Annual Report 2023

Brødrene A & O Johansen A/S
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CVR no. 58 21 06 17

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

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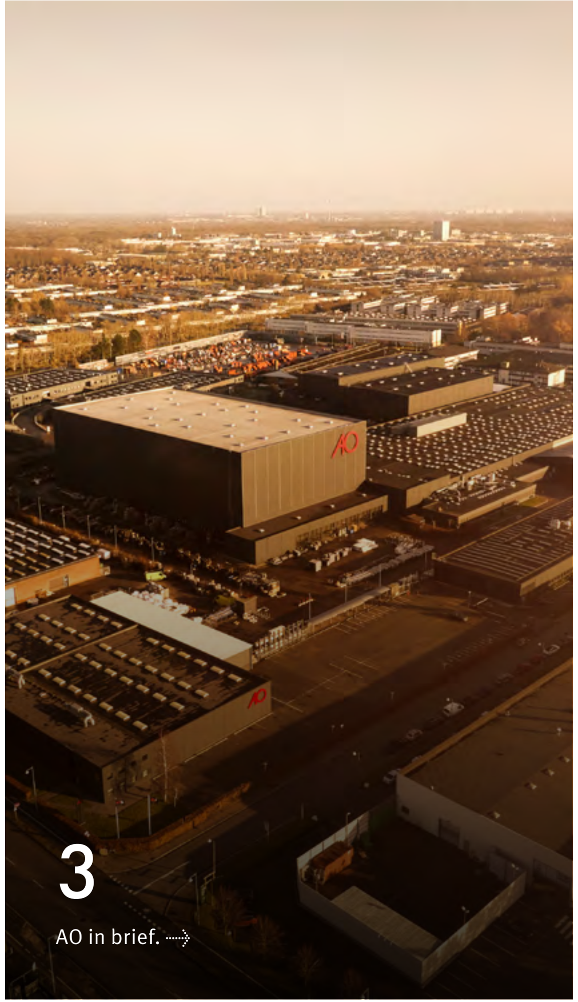


In brief

Situated in Albertslund the automated central warehouse is able to service the store network in Denmark as well as in Sweden.

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!

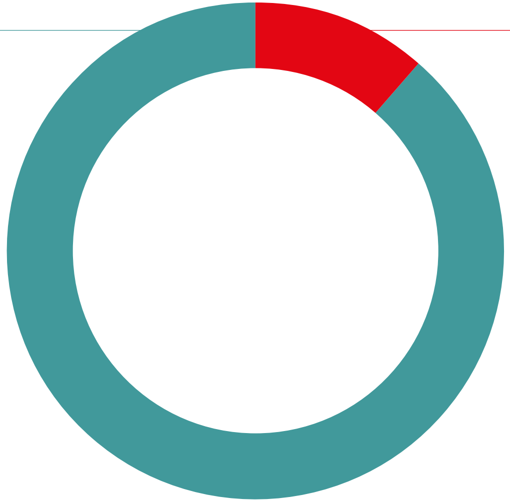
At a glance

Segments

B2B

88.5%

Serving the construction industry and professional tradesmen



B2C

11.5%

Serving private DIY consumers

Stores

DK East	DK West	Sweden
29	28	5

8,000

daily customer interactions in the stores

B2C Webshops

- BilligVVS.dk
- BilligVVS.no
- CompletVVS.dk
- Greenline.dk
- LampeGuru.dk
- LampeGuru.no
- LavprisEL.dk
- LavprisVVS.dk
- LavprisVærktøj.dk
- Ljusochlampor.se
- VVSochBAD.se

Our long-term ambitions

Beat the market by

2%

year by year

EBITDA margin of

10%

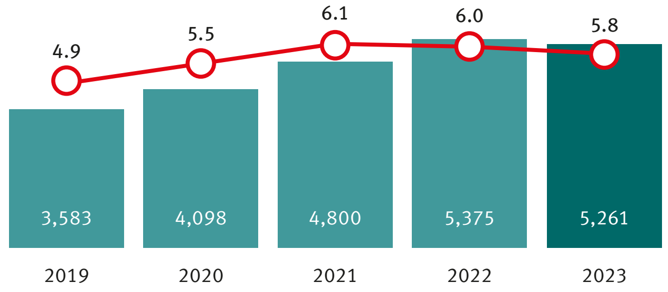
Solvency

40%+

and capital structure (gearing 1.0 - 2.5)

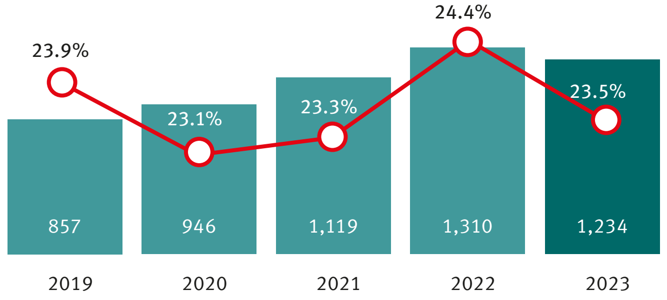
Performance highlights

Revenue (MDKK)



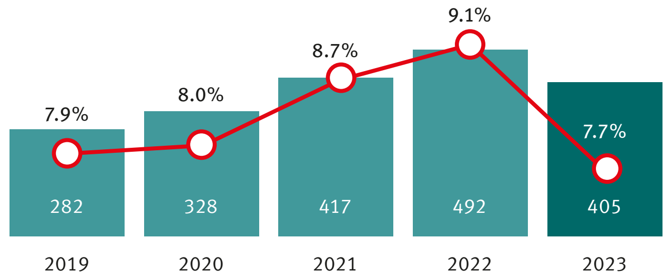
Net revenue
Revenue per employee

Gross profit (MDKK)



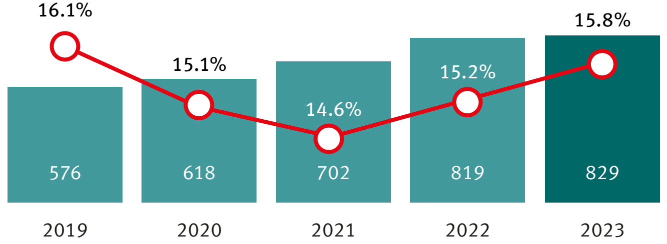
Gross proft
Gross profit margin

EBITDA (MDKK)



EBITDA
Margin

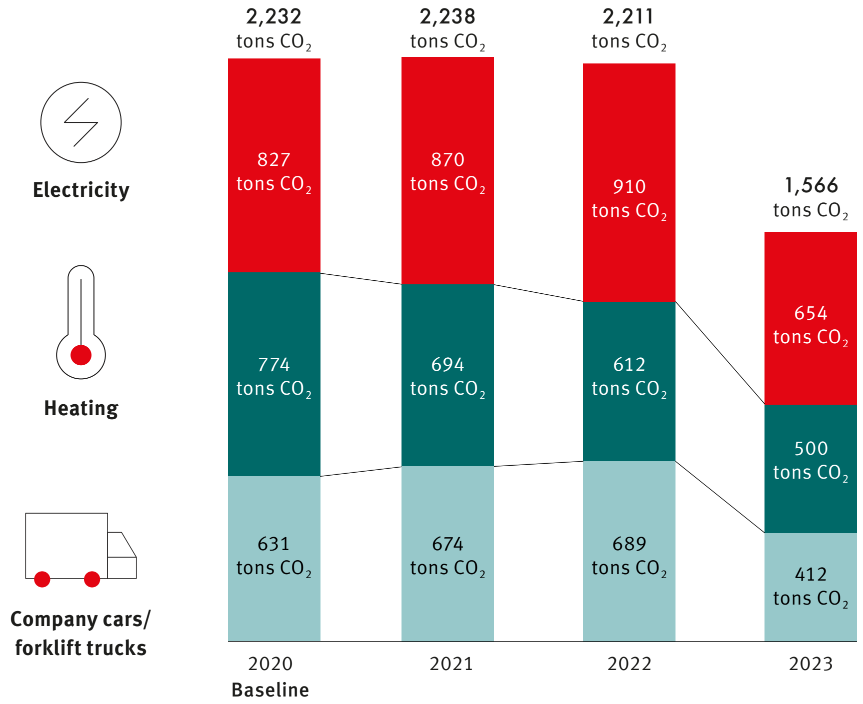
Cost of doing business



Cost of doing business
Cost of doing business ratio

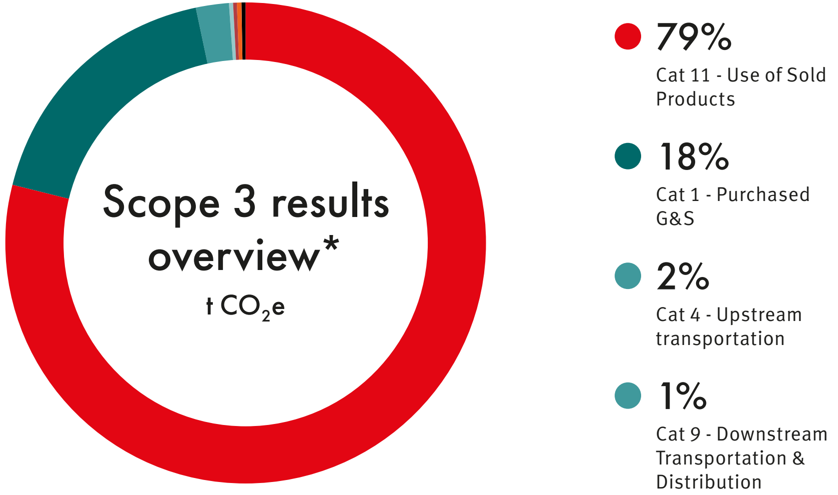
ESG highlights

Carbon emissions for scope 1 and 2

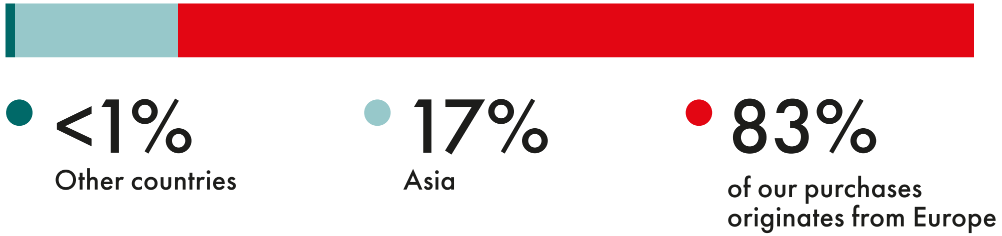


Scope 3 baseline established:

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



Purchasing patterns:



Letter from the CEO

AO has continued its strategic execution during a challenging 2023

At AO, we have taken important steps to make our EA product range available nationwide. When we acquired EA in 2022, the product range was sold through 7 outlets, 6 of which were in the western part of Denmark. At the end of 2023, EA's range is included in another 7 outlets, 5 of which are in the eastern part of Denmark. We are satisfied with the progress and look forward to continuing the roll-out during 2024.

Step by step we have seen the synergies from the new shuttle system at our central warehouse kick in, and we are satisfied to observe that our picking capacity has increased significantly. Our central warehouse is ready to support future growth in AO.

In times where competitors are closing outlets, AO has continued to invest in ensuring that customers have access 24/7 to appealing stores with the widest possible range of products. We will continue to upgrade our store network during 2024.

In addition to offering the best network of stores, we continue to make it easier for our customers to do business with AO. We provide a range of digital sales channels which are increasingly popular with our customers. Today, AO is an efficient omni-channel business with our nationwide physical store network being combined with innovative digital solutions.

We have implemented several sustainability initiatives alongside preparing for future sustainability reporting requirements. AO remains committed to reducing our own carbon impact by half by 2025, staying on track as planned by the end of 2023.

Last but not least, our skilled and highly motivated colleagues continue to be a competitive advantage. Customers can rely on being served by capable employees who willingly go the extra mile. Similarly, AO's sales team can trust that their colleagues across the organisation will support them to better serve our customers.

The competition is expected to be fierce in 2024. Demand is anticipated to fall short of wholesale capacity. AO remains selective in bidding for projects with unattractive gross margins but is committed to being active in the project market despite the tough conditions.

The future market and customers will require wholesalers to take responsibility for leading the way in promoting and advising customers regarding the green transition and raising the bar in offering increased convenience to customers. This will be another way of lending a hand, and AO will invest in ensuring it is a future leader in these capabilities.

The market conditions are expected to put increased pressure on margins and increase the cost of doing business in 2024. Investing in being the winner of tomorrow will always be more important than short-term profit optimisation for AO.

While 2023 did not meet our expectations and 2024 may present challenges, our focus is not to merely win one quarter or one year. Our priority is to serve our customers and make decisions based on our customers' needs. We believe this approach positions us well to succeed in the future.

Best regards
Niels A. Johansen, CEO

Highlights of the year

Performing well in a challenging market

As expected, 2023 proved to be a challenging year for the market. Overall demand lowered in the second half of the year, and cost inflation continued to put pressure on earnings. AO took strategic steps to prepare for the future and continued to gain market shares in a competitive market.

At the end of 2023, EA's product range was rolled out to **7 additional outlets, whereof 5 are in the eastern part of Denmark.** We are satisfied with the execution and are looking forward to continuing the roll out during 2024.

Step by step we have seen how the **new shuttle synergies kicks in,** and we are satisfied to observe that the picking capacity has increased significantly. The central warehouse is ready to support future growth in AO.

Our **new flagship store in Aarhus opened on 2 November 2023,** and only two weeks later, our store in Roskilde re-opened after having been enlarged and refurbished.

We have dedicated ourselves to ensuring the successful implementation of the **new CSRD reporting starting in 2024.** Moreover, our ongoing commitment includes advancing efforts **to halve our scope 1 and 2 carbon footprint by 2025.**

Our commercial digitalisation team and our IT organisation have moved closer together in order to further strengthen our efforts to provide our customers with the best and **the most innovative digital solutions.**

AO has **continued to gain market shares in 2023** and is in a good position to continue doing so in the future.

Five year summary

(mDKK)	2023	2022	2021	2020	2019
Key figures					
Revenue	5,261.0	5,375.0	4,800.5	4,098.3	3,582.7
Gross margin	1,234.3	1,310.3	1,119.3	945.7	857.4
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	405.3	491.6	417.2	328.2	281.6
Operating profit or loss (EBIT)	292.2	383.6	316.7	223.8	175.9
Financial income and expenses, net	(30.4)	(6.1)	9.4	(3.0)	(6.4)
Profit or loss before tax (EBT)	261.8	377.4	326.1	220.8	168.4
Tax on profit or loss for the year	(55.7)	(83.0)	(72.3)	(47.9)	(37.4)
Net profit or loss for the year	206.1	294.5	253.8	172.9	131.0
Non-current assets	1,805.9	1,727.3	1,472.7	1,320.0	1,349.2
Current assets	1,436.5	1,591.0	1,235.9	1,063.2	957.5
Total assets	3,242.4	3,318.3	2,708.5	2,383.2	2,306.7
Share capital	28.0	28.0	28.0	28.0	28.0
Equity	1,475.3	1,407.5	1,239.9	1,030.2	870.3
Non-current liabilities	535.2	539.5	295.9	330.6	337.4
Current liabilities	1,231.9	1,371.4	1,172.7	1,022.4	1,099.0
Cash flow from operating activities	346.4	215.8	308.1	375.4	302.7
Cash flow from investing activities	(130.2)	(333.3)	(212.7)	(66.3)	(52.7)
Of which investments in property, plant and equipment, net	(94.8)	(164.5)	(170.5)	(37.3)	(26.1)
Cash flow from financing activities	(161.7)	15.5	(91.6)	(256.2)	(186.2)
Cash flow for the year	54.5	(102.0)	3.7	52.8	63.8

	2023	2022	2021	2020	2019
Financial ratios					
Gross profit margin	23.5%	24.4%	23.3%	23.1%	23.9%
EBITDA margin	7.7%	9.1%	8.7%	8.0%	7.9%
Profit margin	5.6%	7.1%	6.6%	5.5%	4.9%
Return on capital employed	8.9%	12.7%	12.4%	9.5%	7.9%
Return on equity	14.3%	22.2%	22.4%	18.2%	16.1%
Net gearing	1.3	1.1	0.5	0.8	1.8
Solvency ratio	45.5%	42.4%	45.8%	43.2%	37.7%
Book value*	52.7	50.3	44.3	36.8	31.1
Share price at the end of the year**	70.3	83.11	136.00	60.40	34.80
Price Earnings Basic (P/E Basic)	9.3	7.7	14.6	9.4	7.3
Dividend per DKK 1 share **	3.75	5.25	4.5	1.5	0.6
Earnings per share (EPS Basic), DKK **	7.6	10.8	9.3	6.4	4.8
Diluted earnings per share (EPS-D), DKK **	7.6	10.8	9.3	6.4	4.8
Number of employees (FTE average)	912	889	784	741	734
Number of employees excluding temporary workers (FTE average)	841	822	705	678	683
Number of employees at year-end (FTE)	833	850	734	686	678

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 94

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

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

Outlook for 2024

Follow-up on previously announced outlook for 2023
AO delivered a growth in revenue of -2%. The negative growth was expected due to market slowdown. AO continued to gain market share during 2023.

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 405m corresponding to 7.7% of net sales for the year, and profit before tax of DKK 262m, corresponding to 5.0% of net sales of DKK 5,261m are in line with the latest outlook announced as at 26 October 2023, of net sales of DKK 5,150 – 5,300m, an EBITDA of DKK 400 – 430m and a profit before tax in the order of DKK 260 – 290m.

2024 outlook
AO is in a good position to grow the business. Partly due to the current momentum in AO and partly due to market opportunities for instance in expanding the EA product range nationwide, expanding activities within green transition, expanding the geographical footprint in AO Sweden and by seeking M&A opportunities.

The market activity slow down that kicked in mid-2023 is expected to continue in 2024. The negative growth is expected to be approximately 10-15% at the beginning of the year. Market activity is expected to gradually increase during 2024, and is expected to show a higher sales index than in the first quarter of the year.

While the market growth for the full year is expected to be approximately -3% to -7.5% the AO momentum and the growth within the EA product range is expected to mitigate the market reduction, and thus AO is expecting revenues 1-5% shy of 2023.

Given that demand will fall short of wholesale capacity, the competition is expected to be fierce and put pressure on gross profit margins. AO will continue the tight cost management but is committed to invest in additional competencies within green transition and climate as well as other focus areas. AO will be continuing the investments in digital solutions, logistics and our outlets. The investment level in 2024 is expected to be approximately DKK 150 - 200m to facilitate the longer term growth.

Based on the above estimates and assumptions, AO expects a revenue of DKK 5,000-5,200m, an EBITDA in the range of DKK 340-370m, an an EBT in the range of DKK 200-230m. Estimated earnings for 2024 does not reflect the longer term potentials and ambitions for AO.

The 2024 guidance is as follows

	2023	Outlook 2024
Revenue, (mDKK)	5,261	5,000 – 5,200 Growth -5.0% to -1.2%
EBITDA, (mDKK)	405	340 – 370 EBITDA margin 6.5% to 7.4%
EBT, (mDKK)	262	200 – 230 EBT margin 3.8% to 4.6%

Sensitivity to the outlook for 2024:
Geopolitical and macroeconomic tensions brings 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 2024.

Organic growth and gross margins are sensitive to revenue mix from ReMoVe versus projects and to price pressure driven by competition.

Strategy

Using the AO app AO's customers are able to do their business with AO efficiently. Digital share of sales continue to increase.

Business model

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.

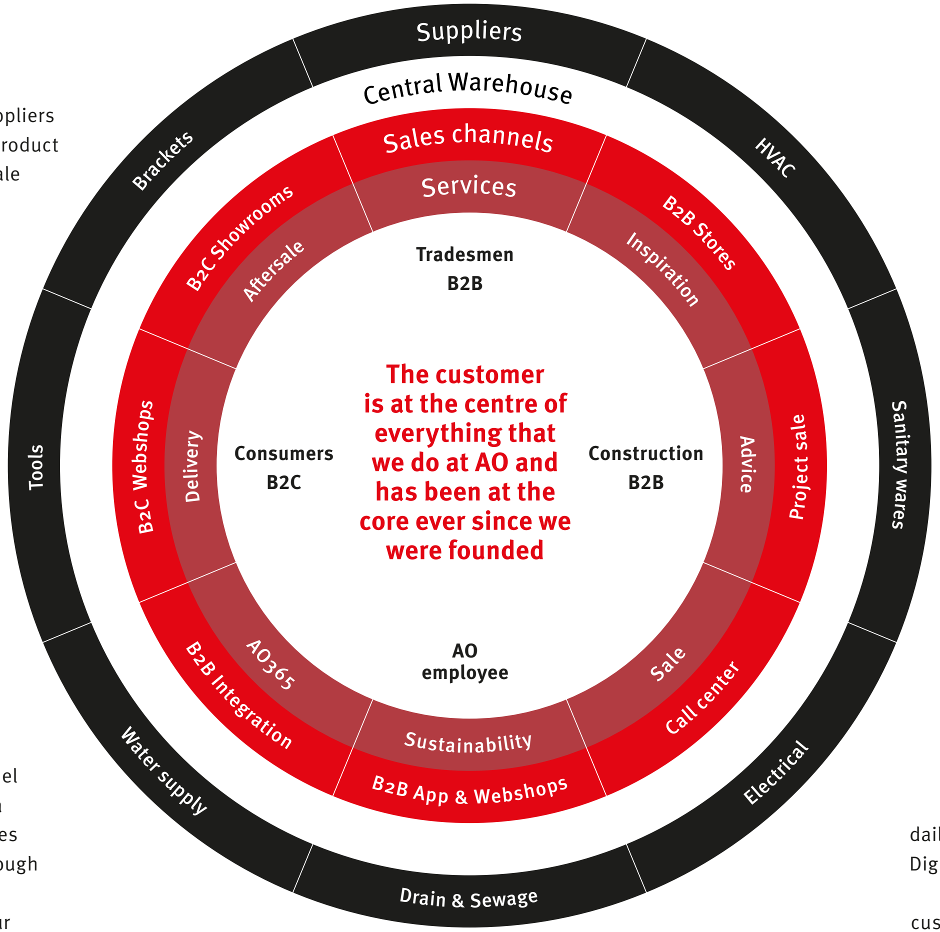
AO's product range and service are promoted across a number of different sales channels that support the individual customer's preference.

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

Modern wholesaling is a matter of offering the right products at the right prices and making customers' lives as simple and as flexible as possible. The AO365 concept is one such example. With AO365, customers hold a digital key to all AO stores, - securing both convenience and flexibility for the individual customer.

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 57 physical stores in Denmark and five in Sweden enabling 8,000 daily customer interactions. Digital share of sales makes up 50% of revenue. B2C customers are served out of 10 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 compentency 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 renewable energy adoption, resource efficiency, and circular economy principles. Consumers increasingly support eco-friendly products and services, driving market demand. 2022 and 2023 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

The digital agenda provides opportunities for efficiency gains but also requires companies to serve their customers with data and enable them to make data-driven decisions.

AO has been at the forefront of digitalisation and will continue to be so. Providing our customers with accurate data on the products – including ESG data will be a key point in being the best partner for our customers. RPA and AI bring new opportunities for efficiencies.

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.

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 help 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 trademens' and large construction customers' preferred supplier of technical installation materials. 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 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.

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 major construction customers 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.

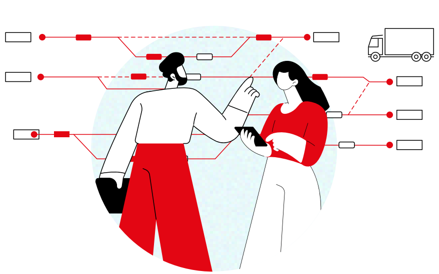
At AO, we believe that everyone has a duty to manage available resources and opportunities in a responsible way, ensuring the best possible conditions for the next generation to build on. That is why we take responsibility through our climate goals: to reduce CO_2 by 50% by 2025 in compliance with GHG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

“At AO, the customer is at the heart of everything we do and develop. We want to create value growth 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 increase 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´s AO’s ambition to continue to optimise internal and external processes, so that we use our skills for the complex task 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. End of 2023 the debt consists solely of mortgage debt and lease liabilities. To make sure that AO has the flexibility to act on potential M&A opportunities, the Board has decided to change the gearing target from 0.5-1.5 times EBITDA to 1.0-2.5 times EBITDA.

Sustainability

At AO, we believe that everyone has a duty to manage available resources and opportunities in a responsible way, ensuring the best possible conditions that the next generation can build on.

AO wants to help make our world sustainable by supporting and contributing to a sustainable society by focusing on climate and the environment, social issues and governance based on integrity and fairness.

Responsibility and integrity are an integral part of the AO culture and are expressed in our dealings with customers, suppliers and business associates, in the daily management of our employees and our cooperation with the society that we are part of and want to contribute to.

AO supports and respects the Ten Principles of the UN Global Compact on human rights, workers' rights, the environment and anti-corruption in all aspects of our company's business, and we support the UN Global Goals with specific actions in respect of selected Global Goals.

The full statutory report on corporate social responsibility/ESG for the 2023 financial year, under Section 99a of the Danish Financial Statements Act and the EU Taxonomy Regulation, can be viewed or downloaded at https://ao.dk/globalassets/download/regnsk-absdata/2023/esg_report_2023.pdf

AO's policy for corporate social responsibility has been approved by the Board of Directors and can be viewed or downloaded at https://ao.dk/om-ao/investor-relations/in-english/company-profile/policy-for-csr-2023

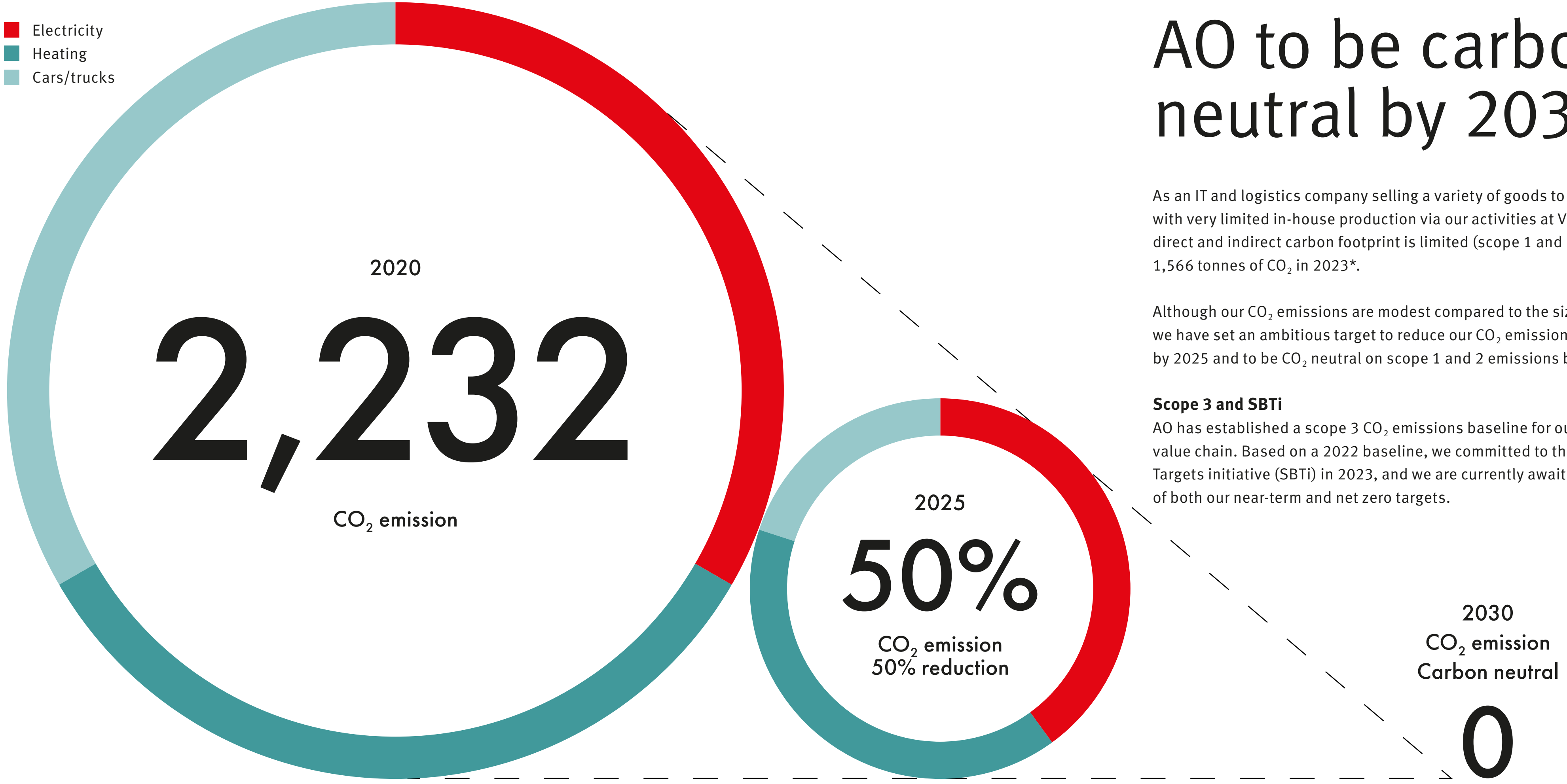
Environment and climate
AO focuses on continuous improvement of its environmental and climate initiatives. As a company, AO wishes to protect our environment and climate and is so striving to remain at the cutting edge of developments in the fields prioritised by AO as focus areas, so that society can evolve on a sustainable basis.

Our focus areas are:

- waste – reduction and recycling
- energy consumption – reducing our consumption of electricity and heating and the use of fossil fuels
- transport – reducing its volume and environmental impact.

Sustainability report 2023
https://ao.dk/globalassets/download/regnsk-absdata/2023/esg_report_2023.pdf

"As an IT and logistics company selling a variety of goods to tradesmen, and with very limited in-house production via our activities at Vaga Teknik, our direct and indirect carbon footprint is limited (scope 1 and 2), amounting to 1,566 tons of CO_2 in 2023.



AO to be carbon neutral by 2030

As an IT and logistics company selling a variety of goods to tradesmen, and with very limited in-house production via our activities at Vaga Teknik, our direct and indirect carbon footprint is limited (scope 1 and 2), amounting to 1,566 tonnes of CO_2 in 2023*.

Although our CO_2 emissions are modest compared to the size of the company, we have set an ambitious target to reduce our CO_2 emissions by at least 50% by 2025 and to be CO_2 neutral on scope 1 and 2 emissions by 2030.

Scope 3 and SBTi
AO has established a scope 3 CO_2 emissions baseline for our operations and value chain. Based on a 2022 baseline, we committed to the Science Based Targets initiative (SBTi) in 2023, and we are currently awaiting SBTi's approval of both our near-term and net zero targets.

* Our carbon footprint is calculated according to the environmental declaration on scope 1 and 2 emissions. Calculated according to the electricity declaration, our climate footprint amounts to 3,118 tonnes of CO_2.

People

Our highly skilled and motivated staff is our greatest asset and forms the foundation of our success and performance. This is why AO seeks to ensure a responsible, safe and healthy working environment that promotes the welfare of our colleagues across AO.

We focus on:
- welfare and retention
- development and training
- sick leave and occupational accidents.

It is important for us to focus on continuous development of the personal and professional skills of our staff, so that we can continue to meet the ever-changing market needs.

AO seeks to ensure that the company's gender composition is reflected in the company's various management levels in the long term.

AO has defined targets for the gender composition of the senior management body and the underrepresented gender at other company management levels and has devised a policy to increase the proportion of the underrepresented gender at other company management levels.

Statutory report
on Gender Composition of Management, cf. Section 99b of the Danish Financial Statements Act

Pursuant to Section 139c of the Danish Companies Act, Brødrene A & O Johansen A/S (hereinafter called AO) has set target figures for increasing the proportion of the underrepresented gender at the Board of Directors and at the Company's other management levels and prepared a policy to increase the proportion of the underrepresented gender at the Company's other management levels.

This statutory report on the gender composition of Brødrene A & O Johansen A/S' management, cf. section 99b of the Danish Financial Statements Act, is part of the Management's Review in the Annual Report for 2023 and covers the period 1 January – 31 December 2023.

Board of directors
Our goal is that the Board of Directors is composed in such a way that it is effectively able to perform its tasks related to strategy development, management and control. We will seek to nominate candidates whose profiles and skills are best suited for the Company taking into consideration AO's present and anticipated future activities, development, and challenges. When candidates for the Board of Directors are to be nominated, gender is considered with due regard to the Company's other recruitment criteria, including requirements for professional qualifications, industry experience, educational background, etc.

In 2022, the Board of Directors evaluated the composition of the Board and made a recommendation of changing the composition of the Board to maintain and strengthen the Company's present and anticipated requirements regarding skills and qualifications.

In 2022, the Board of Directors had set a target figure of 20% for the underrepresented gender in the Board of Directors.

This was fulfilled at the Annual General Meeting in March 2023, and at the end of 2023 the Company's shareholder-elected Board members consisted of: 1 woman and 4 men (2022: 0 women and 4 men).

As a result, the Board of Directors decided to set a new target figure of 40% for the underrepresented gender of the Board of Directors, so that the shareholder-elected Board members are to be composed of 2 women and 3 men on or before the Annual General Meeting to be held in 2028.

This target figure is higher than the overall composition of men and women in the Company's workforce. In the light of this, the Board of Directors finds the target figure ambitious but still realistic within the timeframe set.

The targets and composition can be illustrated as follows:

Board of Directors

	2023
Number of Directors	5
Gender composition of women and men	20%/80%
Target for percentage of women in the Board of Directors	40%
Target year	2028

Other management levels
The Board of Directors has prepared a policy to increase the proportion of the underrepresented gender at the Company's other management levels defined as the Executive Board, functional and regional managers with staff responsibility*. The policy can be viewed at:

Statutory report on diversity
https://ao.dk/om-ao/investor-relations/in-english/company-profile/target-figures-and-policies-for-the-gender-composition-of-management_2023

The overall goal of the policy is to create a good and versatile workplace that promotes equal career opportunities for both women and men in AO. Our plan is to work toward and equal gender composition at other management levels knowing that this may take some time as the general gender composition in the industry is far from equal. At the end of 2023, the gender composition of the Company's workforce at Group level was 21% women and 79% men (2022: 19% women and 81% men).

In 2023, a re-assessment was made to evaluate whether the planned actions and activities are sufficient to reach our target for the proportion of women managers at other management levels of the Company. It is still our assessment that the initiatives will have a positive long-term effect, and therefore we do not, at present, find any cause to change the initiatives to increase the proportion of women at other management levels.

In 2023, we have therefore once more focused on the initiatives mentioned below to increase the proportion of women managers:

- All management positions are posted internally, and employees are encouraged to apply for them, regardless of gender. We focus on encouraging qualified candidates of both genders to apply for any position.

- A formal recruitment process is followed in connection with the filling of vacant positions at all manage-

* As defined in the Danish Act No. 568 of 10 May 2022.

ment levels, as it secures the recruitment of the best qualified employee. To secure equal opportunities for both genders, AO focuses on offering its employees flexible schemes for education, training, and personal development.

- A good balance between work life and personal life is ensured through staff development interviews, and a clarification of the individual employee's own wishes for training needs and career development is established.

- Appropriate professional and personal skills development is offered either by means of training, changes in job content, or changed responsibilities in the employee's current position. There is particular focus on encouraging both genders to develop their own management skills.

- The setting of target figures for the gender composition at other management levels.

At the end of 2022 and in accordance with the new rules of the Danish Companies Act, AO set a target figure of 15% women at other management levels to be met in 2023.

By the end of 2023, the proportion of women at other management levels was 14%.

The setting of target figures is a step in the direction towards achieving a gender composition at AO's other management levels which reflects the overall gender composition in AO. We expect that continued focus on management courses in the coming years will have a positive impact on the proportion of women at other management levels.

The targets and composition can be illustrated as follows:

Other management levels

	2023
Number of managers at other management levels	49
Gender composition of women and men	14%/86%
Target for percentage of women	20%
Target year	2025

Reporting and reviewing

The set target figures are not to be understood as fixed and unalterable quotas, as the most important thing is that the Company's managers have the necessary skills. Instead, target figures and policy for the gender composition serve to raise awareness of the gender composition in such a way that it becomes a fundamental part of the assessment on an equal footing with professional and management skills, when the Company recruits or appoints managers.

The Board of Directors reviews the target figures, the policy, actions, and results once a year to, if necessary, adjust the set target figures and the prepared policy for the development of the gender composition in the Company.

Diversity policy
AO also has a diversity policy which is applied in the composition of the company's management. The statutory report on diversity under section 107d of the Danish Financial Statements Act and the diversity policy can be viewed or downloaded at:

- Statutory report on gender composition of management
  https://ao.dk/globalassets/download/regnskabsdata/2023/diversity_2023_report.pdf
- Statutory report on diversity
  https://ao.dk/globalassets/download/regnskabsdata/2023/diversity_2023_report.pdf
- Diversity policy
  https://ao.dk/om-ao/investor-relations/in-english/company-profile/diversity_policy_2023

Governance
We manage and control our business in a responsible manner at AO, ensuring integrity and fairness in the way in which we do business.

As regards sustainability, this work is taking place through a well-defined governance structure to ensure it is rooted throughout the AO organisation.

Whistleblower
In December 2021, we established an internal whistleblower scheme that allows our employees, Executive Board and Board of Directors to report any reasonable suspicion of serious matters or offences in the workplace.

The scheme is administered externally, and an annual assessment is performed to see whether the scheme is working as intended, and whether we wish to extend it so as to include external partners, citizens, etc. The Board will evaluate the potential need to expand the current scheme on an ongoing basis.

Green due diligence
In 2022, we developed a green due diligence method that will be used going forward to weight the green transition in connection with takeovers on the basis of a double materiality approach, assessing both the impact of the green transition of the takeover target on AO's financial performance and the environmental impact on the surroundings.

Data ethics
It is important for AO to ensure that customers, suppliers and other partners can rely on AO's data processing.

Data and the use of new technologies are crucial when supporting our customers and giving them the best experience when they shop with us. Data is also important when it comes to assessing the digital security of our suppliers and other partners.

Furthermore, we want our staff to feel secure when it comes to AO's processing of their data, which includes ensuring that only necessary information is recorded and used for objective reasons.

We established a data ethics task force in late 2021, and the data ethics policy was re-approved by the Board of Directors in 2023.

The statutory report on data ethics under Section 99d of the Danish Financial Statements Act can be viewed or downloaded at:

- Statutory report on data ethics
  https://ao.dk/globalassets/download/regnskabsdata/2023/data_ethics_2023_report.pdf

Corporate governance
The Board of Directors maintains engaged and active communication on compliance with Recommendations on Corporate Governance (Anbefalinger for god selskabsledelse), which leads to changes in the work of the Board of Directors when necessary. It is important for the Board of Directors to ensure that these recommendations add value for the company's stakeholders.

That is why we have chosen to follow 33 of 40 recommendations in 2023.

CSRD readiness
In preparation for the CSRD reporting for 2024 the Board of Directors has approved the preliminary double materiality assessment that sets the direction for AO's ESG effforts. More information can be found in the Sustainability Report.

Performance

The shuttle system installed in the central warehouse in 2022 is now fully operational. The automated warehouse will be able to serve future growth.

Performance

Gaining market shares in challenging market conditions

In 2023 we achieved an EBITDA result of DKK 405m (DKK 492m) in line with our latest guidance. Organic growth was -3.3% (7.9%) and gross profit margin ended at 23.5% (24.4%) with minimal one-off impacts

Revenue

Organic revenue development was -3.3% (7.9%) and revenue for 2023 was DKK 5,261m (DKK 5,375m), in line with our latest outlook in our Q3 report. Second half of 2023 saw decreasing sales in terms of volume but with a high amount of orders and customer visits.

The B2C segment returned to positive growth rates in Q4.

Gross profit

Gross profit ended at DKK 1,234m (DKK 1,310m), corresponding to a gross profit margin of 23.5% (24.4%). Last year the gross profit margin was affected by one-off effects from supplier-driven price increases impacting 2022 margins with approx. 0.8 percentage point.

External costs and staff costs

In total, external operating costs and staff costs made up 15.8% of revenue (15.2%). Total organic cost development has been kept stable despite cost and salary inflation. The decreasing average customer order towards the end of the year contributes to driving the cost ratio upwards.

Year end FTEs were 833 (850). During 2023 the number of FTEs has been reduced as synergies from the EA acquisition are realised.

EBITDA

EBITDA ended at DKK 405m (DKK 492m), corresponding to an EBITDA margin of 7.7%. (9.1%). Margins were under pressure from cost inflation and limited price increases. In addition the lower B2C share of the revenue results in lower overall margins. The results of the segments is presented in the following pages.

Financials

Net financials amounted to DKK -30m (DKK -6m). Increasing interest rates as well as a higher average debt level have affected the financials.

Earnings before tax (EBT)

EBT ended at DKK 262m (DKK 377m).

Income tax

Income tax amounted to DKK -56m (DKK -83m), corresponding to an effective tax rate of 21.3% (22.0%).

Earnings after tax (EAT)

EAT ended at DKK 206m (DKK 294m).

Equity

At the end of the year equity amounted to DKK 1,475m (DKK 1,407m). Thus, the solvency ratio at year-end was 45.5% (42.4%) and the target of maintaining a solvency of 40%+ was achieved.

Cash flows

Average net working capital for the year was 5.8% (3.5%) of revenue. At the end of the year net working capital was 5.6% (6.0%) of revenue.

Cash flow from operating activities totalled DKK 346m (DKK 216m).

Change in receivables was DKK 85m (DKK -107m) driven by the Q4 activity as well as timing of payments.

Change in inventories contributed with a positive cash flow of DKK 100m (DKK -219m). After Q1 an inventory reduction project was started delivering a DKK 172m reduction in inventory in Q2-Q4.

Cash flow from investing activities totalled DKK -130m (DKK -333m). 2022 had a high investment level including the acquisition of EA Værktøj.

Cash flow from financing activities was DKK -162m (DKK 16m) reflecting a high level of dividend payouts as well as a reduction of the net interest bearing debt.

Net interest bearing debt amounted to DKK 522m (DKK 543m) at year end. Financial gearing was 1.3 times EBITDA (1.1 times).

At the end of 2023 AO had undrawn credit facilities of DKK 600m.

Q4 financials

Q4 saw a slow-down of the market compared to previous quarters of 2023. The number of customer visits stayed high, but the average basket size decreased and the anticipated pick up of the market for heating pumps did not take place. Last year, margins and results were helped by reaching stair bonus levels in supplier bonuses which did not happen to the same degree in 2023.

Revenue
Revenue development was negative by 7.8% resulting in a revenue of DKK 1.361m (DKK 1.476m). The negative revenue development was seen in the B2B segment whereas the B2C segment returned to growth in Q4.

Gross profit
Gross profit of DKK 318m (DKK 380m) corresponds to a profit margin of 23.4% (25.7%). In 2022 Q4 gross profit was positively impacted by achieving supplier stair bonus levels. The same effect has only been seen to a limited degree in 2023. In addition supplier bonuses have been more evenly distributed over 2023 than in 2022. The effect comparing quarter to quarter is DKK 25m.

External expenses and staff costs
Tight cost control has contributed to the external expenses and staff cost totalling DKK 222.9m (DKK 240.7m) despite salary and cost inflation. The cost of doing business ratio was therefore kept stable at 16.4% (16.3%).

EBITDA
EBITDA ended at DKK 95m (DKKK 139m), corresponding to an EBITDA margin of 7.0% (9.4%). Margins were under pressure from cost inflation and limited price increases. In addition a higher level of depreciations and financial items put pressure on EBITDA.

Earnings before tax (EBT)
EBT of the quarter ended at DKK 58m (DKK 109m).

MDKK	Q4 2023	Q4 2022
Revenue	**1,361.4**	**1,476.2**
Cost of sales	(1,043.6)	(1,098.6)
Gross profit	317.8	377.6
Other operating income	0.4	2.2
Gross margin	**318.2**	**379.8**
External expenses	(90.1)	(107.9)
Staff costs	(132.7)	(132.7)
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**95.4**	**139.2**
Depreciation and amortisation	(29.6)	(26.7)
Operating profit or loss (EBIT)	**65.8**	**112.5**
Financial income	0.7	0.0
Financial expenses	(8.6)	(3.4)
Profit or loss before tax (EBT)	**57.9**	**109.1**
Tax on profit or loss for the year	(11.5)	(24,2)
Net profit or loss for the year	**46.4**	**84.9**

B2B

The B2B segment services the professional tradesmen as well as large construction companies out of 57 stores in Denmark and five stores in Sweden. 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 gained market shares in 2023 but was affected by the market decline in Q4.

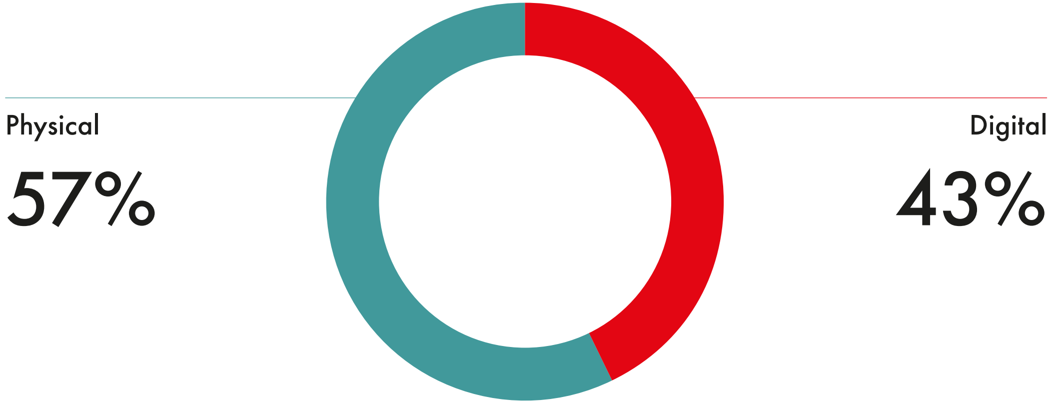
Revenue
Segment revenue was DKK 4,659m (DKK 4,736m) for the year and DKK 1,173m (DKK1,301m) for the quarter. The development was in line with expectations from the last outlook.

Gross profit
Gross profit of DKK 1,070m (DKK 1,129m) corresponds to a profit margin of 23.0% (23.8%). The reduction in margin is related to the large one-off impacts from supplier-driven price increases in 2022.

Direct expenses
Tight cost control has contributed to direct expenses being kept stable at DKK 486m (DKK 484m) despite 2023 having three months of EA expenses more on the books.

EBITDA
Segment EBITDA ended at DKK 585m (DKK 646m).

Distribution of sales channels



MDKK	2023	2022	Q4 2023	Q4 2022
Revenue	**4,658.6**	**4,735.6**	**1,173.0**	**1,303.8**
Cost of goods sold	(3,427.4)	(3,440.3)	(864.9)	(931.7)
Product margin	**1,231.1**	**1,295.2**	**308.0**	**372.0**
Distribution	(160.7)	(165.8)	(41.5)	(46.3)
Gross profit	**1,070.4**	**1,129.4**	**266.5**	**325.7**
Direct expenses	(485.9)	(483.8)	(122.4)	(145.1)
EBITDA before indirect expenses	**584.5**	**645.6**	**144.1**	**180.6**
Key figures				
Gross margin %	23.0%	23.8%	22.7%	25.0%
EBITDA %	12.5%	13.6%	12.3%	13.9%

B2C

AO is the market leader within online DIY sales in Denmark. Sales are done out of 11 webshops operating on a shared back-end platform. For the year, sales were declining but Q4 saw a return to growth. Scale of the business is even more important in the B2C segment when it comes to profit margins, and it is the ambition to grow the segment both organically and through acquisitions.

Number of households serviced

Revenue

Segment revenue was DKK 603m (DKK 639m) for the year and DKK 189m (DKK 172m) for the quarter. During Q4 the B2C segment had a record-breaking sales during “Black Week” boosting revenue but at slightly lower margins.

Gross profit

Gross profit of DKK 164m (DKK 181m) corresponds to a profit margin of 27.2% (28.3%). The reduction in margin is mainly related to the large one-off impacts from supplier-driven price increases in 2022 but it is still higher than the margins in the rest of the business.

Direct expenses

The expense level has been under pressure for cost and salary inflation but has been kept stable at DKK 133m (DKK 135m)

EBITDA

Segment EBITDA ended at DKK 31m (DKK 46m). It is the ambition that the segment EBITDA margin should reach at least 10% which is to be achieved through growing the top line.

MDKK	2023	2022	Q4 2023	Q4 2022
Revenue	**602.5**	**639.4**	**188.5**	**172.4**
Cost of goods sold	(387.8)	(411.3)	(119.9)	(105.4)
Product margin	**214.6**	**228.2**	**68.5**	**67.1**
Distribution	(50.7)	(47.3)	(16.7)	(13.0)
Gross profit	**163.9**	**180.9**	**51.8**	**54.1**
Direct expenses	(133.2)	(135.4)	(40.3)	(42.9)
EBITDA before indirect expenses	**30.7**	**45.5**	**11.5**	**11.2**
Key figures				
Gross margin %	27.2%	28.3%	27.5%	31.4%
EBITDA %	5.1%	7.1%	6.1%	6.5%

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:

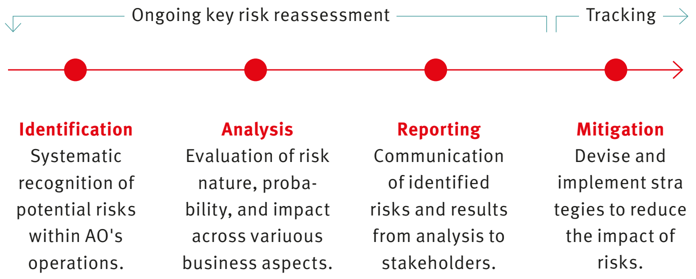
- impact on results (direct or indirect financial effect)
- impact on reputation
- compliance (license to operate, including personal safety).

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 are identified and classified

AO's top risks are mapped out in terms of probability and impact.

	A New entrants in the market	B Geopolitical and macroeconomic uncertainty	C Credit Management
Description	A new or existing player is expanding in the Danish market, resulting in increased competition and/or margin pressure, thereby having a negative impact on the profit.	Risk of market decline due to geopolitical or macroeconomic uncertainties.	Risk of losses associated with extending credit to customers.
Impact	The risk of increased consolidation in the Danish market creating stronger competitors could mean that AO loses competitive advantages and is unable to meet the goal of gaining market share. The result could be lost revenue and earnings. **Probability:** Medium **Impact:** Medium	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
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.

■ High
■ Medium

	D **Global supply chain**	E **People**	F **IT risks**	G **Cyberattack**
Description	Risk of product unavailability due to supply chain uncertainties.	Risk of inability to attract or retain key employees. Additionally, there is a risk of a deficient talent pipeline for key positions, including top management.	Risk of breakdowns in business-critical systems, including the failure to fully leverage IT integrations.	Risk of IT breakdown due to a cyberattack.
Impact	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:** High	AO's employees are viewed as a key asset and the primary element in 'winning the market,' making the inability to retain employees a significant risk. There is a risk of dilution of the AO culture. The failure to attract and retain the right leaders and specialists can impede both development and daily operations, ultimately affecting the ability to execute the strategy. **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:** High **Impact:** Medium	Business disruption due to compromised data, de nial-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 ablility to conduct business. **Probability:** Medium **Impact:** High
Risk response	**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 fulfill customer orders.	**Mitigation** AO strives to be an attractive workplace with a focus on employee development. Employee satisfaction surveys are conducted, and action plans are implemented to address feedback. Goals are set, and turnover among employees is monitored. For key positions, including top management, active work is done on succession plans, identifying both internal and external candidates for relevant roles. AO has successfully nurtured internal talents, and there is ongoing effort to identify new leadership talents within the sales organisation.	**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.

■ 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.

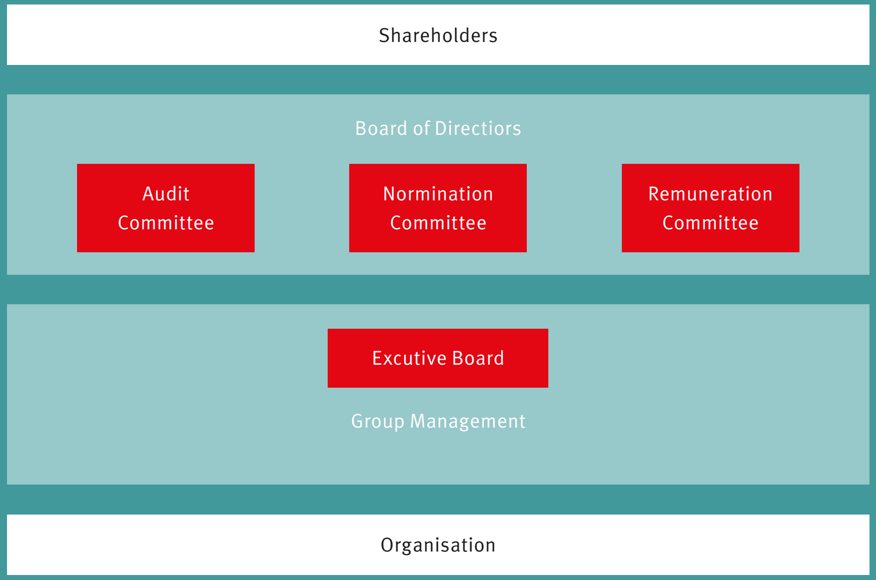
AO has established internal control and risk management systems to ensure that financial reporting is carried out in accordance with IFRS and other accounting regulations applicable to listed Danish companies. In addition, the systems increase the certainty that the internal and external financial reporting 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 seven areas in 2023, which is one fewer than in 2022.

Two-tier governance structure



A summary of the seven 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 a member of the Board.
- General management is carried out by 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 Board is also the Chair of the Audit Committee.
- The company has implemented a whistleblower scheme which is available only to the company's employees, which is compliant with applicable legislation.

Brødrene A & O Johansen A/S has prepared a full report on corporate governance for the 2023 financial year under Section 107b of the Danish Financial Statements Act. This can be viewed or downloaded at:

Corporate Governance 2023
https://ao.dk/globalassets/download/regnskabsdata/2023/corporate_governance_2023e_report.pdf

Board of Directors

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 resign every year, but re-elections may take place.

- 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.

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.

The Audit Committee has the following tasks:

- to monitor and report on the financial reporting process,
- 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,
- 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,

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.

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 2023

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	●●●●●●●●●●			
Michael Kjær	●○	●		
Meeting participation in 2023, %	97.4%	100%	100%	100%

Board evaluation procedure
The Board of Directors performs an annual evaluation based on a survey regarding the following:

- Board composition and management
- Strategy, priorities and financial targets
- Meeting effectiveness
- Effectiveness of the Chair
- Effectiveness of the Board
- Financial reporting, business follow-up and compliance

The conclusion of the evaluation is that the Board of Directors and the Executive Board possess the competencies and qualifications deemed sufficient and necessary to run AO in both the short and long term.

Proposals for the Annual General Meeting
The Annual General Meeting will be held completely electronically at 2 p.m. on March 20 2024.

1. Allocation of profits
The net profit for the year amounts to TDKK 206,096. The Board of Directors proposes to distribute a dividend of DKK 3.75 per DKK 1 share, corresponding to around 50% of the profit after tax for the year and 375% 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 2025 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

Henning Baunbæk Dyremose

Chair

Born: 1945

Joined: 1997, Char since 2007

Nationality: Danish

Chair of the Audit Committee

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

Erik Holm

Deputy Chair

Born: 1960

Joined: 2009

Nationality: Danish

Member of the Audit Committee

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 and ScanCom International 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 and Hotelselskabet af 8. februar 2018 K/S.

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

Share ownership

0 (0) Class B shares

Members of the Board of Directors

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

Managerial Posts

Member of the Board of AO Invest A/S

Share ownership

0 (0) Class B shares

Peter Gath

Member

Born: 1965

Joined: 2023

Nationality: Danish

Deputy 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

Former long term audit partner at KPMG and EY and former Chair of FSR (the Danish Association of Chartered Accountants).

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.

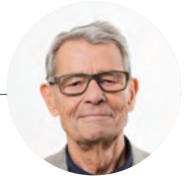
Member of the Board of AO Invest A/S, Milde-Fonden, Lyn Mildé A/S and Konsolidator A/S.

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

Share ownership

7,000 (0) Class B shares

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

Members of the Board of Directors

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

Leif Hummel

Employee-elected member

Elected in 2022, term expires in 2026

Born: 1963

Joined: 2022

Nationality: Danish

Warehouse Operations Manager.

Share ownership

5,200 (4,200) Class B shares

Marlene L. Jakobsen

Employee-elected member

Elected in 2022, term expires in 2026

Born: 1983

Joined 2022

Nationality: Danish

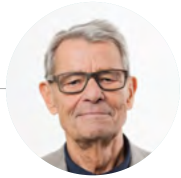
Store Manager

Share ownership

294 (124) Class B shares

Executive Board

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
Sales Director, HVAC & Projects

David Carlbom
Commercial Director, AO Sweden

Lars Kestner
Sales Director, Electricals

Ian Schlottmann
Procurement Director

Sebastian Sigvaldason
Logistics Director

Shareholder information

Dividend

The Board of Directors proposes that a dividend of DKK 3.75 per DKK 1 share be distributed for 2023 corresponding to a payout ratio of 50.9%. The proposal is in line with the capital allocation policy which stipulates 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 TDKK 28,000. Of which TDKK 5,640 are Class A shares and TDKK 22,360 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.

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)		70,3
Market Cap year-end (MDKK)	396,492,000	1,571,908,000

Dividend payments

TDKK	2023	2022	2021	2020	2019
Dividend	105,000	147,000	126,000	42,000	16,800
Payout ratio	51%	50%	50%	24%	13%

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.

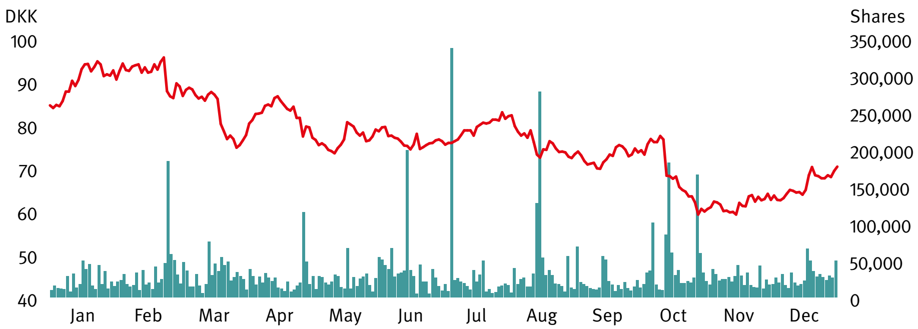
Brødrene A & O Johansen A/S's Investor Relations activities are designed to ensure that the disclosure of information is in accordance with the current disclosure requirements established by Nasdaq Copenhagen A/S.

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	16,145,164	16,147,164	57.67%	20.52%
Unregistered shares	0	2,476,536	2,476,536	8.84%	3.14%
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 2023



Financial calendar

21/2 2024	**Annual Report**
20/3 2024	**Annual General Meeting**
24/4 2024	**Quarterly Report Q1 2024**
14/8 2024	**Quarterly Report Q2 2024**
23/10 2024	**Quarterly Report Q3 2024**

Analysts

The AO share is covered by the following financial institutions:

- SEB (initiated coverage in 2023)

Investor contacts

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

Financial statements

Investing in the network of outlets continues to a priority for AO. We want to be the wholesaler that provides the best service to our customers with the best range of sales channels.

Consolidated financial statements

Contents

Income statement

For 1 January – 31 December

DKK thousands	Note	2023	2022
Revenue	2.1	**5,261,016**	**5,375,006**
Cost of sales	2.2	(4,028,780)	(4,068,255)
Gross profit		1,232,236	1,306,751
Other operating income	2.3	2,029	3,573
Gross margin		**1,234,265**	**1,310,324**
External expenses	2.4	(310,666)	(318,517)
Staff costs	2.5	(518,315)	(500,240)
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		**405,284**	**491,567**
Depreciation and amortisation	2.6	(113,079)	(108,014)
Operating profit or loss (EBIT)		**292,205**	**383,553**
Financial income	4.4	3,338	3,033
Financial expenses	4.5	(33,739)	(9,158)
Profit or loss before tax (EBT)		**261,804**	**377,428**
Tax on profit or loss for the year	2.7	(55,708)	(82,959)
Net profit or loss for the year		**206,096**	**294,469**
Earnings per share	3.6		
Earnings per share (EPS)		7.6	10.8
Diluted earnings per share (EPS-D)		7.6	10.8

Contents

Statement of comprehensive income

For 1 January – 31 December

DKK thousands	Note	2023	2022
Other comprehensive income			
Net profit or loss for the year		**206,096**	**294,469**
Items which will be reclassified to the income statement			
Foreign currency translation adjustment relating to foreign entities		987	(6,156)
Tax on other comprehensive income		0	0
Other comprehensive income after tax		987	(6,156)
Total comprehensive income		**207,083**	**288,313**

Contents

Balance sheet as at 31 December

Assets

DKK thousands	Note	2023	2022
Non-current assets			
Intangible assets	3.1		
Goodwill		508,539	499,685
Intellectual property rights		44,611	48,153
Software		82,913	64,188
		636,063	612,026
Property, plant and equipment	3.2		
Land and buildings		832,268	795,870
Leasehold improvements		15,530	13,609
Fixtures and operating equipment		221,966	224,782
Right-of-use assets	3.3	99,838	80,740
		1,169,602	1,115,001
Other non-current assets			
Other investments		247	284
		247	284
Total non-current assets		**1,805,912**	**1,727,311**

DKK thousands	Note	2023	2022
Current assets			
Inventories	2.2, 3.4	757,411	865,953
Trade receivables	3.5	542,788	636,439
Joint tax contribution		0	15,931
Other receivables		20,573	16,199
Prepayments and accrued income		26,174	21,514
Cash and short-term deposits		89,504	34,973
Total current assets		**1,436,450**	**1,591,009**
Total assets		**3,242,362**	**3,318,320**

Contents

Balance sheet as at 31 December

Equity and liabilities

DKK thousands	Note	2023	2022
Equity	4.1		
Share capital		28,000	28,000
Reserve for foreign currency translation adjustments		(7,657)	(8,644)
Retained earnings		1,349,956	1,241,142
Proposed dividend for the financial year		105,000	147,000
Total equity		**1,475,299**	**1,407,498**
Non-current liabilities			
Deferred tax	3.8	70,098	64,612
Credit institutions	4.2	398,705	418,011
Lease liabilities	3.3, 4.2	66,352	56,836
Total non-current liabilities		**535,155**	**539,459**

DKK thousands	Note	2023	2022
Current liabilities			
Credit institutions	4.2	109,343	73,689
Lease liabilities	3.3, 4.2	36,844	28,973
Trade payables	4.2, 4.3	1,006,632	1,181,319
Joint tax contribution		8,357	0
Corporation tax payable	3.7	3,062	3,501
Provisions for liabilities	3.9	500	6,740
Other payables	3.9	67,170	77,141
Total current liabilities		**1,231,908**	**1,371,363**
Total liabilities		**1,767,063**	**1,910,822**
Total equity and liabilities		**3,242,362**	**3,318,320**
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 thousands	Note	2023	2022
Cash flow from operating activities			
Operating profit or loss (EBIT)		292,205	383,553
Depreciation and amortisation	2.6	113,079	108,014
Other non-cash operating items, net		3,393	1,543
Cash flow from operations before change in working capital		408,677	493,110
Change in inventories		99,688	(219,340)
Change in receivables		84,617	(107,160)
Change in trade payables and other current payables		(191,014)	145,278
Change in working capital		(6,709)	(181,222)
Cash flow from operations		401,968	311,888
Net financials paid		(30,401)	(6,125)
Corporation tax paid		(25,151)	(89,970)
Cash flow from operating activities		**346,416**	**215,793**

DKK thousands	Note	2023	2022
Cash flow from investing activities			
Purchase of intangible assets		(33,934)	(41,010)
Purchase of property, plant and equipment		(94,819)	(164,530)
Sale of other non-current assets		37	0
Acquisition of enterprise	5.1	(1,500)	(127,763)
Cash flow from investing activities		**(130,216)**	**333,303**
Cash flow from financing activities			
Repayment of debt to credit institutions		(76,357)	(85,975)
Raising of loans from credit institutions		92,705	247,973
Repayment of lease liabilities		(35,342)	(24,169)
Dividends paid		(142,675)	(122,292)
Cash flow from financing activities		**(161,669)**	**15,537**
Cashflow for the year		**54,531**	**(101,973)**
Cash and short-term deposits at beginning of year		34,973	136,946
Cash and short-term deposits at end of year		**89,504**	**34,973**

Contents

Consolidated statement of changes in equity

DKK thousands	Share capital	Foreign currency translation adjustment	Proposed dividend for the year	Retained earnings	Total equity
Equity at 1 January 2023	**28,000**	**(8,644)**	**147,000**	**1,241,142**	**1,407,498**
Net profit for the year	0	0	105,000	101,096	206,096
Foreign currency translation adjustment	0	987	0	0	987
Total comprehensive income	0	987	105,000	101,096	207,083
Dividend distribution	0	0	(142,675)	0	(142,675)
Dividend, treasury shares	0	0	(4,325)	4,325	0
Sharebased remuneration	0	0	0	3,393	3,393
Total transactions with owners	0	0	(147,000)	7,718	(139,282)
Equity at 31 December 2023	**28,000**	**(7,657)**	**105,000**	**1,349,956**	**1,475,299**
Equity at 1 January 2022	**28,000**	**(2,488)**	**126,000**	**1,088,422**	**1,239,934**
Net profit for the year	0	0	147,000	147,469	294,469
Foreign currency translation adjustment	0	(6,156)	0	0	(6,156)
Total comprehensive income	0	(6,156)	147,000	147,469	288,313
Dividend distribution	0	0	(122,292)	0	(122,292)
Dividend, treasury shares	0	0	(3,708)	3,708	0
Sharebased remuneration	0	0	0	1,543	1,543
Total transactions with owners	0	0	(126,000)	5,251	(120,749)
Equity at 31 December 2022	**28,000**	**(8,644)**	**147,000**	**1,241,142**	**1,407,498**

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Section 1

Basis of preparation

1.1 Accounting policies

1.2 Significant estimated uncertainties and assumptions

Contents

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 2023 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 2023 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 21 February 2024, 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 20 March 2024.

Basis of preparation

The annual report is presented in Danish kroner, rounded to the nearest DKK 1,000.

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 2023, Brødrene A & O Johansen A/S has implemented:

- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates
- Amendments to IAS 12: International Tax Reform – Pillar Two Model Rules

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 5299004B6ZEGVCR9ZR75-2023-12-31- 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.

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Section 1

1.1 Accounting policies (continued)

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 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

Contents

Section 1

1.1 Accounting policies (continued)

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 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.

Contents

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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Contents

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

Section 2

Income statement

2.1 Segment information
2.2 Cost of sales
2.3 Other operating income
2.4 External expenses
2.5 Staff costs
2.6 Depreciation and amortisation
2.7 Tax on profit or loss for the year

Contents

Section 2

2.1 Segment information

DKK thousands	B2B	B2C	Total
2023			
Revenue	4,658,552	602,464	5,261,016
Cost of goods sold	(3,427,448)	(387,835)	(3,815,283)
Product margin	**1,231,104**	**214,629**	**1,445,733**
Distribution	(160,720)	(50,748)	(211,468)
Gross margin	**1,070,384**	**163,881**	**1,234,265**
Direct expenses	(485,904)	(133,211)	(619,115)
EBITDA before indirect expenses	**584,480**	**30,670**	**615,150**
Indirect expenses			(209,866)
EBITDA			**405,284**
Depreciation and amortisation			(113,079)
EBIT			**292,205**
Financial income and expenses			(30,401)
EBT			**261,804**

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 %

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 377.1m (2022: DKK 407.2m) and less than 10% of the total Group´s revenue relates to foreign countries, and the same applied in 2022.

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. Digtal sales channels are defined as sales through websites and apps. For 2023 sales through digital sales channels amount to DKK 2,599.2m (2022: DKK 2,621.9m) while sales through physical sales channels amount to DKK 2,661.8m (2022: DKK 2,753.1m). In the B2C segment, all sales are considered digital.

Major customers
Just as in 2022, the Group has not traded with any individual customer representing more than 10% of the Group's total revenue for 2023.

Contents

Section 2

2.1 Segment information (continued)

DKK thousands	B2B	B2C	Total
2022			
Revenue	4,735,570	639,436	5,375,006
Cost of goods sold	(3,440,334)	(411,277)	(3,851,611)
Product margin	**1,295,236**	**228,159**	**1,523,395**
Distribution	(165,803)	(47,268)	(213,071)
Gross margin	**1,129,433**	**180,891**	**1,310,324**
Direct expenses	(483,811)	(135,441)	(619,252)
EBITDA before indirect expenses	**645,622**	**45,450**	**691,072**
Indirect expenses			(199,505)
EBITDA			**491,567**
Depreciation and amortisation			(108,014)
EBIT			**383,553**
Financial income and expenses			(6,125)
EBT			**377,428**

Key figures	B2B	B2C	Total
Gross margin %	23.8%	28.3%	24.4%
EBITDA (before indirect expenses) %	13.6%	7.1%	12.9%
EBITDA %			9.1%

§ 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. 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.

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.

Contents

Section 2

2.2 Cost of sales

DKK thousands	2023	2022
Cost of goods purchased during the year	(3,676,549)	(4,144,030)
Distribution costs	(211,468)	(213,071)
	(3,888,017)	**(4,357,101)**
Change in inventories:		
Inventory at the beginning of the year	865,953	580,478
Change in cost during the year	10,019	11,683
Inventory writedown, net	22,202	(15,054)
Inventory at the end of the year	757,411	865,953
Change in inventory for the year	(140,763)	288,846
Cost of sales for the year	**(4,028,780)**	**(4,068,255)**

§ 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.

2.4 External expenses

DKK thousands	2023	2022
Remuneration for the auditor elected by the annual general meeting:		
Total remuneration may be specified as follows:		
Statutory audit	(1,421)	(1,654)
Tax and VAT related advisory services	(30)	(17)
Other services	(410)	(185)
	(1,861)	**(1,856)**

Other services primarily relate to concultancies regarding CSRD implementation and ESG strategies.

§ 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 thousands	2023	2022
Wages and salaries	(417,318)	(412,237)
Pension contributions	(37,700)	(30,211)
Share-based remuneration	(3,393)	(1,543)
Other social security costs	(9,727)	(9,401)
Other staff expenses	(3,252)	(3,140)
Staff costs excl. temporary employees	**(471,390)**	**(456,532)**
Wages temporary employees	(46,925)	(43,708)
Staff costs total	**(518,315)**	**(500,240)**
Wages and salaries include remuneration for:		
Board of Directors	(3,763)	(3,588)
Board of Directors total	**(3,763)**	**(3,588)**
Executive Board	(21,570)	(27,224)
Share-based remuneration	(1,402)	(1,089)
Pension contributions	(2,633)	(2,639)
Benefits	(787)	(838)
Executive Board total	**(26,392)**	**(31,790)**
Board of Directors and Executive Board total	**(30,155)**	**(35,378)**
Average number of full-time employees, incl. temporary employees	912	889
Average number of full-time employees	841	822

The Group only has defined contribution plans.

The increase in full time employees for the Group primarily relates to the full year effect of the acquisition of EA Værktøj which contributed with 110 FTEs from april 2022.

§ 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).

Contents

Section 2

2.6 Depreciation and amortisation

DKK thousands	2023	2022
Intangible assets	(18,700)	(26,113)
Property, plant and equipment	(59,316)	(58,337)
Right-of-use assets, external	(35,342)	(24,046)
Gains/losses from the disposal of assets	279	482
	(113,079)	**(108,014)**

2.7 Tax on profit or loss for the year

DKK thousands	2023	2022
Current tax for the year	(49,753)	(72,642)
Adjustment related to previous years	(392)	6
Addition from acquisition	0	(1,253)
	(50,145)	(73,889)
Adjustment of deferred tax for the year	(6,373)	(9,430)
Adjustment of deferred tax for previous years	810	360
Total	**(55,708)**	**(82,959)**
Tax on profit/loss for the year can be explained as follows:		
Calculated tax on profit/loss before tax, not incl. subsidiaries' profits	57,027	82,472
Tax effect of:		
Non-taxable income	(886)	(1,071)
Other non-deductible costs	342	670
Adjustment of tax for previous years	(775)	888
	55,708	**82,959**
Effective tax rate	21.3%	22.0%
Taxes paid during the financial year	(25,151)	(89,970)

Contents

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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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 Inventories
- 3.5 Trade receivables
- 3.6 Earnings per share
- 3.7 Corporation tax receivable/payable
- 3.8 Deferred tax
- 3.9 Other payables

Contents

Section 3

3.1 Intangible assets

DKK thousands	Goodwill	Intellectual property rights	Software
Cost at 1 January 2023	499,685	70,113	348,513
Foreign currency translation adjustment	0	0	0
Additions from acquisitions	0	0	0
Additions during the year	8,854	0	33,934
Disposals during the year	0	0	(52,035)
Cost at 31 December 2023	508,539	70,113	330,412
Amortisation and depreciation at 1 January 2023	0	(21,960)	(284,325)
Foreign currency translation adjustment	0	(30)	0
Amortisation and depreciation for the year	0	(3,512)	(15,188)
Disposals during the year	0	0	52,014
Amortisation and depreciation at 31 December 2023	0	(25,502)	(247,499)
Carrying amount at 31 December 2023	**508,539**	**44,611**	**82,913**

DKK thousands	Goodwill	Intellectual property rights	Software
Cost at 1 January 2022	412,030	61,955	307,503
Foreign currency translation adjustment	0	0	0
Additions from acquisitions	87,655	8,158	0
Additions during the year	0	0	41,010
Disposals during the year	0	0	0
Cost at 31 December 2022	499,685	70,113	348,513
Amortisation and depreciation at 1 January 2022	0	(18,792)	(261,380)
Foreign currency translation adjustment	0	0	0
Amortisation and depreciation for the year	0	(3,168)	(22,945)
Disposals during the year	0	0	0
Amortisation and depreciation at 31 December 2022	0	(21,960)	(284,325)
Carrying amount at 31 December 2022	**499,685**	**48,153**	**64,188**

In 2023, additions to goodwill derive from the finalisation of the purchase price allocation on the EA acquisition.

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)

Goodwill
At 31 December 2023, 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 thousands	Goodwill	Pre-tax WACC	Terminal growth rate
B2B Denmark	151,649	12%	1.5%
B2B Sweden	47,017	12%	1.5%
B2C	309,873	12%	2.5%

The appiied pre-tax WACC and terminal growht rates are unchanged for all CGUs.

Goodwill has been allocated to the two operating segments B2B and B2C, which is reflected above. In addition, B2B has been further split 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 2024 and forecasts for 2025-2028 approved by Management, and an adjusted discount rate of 10% (after tax). The applied discount rate reflects the specific risks related to the respective CGUs, 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 thousands	2023		2022	
Consolidated	Completed	Work in progress	Completed	Work in progress
Cost at 1 January	133,870	22,279	118,651	461
Additions during the year	18,560	24,207	14,758	22,279
Transfer	9,731	(9,731)	461	(461)
Cost at 31 December	162,161	36,755	133,870	22,279
Amortisation and depreciation at 1 January	(103,275)	0	(81,989)	0
Amortisation and depreciation for the year	(15,033)	0	(21,286)	0
Amortisation and depreciation at 31 December	(118,308)	0	(103,275)	0
Carrying amount at 31 December	**43,853**	**36,755**	**30,595**	**22,279**

Contents

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
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.

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Section 3

3.2 Property, plant and equipment

DKK thousands	Land and buildings	Leasehold improve-ments	Fixtures and operating equipment
Cost at 1 January 2023	1,032,692	25,822	578,156
Foreign currency translation adjustment	(1)	(3)	(104)
Additions during the year	57,823	5,714	32,964
Disposals during the year	(13,028)	0	(7,224)
Cost at 31 December 2023	1,077,486	31,533	603,792
Amortisation and depreciation at 1 January 2023	(236,822)	(12,213)	(353,374)
Foreign currency translation adjustment	76	1	141
Amortisation and depreciation for the year	(21,445)	(3,791)	(34,080)
Disposals during the year	12,973	0	5,487
Amortisation and depreciation at 31 December 2023	(245,218)	(16,003)	(381,826)
Carrying amount at 31 December 2023	**832,268**	**15,530**	**221,966**

DKK thousands	Land and buildings	Leasehold improve-ments	Fixtures and operating equipment
Cost at 1 January 2022	910,438	20,159	516,454
Foreign currency translation adjustment	(2,093)	(6)	(550)
Additions from acquisitions	25,608	2,018	8,119
Additions during the year	102,020	3,651	54,516
Disposals during the year	(3,281)	0	(383)
Cost at 31 December 2022	1,032,692	25,822	578,156
Amortisation and depreciation at 1 January 2022	(219,126)	(9,811)	(317,078)
Foreign currency translation adjustment	845	185	445
Amortisation and depreciation for the year	(18,764)	(2,587)	(36,986)
Disposals during the year	223	0	245
Amortisation and depreciation at 31 December 2022	(236,822)	(12,213)	(353,374)
Carrying amount at 31 December 2022	**795,870**	**13,609**	**224,782**

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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		
Herstedvang 9-13, DK-2620 Albertslund	Central warehouse		3,694		
Herstedvang 6, DK-2620 Albertslund	Central warehouse		5,674		
Mossvej 2, DK-8700 Horsens	Central warehouse		19,167		
Administration and central warehouse total			66,362	501,499	305,844
Stores					
Østbanegade 169, DK-2100 Østerbro	Store	1990	478		
Prags Boulevard 53, DK-2300 Amager	Store	1990	923		
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		
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		
Valdemarshaab 15, DK-4600 Køge	Store	2014	862		

Specification of land and buildings (continued)

Address	Use	Year of acqui-sition	Building area (sqm)	Carrying amount	Mortgage loans
Stores (continued)					
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			34,498	282,236	115,326
Buildings under construction				48,533	
Land and buildings			100,860	832,268	421,170

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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:	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.

In 2023 the expected useful lives of mini-load storage systems and high bay systems were reassessed from 10 years to 15 years. The re-assessment has reduced depreciations in 2023 by approximately DKK 17 million.

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 2023	65,629	15,111	80,740
Foreign currency translation adjustment	197	0	197
Additions during the year	13,096	43,611	56,707
Disposals during the year	(313)	(5,819)	(6,132)
Remeasurement of lease liability	3,266	402	3,668
Amortisation and depreciation for the year	(22,777)	(12,565)	(35,342)
Carrying amount at 31 December 2023	**59,098**	**40,740**	**99,838**

Right-of-use assets	Land and buildings	Fixtures and operating equipment	Total
Balance at 1 January 2022	53,271	16,820	70,091
Foreign currency translation adjustment	(172)	(67)	(239)
Additions during the year	30,292	6,887	37,179
Disposals during the year	(3,036)	(714)	(3,750)
Remeasurement of lease liability	1,505	0	1,505
Amortisation and depreciation for the year	(16,231)	(7,815)	(24,046)
Carrying amount at 31 December 2022	**65,629**	**15,111**	**80,740**

Lease liabilities	2023	2022
Maturity of lease liabilities		
0-1 year	39,672	29,278
1-5 years	60,714	45,158
>5 years	10,403	13,939
Total un-discounted lease liabilities at 31 December	**110,789**	**88,375**
Short-term lease liabilities, less than 1 year	36,844	28,973
Long-term lease liabilities, more than 1 year	66,352	56,836
Lease liabilities recognised in the balance sheet	**103,196**	**85,809**
Amounts recognised in the income statement		
Interest expenses on lease liabilities	(1,615)	(310)
Expenses related to low value leasing arrangements	(232)	(318)
Expenses related to short term leasing arrangements	(1,563)	(1,639)
Depreciation related to right-of-use assets	(35,342)	(24,046)
Total	**(38,752)**	**(26,313)**

The increase in right-of-use assets within fixtures and operating equipment relates to the transition to EVs where approx. 75% of the leased company cars have been replaced during 2023.

In relation to leases, including low-value and short-term leasing arrangements, the Group has paid TDKK 34,490 towards leasing contracts in 2023 (2022: TDKK 22,330). Hereof interest payments related to leasing liablilities amount to TDKK 1,615 (2022: TDKK 808) and instalments on leasing liabilities amount to TDKK 35,211 (2022: 24,169)

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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 thousands	2023	2022
Carrying amount of inventories recognised at net selling price	42,379	20,887

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 thousands	Loss ratio	Receivable amount	Expected loss	Total
2023				
Not yet due	0.5 %	512,390	(2,798)	509,592
Due within 1-30 days	3.0 %	23,583	(712)	22,871
Due within 31-60 days	14.8 %	2,801	(414)	2,387
Due in more than 60 days	83.2 %	47,168	(39,230)	7,938
Total at 31 December 2023		**585,942**	**(43,154)**	**542,788**
2022				
Not yet due	1.7%	622,040	(10,718)	611,322
Due within 1-30 days	6.8%	13,787	(935)	12,852
Due within 31-60 days	9.6%	6,250	(603)	5,647
Due in more than 60 days	82.8%	38,568	(31,950)	6,618
Total at 31 December 2022		**680,645**	**(44,206)**	**636,439**

* Expected losses are shown including VAT.

DKK thousands	2023	2022
Provision for losses on receivables:		
Provision for losses on receivables at 1 January excl. VAT	37,621	41,189
Realised loss during the year - use of previous provision	(8,293)	(14,547)
Adjustment of provisions for losses	5,689	10,979
Provision for losses on receivables at 31 December	**35,017**	**37,621**
Recognised previously written-off receivables	(307)	(121)
Losses recognised in the year and not previously provided for	0	0
Operating effect, net from loss and provision for losses on receivables	**5,382**	**10,858**

§ 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 thousands	2023	2022
Net profit or loss for the year	206,096	294,469
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	54,053	15,710
Diluted average number of outstanding share options	**27,230,153**	**27,191,810**
Earnings per share (EPS) of DKK 1.	7.6	10.8
Diluted earnings per share (EPS-D) of DKK 1	7.6	10.8

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Section 3

3.7 Corporation tax receivable/payable

DKK thousands	2023	2022
Corporation tax paid on account during the year	7,323	6,130
Tax on taxable profit for the year	(8,602)	(7,699)
Tax payable relating to previous years	(1,783)	(1,932)
Total corporation tax receivable/payable	**(3,062)**	**(3,501)**

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 thousands	2023	2022
Deferred tax at 1 January	64,612	52,192
Foreign currency translation adjustment	(80)	(139)
Merger / acquisition of enterprise	0	3,499
Change in deferred tax for the year	6,296	9,421
Change in deferred tax relating to previous years	(730)	(361)
Deferred tax at 31 December	**70,098**	**64,612**
Deferred tax relates to:		
Intangible assets	27,692	10,129
Property, plant and equipment	51,443	61,726
Receivables/inventory	(7,576)	(5,758)
Liabilities	(1,461)	(1,485)
Tax deficit	0	0
Deferred tax at the end of the year	**70,098**	**64,612**

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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 thousands	2023	2022
Holiday allowance	19,678	19,609
Salary-related items	20,961	21,705
Acquisition of enterprise and earn-out	0	1,500
VAT and taxes	16,866	8,148
Other payables	9,665	26,179
	67,170	**77,141**

At the end of 2023, provisions for liabilities were DKK 0.5 million (DKK 6.7 million). The development in 2023 related to reversal of previous provisions as the related disputes have had favourable outcomes.

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Section 4

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 2023, the equity share of total equity and liabilities amounted to 45.5% (2022: 42.4%). The target is to obtain an equity ratio of a minimum of 40%. The financial gearing as at December 2023 was 1.3 (2022: 1.1). 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:

Class A share capital: 56,400 shares of	DKK	100 each	5,640,000
Class B share capital: 22,360,000 shares of	DKK	1 each	22,360,000
Total share capital			**28,000,000**

Of the Company's share capital of TDKK 28,000 TDKK 5,640 is in the form of Class A-shares and TDKK 22,360 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 2023, 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	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
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 2023. 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 2023 amounts to TDKK 105,000 corresponding to DKK 3.75 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 thousands	2023	2022
Mortgage loans - floating interest rate - 5 years	421,170	444,300
Bank loans - floating short-term interest rate	86,878	47,400
Lease liabilities - floating interest rate	103,196	85,809
	611,244	**577,509**
Payables relating to financing activities:		
Beginning-of-year	577,509	331,711
Repayment of debt to credit institutions	(76,357)	(85,975)
Raising of loans from credit institutions	92,705	247,973
Debt from acquisition	0	68,083
Addition, lease liabilities, net	52,729	39,886
Repayment, lease liabilities	(35,342)	(24,169)
Year-end	**611,244**	**577,509**

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 Financing 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. The fair value of the forward exchange contracts amounts to DKK -0.1 million at 31 December 2023, 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 2023, and the consolidated results would therefore not be affected to any major extent by changes in exchange rates at 31 December 2023.

The Group has the following currency exposure at 31 December:

	2023			2022		
DKK thousands	**EUR**	**OTHER***	**TOTAL**	**EUR**	**OTHER***	**TOTAL**
Trade payables	49,387	40,606	89,993	66,278	39,297	105,575
Payables to credit institutions	(28,078)	(74,806)	(102,884)	153,708	(25,808)	127,900
Net exposure	**21,309**	**(34,200)**	**(12,891)**	**219,986**	**13,489**	**233,475**
Risk in exchange rate fluctuation	1%	10%		1%	10%	
Estimated effect on income statement and equity	**213**	**(3,420)**	**(3,207)**	**2,200**	**1,349**	**3,549**

* 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 2023, the Group's interest-bearing debt, determined as payables to credit institutions and lease liabilities less negotiable securities and cash decreased by DKK 20.8 million to DKK 521.7 million 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 6.1 million (2022: approximately DKK 5.4 million).

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 thousands	Carrying amount	Contractual cash flows	Less than 1 year	1 to 5 years	More than 5 years
2023					
Mortgage loans	421,170	582,439	37,407	149,038	395,994
Bank loans	86,878	86,878	86,878	0	0
Lease liabilities	103,196	110,789	39,672	60,714	10,403
Trade payables	1,006,632	1,006,632	1,006,632	0	0
31 December	**1,617,876**	**1,786,738**	**1,170,589**	**209,752**	**406,397**
2022					
Mortgage loans	444,300	597,429	33,663	144,279	419,488
Bank loans	47,400	47,400	47,400	0	0
Lease liabilities	85,809	88,375	29,278	45,158	13,939
Trade payables	1,181,319	1,181,319	1,181,319	0	0
31 December	**1,758,828**	**1,914,523**	**1,291,660**	**189,437**	**433,427**

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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. At the balance sheet date liabilities related to Supply Chain Finance programmes amount to DKK 204.2m (2022: DKK 336.0m). 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 542.8m in trade receivables DKK 174.4m are credit-insured.

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 2023 amounts to DKK 611.2m (2022: DKK 577.5m) 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 thousands	2023	2022
Interest income from current assets	3,338	2,085
Gain from sale of subsidiary	0	1,500
Foreign exchange gains, net	0	(551)
	3,338	**3,033**

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Section 4

4.5 Financial expenses

DKK thousands	2023	2022
Interest expenses on liabilities	(25,541)	(8,571)
Expenses, lease liabilities, external	(1,615)	(310)
Other interest expenses	(387)	(277)
Foreign exchange losses, net	(6,196)	0
	(33,739)	**(9,158)**

§ 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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Section 5

Other notes

5.1 Acquisition of enterprise
5.2 Contingent liabilities, security, etc.
5.3 Share based remuneration
5.4 Related parties
5.5 Subsequent events
5.6 New accounting regulation

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Section 5

5.1 Business combinations

On April 1 2022 the Group gained control of EA Værktøj Engros A/S and EA Værktøj Ejendomme A/S by acquiring all the shares in the two companies.

EA Værktøj is a specialst wholesaler within brackets, electrical tools and handtools, work clothes and PPE. The primary customers of EA are carpenters and woodworkers, and sales are carried out from 7 stores in Jutland, on Funen and Zealand.

The acquisition is in line with the Group's focus on becoming af specialist wholesaer for all tradesmen. Prior to the acquisiti on, AO primarily served plumbers and electricians. With the acquisition of EA, the AO Group also serves carpenter and woodworkers as well.

For the financial year 2020/2021 which ended 30 September 2021 EA reported a revenue of DKK 280 million. EA Værktøj Engros has been merged into Brødrene A & O Johansen A/S and contributes with TDKK 193,605 and an EBT of TDKK 5,482 to the results of 2022. The result of EA has been negatively affected by costs related to the restructuring and integration of EA Værktøj into the Group.

A final valuation was carried out in 2023 reducing the value of the acquired inventory by TDKK 8,854 and increasing goodwill by the same amount.

The fair value of acquired assets, liabilities and contingent liabilities, and aqusition price for EA Værktøj have been finally assessed and can be specified as follows:

DKK thousands	2022
Property, plant and equipment	56,818
Inventories	57,281
Trade receivables	47,315
Other receivables	1,250
Cash	137
Interest-bearing debt including lease liabilities	(94,266)
Trade payables	(31,609)
Provisions	(4,886)
Other payables	(9,315)
Acquired net assets	**22,725**
Goodwill	96,509
Rights	8,158
Deferred tax liabilities	(992)
Price of acquisition	**126,400**
Acquisitions costs	1,825
Cash paid on acquisition	126,400
Cash acquired	(137)
Net cash effect 2022 from aquisition of EA Værktøj	**126,263**

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5.2 Contingent liabilities, security, etc.

Land and buildings with a total carrying amount of TDKK 672,294 (2022: TDKK 669,893) 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 TDKK 8,357 at 31 December 2023 (2022: TDKK -8,933).

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 2023 a total of 56,935 (2022: 62,838) Restricted Stock Units (RSUs) have been granted to certain key employees.

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.

Restricted Stock Units 2023	Out-standing RSUs Jan 1	Released during the year	Granted during the year	Out-standing RSUs Dec 31	Fair value at the time of the grant	Vesting date
Executive Board						
Grant 2022	44,370	0	0	44,370	4,357	March 2025
Executive Board total	44,370	0	0	44,370		
Other employees						
Grant 2022	18,468	0	0	18,468	1,813	March 2025
Grant 2023	0		56,935	56,935	4,374	January 2026
Other employees total	18,468	0	56,935	75,403		
Total	62,838	0	56,935	119,773		

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Section 5

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 2023 that are considered to have a material effect on the annual report for 2023.

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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 2023:

- IAS 1 Presentation of Financial Statements - Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current
- IFRS 17 Insurance Contracts - Amendments to IFRS 17: Initial Application and IFRS 17 and IFRS 9 Financial Instruments – Comparative Information
- IFRS 16 Leasing - Lease Liability in a Sale and Leaseback
- IAS 7 - Statement of Cash Flows and IFRS 7 - Financial Instruments: Disclosures to clarify the charateristics of supplier finance arrangements
- IAS 21 The Effects of Changes in Foreign Exchange Rates - Ammendments to IAS 21 Lack of exchangeability

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 will affect recognition and measurement for Brødrene A & O Johansen A/S.

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 thousands	Note	2023	2022
Revenue		**4,993,407**	**5,093,723**
Cost of sales	2.1	(3,838,845)	(3,868,876)
Gross profit		1,154,562	1,224,847
Other operating income	2.2	1,520	2,201
Gross margin		**1,156,082**	**1,227,048**
External expenses	2.3	(291,076)	(310,082)
Staff costs	2.4	(495,051)	(476,601)
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		**369,955**	**440,365**
Depreciation and amortisation	2.5	(144,717)	(120,472)
Operating profit or loss (EBIT)		**225,238**	**319,893**
Subsidiaries' profit after tax	3.4	46,353	47,221
Financial income	4.4	3,686	3,360
Financial expenses	4.5	(26,044)	(7,260)
Profit or loss before tax (EBT)		**249,233**	**363,214**
Tax on profit or loss for the year	2.6	(43,137)	(68,745)
Net profit or loss for the year		**206,096**	**294,469**

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Statement of comprehensive income

For 1 January – 31 December

DKK thousands	Note	2023	2022
Other comprehensive income			
Net profit or loss for the year		**206,096**	**294,469**
Items which will be reclassified to the income statement			
Foreign currency translation adjustment relating to foreign entities		987	(6,156)
Tax on other comprehensive income		0	0
Other comprehensive income after tax		987	(6,156)
Total comprehensive income		**207,083**	**288,313**

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Balance sheet as at 31 December

Assets

DKK thousands	Note	2023	2022
Non-current assets			
Intangible assets	3.1		
Goodwill		464,822	455,968
Intellectual property rights		44,195	47,683
Software		82,913	64,188
		591,930	567,839
Property, plant and equipment	3.2		
Land and buildings		138,869	142,219
Leasehold improvements		16,500	14,544
Fixtures and operating equipment		219,767	223,662
Right-of-use assets	3.3	195,974	205,272
		571,110	**585,697**
Other non-current assets			
Investments in subsidiaries	3.4	349,421	336,872
Other investments		247	284
		349,668	337,156
Total non-current assets		**1,512,708**	**1,490,692**

DKK thousands	Note	2023	2022
Current assets			
Inventories	2.1, 3.5	723,896	834,240
Trade receivables	3.6	517,196	613,305
Receivables from subsidiaries	3.6	139,863	63,179
Joint tax contribution		0	18,645
Other receivables		16,151	12,763
Prepayments and accrued income		22,886	18,020
Cash and short-term deposits		46,810	291
Total current assets		**1,466,802**	**1,560,443**
Total assets		**2,979,510**	**3,051,135**

Contents

Balance sheet as at 31 December

Equity and liabilities

DKK thousands	Note	2023	2022
Equity	4.1		
Share capital		28,000	28,000
Reserve according to the equity method		221,846	209,298
Reserve for development costs		62,875	41,242
Reserve for foreign currency translation adjustments		0	0
Retained earnings		1,057,578	981,958
Proposed dividend for the financial year		105,000	147,000
Total equity		**1,475,299**	**1,407,498**
Non-current liabilities			
Deferred tax	3.7	32,371	29,063
Credit institutions	4.2	84,418	87,489
Lease liabilities	3.3, 4.2	119,054	135,961
Other non-current liabilities		0	0
Total non-current liabilities		**235,843**	**252,513**

DKK thousands	Note	2023	2022
Current liabilities			
Credit institutions	4.2	95,199	61,078
Lease liabilities	3.3, 4.2	80,202	74,353
Trade payables	4.2	976,874	1,154,025
Amounts owed to subsidiaries		53,066	28,032
Joint tax contribution		3,658	0
Corporation tax payable		0	0
Provisions for liabilities		500	6,740
Other payables	3.8	58,869	66,896
Total current liabilities		**1,268,368**	**1,391,124**
Total liabilities		**1,504,211**	**1,643,637**
Total equity and liabilities		**2,979,510**	**3,051,135**
Contingent liabilities, security, etc.	5.1		
Notes without reference	5.2 - 5.3		

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Cash flow statement

DKK thousands	Note	2023	2022
Cash flow from operating activities			
Operating profit or loss (EBIT)		225,238	319,893
Depreciation and amortisation	2.5	144,717	120,472
Other non-cash operating items, net		3,393	1,543
Cash flow from operations before change in working capital		373,348	441,908
Change in inventories		101,490	(215,913)
Change in receivables		87,855	(80,319)
Change in trade payables and other current payables		(191,426)	142,892
Change in working capital		(2,081)	(153,340)
Cash flow from operations		371,267	288,568
Net financials paid		(22,358)	(3,900)
Corporation tax paid		(17,527)	(83,403)
Cash flow from operating activities		**331,382**	**201,265**

DKK thousands	Note	2023	2022
Cash flow from investing activities			
Purchase of intangible assets		(33,934)	(41,010)
Purchase of property, plant and equipment		(40,085)	(53,395)
Change in receivables from subsidiaries		(51,650)	42,920
Dividends received		34,792	35,250
Sale of other non-current assets		37	0
Acquisition of enterprise		(1,500)	(127,163)
Sale of enterprise		0	0
Cash flow from investing activities		**(92,340)**	**(143,398)**
Cash flow from financing activities			
Repayment of debt to credit institutions		(61,655)	(39,860)
Raising of loans from credit institutions		92,705	45,000
Repayment of lease liabilities		(80,897)	(51,090)
Dividends paid		(142,675)	(122,292)
Cash flow from financing activities		**(192,522)**	**(168,242)**
Cashflow for the year		**46,520**	**(110,375)**
Cash and short-term deposits at beginning of year		291	110,666
Cash and short-term deposits at end of year		**46,810**	**291**

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Company statement of changes in equity

DKK thousands	Share capital	Equity method	Reserve for development costs	Proposed dividend for the year	Retained earnings	Total equity
Equity at 1 January 2023	**28,000**	**209,298**	**41,242**	**147,000**	**981,958**	**1,407,498**
Net profit for the year	0	46,353	0	105,000	54,743	206,096
Movement for the year	0	0	21,633	0	(21,633)	0
Foreign currency translation adjustment	0	987	0	0	0	987
Total comprehensive income	0	47,340	21,633	105,000	33,110	207,083
Dividend distribution	0	0	0	(142,675)	0	(142,675)
Dividend treasury shares	0	0	0	(4,325)	4,325	0
Dividend received	0	(34,792)	0	0	34,792	0
Sharebased remuneration	0	0	0	0	3,393	3,393
Total transactions with owners	0	(34,792)	0	(147,000)	42,510	(139,282)
Equity at 31 December 2023	**28,000**	**221,846**	**62,875**	**105,000**	**1,057,578**	**1,475,299**
Equity at 1 January 2022	**28,000**	**203,483**	**28,956**	**126,000**	**853,495**	**1,239,934**
Net profit for the year	0	47,221	0	147,000	100,248	294,469
Movement for the year	0	0	12,286	0	(12,286)	0
Foreign currency translation adjustment	0	(6,156)	0	0	0	(6,156)
Total comprehensive income	0	41,065	12,286	147,000	87,962	288,313
Dividend distribution	0	0	0	(122,292)	0	(122,292)
Dividend treasury shares	0	0	0	(3,708)	3,708	0
Dividend received	0	(35,250)	0	0	35,250	0
Sharebased remuneration	0	0	0	0	1,543	1,543
Total transactions with owners	0	(35,250)	0	(126,000)	40,501	(120,749)
Equity at 31 December 2022	**28,000**	**209,298**	**41,242**	**147,000**	**981,958**	**1,407,498**

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Section 1

Basis of preparation

1.1 Accounting policies

1.2 Significant estimated uncertainties and assumptions

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Section 1

1.1 Accounting policies

The financial statements of the parent company Brødrene A & O Johansen A/S for 2023 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.

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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 thousands	2023	2022
Cost of goods purchased during the year	(3,502,625)	(3,960,528)
Distribution costs	(193,669)	(194,024)
	(3,696,294)	**(4,154,552)**
Change in inventories:		
Inventory at the beginning of the year	834,240	552,192
Change in cost during the year	9,899	11,609
Inventory writedown, net	22,308	(15,237)
Inventory at the end of the year	723,896	834,240
Change in inventory for the year	(142,551)	285,676
Cost of sales for the year	**(3,838,845)**	**(3,868,876)**

2.2 Other operating income

The item includes property rental income.

2.3 External expenses

DKK thousands	2023	2022
Remuneration for the auditor elected by the annual general meeting:		
Total remuneration may be specified as follows:		
Statutory audit	(1,231)	(1,304)
Tax and VAT related advisory services	(30)	(17)
Other services	(410)	(185)
	(1,671)	**(1,506)**

Other services primarily relate to concultancies regarding CSRD implementation and ESG strategies.

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Section 2

2.4 Staff costs

DKK thousands	2023	2022
Wages and salaries	(400,684)	(395,023)
Pension contributions	(36,272)	(28,789)
Share-based remuneration	(3,393)	(1,543)
Other social security costs	(5,884)	(5,519)
Other staff expenses	(3,169)	(3,105)
Staff costs excl. temporary employees	**(449,402)**	**(433,979)**
Wages temporary employees	(45,649)	(42,622)
Staff costs total	**(495,051)**	**(476,601)**
Wages and salaries include remuneration for:		
Board of Directors	(2,625)	(2,508)
Board of Directors total	**(2,625)**	**(2,508)**
Executive Board	(21,570)	(27,224)
Share-based remuneration	(1,402)	(1,089)
Pension contributions	(2,633)	(2,639)
Benefits	(787)	(838)
Executive Board total	**(26,392)**	**(31,790)**
Board of Directors and Executive Board total	**(29,017)**	**(34,298)**
Average number of full-time employees incl. temporary employees	879	856
Average number of full-time employees	808	789

The Group only has defined contribution plans.

The increase in full time employees for the Company primarily relates to the full year effect of the acquisition of EA Værktøj which contributed with 110 FTEs from april 2022.

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Section 2

2.5 Depreciation and amortisation

DKK thousands	2023	2022
Intangible assets	(18,676)	(26,060)
Property, plant and equipment	(45,374)	(43,458)
Right-of-use assets, external	(32,883)	(23,766)
Right-of-use assets, subsidiaries	(48,013)	(27,323)
Gains/losses from the disposal of assets	229	135
	(144,717)	**(120,472)**

2.6 Tax on profit or loss for the year

DKK thousands	2023	2022
Current tax for the year	(39,501)	(61,980)
Adjustment related to previous years	(328)	(2)
Addition from acquisition	0	(74)
	(39,829)	(62,056)
Adjustment of deferred tax for the year	(4,085)	(7,087)
Adjustment of deferred tax for previous years	777	398
Total	**(43,137)**	**(68,745)**
Tax on profit/loss for the year can be explained as follows:		
Calculated tax on profit/loss before tax, not incl. subsidiaries' profits	44,634	69,519
Tax effect of:		
Non-taxable income	(886)	(1,070)
Other non-deductible costs	273	618
Adjustment of tax for previous years	(884)	(322)
	43,137	**68,745**
Effective tax rate	21.3%	21.8%
Taxes paid during the financial year	(17,527)	(83,403)

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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 thousands	Goodwill	Intellectual property rights	Software
Cost at 1 January 2023	455,968	68,502	344,757
Foreign currency translation adjustment	0	0	0
Additions from acquisitions	0	0	0
Additions during the year	8,854	0	33,934
Disposals during the year	0	0	(48,279)
Cost at 31 December 2023	464,822	68,502	330,412
Amortisation and depreciation at 1 January 2023	0	(20,819)	(280,569)
Foreign currency translation adjustment	0	0	0
Amortisation and depreciation for the year	0	(3,488)	(15,188)
Disposals during the year	0	0	48,258
Amortisation and depreciation at 31 December 2023	0	(24,307)	(247,499)
Carrying amount at 31 December 2023	**464,822**	**44,195**	**82,913**

DKK thousands	Goodwill	Intellectual property rights	Software
Cost at 1 January 2022	368,313	60,344	303,747
Foreign currency translation adjustment	0	0	0
Additions from acquisitions	87,655	8,158	0
Additions during the year	0	0	41,010
Disposals during the year	0	0	0
Cost at 31 December 2022	455,968	68,502	344,757
Amortisation and depreciation at 1 January 2022	0	(17,704)	(257,625)
Foreign currency translation adjustment	0	0	0
Amortisation and depreciation for the year	0	(3,115)	(22,944)
Disposals during the year	0	0	0
Amortisation and depreciation at 31 December 2022	0	(20,819)	(280,569)
Carrying amount at 31 December 2022	**455,968**	**47,683**	**64,188**

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 thousands	2023		2022	
Company	**Completed**	**Work in progress**	**Completed**	**Work in progress**
Cost at 1 January	133,870	22,279	118,651	461
Additions during the year	18,560	24,207	14,758	22,279
Transfer	9,731	(9,731)	461	(461)
Cost at 31 December	162,161	36,755	133,870	22,279
Amortisation and depreciation at 1 January	(103,275)	0	(81,989)	0
Amortisation and depreciation for the year	(15,033)	0	(21,286)	0
Amortisation and depreciation at 31 December	(118,308)	0	(103,275)	0
Carrying amount at 31 December	43,853	36,755	30,595	22,279

§ 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 thousands	Land and buildings	Leasehold improvements	Fixtures and operating equipment
Cost at 1 January 2023	190,558	28,787	563,485
Foreign currency translation adjustment	0	0	0
Additions from acquisitions	0	0	0
Additions during the year	4,664	5,714	31,413
Disposals during the year	0	(311)	(5,964)
Cost at 31 December 2023	195,222	34,190	588,934
Amortisation and depreciation at 1 January 2023	(48,339)	(14,243)	(339,823)
Foreign currency translation adjustment	0	0	0
Amortisation and depreciation for the year	(8,014)	(3,756)	(33,604)
Disposals during the year	0	309	4,260
Amortisation and depreciation at 31 December 2023	(56,353)	(17,690)	(369,167)
Carrying amount at 31 December 2023	**138,869**	**16,500**	**219,767**

DKK thousands	Land and buildings	Leasehold improvements	Fixtures and operating equipment
Cost at 1 January 2022	195,148	23,229	501,052
Foreign currency translation adjustment	0	0	0
Additions from acquisitions	0	2,018	8,119
Additions during the year	769	3,540	54,451
Disposals during the year	(5,359)	0	(137)
Cost at 31 December 2022	190,558	28,787	563,485
Amortisation and depreciation at 1 January 2022	(44,540)	(11,207)	(303,299)
Foreign currency translation adjustment	0	0	0
Amortisation and depreciation for the year	(3,799)	(3,036)	(36,596)
Disposals during the year	0	0	72
Amortisation and depreciation at 31 December 2022	(48,339)	(14,243)	(339,823)
Carrying amount at 31 December 2022	**142,219**	**14,544**	**223,662**

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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 2023	190,693	14,579	205,272
Foreign currency translation adjustment	0	0	0
Additions during the year	39,239	41,643	80,882
Disposals during the year	(6,660)	(5,782)	(12,442)
Remeasurement of lease liability	2,796	362	3,158
Amortisation and depreciation for the year	(68,960)	(11,936)	(80,896)
Carrying amount at 31 December 2023	**157,108**	**38,866**	**195,974**

Right-of-use assets	**Land and buildings**	**Fixtures and operating equipment**	**Total**
Balance at 1 January 2022	157,031	15,931	172,962
Foreign currency translation adjustment	0	0	0
Additions during the year	77,757	6,897	84,654
Disposals during the year	(3,026)	(714)	(3,740)
Remeasurement of lease liability	2,485	0	2,485
Amortisation and depreciation for the year	(43,554)	(7,535)	(51,089)
Carrying amount at 31 December 2022	**190,693**	**14,579**	**205,272**

Lease liabilities	**2023**	**2022**
Maturity of lease liabilities		
0-1 year	86,694	77,490
1-5 years	103,536	118,190
>5 years	30,537	19,499
Total un-discounted lease liabilities at 31 December	**220,767**	**215,179**
Short-term lease liabilities, less than 1 year	80,202	76,887
Long-term lease liabilities, more than 1 year	119,054	133,427
Lease liabilities recognised in the balance sheet	**199,256**	**210,314**
Amounts recognised in the income statement		
Interest expenses on lease liabilities	(2,809)	(1,747)
Expenses related to low value leasing arrangements	(232)	(318)
Expenses related to short term leasing arrangements	(1,563)	(1,639)
Depreciation related to right-of-use assets	(80,896)	(51,089)
Total	**(85,500)**	**(54,793)**

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Section 3

3.4 Investments in subsidiaries

DKK thousands	2023	2022
Cost at 1 January	127,575	126,575
Additions during the year	0	39,745
Disposal due to merger	0	(38,745)
Cost at 31 December	127,575	127,575
Value adjustment at 1 January	209,297	203,483
Disposal due to merger	0	0
Dividends	(34,792)	(35,250)
Forign currency translation adjustments	987	(6,156)
Subsidiaries' results	46,353	47,221
Value adjustment at 31 December	221,846	209,297
Carrying amount at 31 December	**349,421**	**336,872**

		2023	2022
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%

3.5 Inventories

DKK thousands	2023	2022
Carrying amount of inventories recognised at net selling price	41,819	20,766

§ 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 ex pected to going forward.

Calculated on the basis of a weighted loss ratio, the expected credit losses on trade receivables are as follows:

DKK thousands	Loss ratio	Receivable amount	Expected loss	Total
2023				
Not yet due	0.6 %	491,225	(2,754)	488,471
Due within 1-30 days	3.6 %	19,806	(704)	19,102
Due within 31-60 days	15.6 %	2,651	(414)	2,237
Due in more than 60 days	83.5 %	44,861	(37,475)	7,386
Total at 31 December 2023		**558,543**	**(41,347)**	**517,196**
2022				
Not yet due	1.8%	601,879	(10,658)	591,221
Due within 1-30 days	7.6%	12,199	(931)	11,268
Due within 31-60 days	9.8%	6,116	(602)	5,514
Due in more than 60 days	85.1%	35,560	(30,258)	5,302
Total at 31 December 2022		**655,754**	**(42,449)**	**613,305**

* Expected losses are shown including VAT.

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Section 3

3.6 Trade receivables (continued)

DKK thousands	2023	2022
Provision for losses on receivables:		
Provision for losses on receivables at 1 January excl. VAT	36,215	39,325
Realised loss during the year - use of previous provision	(8,271)	(14,009)
Adjustment of provisions for losses	5,616	10,899
Provision for losses on receivables at 31 December	**33,560**	**36,215**
Recognised previously written-off receivables	(298)	(120)
Losses recognised in the year and not previously provided for	0	0
Operating effect, net from loss and provision for losses on receivables	**5,318**	**10,779**

§ 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 thousands	2023	2022
Deferred tax at 1 January	29,063	21,183
Foreign currency translation adjustment	0	0
Merger / acquisition of enterprise	0	1,190
Change in deferred tax for the year	4,085	7,087
Change in deferred tax relating to previous years	(777)	(397)
Deferred tax at 31 December	**32,371**	**29,063**
Deferred tax relates to:		
Intangible assets	27,654	10,098
Property, plant and equipment	13,621	26,177
Receivables	(7,455)	(5,729)
Liabilities	(1,449)	(1,483)
Tax deficit	0	0
Deferred tax at the end of the year	**32,371**	**29,063**

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Section 3

3.8 Other payables

DKK thousands	2023	2022
Holiday allowance	18,027	18,003
Salary-related items	18,584	19,380
Acquisition of enterprise and earn-out	0	1,500
VAT and taxes	12,962	2,702
Other payables	9,296	25,311
	58,869	**66,896**

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Section 4

Capital structure and financing

4.1 Equity
4.2 Financing activities
4.3 Financial risks
4.4 Financial income
4.5 Financial expenses

Contents

Section 4

4.1 Equity

Share capital
The share capital consists of the following classes:

Class A-share capital: 56,400 shares of	DKK	100 each	5,640,000
Class B-share capital: 22,360,000 shares of	DKK	1 each	22,360,000
Total share capital			28,000,000

Of the Company's share capital of TDKK 28,000 TDKK 5,640 is in the form of Class A-shares and TDKK 22,360 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 2023 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	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
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 2023. 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 2023 amounts to TDKK 105,000 corresponding to DKK 3.75 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 thousands	2023	2022
Mortgage loans - floating interest rate - 5 years	90,061	95,048
Bank loans - floating short-term interest rate	89,556	53,519
Lease liabilities - floating interest rate	199,256	210,314
	378,873	**358,882**
Payables relating to financing activities:		
Beginning-of-year	358,882	286,981
Repayment of debt to credit institutions	(61,655)	(39,860)
Raising of loans from credit institutions	92,705	45,000
Debt from acquisition	0	29,408
Addition, lease liabilities, net	69,839	88,443
Repayment, lease liabilities	(80,897)	(51,090)
Year-end	**378,873**	**358,882**

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 thousands	Carrying amount	Contractual cash flows	Less than 1 year	1 to 5 years	More than 5 years
2023					
Mortgage loans	90,061	123,999	8,168	32,284	83,547
Bank loans	89,556	89,556	89,556	0	0
Lease liabilities	199,256	220,767	86,694	103,536	30,537
Trade payables	976,874	976,874	976,874	0	0
Intra-group balances	53,066	53,066	0	53,066	0
31 December	**1,408,813**	**1,464,262**	**1,161,292**	**188,886**	**114,084**
2022					
Mortgage loans	95,048	130,558	7,406	32,051	91,100
Bank loans	53,519	53,519	53,519	0	0
Lease liabilities	210,314	215,179	77,490	118,190	19,499
Trade payables	1,154,025	1,154,025	1,154,025	0	0
Intra-group balances	28,032	28,032	0	28,032	0
31 December	**1,540,939**	**1,581,315**	**1,292,441**	**178,274**	**110,599**

4.4 Financial income

DKK thousands	2023	2022
Interest income from current assets	2,918	2,065
Interest income from subsidiaries	768	411
Gain from sale of subsidiary	0	1,500
Foreign exchange gains, net	0	(616)
	3,686	**3,360**

4.5 Financial expenses

DKK thousands	2023	2022
Interest expenses on liabilities	(17,305)	(5,493)
Expenses, lease liabilities, external	(1,541)	(755)
Expenses, lease liabilities, subsidiaries	(1,268)	(992)
Other interest expenses	(122)	(20)
Foreign exchange losses, net	(5,808)	0
	(26,044)	**(7,260)**

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Section 5

Other notes

5.1 Contingent liabilities, security, etc.

5.2 Related parties

5.3 Subsequent events

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Section 5

5.1 Contingent liabilities, security, etc.

Land and buildings with a total carrying amount of TDKK 102,256 (2022: TDKK 110,777) 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 TDKK 8,357 at 31 December 2023 (2022: TDKK -8,933).

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 2023, the cash-pool arrangement amounts to TDKK 89,132 (2022: TDKK 34,682).

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 thousands	2023	2022
Sale of goods	109,765	125,744
Rental expenses	48,542	44,623
Management fee	3,955	3,728

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 TDKK 3,658 (2022: TDKK -1,360).

5.3 Subsequent events

No events have occurred after 31 December 2023 that are considered to have a material effect on the annual report for 2023.

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Statements

Management's statement

The Board of Directors and the Executive Board have today discussed and approved the annual report of Brødrene A & O Johansen A/S for 2023.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the Parent Company's financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 December 2023 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January – 31 December 2023.

Further, in our opinion the Management's Review includes a fair review of the development in the Group's and the Parent Company's operations and financial matters, the net profit or loss for the year and of the Group's and the Parent Company's financial position as well as a description of the most significant risks and elements of uncertainty facing the Group and the Parent Company.

In our opinion, the annual report for the financial year 1 January – 31 December 2023, file name 5299004B6ZEGVCR9ZR75-2023-12-31-en.zip, has been prepared in accordance with the ESEF Regulation in all material respects.

The annual report is submitted to the Annual General Meeting for approval.

Albertslund, 21 February 2024

Executive Board

Niels A. Johansen
CEO

Per Toelstang
CFO/Deputy CEO

Stefan Funch Jensen
CTO

Lili Johansen
CHRO

Board of Directors

Henning Dyremose
Chair

Erik Holm
Deputy Chair

René Alberg

Ann Fogelgren

Peter Gath

Leif Hummel

Marlene L. Jakobsen

Niels A. Johansen

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 2023 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 2023 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 2023 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 3 years including the financial year 2023.

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 2023. 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, duties and 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 used data analysis to identify revenue transactions that did not follow the usual or expected transaction pattern. On a sample basis we tested these 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 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. 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 cooperation. 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. We focused on the calculation of supplier bonus receivables as the estimate is based on individual and complex contracts 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 bonus.s. 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 attended the physical inventory cycle counts and performed test counts at selected warehouse locations in order to obtain sufficient appropriate evidence of the existence and condition of the inventories. 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 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 and article 8 of Regulation (EU) 2020/852 (EU Taxonomy Regulation).

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 and the disclosure requirements of article 8 of Regulation (EU) 2020/852 (EU Taxonomy Regulation). 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements.

  We are responsible for the direction, supervision and performance 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 2023 with the filename 5299004B6ZEGVCR9ZR75-2023-12-31-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 2023 with the file name 5299004B6ZEG-VCR9ZR75-2023-12-31-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

Hellerup, 21 February 2024
PricewaterhouseCoopers,
Statsautoriseret Revisionspartnerselskab,
CVR no 3377 1231

Anders Stig Lauritsen
State Authorised Public Accountant
mne32800

Flemming Eghoff
State Authorised Public Accountant
mne30221

Company information

Brødrene A & O Johansen A/S
Rørvang 3
DK-2620 Albertslund

Phone: +45 70 28 00 00
Website: www.ao.dk

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 20 March 2024.

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