366.0**
Depreciation and amortisation			(119.9)
EBIT			**246.1**
Financial income and expenses			(36.0)
EBT			**210.1**

Key figures	B2B	B2C	Total
Gross margin %	21.9 %	29.8 %	23.1 %
EBITDA (before indirect expenses) %	11.0 %	9.0 %	10.7 %
EBITDA %			6.7 %

The Group has activities within the professional B2B segment and the private B2C segment.

The same products are sold to the two segments. The customer base and pricing structure differ significantly which is why B2B and B2C have been identified as separate operating segments.

Geographical information

The Group operates primarily in Denmark. International revenue amounts to DKK 549.3m (2023: DKK 377.1m) just above 10% of the total Group's revenue relates to foreign countries. DKK 443.0m (2023: DKK 338.0m) or 8.2% of the Groups revenue comes from Sweden.

Less than 10% of the book value of the assets of the Group is related to assets outside of Denmark.

Sales channels

Digital as well as physical sales channels are used in connection with the Group's sales. Digital sales channels are defined as sales through websites and apps. For 2024 sales through digital sales channels amount to DKK 2,891.1m (2023: DKK 2,599.2m) while sales through physical sales channels amount to DKK 2,538.2m (2023: DKK 2,661.8m). In the B2C segment, all sales are considered digital.

Major customers

Just as in 2023, the Group has not traded with any individual customer representing more than 10% of the Group's total revenue for 2024.

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Section 2

2.1 Segment information (continued)

DKK millions	B2B	B2C	Total
2023			
Revenue	4,658.5	602.5	5,261.0
Cost of goods sold	(3,427.4)	(387.8)	(3,815.3)
Product margin	**1,231.1**	**214.6**	**1,445.7**
Distribution	(160.7)	(50.7)	(211.4)
Gross margin	**1,070.4**	**163.9**	**1,234.3**
Direct expenses	(485.9)	(133.2)	(619.1)
EBITDA before indirect expenses	**584.5**	**30.7**	**615.2**
Indirect expenses			(209.9)
EBITDA			**405.3**
Depreciation and amortisation			(113.1)
EBIT			**292.2**
Financial income and expenses			(30.4)
EBT			**261.8**

Key figures	B2B	B2C	Total
Gross margin %	23.0 %	27.2 %	23.5 %
EBITDA (before indirect expenses) %	12.5 %	5.1 %	11.7 %
EBITDA %			7.7 %

§ Accounting policy

Revenue
Revenue consists of the sale of goods that is recognised in the income statement. Revenue is recognised when the control of the individual identifiable delivery obligation is transferred to the customer, and if the income can be calculated reliably and is expected to be received. Control is transferred at delivery of the products sold. The recognised revenue is measured at the fair value of the agreed consideration excluding VAT and taxes, and after the deduction of discounts made in connection with the sale.

Revenue consists of contracts with a single delivery obligation, and where the individual components of the transaction price are separately identifiable. There are no material differences in relation to sales channels or operating segments.

Discounts are deducted from the consideration based on an estimate of the total discounts during the measurement period.

Customer bonus due to customers is calculated at the time of sale and deducted from the recognised revenue. Subsequent adjustments to customer bonus is also recognised as revenue.

In the B2C segment sales are mostly done without credit while the Group offers market-conform payment terms to customers.

Segment information
The Group has activities within the professional B2B segment and the private B2C segment. The two segments share the same chief operating decision maker but are identified as separate operating segments in the internal management reporting with separate budgets. Direct expenses are allocated based on the section of the Group that bears the salaries or the external expenses.

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Section 2

2.2 Cost of sales

DKK millions	2024	2023
Cost of goods purchased during the year	(3,996.0)	(3,676.6)
Distribution costs	(233.8)	(211.4)
	(4,229.8)	**(3,888.0)**
Change in inventories:		
Inventory at the beginning of the year	757.4	866.0
Change in inventory during the year	(1.3)	10.0
Inventory writedown, net	8.0	22.2
Inventory at the end of the year	814.5	757.4
Change in inventory for the year	50.4	(140.8)
Cost of sales for the year	**(4,179.4)**	**(4,028.8)**

§ Accounting policy

Cost of sales

Cost of sales consists of the cost price of goods sold during the financial year, as well as distribution costs, which are variable in direct relation to revenue.

2.3 Other operating income

The item includes property rental income. In 2024 other operating income includes a one-time gain of DKK 14.2m from sale of a property.

2.4 External expenses

DKK millions	2024	2023
Remuneration for the auditor elected by the annual general meeting:		
Total remuneration may be specified as follows:		
Statutory audit	(1.7)	(1.4)
Tax and VAT related advisory services	(0.1)	0
Assurance engagements	(0.9)	0
Other services	(0.1)	(0.5)
Total	**(2.8)**	**(1.9)**

Other assurance engagements' primarily included statutory limited assurance over the sustainability statements and to a limited degree assurance services related to WEEE declaration. Tax and VAT related advisory services related to minor advice on general tax and VAT matters. Other services primarily related to ESG-related advice and advice in connection with mergers within the Group.

§ Accounting policy

External expenses

External expenses include costs for internal transport, administration, advertising and exhibition costs, etc., including costs for the operation of real estate and losses to debtors.

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Section 2

2.5 Staff costs

DKK millions	2024	2023
Wages and salaries	(465.3)	(417.3)
Pension contributions	(41.1)	(37.7)
Share-based renumeration	(3.5)	(3.4)
Other social security costs	(12.0)	(9.7)
Other staff expenses	(3.7)	(3.3)
Staff costs excl. temporary employees	**(525.6)**	**(471.4)**
Wages temporary employees	(43.6)	(46.9)
Staff costs total	**(569.2)**	**(518.3)**
Wages and salaries include remuneration for:		
Board of Directors	(3.8)	(3.8)
Board of Directors total	**(3.8)**	**(3.8)**
Executive Board	(25.4)	(21.6)
Share-based renumeration	(1.2)	(1.4)
Pension contributions	(1.6)	(2.6)
Benefits	(0.6)	(0.8)
Executive Board total	**(28.8)**	**(26.4)**
Board of Directors and Executive Board total	**(32.6)**	**(30.2)**
Average number of full-time employees, incl. temporary employees	968	912
Average number of full-time employees	899	841

The Group only has defined contribution plans.

The increase in FTE's for the Group relates to the acquisitions of Svenska VA-Grossisten, Designkupp and Workwear Group in 2024.

§ Accounting policy

Staff costs
Staff costs include salaries and wages to employees, costs related to defined pension contribution plans, social security costs and other staff expenses such as training and education expenses.

Employee benefits
The Group has entered into agreements to provide defined contribution pension schemes for the majority of the Group's employees.

Liabilities relating to defined contribution pension schemes for which the Group regularly pays fixed pension contributions to independent pension companies are recognised in the income statement during the period in which they are earned, and payments due are recognised in the balance sheet under other liabilities.

Restricted stock units are measured at fair value at the date of issue and are recognised in the income statement under staff costs. The counter item is recognised directly in equity. The fair value of the granted share options is calculated using the option price model (Black & Scholes).

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Section 2

2.6 Depreciation and amortisation

DKK millions	2024	2023
Intangible assets	(26.0)	(18.7)
Property, plant and equipment	(52.7)	(59.3)
Right-of-use assets, external	(41.4)	(35.3)
Gains/losses from the disposal of assets	0.2	0.3
Total	**(119.9)**	**(113.1)**

2.7 Tax on profit or loss for the year

DKK millions	2024	2023
Current tax for the year	(35.7)	(49.8)
Adjustment related to previous years	(0.6)	(0.4)
Addition from acquisition	0	0
	(36.3)	(50.1)
Adjustment of deferred tax for the year	(10.2)	(6.4)
Adjustment of deferred tax for previous years	(0.2)	0.8
Total	**(46.7)**	**(55.7)**
Tax on profit/loss for the year can be explained as follows:		
Calculated tax on profit/loss before tax	45.4	57.0
Tax effect of:		
Non-taxable income	(0.8)	(0.9)
Other non-deductible costs	0.6	0.3
Adjustment of tax for previous years	1.6	(0.8)
	46.7	**55.7**
Effective tax rate	22.2%	21.3%
Taxes paid during the financial year	(55.2)	(25.2)

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Section 2

2.7 Tax on profit or loss for the year (continued)

§ Accounting policy

Tax on profit/(loss) for the year
Brødrene A & O Johansen A/S is taxed jointly with all Danish subsidiaries as well as with the parent company Avenir Invest ApS. The full liability is shown in the financial statements of Avenir Invest ApS.

The current Danish corporation tax is distributed by settling joint tax contributions between the jointly taxed companies in proportion to their taxable income. In connection with this, companies with a tax loss receive a joint tax contribution from companies that have been able to use these losses to reduce their own taxable profits. (Full distribution). The jointly taxed companies are included in the Danish Tax Prepayment Scheme.

Tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement for tax attributed to profit/(loss) for the year, and in equity for tax attributable to items directly in equity.

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Invested capital

3.1	Intangible assets
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3.3	Right-of-use assets and lease liabilities
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3.6	Earnings per share
3.7	Corporation tax receivable/payable
3.8	Deferred tax
3.9	Other payables

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Section 3

3.1 Intangible assets

DKK millions	Goodwill	Intellectual property rights	Software
Cost at 1 January 2024	508.5	70.1	330.4
Foreign currency translation adjustment	0	0	0
Additions from acquisitions	249.0	22.8	2.2
Additions during the year	0	0	44.1
Disposals during the year	0	0	(41.4)
Cost at 31 December 2024	757.5	92.9	335.2
Amortisation and depreciation at 1 January 2024	0	(25.5)	(247.5)
Foreign currency translation adjustment	0	0	0
Amortisation and depreciation for the year	0	(3.5)	(22.5)
Disposals during the year	0	0	41.4
Amortisation and depreciation at 31 December 2024	0	(29.0)	(228.6)
Carrying amount at 31 December 2024	**757.5**	**63.9**	**106.6**

DKK millions	Goodwill	Intellectual property rights	Software
Cost at 1 January 2023	499.7	70.1	348.5
Foreign currency translation adjustment	0	0	0
Additions from acquisitions	0	0	0
Additions during the year	8.8	0	33.9
Disposals during the year	0	0	(52.0)
Cost at 31 December 2023	508.5	70.1	330.4
Amortisation and depreciation at 1 January 2023	0	(22.0)	(284.3)
Foreign currency translation adjustment	0	(0)	0
Amortisation and depreciation for the year	0	(3.5)	(15.2)
Disposals during the year	0	0	52.0
Amortisation and depreciation at 31 December 2023	0	(25.5)	(247.5)
Carrying amount at 31 December 2023	**508.5**	**44.6**	**82.9**

In 2024, additions to goodwill derive from the acquisition of Svenska VA-Grossisten, DesignKupp and Workwear Group.

Apart from goodwill, all intangible assets are considered to have definite useful lives. No significant changes have been made in estimates relating to intangible assets. Intellectual property rights relate to trademarks and domain names related to Billig VVS, Greenline, LampeGuru EA Værktøj, VVSKupp and Billig Arbejdstøj.

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Section 3

3.1 Intangible assets (continued)

Goodwill
At 31 December 2024, Management performed an impairment test of goodwill. Separate cash-generating untis (CGUs) were tested for impairment including an sensitivity analysis for future cash flows. The carrying amount of goodwill and key assumptions may be specified per CGU in the following way:

DKK millions	Goodwill 2023	Goodwill	Pre-tax WACC	Terminal growth rate
B2B Denmark	151.6	197.1	10%	1.5%
B2B Sweden	47.0	101.3	10%	1.5%
B2C	309.9	459.1	10%	2.5%

The applied pre-tax WACC has been reduced to 10% from 12% in 2023 due to decreasing risk-free interest rates. Terminal growth rates are unchanged for all CGUs.

Goodwill has been allocated to the two operating segments B2B and B2C, which is reflected above. In addition, goodwill in the B2B segment is futher allocated into Danish and Swedish goodwill in order to reflect the CGUs.

The recoverable amount is based on the value in use, which is determined by means of expected net cash flows on the basis of budgets for 2025 and forecasts for 2026-2029 approved by Management, and an adjusted discount rate of 7.8% (after tax). The applied discount rate reflects the specific risks related to the Group, including geography, capital structure, etc. The applied terminal growth rate is not expected to exceed the long-term average growth rate of the markets in which the company operates.

The applied 5-year growth rate and growth in terminal values are not expected to exceed the long-term average growth rate of the Group's operating segements. For both operating segments profit margins and market shares are expected to reflect the financial targets of outgrowing the market by 2 percentage points and increasing the EBITDA margin.

By comparing the budgets for the respective Group companies and the expected market development it has been concluded that the recoverable amount will be consideraby higher than the carrying amount.

Development costs
Development costs are included in "Software". The net value of capitalised development costs may be illustrated as follows:

DKK millions	2024		2023	
Consolidated	Completed	Work in progress	Completed	Work in progress
Cost at 1 January	162.2	36.8	133.9	22.3
Additions during the year	0	47.5	18.6	24.2
Transfer	47.9	(52.1)	9.7	(9.7)
Disposal	(43.1)	0	0	0
Cost at 31 December	167.0	32.2	162.2	36.8
Amortisation and depreciation at 1 January	(118.3)	0	(103.3)	0
Amortisation and depreciation for the year	(23.1)	0	(15.0)	0
Transfer	(12.4)	0	0	0
Amortisation and depreciation related to disposals	40.7	0	0	0
Amortisation and depreciation at 31 December	(113.1)	0	(118.3)	0
Carrying amount at 31 December	**53.9**	**32.2**	**43.9**	**36.8**

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Section 3

3.1 Intangible assets (continued)

§ Accounting policy

Intangible assets

Goodwill is initially recognised in the balance sheet at cost price as described under ‘Business combinations’. Goodwill is subsequently measured at cost price less accumulated impairment losses. Goodwill is not amortised.

The carrying amount of goodwill is allocated to the Group’s cash-generating units at the acquisition date. The determination of cash-generating units follows the management structure and internal financial management.

Rights are measured at cost price less accumulated amortisation and impairment losses. Rights are amortised on a straight-line basis over their expected useful life, for a maximum of 20 years.

Software is measured at cost price less accumulated amortisation and impairment losses. Software is amortised on a straight-line basis over its expected useful life, for a maximum of 10 years.

Impairment of non-current assets

Goodwill and intangible assets with indefinite useful lives are tested annually for impairment, the first time before the end of the year of acquisition.

The carrying amount of goodwill is tested for impairment together with the other non-current assets in the cash-generating unit to which goodwill is allocated and is written down over the income statement if the carrying amount is higher than the recoverable amount.

The recoverable amount is generally calculated as the present value of the expected future net cash flow from the activity to which goodwill is linked. The impairment of goodwill is recognised in a separate item in the income statement.

The carrying amount of the other non-current assets is assessed annually to determine whether there is any indication of impairment. When such an indication is present, the asset’s recoverable amount is calculated. The recoverable amount is the asset’s fair value less the expected cost of disposal or net present value. The net present value is calculated as the present value of expected future cash flows from the asset or the cash-generating unit which the asset is part of.

An impairment loss is recognised when the carrying amount exceeds the asset’s recoverable amount. Impairment losses are recognised in the income statement under depreciation.

Impairment losses on goodwill are not reversed. Impairment losses on other assets are reversed to the extent that changes have occurred in the assumptions and estimates that led to the impairment. Impairment losses are reversed only to the extent that the new carrying amount does not exceed the carrying amount after depreciation if an impairment loss has not been recognised for the asset.

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Section 3

3.1 Intangible assets (continued)

Key accounting judgments and estimates

Impairment testing for goodwill and other intangible assets
Impairment testing of goodwill requires significant judgement and estimation, as it involves assessing whether the carrying value of goodwill remains recoverable based on future economic benefits. Since goodwill is not amortized but tested annually for impairment, management must evaluate whether the associated cash-generating units (CGUs) will generate sufficient future cash flows to support the recorded value of goodwill.

A key judgement lies in defining CGUs and determining how goodwill is allocated to them. This allocation impacts the impairment assessment, as a CGU's performance is the basis for determining whether goodwill remains recoverable. Estimating future cash flows requires assumptions about revenue growth, profitability, cost structures, and market conditions over a multi-year period, often influenced by broader economic factors and industry-specific risks.

Another significant estimate is the discount rate applied to projected cash flows, which reflects both the time value of money and the risk associated with achieving forecasted performance. Given the inherent uncertainty in long-term projections, small changes in key assumptions, such as future earnings growth, discount rates, or terminal values, can significantly impact the impairment outcome.

Management reviews these estimates annually, adjusting them based on changes in market conditions, operational performance, and economic forecasts. However, due to the forward-looking nature of impairment testing, there is always an element of uncertainty, and deviations from projected outcomes may lead to future impairments.

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Section 3

3.2 Property, plant and equipment

DKK millions	Land and buildings	Leasehold improve-ments	Fixtures and operating equipment
Cost at 1 January 2024	1,077.5	31.5	603.8
Foreign currency translation adjustment	(0.7)	0	(0.2)
Additions from acquisitions	39.9	0	44.9
Additions during the year	87.2	3.8	25.2
Disposals during the year	(9.3)	(6.2)	(45.9)
Cost at 31 December 2024	1,194.6	29.1	627.8
Amortisation and depreciation at 1 January 2024	(245.2)	(16.0)	(381.8)
Foreign currency translation adjustment	0.2	0	0.2
Amortisation and depreciation for the year	(11.8)	(4.0)	(36.8)
Disposals during the year	4.1	6.1	45.3
Amortisation and depreciation at 31 December 2024	(252.7)	(13.9)	(373.1)
Carrying amount at 31 December 2024	**941.9**	**15.2**	**254.7**

DKK millions	Land and buildings	Leasehold improve-ments	Fixtures and operating equipment
Cost at 1 January 2023	1,032.7	25.8	578.2
Foreign currency translation adjustment	0	0	(0.1)
Additions during the year	57.8	5.7	33.0
Disposals during the year	(13.0)	0	(7.2)
Cost at 31 December 2023	1,077.5	31.5	603.8
Amortisation and depreciation at 1 January 2023	(236.8)	(12.2)	(353.4)
Foreign currency translation adjustment	0	0	0.1
Amortisation and depreciation for the year	(21.4)	(3.8)	(34.1)
Disposals during the year	13.0	0	5.5
Amortisation and depreciation at 31 December 2023	(245.2)	(16.0)	(381.8)
Carrying amount at 31 December 2023	**832.3**	**15.5**	**222.0**

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Section 3

3.2 Property, plant and equipment (continued)

Specification of land and buildings

Address	Use	Year of acqui-sition	Building area (sqm)	Carrying amount	Mortgage loans
Administration and central warehouse					
Rørvang 1-9, DK-2620 Albertslund	Administration		8,140		
Rørvang 1-9, DK-2620 Albertslund	Central warehouse		29,687		
Rørvang 11, DK-2620 Albertslund	Central warehouse		3,992		
Herstedvang 9-13, DK-2620 Albertslund	Central warehouse		3,694		
Herstedvang 6, DK-2620 Albertslund	Central warehouse		5,674		
Ølstrupvej 2A, DK-6971 Spjald	Central warehouse		6,611		
Mossvej 2, DK-8700 Horsens	Central warehouse		19,167		
Administration and central warehouse total			76,965	568.8	313.2
Stores					
Østbanegade 169, DK-2100 Østerbro	Store	1990	478		
Rørvang 1-9, DK-2620 Albertslund	Store	1990	1,907		
Gl. Køge Landevej 362, DK-2650 Hvidovre	Store	1999	619		
Håndværkervænget 18-20, DK-2670 Greve	Store	1995	713		
Englandsvej 360, DK-2770 Kastrup	Store	1996	437		
Kokkedal Industripark 42A, DK-2980 Hørsholm	Store	2014	702		
Industrivej 16, DK-3000 Helsingør	Store	2013	736		
Herredsvejen 12, DK-3400 Hillerød	Store	2013	751		
Sigrunsvej 1, DK-3400 Hillerød	Store	2024	1,494		
Centervej 44, DK-3600 Fr.sund	Store	2020	700		
Sandemandsvej 10, DK-3700 Rønne	Store	2003	768		
Københavnsvej 205, DK-4000 Roskilde	Store	2022	1,448		
Industriparken 1, DK-4100 Ringsted	Store	2022	864		
Japanvej 16, DK-4200 Slagelse	Store	2014	700		
Tækkemandsvej 3, DK-4300 Holbæk	Store	2000	1,307		

Specification of land and buildings (continued)

Address	Use	Year of acqui-sition	Building area (sqm)	Carrying amount	Mortgage loans
Stores (continued)					
Valdemarshaab 15, DK-4600 Køge	Store	2014	862		
Holsted Park 6, DK-4700 Næstved	Store	2000	1,185		
Herningvej 23, DK-4800 Nykøbing F	Store	2013	700		
Middelfartsvej 8, DK-5000 Odense	Store	2000	1,111		
Ove Gjeddes Vej 18, DK-5220 Odense SØ	Store	2017	800		
Mandal Alle 5, DK-5500 Middelfart	Store	2022	1,343		
Mønten 5, DK-6000 Kolding	Store	1990	1,359		
Næstmark 21, DK-6200 Aabenraa	Store	2005	987		
Kattegatvej 1, DK-6705 Esbjerg	Store	2013	800		
Ibæk Strandvej 8, DK-7100 Vejle	Store	2022	1,564		
Ibæk Strandvej 12, DK-7100 Vejle	Store	2014	702		
Søren Frichs Vej 24, DK-8000 Århus	Store	2004	1,089		
Tomsagervej 3-7, DK-8000 Århus	Store	2022	1,596		
Jens Juuls Vej 7, DK-8260 Viby	Store	2014	700		
Lillehøjvej 42, DK-8600 Silkeborg	Store	2018	800		
Allégade 40, DK-8700 Horsens	Store	1990	1,500		
Toldbodgade 24, DK-8930 Randers	Store	2004	1,337		
Brodalsvägen 15, SE-433 38 Partille	Store and warehouse	2003	1,660		
Bronsyxegatan 6A, SE-213 75 Malmö	Store and warehouse	2000	1,350		
Total stores			35,069	364.5	129.4
Buildings under construction				8.6	
Land and buildings			112,034	941.9	442.6

Contents

Section 3

3.2 Property, plant and equipment (continued)

Accounting policy

Property, plant and equipment, including leases
Land and buildings, leasehold improvements, operating equipment, and fixtures and fittings are measured at their cost price less accumulated depreciation and impairment losses.

The cost price consists of the acquisition price and costs directly related to the acquisition until the time when the asset is ready for use. The cost price of a total asset is divided into separate components, which are depreciated separately if the useful life of the individual component is different.

Subsequent costs, such as when replacing components of a tangible asset, are recognised in the carrying amount of the asset in question when it is probable that the holding will result in future economic benefits for the Group. All other general repair and maintenance costs are recognised in the income statement as they are incurred.

The assets are depreciated on a straight-line basis over their expected useful lives, based on the following assessment of the expected life of assets:

Buildings:	up to 50 years
Installations:	10 years
Leasehold improvements:	Maximum 5 years
Fixtures and operating equipment:	Normally 5 years.
	15 years for mini-load storage systems and high bay systems.

Land is not depreciated.

The basis for depreciation is calculated by taking into account the asset's scrap value and is reduced by any impairment losses. The depreciation period and the scrap value are determined at the time of acquisition and are reviewed annually. If the scrap value exceeds the carrying amount, depreciation ceases.

Gains and losses on the disposal of property, plant, and equipment are calculated as the difference between the sale price less selling costs and the carrying amount at the time of sale.

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Section 3

3.3 Right-of-use assets and lease liabilities

Right-of-use assets	Land and buildings	Fixtures and operating equipment	Total
Balance at 1 January 2024	59.1	40.7	99.8
Foreign currency translation adjustment	(0.2)	(0.2)	(0.4)
Additions during the year	2.3	25.4	27.7
Disposals during the year	(0.6)	(0.8)	(1.4)
Remeasurement of lease liability	5.9	0.9	6.8
Amortisation and depreciation for the year	(24.3)	(17.1)	(41.4)
Carrying amount at 31 December 2024	**42.2**	**48.9**	**91.1**

Right-of-use assets	Land and buildings	Fixtures and operating equipment	Total
Balance at 1 January 2023	65.6	15.1	80.7
Foreign currency translation adjustment	0.2	0	0.2
Additions during the year	13.1	43.6	56.7
Disposals during the year	(0.3)	(5.8)	(6.1)
Remeasurement of lease liability	3.3	0.4	3.7
Amortisation and depreciation for the year	(22.8)	(12.6)	(35.3)
Carrying amount at 31 December 2023	**59.1**	**40.7**	**99.8**

Lease liabilities	2024	2023
Maturity of lease liabilities		
0-1 year	38.4	39.7
1-5 years	80.1	60.7
>5 years	11.9	10.4
Total un-discounted lease liabilities at 31 December	**130.4**	**110.8**
Short-term lease liabilities, less than 1 year	31.8	36.8
Long-term lease liabilities, more than 1 year	93.7	66.4
Lease liabilities recognised in the balance sheet	**125.5**	**103.2**
Amounts recognised in the income statement		
Interest expenses on lease liabilities	(1.6)	(1.6)
Expenses related to low value leasing arrangements	(0.3)	(0.2)
Expenses related to short term leasing arrangements	(1.0)	(1.6)
Depreciation related to right-of-use assets	(38.3)	(35.3)
Total	**(41.2)**	**(38.7)**

In relation to leases, including low-value and short-term leasing arrangements, the Group has paid DKK 37.0m towards leasing contracts in 2024 (2023: DKK 34.5m). Hereof interest payments related to leasing liablilities amount to DKK 3.0m (2023: DKK 1.6m) and instalments on leasing liabilities amount to DKK 41.3m (2023: DKK 35.2m)

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Section 3

3.3 Right-of-use assets and lease liabilities (continued)

Accounting policy

Leases

Right-of-use assets and lease liabilities are recognised in the balance sheet at the time when a lease for a specific identifiable asset is made available to the Group for the lease term and when the Group obtains the right to most of the financial benefits from the use of the identified asset and the right to decide the use of the identified asset.

On initial recognition, lease liabilities are measured at the present value of future lease payments using the incremental borrowing rate as the discount factor. The following lease payments are recognised as part of the lease liability:

- Fixed payments.
- Changes in variable lease payments which fluctuate with changes in an index or interest rate based on the current index or interest rate.
- Amounts payable under a residual value guarantee.
- The exercise price of call options reasonably certain to be exercised by the Group.
- Payments made in periods covered by an option to extend the lease which the Group is reasonably certain to exercise.
- Penalties related to a termination option, unless the Group is reasonably certain not to exercise the option.

Lease liabilities are measured at amortised cost using the effective interest rate method. A remeasurement is made when changes in the cash flow as a result of changes in an index or interest rate is identified, if the estimate of a residual guarantee is changed or if the Group is changing the assessment of whether it is reasonably certain to exercise an extension or termination option, or a call option.

Initially right-of-use assets are recognised at cost which is equal to the lease liabilities adjusted for prepaid lease payments and estimated cost of demolition, repairs etc less received discounts or other types of incentive payments from lessor.

Subsequently, right-of-use assets are measured at cost less accumulated depreciation. Right-of-use assets are depreciated over the shorter of the lease term and the useful life of the right-of-use asset. The depreciation is recognised on a straight-line basis in the income statement.

Adjustments are made to the right-of-use asset in case of changes in the lease liability due to changes in the conditions of the leases or changes in the cash flow from fluctuations in an index or an interest rate.

The right-of-use assets are amortised on a straight-line basis over their expected lease periods which constitute:

Operating equipment	3 – 10 years
Warehouse properties with associated administration	3 – 10 years
Stores	3 – 10 years.

Right-of-use assets and leasing liabilities are presented separately in the Group's balance sheet.

The Group has chosen not to recognise leases with a term of less than 12 months or a present value of less than DKK 30,000. Instead lease payments are recognised on a straight-line basis in the income statement.

Furthermore, the Group has chosen to determine a discount rate on a portfolio of lease agreements with uniform characteristics.

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Section 3

3.4 Inventories

DKK millions	2024	2023
Carrying amount of inventories recognised at net selling price	47.5	42.4

Accounting policy

Inventories
Inventories are measured at cost price, which is calculated on the basis of average prices. If the net realisable value is lower than the cost price, an impairment loss is made to the net realisable value.

The cost price includes the acquisition price plus the cost of repatriation.

The net realisable value is calculated as the expected sale price less costs to execute the sale and is determined on the basis of marketability, obsolescence, and expected development in the sales price. The value of inventories accounted for at fair value is specified in note 3.4 of the annual report.

Key accounting judgments and estimates

Inventories
The estimated uncertainty of inventories relates primarily to slow-moving goods and thus to impairment to the net realisable value.

Impairment requirements are continuously assessed on inventories based on historical sales and the assessment of future sales.

Supplier bonus
Reporting from suppliers as well as AO's own records are used when assessing the supplier bonus that is due to AO. Estimates are used when reporting from suppliers have not been received or when the reporting from suppliers do not reconcile with AO's records. Ongoing retrospective reviews are performed to ensure that supplier bonus is included correctly in the financial statements.

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Section 3

3.5 Trade receivables

Trade receivables consist of sale of goods to business customers which, in essence, have the same risk profile. Provisions for bad debts are made in accordance with the simplified expected credit loss model, taking into account AO's credit policy and debt collection procedure. AO has taken up credit insurance on customers with large balances.

Historically, the Group has incurred no losses on receivables from subsidiaries, and is not expected to going forward.

Calculated on the basis of a weighted loss ratio, the Group's expected credit losses on trade receivables are as follows:

DKK millions	Loss ratio	Receivable amount	Expected loss	Total
2024				
Not yet due	0.4 %	576.7	(2.4)	574.3
Due within 1-30 days	1.2 %	23.3	(0.3)	23.0
Due within 31-60 days	28.9 %	3.2	(0.9)	2.3
Due in more than 60 days	77.7 %	38.6	(30.0)	8.6
Total at 31 December 2024		**641.8**	**(33.6)**	**608.2**
2023				
Not yet due	0.5 %	512.4	(2.8)	509.6
Due within 1-30 days	3.0 %	23.6	(0.7)	22.9
Due within 31-60 days	14.8 %	2.8	(0.4)	2.4
Due in more than 60 days	83.2 %	47.2	(39.2)	7.9
Total at 31 December 2023		**586.0**	**(43.2)**	**542.8**

* Expected losses are shown including VAT.

DKK millions	2024	2023
Provision for losses on receivables:		
Provision for losses on receivables at 1 January excl. VAT	35.0	37.6
Realised loss during the year - use of previous provision	(15.1)	(8.3)
Adjustment of provisions for losses	7.1	5.7
Provision for losses on receivables at 31 December	**27.0**	**35.0**
Recognised previously written-off receivables	(0.3)	(0.3)
Losses recognised in the year and not previously provided for	0	0
Operating effect, net from loss and provision for losses on receivables	**6.8**	**5.4**

§ Accounting policy

Receivables
Receivables are measured at their amortised cost price. Impairment to counter losses is conducted according to the simplified expected credit loss model, after which the total loss is recognised immediately in the income statement at the same time as the receivable is recognised in the balance sheet on the basis of the expected loss over the total life of the receivable. Intra-group receivables are measured at the amortised cost price.

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Section 3

3.5 Trade receivables (continued)

Key accounting judgments and estimates

Receivables
Estimates are used when assessing the probability of receivables. Due to the financial situation in society, the risk of losses on doubtful receivables remains high, which has been taken into account when assessing new customers, by way of impairment losses at the balance sheet date, and in the day-to-day governance and control of the receivables as described in note 4.3.

Customer bonus
Estimates are used in relation to the determination of the bonus levels reached on bonus agreements with a duration of more than one year. The applied estimates are reviewed on an ongoing basis to ensure a correct valuation of bonus due to customers.

3.6 Earnings per share

DKK millions	2024	2023
Net profit or loss for the year	163.4	206.1
Average number of shares in circulation	28,000,000	28,000,000
Average number of own shares	(823,900)	(823,900)
Average number of shares in circulation	27,176,100	27,176,100
The average dilution effect of outstanding RSU's	93,977	54,053
Diluted average number of outstanding share options	**27,270,077**	**27,230,153**
Earnings per share (EPS) of DKK 1 (DKK)	6.0	7.6
Diluted earnings per share (EPS-D) of DKK 1 (DKK)	6.0	7.6

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Section 3

3.7 Corporation tax receivable/payable

DKK millions	2024	2023
Corporation tax paid on account during the year	8.5	7.3
Tax on taxable profit for the year	(14.4)	(8.6)
Tax payable relating to previous years	(2.3)	(1.8)
Total corporation tax receivable/payable	**(8.2)**	**(3.1)**

§ Accounting policy

Corporation tax

Current tax liabilities and receivables are recognised in the balance sheet as calculated tax on taxable income for the year, adjusted for tax on previous years' taxable income and tax paid on account.

3.8 Deferred tax

DKK millions	2024	2023
Deferred tax at 1 January	70.1	64.6
Foreign currency translation adjustment	0.3	(0.1)
Merger / acquisition of enterprise	3.6	0
Change in deferred tax for the year	9.4	6.3
Change in deferred tax relating to previous years	(0.2)	(0.7)
Deferred tax at 31 December	**83.2**	**70.1**
Deferred tax relates to:		
Intangible assets	31.8	27.7
Property, plant and equipment	57.7	51.4
Receivables/inventory	(4.2)	(7.6)
Liabilities	(2.1)	(1.5)
Tax deficit	0	0
Deferred tax at the end of the year	**83.2**	**70.1**

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Section 3

3.8 Deferred tax (continued)

Accounting policy

Deferred tax

Deferred tax is measured according to the balance sheet liability method of all temporary differences between the net asset value and tax value of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to non-deductible goodwill and other items where temporary differences - other than business acquisitions - have arisen at the time of acquisition without affecting profit/(loss) or taxable income.

Deferred tax is measured based on the tax rules and at the tax rate that will apply as per the legislation on the balance sheet date when the tax liability is expected to be triggered as current tax. Changes in deferred tax as a result of changes in the tax rate are recognised in the income statement.

Deferred tax assets are recognised under non-current assets at the value that is expected to be realised, either by set-off against deferred tax liabilities or by offsetting tax on future earnings.

Deferred tax assets are assessed annually and recognised only to the extent that it is probable that they will be utilised.

3.9 Other payables

DKK millions	2024	2023
Holiday allowance	23.5	19.7
Salary-related items	16.0	21.0
VAT and taxes	18.4	16.9
Frozen holiday allowance	1.4	0
Earn out liability	9.7	0
Other payables	5.4	9.7
Total	**74.4**	**67.2**

At the end of 2024, provisions for liabilities were DKK 0.5m (2023: DKK 0.5m). Of other payables DKK 11.1m is classified as non-current on the balance sheet while DKK 63.3m is classified as current.

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Capital structure and financing

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Section 4

4.1 Equity

Capital management
The Group regularly assesses the need for adapting the capital structure with a view to balancing a higher required rate of return on equity with the increased uncertainty associated with loan capital. At the end of 2024, the equity share of total equity and liabilities amounted to 40.6% (2023: 45.5%). The target is to obtain an equity ratio of a minimum of 40%. The financial gearing as at December 31 2024 was 2.7 (2023: 1.3). The Group target is to maintain a financial gearing within the range of 1.0 and 2.5. Capital is managed for the Group as a whole.

The share capital consists of the following classes:

			k DKK
Class A share capital: 56,400 shares of	DKK	100 each	5,640
Class B share capital: 22,360,000 shares of	DKK	1 each	22,360
Total share capital			**28,000**

Of the Company's share capital of DKK 28,000k DKK 5,640k is in the form of Class A-shares and DKK 22,360k is in the form of Class B-shares. Each Class A-share of DKK 100 carries 1,000 votes whereas each Class B-share of DKK 1 carries one vote. In addition to the the difference in the number of voting rights, the two share classes differ in the following respects:

The Class A-shares are non-negotiable securities. The Class B-shares are listed on Nasdaq Copenhagen. The Class B-share capital has a preferential dividend right of 6%. In case of liquidation, Class B-shares take precedence over Class A-shares. As at December 31 2024, there are no outstanding obligations related to preferential dividends to Class B-shares.

An alteration to the Company's Articles of Association requires that two thirds of cast votes and two thirds of the represented capital at a general meeting are in favour of the alteration.

Holders of Class B-shares are entitled to appoint and elect one member of the Board of Directors, while holders of Class A shares elect the remaining Board members.

	Number of shares		Nomimal value (DKK thousands)		% of share capital	
Treasury shares	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
1 January	823,900	823,900	824	824	2.9%	2.9%
Holding at 31 December	823,900	823,900	824	824	2.9%	2.9%

There have been no transactions with treasury shares in 2024. According to the authorisation of the annual general meeting, Brødrene A & O Johansen A/S is allowed to acquire treasury shares up to a total holding of 10% of the share capital.

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Section 4

4.1 Equity (continued)

Dividend
The payment of dividends to the Company's shareholders has no tax implication for Brødrene A & O Johansen A/S. Proposed dividend for 2024 amounts to TDKK 84,000 corresponding to DKK 3.0 per share.

Other reserves
Reserve for net revaluation according to the equity method contains value adjustments related to investments in subsidiaries. Included in reserve for development costs is an amount corresponding to capitalised intangible assets meeting the criteria for being defined as a development project.

Reserve for net revaluation according to the equity method and reserve for development costs are unavailable for distribution to shareholders.

Reserve for foreign currency translation adjustment
The reserve for foreign currency translation adjustments includes all translation adjustments that arise as a result of the translation of the financial statements of entities using a functional currency other than Danish kroner. There are no translation adjustments in connection with assets and liabilities constituting a part of the Group's net investment in such entities.

4.2 Financing activities

DKK millions	2024	2023
Mortgage loans - floating interest rate - 5 years	442.6	421.2
Bank loans - floating short-term interest rate	479.8	86.9
Lease liabilities - floating interest rate	125.5	103.2
	1,047.9	**611.2**
Payables relating to financing activities:		
Beginning-of-year	611.2	577.5
Repayment of debt to credit institutions, net	16.0	(76.4)
Raising of loans from credit institutions	359.7	92.7
Debt from acquisition	38.7	0
Addition, lease liabilities, net	64.0	52.7
Repayment, lease liabilities	(41.7)	(35.3)
Year-end	**1,047.9**	**611.2**

According to the leases there are no contingent rents. The contractual cash flows appear from note 4.3.

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Section 4

4.2 Financial activities (continued)

Accounting policy

Financial liabilities

Debt to mortgage-credit institutions and credit institutions is recognised at the time of borrowing at the value of the proceeds received less transaction costs incurred. In subsequent periods, the financial liabilities are measured at amortised cost corresponding to the capitalised value using the effective interest rate, so that the difference between the proceeds and the nominal value is recognised in the income statement over the loan period.

Other payables, which include debt to suppliers, are measured at their amortised cost price, and other liabilities at net realisable value.

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Section 4

4.3 Financial risks

The Group's risk management policies
As a result of its operations, investments and financing, the Group is exposed to changes in exchange rates and interest-rate levels. It is Group policy not to engage in any active speculation in financial risks. The Group's financial management therefore only concentrates on the management of the financial risks that are directly linked to the Group's operations and financing. Financial risks are managed centrally by the Group's finance function.

The overall framework for the financial risk management is defined in the Group's finance policy, which has been approved by the Board of Directors. The finance policy covers the Group's finance policy as well as its policy relating to credit risks associated with financial counterparties and contains a description of the approved risk framework. Management monitors the Group's risk concentration on customers, currencies and other areas on a regular basis.

Currency risks
The Group's currency risk in connection with Danish operations is limited as revenue is generated in Danish kroner, and goods are primarily purchased in DKK or EUR.

The Group's foreign operations are not much affected by currency fluctuations, as income and expenses are largely paid in local currency. Consolidated results will be affected by exchange differences arising on translation of foreign operations' results and on translation of net assets.

The Group uses derivative financial instruments to a very limited extent. The derivative financial instruments consist of forward exchange contracts for the purchase of EUR. At 31 December 2024 there were no forward exchange contracts, and therefore no further information is provided.

The Group had no significant currency risks relating to receivables or payables in foreign currencies at 31 December 2024, and the consolidated results would therefore not be affected to any major extent by changes in exchange rates at 31 December 2024.

The Group has the following currency exposure at 31 December:

	2024			2023		
DKK millions	**EUR**	**OTHER***	**TOTAL**	**EUR**	**OTHER***	**TOTAL**
Trade payables	47.1	49.6	96.7	49.4	40.6	90.0
Payables to credit institutions	6.6	(19.5)	(12.9)	(28.1)	(74.8)	(102.9)
Net exposure	**53.7**	**30.1**	**83.8**	**21.3**	**(34.2)**	**(12.9)**
Risk in exchange rate fluctuation	1%	10%		1%	10%	
Estimated effect on income statement and equity	**0.5**	**3.0**	**3.5**	**0.2**	**(3.4)**	**(3.2)**

* Mainly SEK and NOK

The Group's currency exposure related to financial instruments is primarily a result of the Group's financing activities .

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Section 4

4.3 Financial risks (continued)

Interest rate risks
As a result of its investing and financing activities, the Group has a risk exposure relating to fluctuations in the interest-rate level in Denmark. The main interest rate exposure is related to fluctuations in CIBOR.

In 2024, the Group's interest-bearing debt, determined as payables to credit institutions and lease liabilities less negotiable securities and cash increased by DKK 470.9m to DKK 992.6m at the end of the year.

Based on the debt, a decrease of one percentage point in the general interest-rate level would result in a decrease in the Group's annual interest expenses before tax of approximately DKK 10.1m (2023: approximately DKK 6.1m).

Liquidity risks
In connection with borrowing, it is the Group's policy to ensure the greatest possible flexibility by spreading the loans on different maturity/renegotiation dates and on different lenders to ensure the best possible terms. The Group's cash resources comprise cash and short-term deposits, securities and undrawn credit facilities. It is the Group's aim to have sufficient cash resources in order to make appropriate decisions also in connection with unforeseen liquidity fluctuations.

The Group's payables fall due as follows:

DKK millions	Carrying amount	Contractual cash flows	Less than 1 year	1 to 5 years	More than 5 years
2024					
Mortgage loans	442.6	567.9	38.1	153.4	376.4
Bank loans	479.8	479.8	254.0	225.8	0
Lease liabilities	125.5	220.3	60.7	99.0	60.7
Trade payables	1,036.8	1,036.8	1,036.8	0	0
Total at 31 December	**2,084.8**	**2,304.8**	**1,389.5**	**478.2**	**437.1**
2023					
Mortgage loans	421.2	582.4	37.4	149.0	396.0
Bank loans	86.9	86.9	86.9	0	0
Lease liabilities	103.2	110.8	39.7	60.7	10.4
Trade payables	1,006.6	1,006.6	1,006.6	0	0
Total at 31 December	**1,617.9**	**1,786.7**	**1,170.6**	**209.7**	**406.4**

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Section 4

4.3 Financial risks (continued)

Assumptions regarding the maturity analysis:

- The maturity analysis is based on all undiscounted cash flows, including estimated interest payments according to contractual basis.
- Interest payments are estimated on the basis of current market conditions.

Based on the Group's expectations for future operations and the Group's current cash resources, no material liquidity risks have been identified. Agreements containing Supply Chain Finance programmes have been concluded. The Supply Chain Finance programmes typically has a credit time of two months longer than comparable financial liabilities. At the balance sheet date liabilities related to Supply Chain Finance programmes amount to DKK 235.5m (2023: DKK 204.2m) of which DKK 224.9m has been settled from the third-party finance provider. In the balance sheet the Supply Chain Finance programmes are classified as trade payables.

Group loans and committed credit facilities are not subject to any special terms or conditions (covenants).

Credit risks
The Group's credit risks relate to receivables and cash and short-term deposits. The maximum credit risk associated with financial assets corresponds to the values recognised in the balance sheet.

The Group has no material risks relating to individual customers or business partners. Credit rating is based on an individual assessment of customers and business partners and their respective financial situation. The management of the credit risk is based on internal credit limits determined according to the customers' credit rating. As a result of the current market conditions, the Group has amended its credit limits for a number of customers. If the credit rating of a customer is assessed as being insufficient, the terms of payment are amended or security is provided.

The Group's credit exposure to customers is monitored on an ongoing basis as part of the Group's risk management. Of the DKK 608.2m in trade receivables DKK 198.5m are credit-insured thus the maximum credit risk is was DKK 409.7m at the balance sheet date.

In general, no security has been received for overdue or impaired receivables.

Categories of financial instruments, and methods and assumptions for determining fair values
The carrying amount and fair value of financial instruments are identical with the exception of loans measured at amortised cost, and where the carrying amount at 31 December 2024 amounts to DKK 1,047.9m (2023: DKK 611.2m) incl. lease liabilities at the end of the year.

The methods and assumptions applied in determining fair values of financial instruments are presented below for each class of financial instrument. The methods used have not been changed compared to last year.

The fair value of mortgage debt is determined on the basis of the underlying bonds. Short-term floating-rate bank loans are measured at nominal value.

Trade receivables, cash and short-term deposits, and trade payables are subject to a short credit period and are considered to have a fair value that corresponds to the carrying amount. No further fair value information for financial assets is given when the carrying amount is assumed to be a proper measure of the fair value of the assets.

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Section 4

4.3 Financial risks (continued)

Accounting policy

Financial instruments
Derivative financial instruments are recognised on the trade date and measured at fair value in the balance sheet. Positive and negative fair values of derivative financial instruments are included in other receivables and other payables, respectively, and the offsetting of positive and negative values is only made when the company is entitled to and intends to settle several financial instruments net. Fair values of derivative financial instruments are calculated on the basis of current market data and recognised valuation methods.

Hedge accounting is only used in connection with currency futures.

4.4 Financial income

DKK millions	2024	2023
Interest income from current assets	11.8	3.3
Foreign exchange gains, net	0.5	0
Total	**12.3**	**3.3**

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4.5 Financial expenses

DKK millions	2024	2023
Interest expenses on liabilities	(44.3)	(25.5)
Expenses, lease liabilities, external	(3.3)	(1.6)
Other interest expenses	(0.7)	(0.4)
Foreign exchange losses, net	0	(6.2)
Total	**(48.3)**	**(33.7)**

§ Accounting policy

Financial income and expenses
Financial income and expenses include interest and realised and unrealised capital gains and losses, as well as write-downs on securities and debt, the amortisation of financial assets and liabilities, including supplements and reimbursements under the advance tax scheme, etc.

Borrowing costs from general or specific loans attributable to the construction period of qualifying assets are recognised at the cost price of the relevant assets.

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Other notes

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Section 5

5.1 Business combinations

Svenska VA-Grossisten AB

On May 1 2024 the Group gained 100% 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 31 December 2023 a revenue of DKK 57m and an EBITDA of DKK 9m was achieved. Had Svenska VA-Grossisten been a part of the Group for the full year 2024 it would have contributed with a revenue of DKK 74.3m and an EBITDA of DKK 10.8m.

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

Transaction costs in relation to the acquisition were DKK 0.2m.

The earn out liability is related to future financial performance in the Stockholm area. The earn out agreement is expeted to be paid in full and the full amount is therefore recognised in the balance sheet as per 31 December 2024.

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

DKK millions	2024
Property, plant and equipment	2.9
Inventories	4.3
Trade receivables	8.3
Other receivables	2.1
Cash	6.7
Interest-bearing debt including lease liabilities	(1.9)
Trade payables	(8.9)
Other payables	(4.6)
Acquired net assets	**8.9**
Goodwill	53.5
Price of acquisition	**62.3**
Cash paid on acquisition	52.7
Cash acquired	(6.7)
Net cash effect 2024 from aquisition	**46.1**
Earn out liability recognised in balance	**9.6**

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Section 5

5.1 Business combinations (continued)

Designkupp AS

On June 30 2024 the Group gained 100% 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 DKK 82m and an EBITDA of DKK 3m. Had DesignKupp been a part of the Group for the full year 2024 it would have contributed with a revenue of DKK 75.1m and an EBITDA of DKK 1.4m.

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

Transaction costs in relation to the acquisition were DKK 0.4m.

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

DKK millions	**2024**
Property, plant and equipment	0.4
Inventories	4.4
Trade receivables	0.8
Other receivables	0.1
Cash	4.0
Interest-bearing debt including lease liabilities	0
Trade payables	(6.4)
Other payables	(1.7)
Acquired net assets	**1.6**
Goodwill	43.0
Rights	3.4
Price of acquisition	**48.0**
Cash paid on acquisition	48.0
Cash acquired	(4.0)
Net cash effect 2024 from aquisition	**44.0**

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Section 5

5.1 Business combinations (continued)

Workwear Group ApS

On August 13 2024 the Group gained 100% control of the Danish company Workwear Group ApS by acquiring all the shares in the company.

With the acquisition AO gains control of a leading player within onlines sales of workwear in Scandinavia. Workwear Group operates 10 webshops selling Workwear to B2C customers as well as to companies. Workwear Group operates out of a modern automated warehouse in Jutland which will be a part of the Groups future logistics set up.

In the financial year that ended December 31 2023 Workwear Group had a revenue of DKK 240m and an EBITDA of DKK 22m. Had Workwear Group been a part of the Group for the full year 2024 it would have contributed with a revenue of DKK 267.3m and an EBITDA of DKK 22.5m.

Transaction costs in relation to the acquisition were DKK 0.7m.

Workwear Group will significantly expand the Groups offering within workwear to B2B and B2C customers.

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

DKK millions	2024
Property, plant and equipment	84.0
Inventories	46.2
Trade receivables	4.2
Deferred tax	(2.7)
Interest-bearing debt including lease liabilities	(68.1)
Trade payables	(12.5)
Other payables	(7.1)
Acquired net assets	**44.0**
Goodwill	151.6
Rights	19.4
Price of acquisition	**215.0**
Cash paid on acquisition	215.0
Net cash effect 2024 from aquisition	**215.0**

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Section 5

5.2 Contingent liabilities, security, etc.

Land and buildings with a total carrying amount of DKK 763.6m (2023: DKK 672.3m) are provided as security for the Group's payables to mortgage credit institutions and finance lease liabilities.

As a normal part of doing business AO can be invovled in disputes or legal proceedings. The outcome of pending legal actions is not expected to have any material impact on the financial position of the Group.

The parent company is jointly taxed with AO Invest A/S and the ultimate Danish parent company Avenir Invest ApS, which is the administration company for joint taxation purposes. The company and therefore the Group is unlimited, jointly and severally liable with other jointly taxed companies towards the Danish tax authorities for the total corporation tax. Payable corporation taxes within the joint taxation group amounted to DKK -16.4m at 31 December 2024 (2023: DKK 8.4m).

Any adjustment to the taxable income subject to joint taxation might entail an increase in the Company's liability. Group companies are not subject to withholding tax on dividends.

5.3 Share based remuneration

In order to motivate and retain members of the Executive Board and other managers in the Group, Brødrene A & O Johansen A/S has introduced an incentive programme based on the shares of the company. The programme is designed to align the interests of the participants of the share programme with the interests of the shareholders. The intention is to promote long-term value creation in the Group.

In 2024 no new Restricted Stock Units (RSUs) have been granted (2023: 56,935).

The RSUs are measured at fair value at the time of the grant using a Black & Scholes model. The fair value is recognised as staff costs and equity on a straight line basis over the vesting period of 36 months.

The RSUs can only be settled in shares and no subsequent measurement of the fair value is performed. The vesting conditions for all RSUs are related to continued employment with the Group.

Restricted Stock Units 2024	Outstanding RSUs Jan 1	Released during the year	Granted during the year	Outstanding RSUs Dec 31	Fair value at the time of the grant	Vesting date
Executive Board						
Grant 2022	44,370	0	0	44,370	4.4	March 2025
Executive Board total	44,370	0	0	44,370	4.4	
Other employees						
Grant 2022	18,468	0	0	18,468	1.8	March 2025
Grant 2023	56,935	0	0	56,935	4,4	January 2026
Other employees total	75,403	0	0	75,403	6.2	
Total	119,773	0	0	119,773	10.6	

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5.4 Related parties

The Group's related parties comprise the parent company Avenir Invest ApS (Axeltorv 2, DK-1607 Copenhagen V, Denmark), the Board of Directors, the Executive Board and management employees.

Avenir Invest ApS has control over the company through its ownership of the majority of the voting rights. During the year, no transactions were carried out with Avenir Invest ApS apart from payment of dividends and corporate tax.

During the year, no significant transactions were carried out with the Board of Directors, the Executive Board, management employees or major shareholders apart from normal management remuneration, cf. note 2.5, and dividend payments.

5.5 Subsequent events

No events have occurred after 31 December 2024 that are considered to have a material effect on the annual report for 2024.

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Section 5

5.6 New accounting regulation

At the time of publication of this annual report, IASB has issued the following new and amended financial reporting standards and interpretations that are not compulsory for Brødrene A & O Johansen A/S in preparing the annual report for 2024:

- Amendments to IAS 21 - Lack of Exchangeability (effective for annual periods beginning on or after 1 January 2025)
- Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after 1 January 2026)
- IFRS 19 Subsidiaries without Public Accountability: Disclosures (effective for annual periods beginning on or after 1 January 2027)
- IFRS 18 Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after 1 January 2027)

None of the standards and interpretations mentioned above have been adopted by the EU.

The adopted standards and interpretations that have not yet come into effect will be implemented as they become compulsory for Brødrene A & O Johansen A/S. It has been assessed that none of the above-mentioned standards and interpretations apart from IFRS 18 will affect recognition and measurement for Brødrene A & O Johansen A/S.

Management is currently assessing the detailed implications of applying the new IFRS 18 standard on the group’s consolidated financial statements. Line items presented on the primary might change and there may be a change in the definition of operating profit. The group does not expect significant changes in the information currently disclosed in the notes; however, the way in which the information is grouped might change. From a cash flow statement perspective, there will be changes to how interest received and interest paid are presented. Interest paid will be presented as financing cash flows and interest received as investing cash flows, which is a change from current presentation as part of operating cash flows.

Financial ratio definitions as recommended by CFA Society Denmark

Gross profit margin	(Gross margin / Revenue) * 100
Profit margin	(Operating profit or loss (EBIT) / Revenue) * 100
Return on capital employed	(EBIT / Average total assets) * 100
Return on equity	(Net profit or loss for the year / Average equity) * 100
Net gearing	(Net interest bearing debt (NIBD) / EBITDA)
Solvency ratio	(Equity / Total assets) * 100
Price Earnings Basic (P/E Basic)	Share price at the end of the year / Earnings per share
Earnings per share (EPS Basic), DKK	Profit after tax / Average number of shares in circulation
Diluted earnings per share (EPS-D), DKK	Profit after tax / Diluted average number of outstanding share options
Book value	Equity at the end of the year / Average number of shares in circulation

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Income statement

For 1 January – 31 December

DKK millions	Note	2024	2023
Revenue		**4,907.7**	**4,993.4**
Cost of sales	2.1	(3,824.3)	(3,838.8)
Gross profit		1,083.4	1,154.6
Other operating income	2.2	1.3	1.5
Gross margin		**1,084.7**	**1,156.1**
External expenses	2.3	(284.8)	(291.1)
Staff costs	2.4	(520.4)	(495.1)
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		**279.5**	**369.9**
Depreciation and amortisation	2.5	(153.5)	(144.7)
Operating profit or loss (EBIT)		**126.0**	**225.2**
Subsidiaries' profit after tax	3.4	80.7	46.4
Financial income	4.4	17.3	3.7
Financial expenses	4.5	(36.4)	(26.0)
Profit or loss before tax (EBT)		**187.6**	**249.2**
Tax on profit or loss for the year	2.6	(24.2)	(43.1)
Net profit or loss for the year		**163.4**	**206.1**

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Statement of comprehensive income

For 1 January – 31 December

DKK millions	Note	2024	2023
Other comprehensive income			
Net profit or loss for the year		**163.4**	**206.1**
Items which will be reclassified to the income statement			
Foreign currency translation adjustment relating to foreign entities		(4.1)	1.0
Tax on other comprehensive income		0	0
Other comprehensive income after tax		(4.1)	1.0
Total comprehensive income		**159.4**	**207.1**

Contents

Balance sheet as at 31 December

Assets

DKK millions	Note	2024	2023
Non-current assets			
Intangible assets	3.1		
Goodwill		464.8	464.8
Intellectual property rights		40.7	44.2
Software		104.6	82.9
		610.1	**591.9**
Property, plant and equipment	3.2		
Land and buildings		146.7	138.9
Leasehold improvements		16.2	16.5
Fixtures and operating equipment		208.0	219.8
Right-of-use assets	3.3	168.7	196.0
		539.6	**571.1**
Other non-current assets			
Investments in subsidiaries	3.4	675.1	349.4
Other investments		0.2	0.3
		675.3	**349.7**
Total non-current assets		**1,825.1**	**1,512.7**

DKK millions	Note	2024	2023
Current assets			
Inventories	2.1, 3.5	721.0	723.9
Trade receivables	3.6	571.6	517.2
Receivables from subsidiaries	3.6	167.5	139.9
Joint tax contribution		26.3	0
Other receivables		31.4	16.2
Prepayments and accrued income		22.3	22.9
Cash and short-term deposits		26.8	46.8
Total current assets		**1,566.8**	**1,466.8**
Total assets		**3,391.9**	**2,979.5**

Contents

Balance sheet as at 31 December

Equity and liabilities

DKK millions	Note	2024	2023
Equity	4.1		
Share capital		28.0	28.0
Reserve according to the equity method		284.4	221.8
Reserve for development costs		67.2	62.9
Reserve for foreign currency translation adjustments			0
Retained earnings		1,072.7	1,057.6
Proposed dividend for the financial year		84.0	105.0
Total equity		**1,536.3**	**1,475.3**
Non-current liabilities			
Deferred tax	3.7	40.0	32.4
Credit institutions	4.2	306.1	84.4
Lease liabilities	3.3, 4.2	114.9	119.1
Other non-current liabilities			0
Total non-current liabilities		**461.0**	**235.8**

DKK millions	Note	2024	2023
Current liabilities			
Credit institutions	4.2	263.8	95.2
Lease liabilities	3.3, 4.2	57.2	80.2
Trade payables	4.2	979.3	976.9
Amounts owed to subsidiaries		48.3	53.1
Joint tax contribution		0	3.7
Corporation tax payable		0	0
Provisions for liabilities		0.5	0.5
Other payables	3.8	45.6	58.9
Total current liabilities		**1,394.6**	**1,268.4**
Total liabilities		**1,855.6**	**1,504.2**
Total equity and liabilities		**3,391.9**	**2,979.5**
Contingent liabilities, security, etc.	5.1		
Notes without reference	5.2 - 5.3		

Contents

Cash flow statement

DKK millions	Note	2024	2023
Cash flow from operating activities			
Operating profit or loss (EBIT)		126.0	225.2
Depreciation and amortisation	2.5	153.5	144.7
Other non-cash operating items, net		3.5	3.4
Cash flow from operations before change in working capital		283.0	373.3
Change in inventories		2.9	101.5
Change in receivables		(69.1)	87.9
Change in trade payables and other current payables		(9.9)	(191.4)
Change in working capital		(76.1)	(2.1)
Cash flow from operations		206.9	371.3
Financial income received		17.3	3.7
Financial expenses paid		(36.4)	(26.0)
Corporation tax paid		(46.5)	(17.5)
Cash flow from operating activities		**141.4**	**331.4**

DKK millions	Note	2024	2023
Cash flow from investing activities			
Purchase of intangible assets		(44.1)	(33.9)
Purchase of property, plant and equipment		(35.9)	(40.1)
Change in receivables from subsidiaries		(32.5)	(51.7)
Dividends received		14.0	34.8
Sale of other non-current assets		0	0
Acquisition of enterprise		(263.0)	(1.5)
Sale of enterprise		0	0
Cash flow from investing activities		**(361.5)**	**(92.3)**
Cash flow from financing activities			
Repayment of debt to credit institutions		70.5	(61.7)
Raising of loans from credit institutions		319.8	92.7
Repayment of lease liabilities		(88.4)	(80.9)
Dividends paid		(101.9)	(142.7)
Cash flow from financing activities		**200.0**	**(192.5)**
Cashflow for the year		**(20.0)**	**46.5**
Cash and short-term deposits at beginning of year		46.8	0.3
Cash and short-term deposits at end of year		**26.8**	**46.8**

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Company statement of changes in equity

DKK millions	Share capital	Equity method	Reserve for development costs	Proposed dividend for the year	Retained earnings	Total equity
Equity at 1 January 2024	**28.0**	**221.8**	**62.9**	**105.0**	**1,057.6**	**1,475.3**
Net profit for the year	0	80.7		84.0	(1.3)	163.4
Movement for the year	0	0	4.3	0	(4.3)	0
Foreign currency translation adjustment	0	(4.1)	0	0	0	(4.1)
Total comprehensive income	0	76.6	4.3	84.0	(5.5)	159.4
Dividend distribution	0	0	0	(101.9)	0	(101.9)
Dividend treasury shares	0	0	0	(3.1)	3.1	0
Dividend received	0	(14.0)	0	0	14.0	0
Sharebased remuneration	0	0	0	0	3.5	3.5
Total transactions with owners	0	(14.0)	0	(105.0)	20.6	(98.4)
Equity at 31 December 2024	**28.0**	**284.4**	**67.2**	**84.0**	**1,072.7**	**1,536.3**
Equity at 1 January 2023	**28.0**	**209.3**	**41.2**	**147.0**	**982.0**	**1,407.5**
Net profit for the year	0	46.4	0	105.0	54.7	206.1
Movement for the year	0	0	21.6	0	(21.6)	0
Foreign currency translation adjustment	0	1.0	0	0	0	1.0
Total comprehensive income	0	47.3	21.6	105.0	33.1	207.1
Dividend distribution	0	0	0	(142.7)	0	(142.7)
Dividend treasury shares	0	0	0	(4.3)	4.3	0
Dividend received	0	(34.8)	0	0	34.8	0
Sharebased remuneration	0	0	0	0	3.4	3.4
Total transactions with owners	0	(34.8)	0	(147.0)	42.5	(139.3)
Equity at 31 December 2023	**28.0**	**221.8**	**62.9**	**105.0**	**1,057.6**	**1,475.3**

Contents

Section 1

Basis of preparation

1.1 Accounting policies

1.2 Significant estimated uncertainties and assumptions

Contents

Section 1

1.1 Accounting policies

The financial statements of the parent company Brødrene A & O Johansen A/S for 2024 are presented in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act.

The accounting policies of the parent company remain unchanged from last year. Significant accounting policies are identical to those applied by the AO Group except for those mentioned below. A general description of accounting policies can be found in note 1.1 of the consolidated financial statements.

Result of investments in subsidiaries
In the parent company's income statement, the proportionate share of the individual subsidiaries' profit/(loss) after tax is recognised after the full elimination of internal gains/losses.

Investments in subsidiaries in the parent company's financial statements
Investments in subsidiaries are measured according to the equity method.

Investments in subsidiaries are measured at the proportionate share of the companies' net worth calculated according to the Group's accounting policies with the addition or deduction of unrealised intra-group profits and losses, and the addition or deduction of the remaining value of positive or negative goodwill calculated according to the acquisition method.

Contents

Section 1

1.2 Significant estimated uncertainties and assumptions

When calculating the carrying amount of certain assets and liabilities, estimates are made of how future events affect the value of these assets and liabilities at the balance sheet date.

The estimates and assumptions may have a significant effect on the financial reporting and can be categorised as significant accounting judgements or significant accounting estimates and assumptions.

The estimates made are based on historical experience and other factors that the management considers reasonable in the circumstances, but which are inherently uncertain and unpredictable. The assumptions may be incomplete or inaccurate, and unexpected events or circumstances may arise. Furthermore, the company is subject to risks and uncertainties that may cause actual results to differ from those estimates.

It may be necessary to change previous estimates due to changes in the circumstances underlying them or due to new knowledge or subsequent events.

Significant accounting judgements, estimates and assumptions

Significant accounting estimates and judgements include assumptions and estimates of the future and other uncertainty, that could potentially affect the company within the next 12 months. Estimates that are material to the financial reporting are made, inter alia, by valuing the impairment testing of goodwill, receivables, and inventories and by calculating depreciation and impairment.

The following estimates and accompanying assessments are deemed material for the preparation of the financial statements:

- Impairment testing for goodwill and other intangible assets
- Valuation of receivables
- Inventory valuation

These estimates and assessments are described in the following notes:

Note 3.1	Intangible assets
Note 3.5	Inventories
Note 3.6	Trade receivables

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Section 2

Income statement

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Section 2

2.1 Cost of sales

DKK millions	2024	2023
Cost of goods purchased during the year	(3,599.1)	(3,502.6)
Distribution costs	(203.6)	(193.7)
	(3,802.7)	**(3,696.3)**
Change in inventories:		
Inventory at the beginning of the year	723.9	834.2
Change in cost during the year	13.9	9.9
Inventory writedown, net	4.7	22.3
Inventory at the end of the year	721.0	723.9
Change in inventory for the year	(21.6)	(142.6)
Cost of sales for the year	**(3,824.3)**	**(3,838.8)**

2.2 Other operating income

The item includes property rental income.

2.3 External expenses

DKK millions	2024	2023
Remuneration for the auditor elected by the annual general meeting:		
Total remuneration may be specified as follows:		
Statutory audit	(1.3)	(1.2)
Tax and VAT related advisory services	(0.1)	0
Other assurance engagements	(0.9)	0
Other services	(0.1)	(0.4)
Total	**(2.4)**	**(1.6)**

Other assurance engagements' primarily included statutory limited assurance over the sustainability statements and to a limited degree assurance services related to WEEE declaration. Tax and VAT related advisory services related to minor advice on general tax and VAT matters. Other services primarily related to ESG-related advice.

Contents

Section 2

2.4 Staff costs

DKK millions	2024	2023
Wages and salaries	(427.7)	(400.7)
Pension contributions	(37.4)	(36.3)
Share-based remuneration	(3.5)	(3.4)
Other social security costs	(5.8)	(5.9)
Other staff expenses	(3.3)	(3.2)
Staff costs excl. temporary employees	**(477.7)**	**(449.4)**
Wages temporary employees	(42.7)	(45.6)
Staff costs total	**(520.4)**	**(495.1)**
Wages and salaries include remuneration for:		
Board of Directors	(2.6)	(2.6)
Board of Directors total	**(2.6)**	**(2.6)**
Executive Board	(25.4)	(21.6)
Share-based remuneration	(1.2)	(1.4)
Pension contributions	(1.6)	(2.6)
Benefits	(0.6)	(0.8)
Executive Board total	**(28.8)**	**(26.4)**
Board of Directors and Executive Board total	**(31.4)**	**(29.0)**
Average number of full-time employees incl. temporary employees	884	879
Average number of full-time employees	815	808

The Company only has defined contribution plans.

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Section 2

2.5 Depreciation and amortisation

DKK millions	2024	2023
Intangible assets	(25.8)	(18.7)
Property, plant and equipment	(39.7)	(45.4)
Right-of-use assets, external	(38.6)	(32.9)
Right-of-use assets, subsidiaries	(49.8)	(48.0)
Gains/losses from the disposal of assets	0.4	0.3
Total	**(153.5)**	**(144.7)**

2.6 Tax on profit or loss for the year

DKK millions	2024	2023
Current tax for the year	(16.1)	(39.5)
Adjustment related to previous years	(0.5)	(0.3)
Addition from acquisition	0	0
	(16.6)	(39.8)
Adjustment of deferred tax for the year	(7.3)	(4.1)
Adjustment of deferred tax for previous years	(0.3)	0.8
Total	**(24.2)**	**(43.1)**
Tax on profit/loss for the year can be explained as follows:		
Calculated tax on profit/loss before tax, not incl. subsidiaries' profits	23.5	44.6
Tax effect of:		
Non-taxable income	(0.7)	(0.9)
Other non-deductible costs	0.6	0.3
Adjustment of tax for previous years	0.8	(0.9)
	24.2	**43.1**
Effective tax rate	22.2%	21.3%
Taxes paid during the financial year	(46.5)	(17.5)

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Section 3

Invested capital

3.1 Intangible assets
3.2 Property, plant and equipment
3.3 Right-of-use assets and lease liabilities
3.4 Investments in subsidiaries
3.5 Inventories
3.6 Trade receivables
3.7 Deferred tax
3.8 Other payables

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Section 3

3.1 Intangible assets

DKK millions	Goodwill	Intellectual property rights	Software
Cost at 1 January 2024	464.8	68.5	330.4
Foreign currency translation adjustment	0	0	0
Additions from acquisitions	0	0	0
Additions during the year	0	0	44.1
Disposals during the year	0	0	(41.4)
Cost at 31 December 2024	464.8	68.5	333.1
Amortisation and depreciation at 1 January 2024	0	(24.3)	(247.5)
Foreign currency translation adjustment	0	0	0
Amortisation and depreciation for the year	0	(3.5)	(22.4)
Disposals during the year	0	0	41.4
Amortisation and depreciation at 31 December 2024	0	(27.8)	(228.4)
Carrying amount at 31 December 2024	**464.8**	**40.7**	**104.6**

DKK millions	Goodwill	Intellectual property rights	Software
Cost at 1 January 2023	456.0	68.5	344.8
Foreign currency translation adjustment	0	0	0
Additions from acquisitions	0	0	0
Additions during the year	8.8	0	33.9
Disposals during the year	0	0	(48.3)
Cost at 31 December 2023	464.8	68.5	330.4
Amortisation and depreciation at 1 January 2023	0	(20.8)	(280.6)
Foreign currency translation adjustment	0	0	0
Amortisation and depreciation for the year	0	(3.5)	(15.2)
Disposals during the year	0	0	48.3
Amortisation and depreciation at 31 December 2023	0	(24.3)	(247.5)
Carrying amount at 31 December 2023	**464.8**	**44.2**	**82.9**

In 2024 additions to goodwill derive from the acquisitions of DesignKupp and Workwear Group.

Apart from goodwill, all intangible assets are considered to have definite useful lives. No significant changes have been made in estimates relating to intangible assets. Intellectual property rights relate to Billig VVS', Greenline's, LampeGuru's and EA Værktøj's trademarks, domain names, etc.

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Section 3

3.1 Intangible assets (continued)

Development costs
Development costs are included in "Software". The net value of capitalised development costs may be illustrated as follows:

DKK millions	2024		2023	
Company	Completed	Work in progress	Completed	Work in progress
Cost at 1 January	162.2	36.8	133.9	22.3
Additions during the year	0	47.5	18.6	24.2
Transfer	47.9	(52.1)	9.7	(9.7)
Disposals	(43.1)	0	0	0
Cost at 31 December	167.0	32.2	162.2	36.8
Amortisation and depreciation at 1 January	(118.3)	0	(103.3)	0
Amortisation and depreciation for the year	(23.1)	0	(15.0)	0
Transfer	(12.3)	0	0	0
Amortisation and depreciation related to disposals	40.7	0	0	0
Amortisation and depreciation at 31 December	(113.1)	0	(118.3)	0
Carrying amount at 31 December	53.9	32.2	43.9	36.8

§ Accounting policy

Impairment testing for goodwill and other intangible assets
In the annual impairment tests of intangible assets, including goodwill and rights, estimates are made of how the parts of the business (cash-generating units) to which goodwill and rights are attributed will be able to generate sufficient positive net cash flows in the future to support the value of the goodwill and rights.

Due to the nature of the business, expected cash flows must be estimated for many years to come, leading to some uncertainty. This uncertainty is reflected by the chosen discount rate.

Impairment testing has been described in note 3.1 of the consolidated financial statements.

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Section 3

3.2 Property, plant and equipment

DKK millions	Land and buildings	Leasehold improve-ments	Fixtures and operating equipment
Cost at 1 January 2024	195.2	34.2	588.9
Foreign currency translation adjustment	0	0	0
Additions from acquisitions	0	0	0
Additions during the year	10.2	3.8	21.9
Disposals during the year	(0.1)	(6.2)	(45.6)
Cost at 31 December 2024	205.3	31.8	565.2
Amortisation and depreciation at 1 January 2024	(56.4)	(17.7)	(369.2)
Foreign currency translation adjustment	0	0	0
Amortisation and depreciation for the year	(2.4)	(4.0)	(33.2)
Disposals during the year	0.2	6.2	45.2
Amortisation and depreciation at 31 December 2024	(58.6)	(15.6)	(357.2)
Carrying amount at 31 December 2024	**146.7**	**16.2**	**208.0**

DKK millions	Land and buildings	Leasehold improve-ments	Fixtures and operating equipment
Cost at 1 January 2023	190.6	28.8	563.5
Foreign currency translation adjustment	0	0	0
Additions from acquisitions	0	0	0
Additions during the year	4.7	5.7	31.4
Disposals during the year	0	(0.3)	(6.0)
Cost at 31 December 2023	195.2	34.2	588.9
Amortisation and depreciation at 1 January 2023	(48.3)	(14.2)	(339.8)
Foreign currency translation adjustment	0	0	0
Amortisation and depreciation for the year	(8.0)	(3.8)	(33.6)
Disposals during the year	0	0.3	4.3
Amortisation and depreciation at 31 December 2023	(56.4)	(17.7)	(369.2)
Carrying amount at 31 December 2023	**138.9**	**16.5**	**219.8**

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Section 3

3.3 Right-of-use assets and lease liabilities

Right-of-use assets	Land and buildings	Fixtures and operating equipment	Total
Balance at 1 January 2024	157.1	38.9	196.0
Foreign currency translation adjustment	0	0	0
Additions during the year	30.5	23.8	54.3
Disposals during the year	(1.2)	(0.8)	(2.0)
Remeasurement of lease liability	8.0	0.8	8.8
Amortisation and depreciation for the year	(72.3)	(16.1)	(88.4)
Carrying amount at 31 December 2024	**122.1**	**46.6**	**168.7**

Right-of-use assets	Land and buildings	Fixtures and operating equipment	Total
Balance at 1 January 2023	190.7	14.6	205.3
Foreign currency translation adjustment	0	0	0
Additions during the year	39.2	41.6	80.9
Disposals during the year	(6.7)	(5.8)	(12.4)
Remeasurement of lease liability	2.8	0.4	3.2
Amortisation and depreciation for the year	(69.0)	(11.9)	(80.9)
Carrying amount at 31 December 2023	**157.1**	**38.9**	**196.0**

Lease liabilities	2024	2023
Maturity of lease liabilities		
0-1 year	57.9	86.7
1-5 years	98.1	103.5
>5 years	30.9	30.5
Total un-discounted lease liabilities at 31 December	**186.8**	**220.8**
Short-term lease liabilities, less than 1 year	57.8	80.2
Long-term lease liabilities, more than 1 year	114.3	119.1
Lease liabilities recognised in the balance sheet	**172.1**	**199.3**
Amounts recognised in the income statement		
Interest expenses on lease liabilities	(5.1)	(2.8)
Expenses related to low value leasing arrangements	(0.2)	(0.2)
Expenses related to short term leasing arrangements	(1.0)	(1.6)
Depreciation related to right-of-use assets	(85.2)	(80.9)
Total	**(91.5)**	**(85.5)**

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Section 3

3.4 Investments in subsidiaries

DKK millions	2024	2023
Cost at 1 January	127.6	127.6
Additions during the year	263.1	0
Disposal due to merger	0	0
Cost at 31 December	390.7	127.6
Value adjustment at 1 January	221.8	209.3
Disposal due to merger	0	0
Dividends	(14.0)	(34.8)
Forign currency translation adjustments	(4.1)	1.0
Subsidiaries' results	80.7	46.4
Value adjustment at 31 December	284.4	221.8
Carrying amount at 31 December	**675.1**	**349.4**

		2024	2023
Name	**Registered office**	**Ownership interest**	**Ownership interest**
AO Invest A/S	Albertslund	100%	100%
AO Sverige AB	Sweden	100%	100%
VVSochBAD Sverige AB	Sweden	100%	100%
Billig VVS AS	Norway	100%	100%
LampeGuru AS	Norway	100%	100%
Designkupp AS	Norway	100%	0%
Workwear Group ApS	Denmark	100%	0%

3.5 Inventories

DKK millions	2024	2023
Carrying amount of inventories recognised at net selling price	32.3	41.8

§ Accounting policy

Inventories

The estimated uncertainty of inventories relates primarily to slow-moving goods and thus to impairment to the net realisable value.

Impairment requirements are continuously assessed on inventories based on historical sales and the assessment of future sales.

! Key accounting judgments and estimates

Supplier bonus

Reporting from suppliers as well as AO's own records are used when assessing the supplier bonus that is due to AO. Estimates are used when reporting from suppliers have not been received or when the reporting from suppliers do not reconcile with AO's records. Ongoing retrospective reviews are performed to ensure that supplier bonus is included correctly in the financial statements.

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Section 3

3.6 Trade receivables

Trade receivables consist of sale of goods to business customers which, in essence, have the same risk profile. Provisions for bad debts are made in accordance with the simplified expected credit loss model, taking into account AO's credit policy and debt collection procedure. AO has taken up credit insurance on customers with large balances.

Historically, the Company has incurred no losses on receivables from subsidiaries, and is not expected to going forward.

Calculated on the basis of a weighted loss ratio, the expected credit losses on trade receivables are as follows:

DKK millions	Loss ratio	Receivable amount	Expected loss	Total
2024				
Not yet due	0.4%	547.2	(2.4)	544.7
Due within 1-30 days	1.8%	15.4	(0.3)	15.2
Due within 31-60 days	34.8%	2.7	(0.9)	1.7
Due in more than 60 days	73.0%	37.1	(27.1)	10.0
Total at 31 December 2024		**602.4**	**(30.7)**	**571.6**
2023				
Not yet due	0.6 %	491.2	(2.7)	488.5
Due within 1-30 days	3.6 %	19.8	(0.7)	19.1
Due within 31-60 days	15.6 %	2.6	(0.4)	2.2
Due in more than 60 days	83.5 %	44.9	(37.5)	7.4
Total at 31 December 2023		**558.5**	**(41.3)**	**517.2**

* Expected losses are shown including VAT.

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Section 3

3.6 Trade receivables (continued)

DKK millions	2024	2023
Provision for losses on receivables:		
Provision for losses on receivables at 1 January excl. VAT	33.5	36.2
Realised loss during the year - use of previous provision	(14.5)	(8.3)
Adjustment of provisions for losses	5.7	5.6
Provision for losses on receivables at 31 December	**24.7**	**33.5**
Recognised previously written-off receivables	(0.3)	(0.3)
Losses recognised in the year and not previously provided for	0	0
Operating effect, net from loss and provision for losses on receivables	**5.4**	**5.3**

§ Accounting policy

Receivables
Estimates are used when assessing the probability of receivables. Due to the financial situation in society, the risk of losses on doubtful receivables remains high, which has been taken into account when assessing new customers, by way of impairment losses at the balance sheet date, and in the day-to-day governance and control of the receivables.

Customer bonus
Estimates are used in relation to the determination of the bonus levels reached on bonus agreements with a duration of more than one year. The applied estimates are reviewed on an ongoing basis to ensure a correct valuation of bonus due to customers.

3.7 Deferred tax

DKK millions	2024	2023
Deferred tax at 1 January	32.4	29.1
Foreign currency translation adjustment	0	0
Merger / acquisition of enterprise	0	0
Change in deferred tax for the year	7.3	4.1
Change in deferred tax relating to previous years	(0.3)	(0.8)
Deferred tax at 31 December	**40.0**	**32.4**
Deferred tax relates to:		
Intangible assets	31.7	27.7
Property, plant and equipment	14.4	13.6
Receivables	(4.1)	(7.5)
Liabilities	(2.0)	(1.4)
Tax deficit	0	0
Deferred tax at the end of the year	**40.0**	**32.4**

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Section 3

3.8 Other payables

DKK millions	2024	2023
Holiday allowance	19.7	18.0
Salary-related items	12.1	18.6
VAT and taxes	10.7	13.0
Other payables	3.1	9.3
Total	**45.6**	**58.9**

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Section 4

Capital structure and financing

Contents

Section 4

4.1 Equity

Share capital
The share capital consists of the following classes:

			k DKK
Class A-share capital: 56,400 shares of	DKK	100 each	5,640
Class B-share capital: 22,360,000 shares of	DKK	1 each	22,360
Total share capital			**28,000**

Of the Company's share capital of DKK 28,000k DKK 5,640k is in the form of Class A-shares and DKK 22,360k is in the form of Class B-shares. Each A-share of DKK 100 carries 1,000 votes whereas each Class B-share of DKK 1 carries one vote. In addition to the the difference in the number of voting rights, the two share classes differ in the following respects:

The Class A-shares are non-negotiable securities. The Class B-shares are listed on Nasdaq Copenhagen. The Class B-share capital has a preferential dividend right of 6%. In case of liquidation, Class B-shares take precedence over Class A-shares. As at December 31 2024 there are no outstanding obligations related to preferential dividends to Class B-shares.

An alteration to the Company's Articles of Association requires that two thirds of cast votes and two thirds of the represented capital at a general meeting are in favour of the alteration.

Holders of Class B-shares are entitled to appoint and elect one member of the Board of Directors, while holders of Class A-shares elect the remaining Board members.

	Number of shares		Nomimal value (DKK thousands)		% of share capital	
Treasury shares	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
1 January	823,900	823,900	824	824	2.9%	2.9%
Holding at 31 December	823,900	823,900	824	824	2.9%	2.9%

There have been no transactions with treasury shares in 2024. According to the authorisation of the annual general meeting, Brødrene A & O Johansen A/S is allowed to acquire treasury shares up to a total holding of 10% of the share capital.

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Section 4

4.1 Equity (continued)

Dividend

The payment of dividends to the Company's shareholders has no tax implication for Brødrene A & O Johansen A/S. Proposed dividend for 2024 amounts to TDKK 84,000 corresponding to DKK 3.0 per share.

Other reserves

Reserve for net revaluation according to the equity method contains value adjustments related to investments in subsidiaries. Included in reserve for development costs is an amount corresponding to capitalised intangible assets meeting the criteria for being defined as a development project.

Reserve for net revaluation according to the equity method and reserve for development costs are unavailable for distribution to shareholders.

4.2 Financing activities

DKK millions	2024	2023
Mortgage loans - floating interest rate - 5 years	85.7	90.1
Bank loans - floating short-term interest rate	484.2	89.6
Lease liabilities - floating interest rate	172.1	199.3
	742.0	**378.9**
Payables relating to financing activities:		
Beginning-of-year	378.9	358.9
Repayment of debt to credit institutions	390.3	(61.7)
Raising of loans from credit institutions	0	92.7
Addition, lease liabilities, net	61.2	69.8
Repayment, lease liabilities	(88.4)	(80.9)
Year-end	**742.0**	**378.9**

According to the leases there are no contingent rents. The contractual cash flows appear from note 4.3.

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Section 4

4.3 Financial risks

The companys payables fall due as follows:

DKK millions	Carrying amount	Contractual cash flows	Less than 1 year	1 to 5 years	More than 5 years
2024					
Mortgage loans	85.7	109.9	7.8	30.9	71.3
Bank loans	484.2	484.2	258.4	225.8	0
Lease liabilities	172.1	186.8	57.9	98.1	30.9
Trade payables	979.3	979.3	979.3	0	0
Intra-group balances	48.3	48.3	0	48.3	0
31 December	**1,769.6**	**1,808.5**	**1,303.3**	**403.1**	**102.1**
2023					
Mortgage loans	90.1	124.0	8.2	32.3	83.6
Bank loans	89.6	89.6	89.6	0	0
Lease liabilities	199.3	220.8	86.7	103.5	30.5
Trade payables	976.9	976.9	976.9	0	0
Intra-group balances	53.1	53.1	0	53.1	0
31 December	**1,408.8**	**1,464.3**	**1,161.2**	**188.9**	**114.1**

4.4 Financial income

DKK millions	2024	2023
Interest income from current assets	10.2	2.9
Interest income from subsidiaries	5.9	0.8
Foreign exchange gains, net	1.3	0
Total	**17.4**	**3.7**

4.5 Financial expenses

DKK millions	2024	2023
Interest expenses on liabilities	(31.3)	(17.3)
Expenses, lease liabilities, external	(2.4)	(1.6)
Expenses, lease liabilities, subsidiaries	(2.6)	(1.3)
Other interest expenses	(0.1)	(0.1)
Foreign exchange losses, net	0	(5.8)
Total	**(36.4)**	**(26.0)**

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Section 5

Other notes

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Section 5

5.1 Contingent liabilities, security, etc.

Land and buildings with a total carrying amount of DKK 106.1m (2023: DKK 102.3m) are provided as security for the Company's payables to mortgage credit institutions and finance lease liabilities.

As a normal part of doing business AO can be invovled in disputes or legal proceedings. The outcome of pending legal actions is not expected to have any material impact on the financial position of the Company.

The company is jointly taxed with AO Invest A/S and the ultimate Danish parent company Avenir Invest ApS, which is the administration company for joint taxation purposes. The company is unlimited, jointly and severally liable with other jointly taxed companies towards the Danish tax authorities for the total corporation tax. Payable corporation taxes within the joint taxation group amounted to DKK -16.4m at 31 December 2024 (2023: DKK 8.4m).

Any adjustment to the taxable income subject to joint taxation might entail an increase in the Company's liability. Group companies are not subject to withholding tax on dividends. Transactions appear from note 5.2.

The company manages cash pooling for the Group entities and is jointly and severally liable for this. At 31 December 2024, the cash-pool arrangement amounts to DKK 43.9m (2023: DKK 89.1m).

5.2 Related parties

The Company's related parties comprise the parent company Avenir Invest ApS (Axeltorv 2, DK-1607 Copenhagen V, Denmark), the Board of Directors, the Executive Board and management employees.

Avenir Invest ApS has control over the company through its ownership of the majority of the voting rights. During the year, no transactions were carried out with Avenir Invest ApS apart from payment of dividends and corporate tax.

During the year, no significant transactions were carried out with the Board of Directors, the Executive Board, management employees or major shareholders apart from normal management remuneration, cf. note 2.4, and dividend payments.

In addition, related parties are the Company's subsidiaries to whom letters of subordination have been submitted. Trading with subsidiaries comprises the following:

DKK millions	2024	2023
Sale of goods	114.1	109.8
Rental expenses	53.1	48.5
Management fee	5.1	4.0

Transactions with subsidiaries are eliminated in the consolidated financial statements in accordance with the accounting policies.

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Section 5

5.2 Related parties (continued)

The Company's balances with subsidiaries at 31 December can be seen in the balance sheet. Balances with subsidiaries comprise ordinary trading balances related to the sale of goods. Ordinary trading balances attract no interest and are subject to the same terms of trade as other customers of the Company. Balances with subsidiaries also comprise the construction and conversion of buildings. Return on balances appears from notes 4.4 and 4.5.

The Company has entered into building leases with AO Invest A/S, cf. note 3.3.

As the Company is jointly taxed with other Danish Group entities, it is liable to pay taxes of DKK -26.3m (2023: DKK 3.7m).

5.3 Subsequent events

No events have occurred after 31 December 2024 that are considered to have a material effect on the annual report for 2024.

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Statements

Management's statement

The Board of Directors and the Executive Board have today considered and adopted the annual report of Brødrene A & O Johansen A/S for the financial year 1 January - 31 December 2024.

The Consolidated Financial Statements and the Parent Company Financial Statements have been prepared in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act. Management's Review has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position at 31 December 2024 of the Group and the Parent Company and of the results of the Group and Parent Company operations and cash flows for 2024.

In our opinion, Management's Review includes a fair review of the development in the operations and financial circumstances of the Group and the Parent Company, of the results for the year and of the financial position of the Group and the Parent Company as well as a description of the most significant risks and elements of uncertainty, which the Group and the Parent Company are facing.

Additionally, the sustainability statement, which is part of Management's Review, has been prepared, in all material respects, in accordance with paragraph 99 a of the Danish Financial Statements Act. This includes compliance with the European Sustainability Reporting Standards (ESRS) including that the process undertaken by Management to identify the reported information (the "Process") is in accordance with the description set out in the section titled Double Materiality Assessment. Furthermore, disclosures within the sustainability statement are, in all material respects, in accordance with the EU Taxonomy Regulation.

The year 2024 marks the initial implementation of paragraph 99 a of the Danish Financial Statements Act concerning compliance with ESRS. As such, more clear guidance and practice are anticipated in various areas, which are expected to be issued in the coming years. Furthermore, the sustainability statement includes forward-looking statements based on disclosed assumptions about events that may occur in the future and possible future actions by the Group. Actual outcomes are likely to be different since anticipated events frequently do not occur as expected.

In our opinion, the annual report for the financial year 1 January – 31 December 2024, file name 5299004B6ZEG-VCR9ZR75-2024-12-31-en.zip, is prepared, in all material respects, in compliance with the ESEF Regulation.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Albertslund, 27 February 2025

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

Independent auditor's report

To the shareholders of Brødrene A & O Johansen A/S

Report on the audit of the Financial Statements

Our opinion
In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2024 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January to 31 December 2024 in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Our opinion is consistent with our Auditor's Long-form Report to the Audit Committee and the Board of Directors.

What we have audited
The Consolidated Financial Statements and Parent Company Financial Statements of Brødrene A & O Johansen A/S for the financial year 1 January to 31 December 2024 comprise income statement and statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including material accounting policy information for the Group as well as for the Parent Company. Collectively referred to as the "Financial Statements".

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's responsibilities for the audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

To the best of our knowledge and belief, prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 were not provided.

Appointment
We were first appointed auditors of Brødrene A & O Johansen A/S on 19 March 2021 for the financial year 2021. We have been reappointed annually by shareholder resolution for a total period of uninterrupted engagement of 4 years including the financial year 2024.

Key audit matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements for 2024. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter		How our audit addressed the key audit matter	
Recognition of revenue Revenue is measured at fair value of the consideration agreed exclusive of VAT and duties and after deduction of discounts and customer bonus.	We focused on revenue recognition because revenue is the most significant financial statement line item, consists of a large number of IT-dependent transactions and is based on many individual contracts. We refer to note 2.1 of the Financial Statements.	We carried out risk assessment procedures to gain an understanding of relevant IT systems, business procedures and controls for revenue recognition, including customer bonus. For relevant controls we assessed whether they were designed and implemented to effectively address the risk of material misstatement. For selected controls, which we planned to rely on in our audit, we tested whether they had been carried out on a consistent basis.	We analysed revenue transactions and identified transactions that did not follow the usual or expected transaction pattern. On a sample basis we tested the transactions to the underlying contractual basis. We performed analytical procedures over revenue and discussed significant fluctuations with management and obtained corroborating evidence of material fluctuations, where deemed necessary. We reviewed Management's calculation of customer bonus and on sample basis tested it to the underlying contracts as well as to subsequent and historical settlements.
Measurement of inventories and calculation of supplier bonus receivable I Inventories are measured at the lower of cost and net realisable value. The measurement of inventories contains significant accounting estimates related to their net realisable value and expected supplier bonus. Additionally, inventories acquired through business combinations require assessment of the fair value at the date of take-over. The calculation of supplier bonus is based on individual and complex contracts as well as estimates of the total purchases for the year made through international procurement cooperations.	We focused on the measurement of inventories as inventories represent a significant line item in the Financial Statements and since technical obsolescence of inventories and changes in consumption patterns may lead to significant write-downs. Further, because the assessment of the fair value of inventories acquired through business combinations is subject to management's estimate and uncertainty. We focused on the calculation of supplier bonus receivables as recognition is based on comprehensive contracts and significant data volumes as well as estimates of the total purchases for the year made through international procurement cooperation. We refer to notes 2.2 and 3.4 of the Financial Statements.	We carried out risk assessment procedures to gain an understanding of relevant IT systems, business procedures and controls for inventories and supplier bonuses. For relevant controls, we assessed whether they were designed and implemented to effectively address the risk of material misstatement. For selected controls, which we planned to rely on in our audit, we tested whether they had been carried out on a consistent basis. We assessed management's estimate of the fair value of inventories acquired through business combinations, and reviewed the underlying method, assumptions and data.	We compared cost prices with underlying documentation and reviewed Management's method, assumptions and data for its estimate of the net realisable value of the individual goods, including look back analysis of historical inventory write-downs. On a sample basis, we tested Management's calculation of supplier bonus to the underlying contractual basis, as well as management's look back analysis of historical settlements and confirmations from counterparties. In addition, we reviewed Management's assumptions and data for its estimates of the total purchases made through international procurement cooperations and expected final settlements.

Statement on Management's Review
Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not as part of the audit express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Moreover, we considered whether Management's Review includes the disclosures required by the Danish Financial Statements Act. This does not include the requirements in paragraph 99 a related to the sustainability statement covered by the separate auditor's limited assurance report hereon.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act, except for the requirements in paragraph 99 a related to the sustainability statement, cf. above. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements
Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the Consolidated Financial Statements and the Parent Company Financial Statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on compliance with the ESEF Regulation

As part of our audit of the Financial Statements we performed procedures to express an opinion on whether the annual report of Brødrene A & O Johansen A/S for the financial year 1 January to 31 December 2024 with the filename 5299004B6ZEGVCR9ZR75-2024-12-31-en.zip is prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the Consolidated Financial Statements including notes.

Management is responsible for preparing an annual report that complies with the ESEF Regulation. This responsibility includes:

- The preparing of the annual report in XHTML format;
- The selection and application of appropriate iXBRL tags, including extensions to the ESEF taxonomy and the anchoring thereof to elements in the taxonomy, for all financial information required to be tagged using judgement where necessary;
- Ensuring consistency between iXBRL tagged data and the Consolidated Financial Statements presented in human-readable format; and
- For such internal control as Management determines necessary to enable the preparation of an annual report that is compliant with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance on whether the annual report is prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained, and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error. The procedures include:

- Testing whether the annual report is prepared in XHTML format;
- Obtaining an understanding of the company's iXBRL tagging process and of internal control over the tagging process;
- Evaluating the completeness of the iXBRL tagging of the Consolidated Financial Statements including notes;
- Evaluating the appropriateness of the company's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified;
- Evaluating the use of anchoring of extension elements to elements in the ESEF taxonomy; and
- Reconciling the iXBRL tagged data with the audited Consolidated Financial Statements.

In our opinion, the annual report of Brødrene A & O Johansen A/S for the financial year 1 January to 31 December 2024 with the file name 5299004B6ZEG-VCR9ZR75-2024-12-31-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

Hellerup, 27 February 2025
PricewaterhouseCoopers,
Statsautoriseret Revisionspartnerselskab,
CVR no 3377 1231

Anders Stig Lauritsen State Authorised Public Accountant mne32800	Daniel Sitch State Authorised Public Accountant mne47889

Independent auditor's limited assurance report on the Sustainability Statement

To the stakeholders of Brødrene A & O Johansen A/S

Limited assurance conclusion
We have conducted a limited assurance engagement on the sustainability statement of Brødrene A & O Johansen A/S (the "Group") included in the Management's review (the "Sustainability Statement"), page 40 – 115, for the financial year 1 January – 31 December 2024.

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Sustainability Statement is not prepared, in all material respects, in accordance with the Danish Financial Statements Act paragraph 99 a, including:

- compliance with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the management to identify the information reported in the Sustainability Statement (the "Process") is in accordance with the description set out in the section titled 'Double Materiality Assessment'; and
- compliance of the disclosures in the section titled 'EU Taxonomy' of the Sustainability Statement with Article 8 of EU Regulation 2020/852 (the "Taxonomy Regulation").

Basis for conclusion
We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance engagements other than audits or reviews of historical financial information ("ISAE 3000 (Revised)") and the additional requirements applicable in Denmark.

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. Our responsibilities under this standard are further described in the Auditor's responsibilities for the assurance engagement section of our report.

Our independence and quality management
We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Management's responsibilities for the Sustainability Statement
Management is responsible for designing and implementing a process to identify the information reported in the Sustainability Statement in accordance with the ESRS and for disclosing this Process as included in the section titled 'Double Materiality Assessment' of the Sustainability Statement. This responsibility includes:

- understanding the context in which the Group's' activities and business relationships take place and developing an understanding of its affected stakeholders;
- the identification of the actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect, or could reasonably be expected to affect, the Group's' financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium-, or long-term;
- the assessment of the materiality of the identified impacts, risks and opportunities related to sustainability matters by selecting and applying appropriate thresholds; and
- making assumptions that are reasonable in the circumstances.

Management is further responsible for the preparation of the Sustainability Statement, which includes the information identified by the Process, in accordance with the Danish Financial Statements Act paragraph 99 a, including:

- compliance with the ESRS;
- preparing the disclosures in the section titled ‘EU taxonomy’ within the Sustainability Statement, in compliance with Article 8 of the Taxonomy Regulation;
- designing, implementing and maintaining such internal control that management determines is necessary to enable the preparation of the Sustainability Statement that is free from material misstatement, whether due to fraud or error; and
- the selection and application of appropriate sustainability reporting methods and making assumptions and estimates that are reasonable in the circumstances.

Inherent limitations in preparing the Sustainability Statement

In reporting forward-looking information in accordance with ESRS, management is required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the Group. Actual outcomes are likely to be different since anticipated events frequently do not occur as expected.

Auditor’s responsibilities for the assurance engagement

Our responsibility is to plan and perform the assurance engagement to obtain limited assurance about whether the Sustainability Statement is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the Sustainability Statement as a whole.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised) we exercise professional judgement and maintain professional scepticism throughout the engagement.

Our responsibilities in respect of the Process include:

- Obtaining an understanding of the Process, but not for the purpose of providing a conclusion on the effectiveness of the Process, including the outcome of the Process;
- Considering whether the information identified addresses the applicable disclosure requirements of the ESRS; and
- Designing and performing procedures to evaluate whether the Process is consistent with the Group’s description of its Process, as disclosed in the section titled 'Double materiality assessment'.

Our other responsibilities in respect of the Sustainability Statement include:

- Identifying where material misstatements are likely to arise, whether due to fraud or error; and
- Designing and performing procedures responsive to disclosures in the Sustainability Statement where material misstatements are likely to arise. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Summary of the work performed

A limited assurance engagement involves performing procedures to obtain evidence about the Sustainability Statement. The nature, timing and extent of procedures selected depend on professional judgement, including the identification of disclosures where material misstatements are likely to arise, whether due to fraud or error, in the Sustainability Statement.

In conducting our limited assurance engagement, with respect to the Process, we:

- Obtained an understanding of the Process by performing inquiries to understand the sources of the information used by management; and reviewing the Group’s internal documentation of its Process; and

- Evaluated whether the evidence obtained from our procedures about the Process implemented by the Group was consistent with the description of the Process set out in the section titled 'Double materiality assessment'.

In conducting our limited assurance engagement, with respect to the Sustainability Statement, we:

- Obtained an understanding of the Group's reporting processes relevant to the preparation of its Sustainability Statement including the consolidation processes by obtaining an understanding of the Group's control environment, processes and information systems relevant to the preparation of the Sustainability Statement but not evaluating the design of particular control activities, obtaining evidence about their implementation or testing their operating effectiveness;

- Evaluated whether the information identified by the Process is included in the Sustainability Statement;

- Evaluated whether the structure and the presentation of the Sustainability Statement are in accordance with the ESRS;

- Performed inquiries of relevant personnel and analytical procedures on selected information in the Sustainability Statement;

- Performed substantive assurance procedures on selected information in the Sustainability Statement;

- Where applicable, compared disclosures in the Sustainability Statement with the corresponding disclosures in the financial statements and management's review;

- Evaluated the methods, assumptions and data for developing estimates and forward-looking information; and

- Obtained an understanding of the Group's process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Sustainability Statement.

Hellerup, 27 February 2025
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no 33 77 12 31

Anders Stig Lauritsen
State Authorised Public Accountant
mne32800

Daniel Sitch
State Authorised Public Accountant
mne47889

Company information

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DK-2620 Albertslund

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CVR number:	58 21 06 17
LEI code	5299004B6ZEGVCR9ZR75
ID code:	DK0060803831
Founded:	1914
Registered Office:	Albertslund

Board of Directors
Henning Dyremose, Chair
Erik Holm, Deputy Chair
René Alberg
Ann Fogelgren
Peter Gath
Leif Hummel
Marlene L. Jakobsen
Niels A. Johansen

Executive Board
Niels A. Johansen, Chief Executive Officer
Stefan Funch Jensen, Chief Transformation Officer
Lili Johansen, Chief Human Resources Officer
Per Toelstang, Chief Financial Officer/
Deputy Chief Executive Officer

Auditors
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab

Annual General Meeting
The Annual General Meeting will be held on 21 March 2025.

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