

# Flügger

Annual report 2024/25

Flügger group A/S, Islevdalvej 151, 2610 Rødovre, Denmark.CVR no.. 32788718 Financial period 1 May 2024 - 30 April 2025





This is an English summary of the consolidated annual report, and parts of the consolidated report have been intentionally omitted. In case of any matter of dispute or other divergences between the Danish and English text, the Danish text will prevail.

**Guidance statements**

Statements concerning the Group's future financial performance are necessarily subject to uncertainties and risks that may cause actual performance to differ from the expected future development.

**Annual General Meeting**

The company's Annual General Meeting will be held on Wednesday 21 August 2025 in Copenhagen.

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## Our report

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*The management report consists of "The Report" and "Sustainability Report"*

# Dear shareholders

2024/25 was a satisfactory year for Flügger Group. In a market characterised by uncertainty and ambiguity, especially for professional painters, we have managed to maintain solid momentum with both existing and new customers.

The result is an improvement of both top and bottom line and a strengthened operation that allows us to pay a historically high dividend of DKK 20 per share.

## End-to-end value chain control

In May 2024, we launched the Flügger Organic strategy with a focus on the core business, organic growth and a robust value chain that contributes to increased earnings.

In recent years, we have invested in our factories in Denmark and Sweden in particular, and this year we have further increased our focus on quality and quality processes. This is particularly important in connection with our sustainability work, which requires a high degree of cleanliness and stability in the production environment.

In addition, 96% of our sourcing is now within Europe. Together with solid financial management, our focus on value chain resilience means that we have ensured a stable and high delivery performance, fewer complaints and a rational working capital.

## Flügger Organic: A clearer Flügger DNA

With Flügger Organic, we let the needs of the professional painter set the standard. Already after the first year, we see clear effects in the Flügger-branded business.

We are now allocating more resources to what we do best, while eliminating segments and platforms that don't support our strategic goals or DNA - to advance the craft of painting through quality solutions, trusted partnerships and inspiring design choices.

We see the effect of the strategy in all markets, and one of the clearest examples is Poland, where we have experienced good growth. More and more customers are choosing Flügger, and with new stores on the way and increased awareness of Flügger among private consumers, we expect Poland to become the Group's largest market within a few years.

## Deselecting supports value proposition and profitability

Making choices also means making deselections. It provides a clear profile and a distinct value proposition for our customers. At the same time, it is important to note that strategic deselections and priorities also come with transitional costs. But these are necessary steps towards a simpler and more profitable business.

For Flügger, it's the decision to deprioritise low-prices and private label products. We want to use our capacity to create products of master painter quality with care for craftsmanship and the world around us.

This not only simplifies our business, but also increases our ability to solve problems for those we want to serve: professional painters, quality-conscious private customers and design professionals.

## Thank you for your trust

We are deeply grateful for the way all our colleagues have supported the strategy and continue to deliver high customer satisfaction. This has required great effort and adaptability - also at a time when many customers are feeling the uncertainty and ambiguity in the construction industry.

Thank you to our customers for choosing Flügger. Your loyalty shows us that we are on the right track with increased customer focus and unity in the painting profession.

Finally, we would like to thank Flügger's shareholders for your trust. We look forward to delivering to you in the coming year.

Sincerely yours

  
Sune Dedenroth Schnack  
Managing Director

  
Peter Korsholm  
Chairman of the Board



"We aim to use our capacity to craft products with quality for the professional painter, and with respect for both the craftsmanship and the world around us."



# Key figures 2024/25

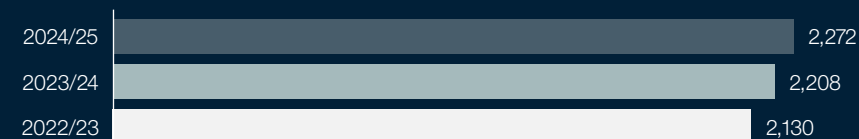
Financial year 2024/25 = 1 May 2024 - 30 April 2025

## Revenue

DKK million

# 2,272

▲3 %

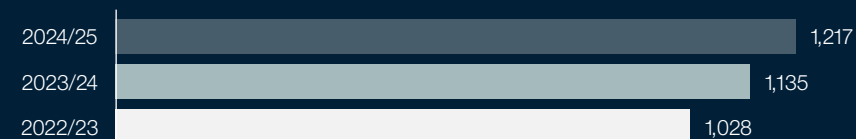


## Gross profit/loss

DKK million

# 1,217

▲+7 %



## EBIT

DKK million

# 94

▲+38 %

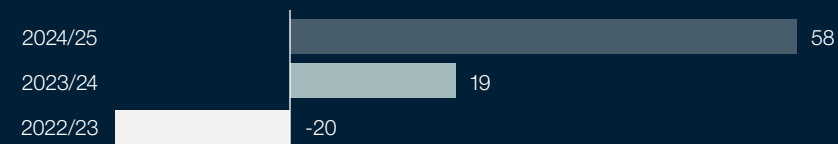


## Net profit/loss after tax and minority interests

DKK million

# 58

▲205 %

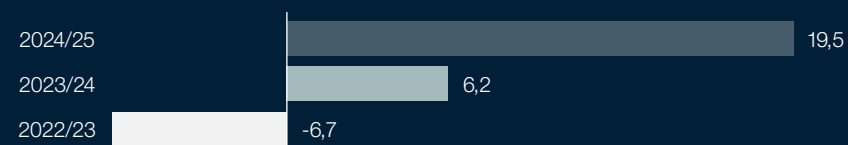


## Net profit/loss per share after tax and minority interests

DKK

# 19,5

▲+215 %



## ROCE

# 6,2 %



# Flügger 10 years of development

DKK million	15/16	16/17	17/18	18/19	19/20	20/21	21/22 <sup>1</sup>	22/23 <sup>1</sup>	23/24 <sup>1</sup>	24/25
<b>Income statement</b>										
Revenue	1,850	1,849	1,818	1,824	1,895	2,162	2,251	2,130	2,208	2,272
Gross profit/loss	998	1,025	1,011	992	998	1,215	1,181	1,028	1,135	1,217
EBITDA	82	119	119	88	212	368	285	146	237	267
EBIT	21	44	58	41	83	228	108	-8	68	94
Net financial items	2	-2	-1	1	-7	-8	-16	-9	-22	-12
Profit/loss before tax	23	41	56	41	76	220	93	-17	46	82
Profit/loss from continuing operations	13	29	33	32	60	180	56	-9	25	63
Profit/loss after tax and minority interest from continuing operations	13	29	33	32	58	171	68	-20	19	58
Profit/loss including discontinued operations	13	29	33	32	60	180	-8	14	16	63
<b>Balance sheet</b>										
Balance sheet total, year-end	1,243	1,189	1,139	1,095	1,691	1,842	2,226	2,132	1,939	1,920
Equity, year-end	811	797	760	742	787	951	919	774	821	870
Net interest-bearing debt (-)/cash and cash equivalents (+)	28	124	154	130	-320	-284	-781	-810	-713	-621
Net interest-bearing debt excl. leases (-)/cash and cash equivalents (+)	28	124	154	130	86	102	-389	-471	-379	-250
Working capital	324	270	255	298	240	300	413	419	409	407
<b>Cash flows</b>										
Cash flows before financing and tax	74	172	107	59	287	337	150	124	211	277
Cash flows from operating activities	67	158	96	51	272	313	80	88	194	256
Cash used in investing activities	-41	-24	-21	-15	-159	-165	-265	-84	-66	-13
Cash used in financing activities	-12	-97	-54	-34	-126	-129	60	23	-130	-237
Investments in property, plant and equipment	39	22	17	16	59	121	186	72	54	40
<b>Financial ratios<sup>2</sup></b>										
Gross margin, %	53.9	55.4	55.6	54.4	52.7	56.2	52.5	48.2	51.4	53.6
EBITDA margin, %	4.4	6.4	6.6	4.8	11.2	17.0	12.7	6.8	10.8	11.7
EBIT margin, %	1.1	2.4	3.2	2.2	4.4	10.6	4.8	-0.4	3.1	4.1
Return on equity, %	1.6	3.6	4.3	4.3	7.6	20.7	6.0	-1.0	3.2	7.5
Equity ratio, %	65.2	67.1	66.7	67.8	46.5	51.1	41.3	36.3	42.3	45.3
ROCE, %	2.7	6.5	9.5	6.6	8.0	19.9	7.4	-0.5	4.6	6.2
Full-time employees, average	1,550	1,533	1,486	1,481	1,624	1,527	1,782	1,673	1,653	1,701

Share ratios, see p. 17

<sup>1</sup> Income statement, working capital and key figures are adjusted to only reflect the continuing operations.

<sup>2</sup> Financial ratios are calculated according to the recommendations of CFA Society Denmark

## Definitions

### Gross margin, %

Gross profit as a percentage of revenue

### EBITDA margin, %

Operating profit before depreciation, amortisation and writedowns as a percentage of revenue

### Net interest-bearing debt

Interest-bearing debt less securities and cash and cash equivalents.

### EBIT margin, %

Operating profit as a percentage of revenue

### Return on equity, %

Profit/loss from ordinary activities after tax as a percentage of average equity

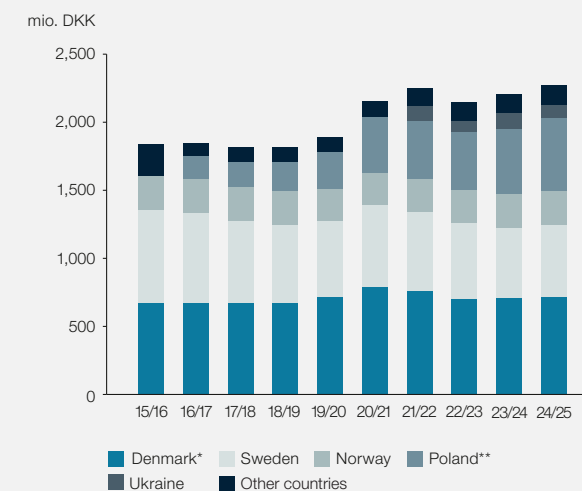
### Equity ratio, %

Equity at year-end as a percentage of liabilities at year-end

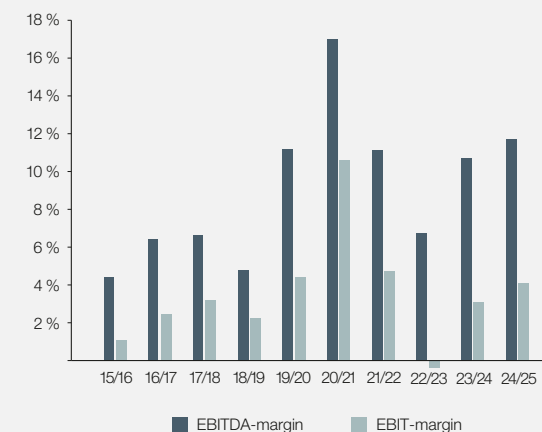
### ROCE, %

EBIT as a percentage of net working capital plus net non-current assets

## Revenue by markets



## Earnings



# The financial year 2024/25 in brief

- Net revenue was DKK 2,272 million compared to DKK 2,208 million the year before, corresponding to a growth of 3%. Revenue was positively affected by increased sales prices and product mix combined with stable volumes overall. Currency appreciation contributed with 1% growth.
- For the Nordic markets (Segment Nordic), it was yet another year characterised by a lower activity level among professional painters. During the year, however, a slight increase was observed among small painting customers in certain areas. Private consumers have seen good growth throughout the year. Despite the challenging market conditions, Flügger has managed to maintain its position with growth of 2% in the segment.
- In Flügger's international markets (Segment International), consisting of own stores and exports outside the Nordics, the business has continued to grow. This was primarily driven by Poland with growth of 16%, of which 4% from currency, where 8 new stores were opened in new geographical areas in 2024/25 as part of the Flügger Organic strategy.
- For the Segment Partnerships, which includes majority ownership in Ukraine and Poland, revenue decreased slightly. The war in Ukraine has intensified, making it difficult to maintain normal operations in the Eskaro business. This was partly offset by growth in the Polish business Unicell International. Both companies serve larger DIY chains, which have not seen the same growth as Flügger's other businesses.
- Overall, earnings (EBIT) increased to DKK 94 million. This corresponds to an increase of 38% compared to the previous year, which is at the high end of the expectations announced at the beginning of the financial year. The increase is partly due to the strengthened gross margin as a result of the stabilised cost level combined with price increases and growth among private consumers in the Nordic region. In addition, general optimisation and the strong growth in Poland contributed positively to the increased earnings.
- The increased earnings combined with a generally lower investment need and stable working capital resulted in cash flow after investing activities reaching a historical high of DKK 200 million, excluding receivables received from previous divestments (DKK 243 million incl.). As a result, debt has been further reduced and is now at a natural level, as well as the proposed dividend is also historically high.
- The financial year 2024/25 also marked the first year of the strategy period with the Flügger Organic strategy. The plan has been followed, which can also be seen in the results, which, however, include significant transitional costs. Likewise, the efforts targeted at professional painters will only provide full returns in the Nordic business as the market improves. You can read more about Flügger Organic in the section "Strategy 2024-27".

## Guidance for 2025/26

### Expected revenue: DKK 2,200 - 2,400 DKK million

In the coming financial year, activity in the Nordic markets is expected to be unchanged to slightly increasing. Continued growth is expected in the international markets, primarily driven by Poland.

### Expected operating profit EBIT: 100 - 120 million DKK DKK

EBIT is expected to improve as a result of a strengthened customer portfolio and the full-year effect of previous store openings and streamlining as part of the Flügger Organic strategy.





# Financial review 2024/25

## SALES DEVELOPMENT

Net sales was DKK 2,272 million, corresponding to a growth of 3%. Revenue was characterised by increased sales prices and stable volumes.

### Sales Denmark incl. Iceland, Greenland and Faroe Islands: DKK 712 million (0%)

Sales were unchanged from last year, however, sales to private consumers increased and sales to professional painters slightly decreased.

Flügger is the market leader in the Danish market with a store network in Denmark consisting of 58 own stores and 54 franchise stores.

### Sales Sweden: DKK 531 million (3%) - local currency SEK 809 million (+1%)

Sales in Sweden increased by 3%, of which 2% can be attributed to a strengthening of the Swedish currency. The increase in sales is driven by increased sales to private consumers.

Market volume in Sweden has declined significantly among professional painters during the year.

Flügger is one of the leading brands in the Swedish market with 61 own stores and 32 Franchise stores.

### Sales Norway: DKK 248million (+2%) - local currency NOK 389 million (+3%)

In Norway, Flügger achieved positive sales development driven by increased sales to both private consumers and professional painters despite a challenging market, which is at a historically low level.

Flügger no longer has franchise stores in Norway but has standard dealership agreements in selected local areas in addition to 27 own stores.

### Sales Poland: DKK 537 million(+12%) - local currency PLN 307 million (+8%)

The Group continues to grow in Poland with revenue growth of 12% across segments. The activities in Poland consist of 64 own Flügger stores with a growth of 16% (in the International segment) and Unicell International with 6% growth (in the Partnerships segment), which primarily sells to DIY chains.

Market size and development in Poland is difficult to determine as a whole, but indicators suggest that Flügger is growing significantly more than the overall market. The Polish currency has also strengthened during the year and 4% growth is attributed to this.

### Sales Ukraine and Other countries: DKK 244 million (-7%)- local currencies -6%

Sales to other countries consist partly of subsidiaries in Ukraine, China and Lithuania and partly a number of export countries in both Western and Eastern Europe as well as Central Asia. As a result of the war, sales in Ukraine have decreased by 21% compared to last year, which cannot be offset by the minor increase across the other markets.

## Sales development

DKK million	2023/24	2024/25	Organic growth**	Currency	Overall growth
Sales Denmark*	709	712	0 %	0 %	0 %
Sales Sweden	514	531	1 %	2 %	3 %
Sales Norway	244	248	3 %	-1 %	2 %
Sales Poland	477	537	8 %	4 %	12 %
Sales Ukraine	122	96	-14 %	-7 %	-21 %
Sales Other countries	142	148	1 %	4 %	5 %
<b>Total net revenue</b>	<b>2,208</b>	<b>2,272</b>	<b>2 %</b>	<b>1 %</b>	<b>3 %</b>

\* Including Iceland, Greenland and the Faroe Islands \*\* Organic growth is calculated as the development in revenue adjusted for currency effects and acquisitions/divestments

## COST AND PROFIT DEVELOPMENT

In 2024/25, production costs was DKK 1,055 million corresponding to a decrease of 2%, which can be compared to a revenue increase of 3%. The Group's gross profit thus increased by DKK 82 million to DKK 1,217 million. The positive development reflects slightly falling prices for raw materials and energy as well as production optimisation in combination with implemented price increases. The gross margin thus increased by 2.2 percentage points to 53.6%, which is in line with historical levels.

Sales and distribution costs increased from DKK 871 million to DKK 915 million in 2024/25, which corresponds to an increase of 5%. In addition to general salary increases, the increase in expenses is primarily due to higher marketing costs.

Administrative expenses increased by DKK 11 million to DKK 209 million, primarily driven by increased depreciation as a result of the implementation of a new POS system.

The Group's EBIT amounted to DKK 94 million compared to DKK 68 million the previous year.

### Follow-up on announced expectations for the financial year 2024/25

In December 2024, Flügger chose to specify the EBIT guidance from DKK 75–95 million to DKK 85–95 million. The year's EBIT of DKK 94 million thus ends within the specified expectations.

### Follow-up on announced expectations for the financial year 2024/25

DKK million.	Initial expectations	Clarification 11 December 2024	Realised 2024/25
	All segments	All segments	All segments
Revenue	2,200-2,400	2,200-2,400	2,272
EBIT	75-95	85-95	94

### Cost development

DKK million.	23/24	24/25	Change
Production costs	-1,073	-1,055	-2 %
<b>Gross profit</b>	<b>1,135</b>	<b>1,217</b>	<b>7 %</b>
Sales and distribution costs	-871	-915	5 %
Administration costs	-198	-209	6 %
Other income/expenses	2	1	-61 %
<b>Primary operations (EBIT)</b>	<b>68</b>	<b>94</b>	<b>38 %</b>



## BALANCE SHEET, EQUITY DEVELOPMENT AND CASH FLOW

### Balance sheet

The Group's balance sheet at the end of the financial year 2024/25 amounted to DKK 1,920 million compared to DKK 1,939 million last year. The decrease is primarily due to a reduction in the Group's receivables, including a significant reduction in the receivable from the Eskaro Group.

Working capital amounts to DKK 407 million, which is at the same level as last year. The company's share of equity increased by DKK 76 million to DKK 825 million after deduction of minority interests amounting to DKK 45 million.

Net interest-bearing debt amounted to DKK 621 million compared to DKK 713 million last year. The reduction was driven by a repayment of bank debt using proceeds from operations. Excluding leasing, net interest-bearing debt was DKK 250 million compared to DKK 379 million last year.

### Cash flow

Cash flow from operating activities amounted to DKK 256 million compared to DKK 194 million last year. The cash flow was impacted by the increased operating result and a stable working capital.

Cash flows to investment activities amounted to DKK 13 million compared to DKK 66 million last year. This was positively affected by partial repayment of the receivable from the Eskaro Group. Excluding the receivable, cash flows to investment activities amounted to DKK 56 million.

Cash flows from financing activities were affected by the reduction in the Group's bank debt and debt to related parties. In addition, the Group repurchased treasury shares for DKK 10 million, and dividend payments impacted by DKK 15 million.

Cash and cash equivalents amounted to DKK 24 million compared to DKK 18 million the previous year.

### Events after the end of the financial year

No events have occurred after the end of the financial year that significantly affect the content of this annual report.

### Balance

DKK million	23/24	24/25	Change
Intangible assets	228	217	-4 %
Tangible assets	836	861	3 %
Deferred tax asset	24	11	-53 %
Inventories	362	375	3 %
Receivables	471	432	-8 %
Cash and cash equivalents	18	24	31 %
<b>Total assets</b>	<b>1,939</b>	<b>1,920</b>	<b>-1 %</b>
Shareholders' equity	821	870	6 %
Deferred tax	27	21	-24 %
Lease liability	334	371	11 %
Bank debt etc.	387	262	-32 %
Suppliers	192	206	7 %
Corporate income tax	10	11	12 %
Other debt	163	170	4 %
Debt obligation put option	5	9	99 %
<b>Total liabilities and equity</b>	<b>1,939</b>	<b>1,920</b>	<b>-1 %</b>

### Cash flow statement

DKK million	23/24	24/25	Change
Cash flow from operations	194	256	32 %
Cash flow to investing activities	-66	-13	80 %
Cash flow to financing activities	-130	-237	82 %
Cash and cash equivalents at year-end	18	24	33 %

# Quarterly analysis

## Sales development Q4 2024/25

The Group's net sales was DKK 582 million in Q4 compared to DKK 567 million in Q4 last year, which is an increase of 3%.

Revenue for Segment Nordic increased 5% in the quarter. Sweden was the main driver with 8% growth, of which 4% was attributed to the Swedish currency. In all countries, private consumers showed strong growth and were active at the start of the peak season, partly due to Flügger's increased focus on the end-user experience.

For Segment International, the Polish business had a reported growth of 9% and 6% in local currency in the quarter. However, this was not enough to lift the segment overall, as other markets, including Ukraine, pulled down. In Poland, 3 new stores were opened in the last quarter of the year out of a total of 8 new stores for the full year.

For Segment Partnerships, revenue in the quarter decreased slightly due to the decline in the Ukrainian business, Eskaro, which decreased by 10% in local currency and 16% reported. This could not be offset by only a minor increase in Unicell International during the quarter.

Group, DKK million	2023/24					2024/25				
	1st quarter	2nd quarter	3rd quarter	4th quarter	In total	1st quarter	2nd quarter	3rd quarter	4th quarter	In total
Nordic	429	385	292	361	1,467	423	394	294	380	1,491
International	106	116	99	126	447	124	140	105	125	494
Partnerships	86	78	50	80	294	88	74	48	77	287
<b>Total net revenue</b>	<b>621</b>	<b>579</b>	<b>441</b>	<b>567</b>	<b>2,208</b>	<b>635</b>	<b>608</b>	<b>447</b>	<b>582</b>	<b>2,272</b>
Year-end exchange rate, 100 SEK	64	63	66	63		64	64	65	68	
Year-end exchange rate, 100 NOK	67	63	66	63		63	62	64	63	
Year-end exchange rate, 100 ISK	5	5	5	5		5	5	5	5	
Year-end exchange rate, 100 PLN	169	168	172	173		174	171	177	175	
Year-end exchange rate, 100 CNY	95	96	96	96		95	96	99	90	
Year-end exchange rate, 100 EUR	745	746	746	746		746	746	746	746	
Year-end exchange rate, 100 UAH	19	19	18	18		17	17	17	16	

## A seasonal business

Flügger operates a seasonal business with large fluctuations in demand and which products are of primary interest throughout the year. Flügger has a staggered financial year, where the first quarter - May, June and July - is characterised by customer demand for outdoor products in particular.

### 1st quarter (May-June)

The most profitable period of the year, with peak season for both indoor and outdoor products.

### 2nd quarter (August-October)

Demand starts to slow down and earnings decrease moderately compared to Q1.

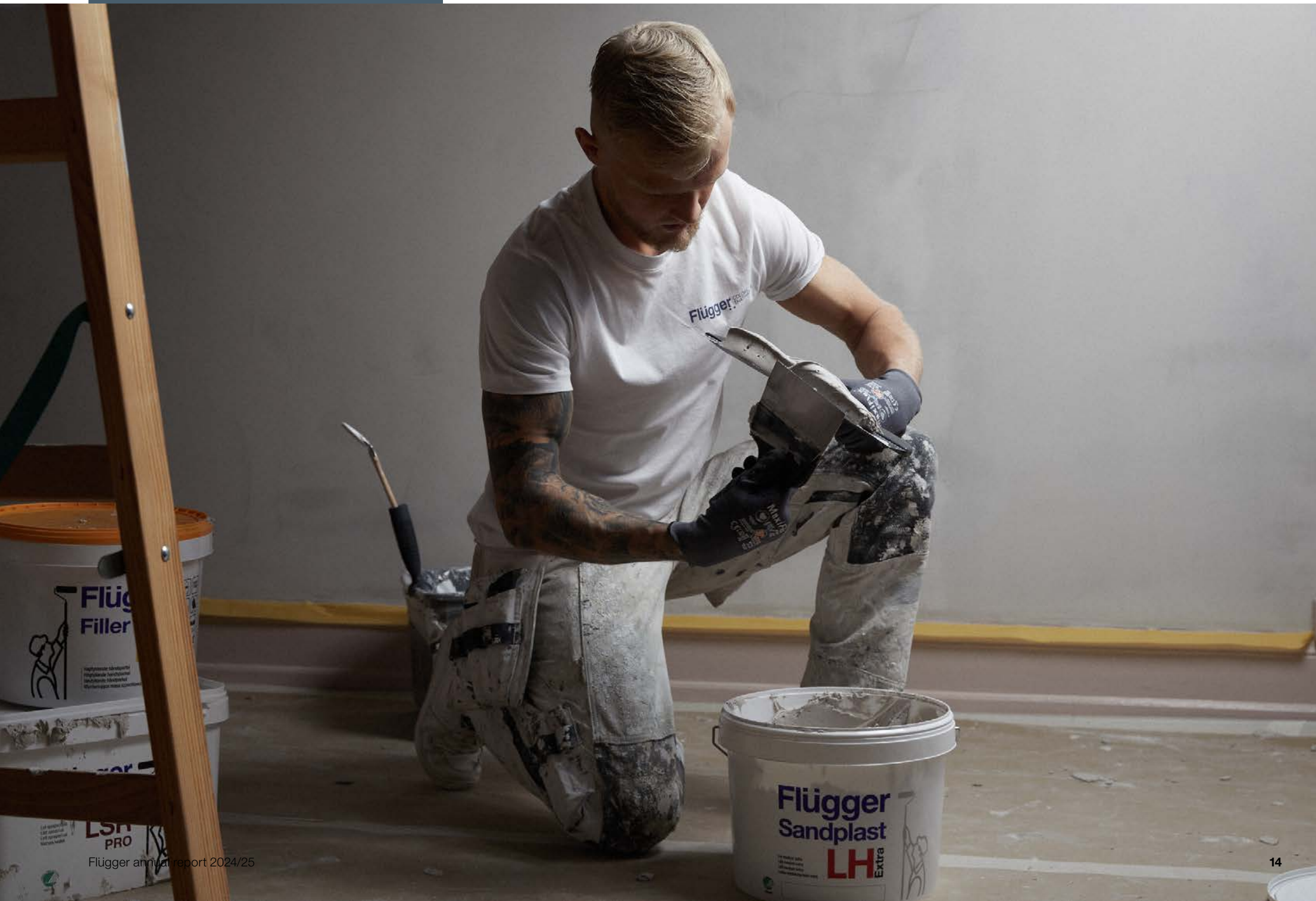
### 3rd quarter (November-January)

Is off-season and usually a loss-making period.

### 4th quarter (February - April)

Is the start of the high season and can vary with period shifts due to Easter and weather conditions. The period is usually a profitable period with sales of both indoor and outdoor products.

Inventories are typically highest in early spring and lowest in early autumn. Similarly, liquidity is best in autumn and lowest in spring.





# Flügger shares

## Flügger on the stock exchange

Flügger has been listed since its B shares were introduced on NASDAQ Copenhagen A/S in autumn 1983. The company's A shares are not listed, but are owned by the original founder family. The motive for the listing was, and still is, to provide the company PR value, make it possible for family members who were not active in the company to sell their shares, and to facilitate the use of employee shares as incentive and retention-based remuneration.

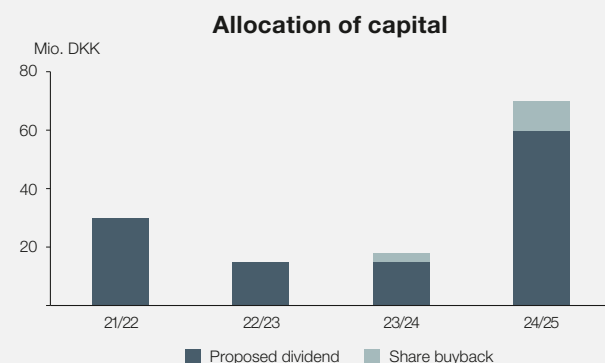
## Dividend policy

It is Flügger's intention to distribute surplus capital annually so that capital not required to run the business is distributed to shareholders. The aim is to pay out a stable and relatively high dividend in relation to the share price and market interest rate, while duly considering the company's capital structure.

Capital is allocated based on below prioritisation principle to:

- 1) Reduce the level of debt if the projected leverage is considered too high
- 2) Distribute to shareholders primarily in the form of dividends
- 3) Make business-expanding investments

For the financial year 2024/25, the Board of Directors propose to the general meeting a dividend of DKK 20 per DKK 20 share.



## Purchase of own shares

It is Flügger's intention to repurchase shares, taking into account the company's dividend policy, current liquidity, and share volume, with the purpose of honoring share-based incentive programmes for employees, etc.

## Share capital and ownership structure

### Composition of share capital 30 April 2025

Number of	Shares	%	Voices	%
A shares	590,625	19,6	5,906,250	71,0
B shares	2,393,052	79,7	2,393,052	28,8
B shares in the company <sup>1</sup>	20,346	0,7	20,346	0,2
In total	3,004,023	100,0	8,319,648	100,0

### Ownership structure 30 April 2025

Major shareholders (≥5%)	Shares	%	Voices	%
Susan Schnack	150,329	5,0	150,329	1,8
M+ II A/S <sup>2</sup>	851,487	28,3	851,487	10,2
Ulf & Sune Schnack <sup>3</sup>	1,354,101	45,1	6,669,726	80,2
In total	2,355,917	78,4	7,671,542	92,2

<sup>1</sup> The voting right cannot be exercised for the company's holding of its own shares.

<sup>2</sup> M+ II A/S owns 851,487 class B shares in Flügger group A/S. Bettina Antitsch Mortensen exercises decisive influence in M+ II A/S.

<sup>3</sup> Ulf and Sune Schnack (father and son) together own a total of 1,354,101 Flügger shares, of which 590,625 class A shares and 720,610 class B shares are held by SUS 2013 ApS (Flügger Holding).

At the end of the financial year 2024/25, 1,759 shareholders were registered by name in the company's register of shareholders, who together owned 95.2% of the share capital and 98.3% of the votes.

## Communication with investors

The company's current announcements and financial statements can be viewed on the company's website [www.flugger.com/investor](http://www.flugger.com/investor). It is the company's ambition to ensure a high and credible level of information, and we are happy to engage in open and active dialogue with investors, analysts and the press, which can be done via the email address [IR@flugger.com](mailto:IR@flugger.com). However, the company refrains from conducting in-depth conversations during the last four weeks before the publication of financial reports.

DKK million	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25
<b>Share data end of year*</b>										
Market price, DKK	359	372	352	300	290	749	485	364	333	316
Number of shares outstanding, 1,000 shares	2,877	2,877	2,881	2,887	2,887	2,891	2,943	2,996	2,997	2,984
Market capitalisation, DKK million	1,033	1,070	1,014	866	836	2,167	1,427	1,092	999	943
Equity value, DKK million	811	797	760	742	754	911	906	695	749	825
Net profit/loss after tax and minority interests, DKK million	13	29	33	32	58	171	68	-20	19	58
Proposed dividend per share of DKK 20	15	15	15	10	10	15	10	5	5	20
Net profit/loss after tax and minority interests per share (EPS), DKK	5	10	12	11	20	59	3	-7	6	20
Price/book value (P/BV), DKK	1,3	1,3	1,3	1,2	1,1	2,3	1,6	1,6	1,3	1,1
Price earnings ratio (P/E), DKK	78	37	30	27	14	13	21	neg.	54	16

## Definitions

### Outstanding shares

Total number of shares minus the company's own holding is used when calculating share data

### The company's market capitalisation

Number of outstanding shares (incl. A shares) x share price

### Net profit/loss after tax and minority interests per share, DKK

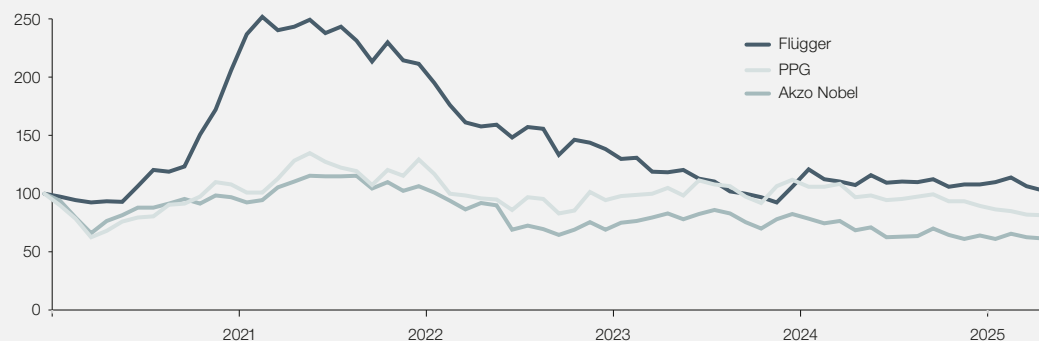
Profit for the year after tax and minority interests divided by number of outstanding shares

### Equity value, DKK

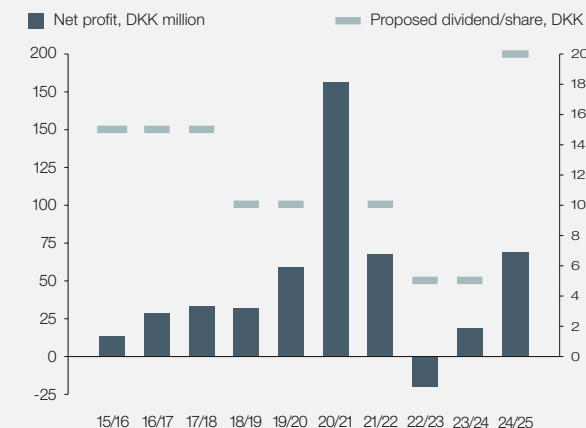
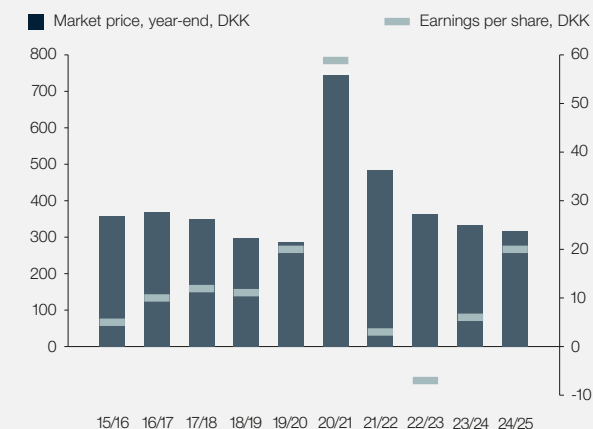
Equity excluding minorities

\* Financial ratios are calculated according to the Danish Finance Association's recommendations

## Flügger share price compared to selected competitors



Source: FactSet



# Segments in Flügger

## NORDIC

The segment comprises the Group's activities in Denmark+, Sweden and Norway, which primarily sell Flügger products and secondarily PP and Stiwex through own stores or dealers. In addition, private label and brands PP, Stivex and Yunik are sold to certain chain stores.

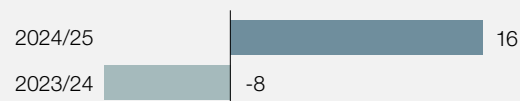
**NET REVENUE**  
DKK million

**1,491**  
▲+2%



**EBIT**  
DKK million

**16**  
▲+291%



The Nordic segment grew by 1% in local currency in 2024/25, positively affected by sales to private consumers. Denmark had zero growth, while Sweden and Norway grew 1% and 3% respectively in local currency.

## DISTRIBUTION CHANNELS

Own stores, franchise stores and dealers, as well as DIY chains.

**Flügger**

**PP**  
professional  
paint

PRIVATE  
LABEL

*Yunik*

  
DETALE  
CPH

## INTERNATIONAL

The segment includes exports and all countries outside the Nordics where Flügger has wholly owned subsidiaries. Sales are made through own stores and dealers and consist primarily of Flügger-branded products.

**NET REVENUE**  
DKK million

**494**  
▲+10%



**EBIT**  
DKK million

**82**  
▲+10%



The International segment grew by 6% in local currency in 2024/25, with Poland increasing by 12%, while Ukraine and Other countries decreased by 6% in local currency.

## DISTRIBUTION CHANNELS

Own stores and dealers.

**Flügger**

  
DETALE  
CPH



## PARTNERSHIPS

The segment consists of Unicell International and Eskaro Ukraine, both of which are companies where Flügger does not have full ownership. Partnerships sells both own brands and private labels. Sales are made via DIY chains, dealers and a few own stores.

### NET REVENUE

DKK million

**287**

▼-2 %



### EBIT

DKK million

**18**

▼-36%



The Partnerships segment had a negative growth of 1% measured in local currency and also had a negative currency impact of 1%. Poland and other countries showed positive growth, which, however, could not offset the negative growth in Ukraine due to the war.

### DISTRIBUTION CHANNELS

DIY chains, dealers and own stores.



# Risk management

Flügger is exposed to a number of different risks that vary depending on customer segment, market, and product area. The Board of Directors and Executive Management continuously assess the Group's overall risk profile and significant individual risks.

The purpose of the Group's risk management is to identify and assess relevant risks, as well as to reduce, minimise, or control the impact of these risks.

The Board of Directors is responsible for the Group's risk policy and continuously evaluates the overall risk profile in collaboration with Executive Management. Executive Management is responsible for identifying, assessing, and quantifying risk developments and managing day-to-day risks.

## Risk management and reporting

Flügger's risk management model is divided according to production, sales, and cross-functional corporate functions. This ensures that all functions within the organisation are aware of the need to continuously identify and manage relevant risks.

## Flügger's risk matrix

Flügger's risks are categorised in the risk matrix, which only describes the most significant risks based on the probability of their occurrence and the impact on the financial results if they do occur.

The overall risk picture is unchanged compared to last year.

Risk no. 3 "Assets and operations in Ukraine are affected by the war" remains significant despite divestment of most operations in Eastern Europe. There is still a large investment in Ukraine, where there is significant risk.

Risk no. 4 "Exchange rate fluctuations" affected Flügger both positively (Poland and Sweden) and negatively (Norway). We continue to assess that there is a significant risk of exchange rate fluctuations.



Risk number 6 is considered unchanged compared to last year. Flügger's main markets are showing positive signs, especially in Poland. However, there are uncertainties related to the international trade war following the US presidential election, which may have a negative indirect impact on the markets and overall demand. However, Flügger is not directly exposed to increased tariffs and may thus have a relative competitive advantage.

The previously presented risk "Receivable from Eskaro", which arose in connection with the divestment in November 2023, is no longer considered significant. Flügger's receivable, which amounted to DKK 68 million as of 30 April 2024, has been reduced to DKK 25 million as of 30 April 2025 through ongoing instalments and secured collateral and guarantees, primarily in the form of the Ukrainian assets.

Other risks are unchanged and no risks have been added or removed compared to last year other than those mentioned.

RISK	DESCRIPTION	IMPACT	HANDLING
<b>1</b> Availability and price trends of raw materials and packaging	Flügger is dependent on the availability of raw materials and price trends. This applies in particular to titanium dioxide and binders, which are key ingredients in the production of paint and filler. The risk is considered lower for the coming period, as both supply and raw material prices are stable.	Price increases in raw materials are difficult to pass on directly to sales prices in the short term, and conversely in the case of falling raw material prices.  Lack of availability of key raw materials can result in inefficient production flow, backorders, and lost revenue.	Flügger has identified alternative suppliers for important raw materials and, if necessary, entered into agreements with at least two suppliers in order to be in the best possible position. In addition, the development of raw material prices is closely monitored so that we can react quickly in the event of significant changes. Price developments in the market are also closely monitored, and Flügger intends to continue increasing sales prices if they can be realised without losing competitiveness.
<b>2</b> Regulatory changes can affect production processes and product recipes	Requirements for product content, carbon footprint, environmental impact and labelling requirements are constantly changing and require us to stay on top of new requirements, whether they arise directly through legislation or as demands from customers.	Changes to product recipes, labelling etc. can affect production costs. If alternative products are not developed in a timely manner, there may also be a risk of lost revenue.	Work is ongoing to update product recipes and improve production facilities to meet upcoming regulatory requirements.  In addition, new technologies and requirements are monitored at an early stage so that product development can take place in a timely manner.
<b>3</b> Assets and activities in Ukraine are affected by the war	War and sanctions have had a major impact on our operations in Eastern Europe. Further escalation or de-escalation of the war in Ukraine will have a significant impact on the ability to do business in these countries.	In November 2023, the Group divested its operations in Russia, Belarus and Estonia, among others, as a result of the war. In the event of escalation, there is a risk that remaining assets in Ukraine will be lost. Conversely, small parts of the impairments may be reversed if there is lasting peace.	Activities in Ukraine are running at normal capacity. As long as it is deemed safe, the factory and sales are staffed with a core group of employees who will be able to continue operations after the war.  As a rule, no investments are made as long as the war is going on.
<b>4</b> Fluctuations in exchange rates	Flügger's revenue, earnings and net investments in foreign subsidiaries are constantly affected by fluctuations in exchange rates.	Flügger is naturally hedged for currency fluctuations in countries where there is both sales and production. This applies to the vast majority of markets.	Fluctuations in exchange rates can be mitigated by price increases, but depending on the customer segment, this typically takes 1-3 months to implement. In some cases, currency risk is hedged using financial contracts if the risk is deemed to exceed an acceptable level.
<b>5</b> IT system failure or cyber attack	Flügger's operations depend on stable IT systems to ensure that production is continuously adjusted to demand. A failure may impact the ability to produce, invoice, and deliver. The war in Ukraine generally increases the risk of cyber attacks.	Prolonged IT system outages, whether caused by internal conditions or external attacks, can have significant financial consequences.	We continuously ensure the resilience of systems, including a solid foundation for systems hosted by external partners. In addition, we have basic insurance coverage to reduce the risk related to cybercrime. A disaster recovery plan has also been prepared.
<b>6</b> Recession in the market	In recent years, activity in the construction sector has been slowing down, driven by increasing interest rates and eroding purchasing power. However, the markets in Denmark and Poland are improving, while Sweden is expected to remain weak in the coming financial year.	The market recession will obviously affect revenue and earnings, but the extent is difficult to determine. In comparison, during the financial crisis, Flügger's revenue fell by 6% and earnings were halved. However, revenue and earnings had normalised again, 3 years after the crisis started.	The organisation and investments are continuously adapted to stay ahead of positive or negative developments in demand. Painters are typically one of the last craftsmen on a project, so we can typically react in a timely manner if the market starts to decline.



# Our business and strategy

# Our business

Flügger is an international group, headquartered in Denmark, that develops, produces, markets and sells a wide range of paints, wood protection, fillers, wall coverings and accessories. Our target group is the professional painter and the private consumer.

We consider it our most important task to develop and deliver products and solutions that enable our customers to achieve high-quality results as efficiently as possible.

We develop products from a central development department, produce at our own factories, and follow the products all the way to the stores, where our employees advise and assist customers in achieving the best possible outcome. Our entire value chain is unusual in a European context, where most competitors focus either on sales or production. We believe our business model contributes to maintaining high quality, meeting customer needs, and safeguarding the Flügger brand, which has roots dating back to 1783.

*\*ESRS disclosure requirement incorporated by reference in this section: ESRS 2 SBM-1, paragraph 40, point a), i., ii..*

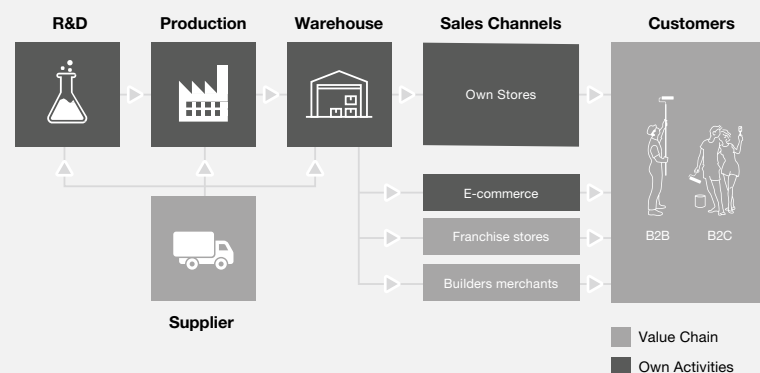
## Key intangible resources

Over many years, Flügger has gained a good reputation due to the high quality of our products and a strong store network, both of which contribute positively to the company's value creation.

Furthermore, Flügger's purpose is to be a 'co-creator of a greener building materials industry', which has been the case since Flügger switched to water-based paint with the establishment of the Kolding factory in 1970. Environmentally considerate paint is a focus area for Flügger—and likewise for our customers—which is why the ability to develop and produce more environmentally friendly paint is another key element in Flügger's overall strategy and value creation. As a result, Flügger also holds a strong brand.

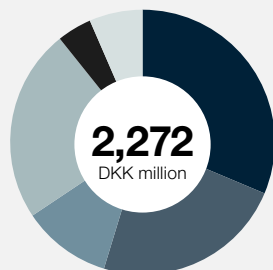
The Flügger Group has a very well-established store network, which makes it possible to serve our customers in the countries where we operate. At the same time, the store network provides crucial visibility and accessibility for both professional painters and private consumers. More recently, in line with the growth in online commerce, Flügger has also invested in establishing a strong digital presence, so that Flügger ranks at the top of online search results for paint. This online presence is also essential for Flügger's continued broad recognition among professional painters and private consumers.

## Value chain

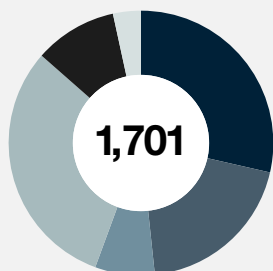


# Geographical overview

## Revenue

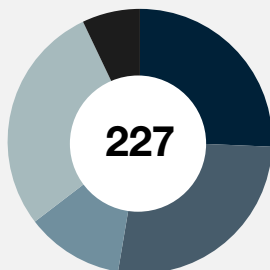


## Employees



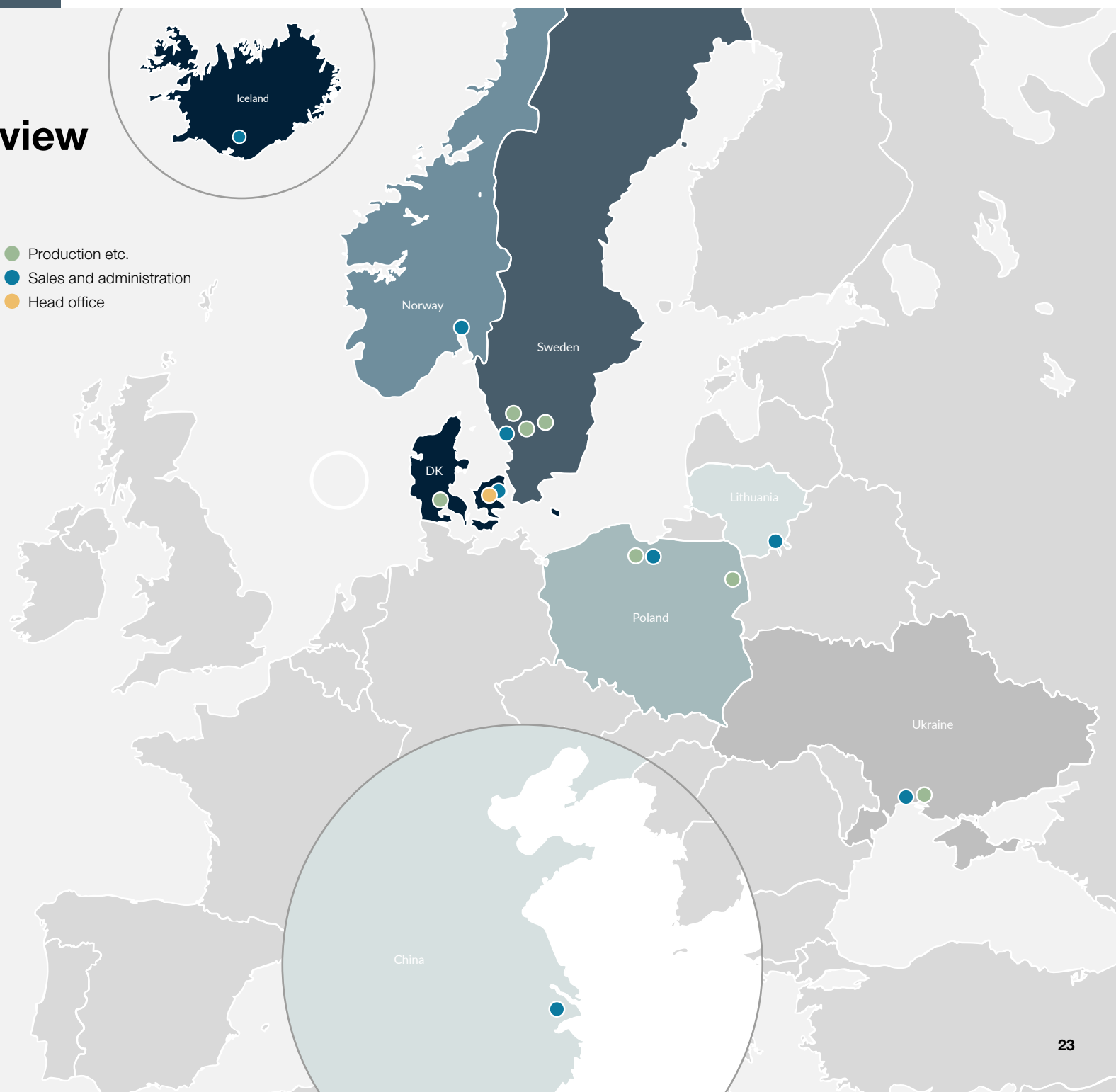
Average number of full-time employees  
per 30.04.2025

## Stores



Number of own stores per  
30.04.2025

- Production etc.
- Sales and administration
- Head office



Strategy 2024-27

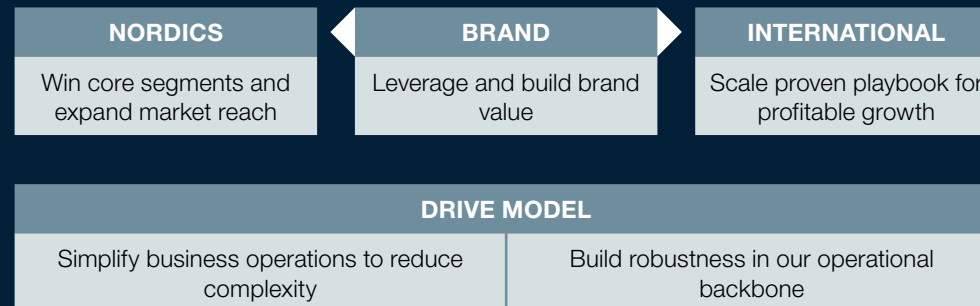
# Flügger Organic

## - Delivering sustainable value

### STRATEGIC ASPIRATION

Being the preferred choice for painters and quality-oriented consumers by offering sustainable and colour-inspiring solutions

### STRATEGIC PRIORITIES



Our purpose is to co-create a greener building materials industry and promote the painter's craft through quality solutions, trusted partnerships and inspiring design choices.

Leveraging our Scandinavian foundation, we position ourselves for organic growth by winning core segments in the Nordics and expanding internationally. More than four out of five litres of our own produced wet goods are eco-labelled and we won't stop until we reach 100%.

We are a family-founded and family-led company, big enough to make a difference but small enough to maintain our entrepreneurial spirit. We have dedicated and talented employees who lean in passionately and build second to none expertise from within.



## Strategy 2024-27

## Flügger Organic

	Nordic	International	Brand	Operating model
2024/25 highlights	<ul style="list-style-type: none"> <li>- Opening new pro centres to support painters</li> <li>- Rollout of the online tool Pixi, which helps the professional painter with environmental and documentation requirements</li> <li>- Execution of adaptation plan in Sweden with redesign of sales organisation</li> <li>- Initiation of collaboration with professional DIY chains and downscaling of general DIY retail</li> </ul>	<ul style="list-style-type: none"> <li>- 8 new own Polish stores established in geographical whitespots</li> <li>- Expansion of official Graco partnership in Poland</li> <li>- Expansion of architecture and design seminars in Poland</li> <li>- New flagship store opened in Vilnius, Lithuania</li> <li>- Planning initiated for identified new export markets</li> </ul>	<ul style="list-style-type: none"> <li>- New SVP hired to implement and align brand strategy</li> <li>- Awareness increased in all Nordic markets over the last 12 months</li> <li>- Prof-centre concept established</li> <li>- Start re-branding of own labels and approach targeting professional DIY chains</li> </ul>	<ul style="list-style-type: none"> <li>- New POS system rolled out in the Nordic business</li> <li>- Establishment of new digital B2B commerce platform initiated (launch expected next year)</li> <li>- Closure of separate trading platform Malgodt.dk (integrated in Flügger)</li> <li>- Logistics analysis ('Center of gravity') completed and preparatory work for logistics optimisation initiated</li> <li>- Increased capacity for paint production in Gdansk, Poland</li> </ul>
Flügger Organic strategy	<p>Flügger's Nordic markets, where it holds a leading market position, are stable but with cyclical fluctuations that follow market cycles. To create resilience and profitability, the number of small and medium-sized professional painters must be increased in own sales channels.</p> <p>Flügger's position will also be expanded through partnerships with professional DIY chains that target professional craftsmen.</p>	<p>Flügger will grow outside the Nordics, bringing economies of scale to the entire group. The plan for Poland and Lithuania involves opening additional Flügger stores.</p> <p>For exports, potential new countries are identified and started up based on a well-defined playbook. For existing export markets, initiatives are implemented with local distributors depending on their level of maturity.</p>	<p>To support organic growth in the Nordic markets as well as internationally, the Flügger brand is used as a strategic tool. Flügger stands for professional quality and well considered surface solutions with care for the environment.</p> <p>The brand must be extended to professional DIY chains, the store format must meet the needs of core customers, and finally, a united marketing platform must be created so that both own units and local distributors can easily reuse marketing efforts across markets.</p>	<p>To better serve core customers, leverage Flügger's competencies and increase profitability, the business must be simplified. This includes closing down business that does not fit the strategy, gradually harmonising labels and formulations, and streamlining contract principles for chain customers to the value chain.</p> <p>The operational infrastructure must be robust and support commercial decisions. This includes IT systems with focus on the customer journey, as well as efficient production and logistics to ensure product availability in new markets and partnerships.</p>

# Fulehuk Lighthouse - painted to withstand the elements

## Restoration with a focus on durability

In 2024, the Fulehuk Lighthouse in the Oslofjord was due for restoration. Salt, rain and strong winds had taken their toll on the historic building, which sits isolated on a skerry in the Oslofjord. The Friends of Fulehuk, who maintain the lighthouse, needed a paint that could cope with the special conditions while preserving the look of the building.

After thorough research, Flügger in Tønsberg south of Oslo was chosen. Together, they found a solution for a restoration where advice and the right products played a key role.

## Facade Resist - designed for coastal climates

Flügger Facade Primer and Flügger Facade Resist were chosen for the job. Both products are developed for Iceland's often extreme climate, where they are also our most popular products.

Flügger Facade Resist was chosen for the project because it provides long-lasting protection against the very conditions that Fulehuk is exposed to: high humidity, salt, water and wind from the sea, UV radiation and large temperature fluctuations.

Facade Resist creates a robust surface with low water absorption and high permeability. This means the building can breathe while protecting it from degradation.

The primer ensures optimal adhesion, even on older substrates, and creates the necessary base for a long-lasting result.

## In sea, wind and salt, durability is everything

These products were chosen because in a place like Fulehuk, it's not just about aesthetics - it's about the surfaces being able to last for years without cracking, peeling or damage. Therefore, it was crucial that they could withstand the test of time - and the forces of the sea.

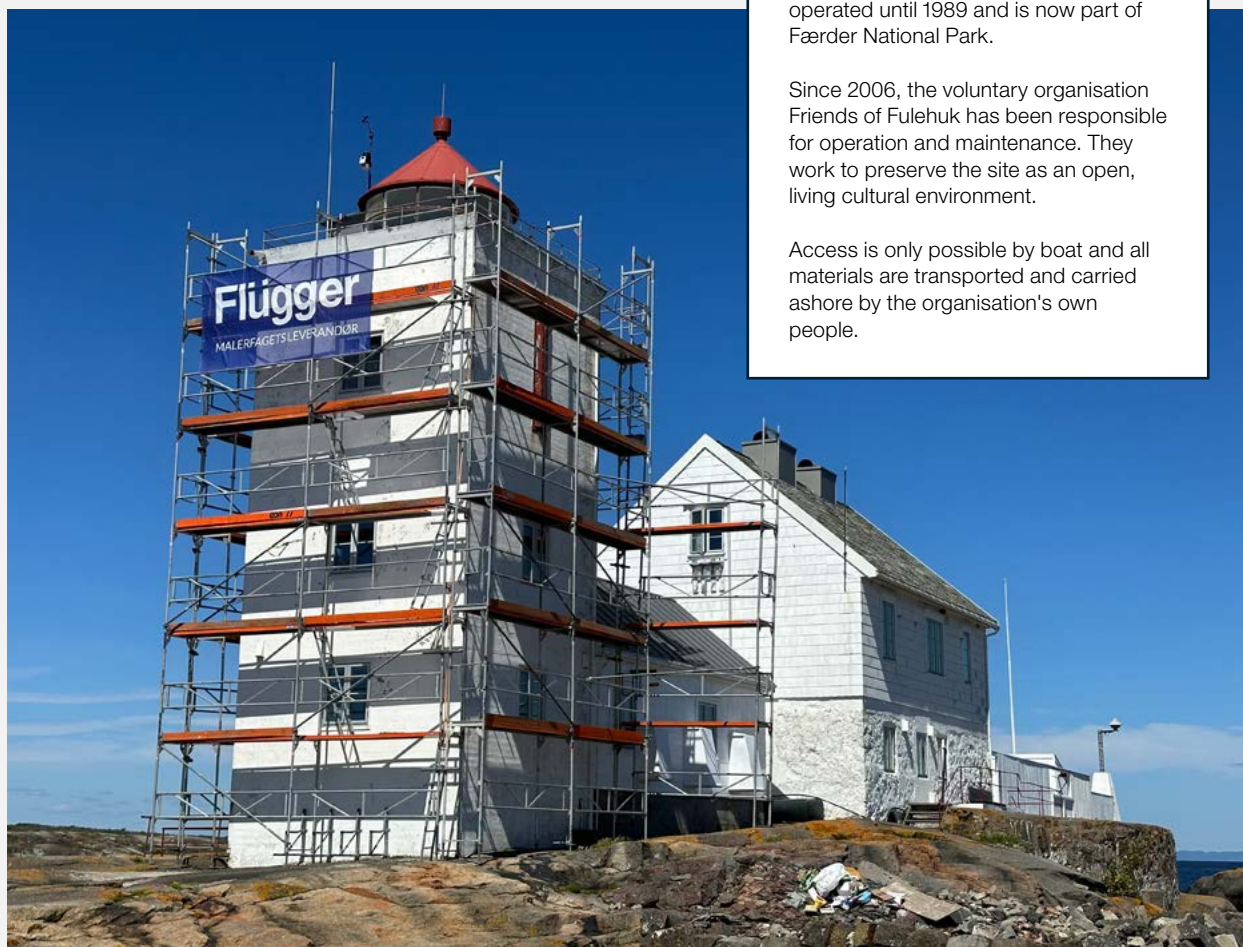
The restoration was successful and today the lighthouse is newly refurbished and ready for use. For Flügger, it's a project that shows how Flügger strikes everywhere - even where conditions are anything but standard.

### About Fulehuk Lighthouse and Friends of Fulehuk

Located on a small islet in the Oslofjord, Fulehuk Lighthouse was built in 1821, operated until 1989 and is now part of Færder National Park.

Since 2006, the voluntary organisation Friends of Fulehuk has been responsible for operation and maintenance. They work to preserve the site as an open, living cultural environment.

Access is only possible by boat and all materials are transported and carried ashore by the organisation's own people.



# Governance

# Corporate governance

The shareholders are the ultimate authority in Flügger and exercise their rights at the general meeting. In accordance with legislation and the company's Articles of Association, all shareholders have the right to make proposals, attend and vote at the general meeting.

Management in Flügger is divided into two parts and consists of the Board of Directors and Executive Management. The Board of Directors appoints and supervises Executive Management, determines the overall strategy, follows up on performance and thereby contributes to the Group's ongoing development. The Executive Management is responsible for the day-to-day management of the company, including organising the company, implementing the strategy and reporting to the Board.

## The Board of Directors of Flügger group A/S

Flügger's Board of Directors consists of four members elected by the general meeting and two employee representatives.\* The Chairman and Deputy Chairman of the Board are directly elected at the general meeting.

The members elected by the general meeting are elected for one year at a time, and re-election is possible. Employee representatives are elected for a four-year term.

On the Board of Directors, one of our four members elected by the general meeting is a woman (25%). This means that we fulfil the Danish Business Authority's definition of an equal gender distribution on the board.

Of the four board members elected by the general meeting, 50% are considered independent\* Jimmi Mortensen is dependent as he has been CEO of Flügger group A/S until 1/4-2021, while Bettina Antitsch Mortensen is a major shareholder.

When nominating the four members elected by the general meeting, the focus is on diversity and on the members' competences and experience. The aim is to achieve a balanced gender

\*ESRS disclosure requirement incorporated by reference in this section: ESRS 2 GOV-1, punkt 21, litra a), b), d) og e)

representation that also reflects significant competences within Flügger's core areas, including insight and experience in international management, financial management, production and marketing. You can read more about the diversity policy in the sustainability reporting S1 Own workforce - diversity.

The Board of Directors has rules of procedure which, in combination with the latest recommendations for corporate governance, outlines the essential tasks and responsibilities of the Board of Directors.

## Board of Directors self-assessment

The Board's self-evaluation procedure is an anonymous, quantitative survey conducted annually prior to the end of the financial year. The results of this year's self-assessment generally show a high level of satisfaction with the effectiveness, content and frequency of the board meetings, as well as with the information provided in connection with the meetings. The evaluation also shows that all board members are satisfied with the co-operation within the board as well as with the chairman of the board and the executive management.

## Remuneration policy and remuneration report

In accordance with the rules of the Danish Companies Act, Flügger has prepared a remuneration report for the remuneration of the Board of Directors and the Executive Management, which was approved at the Annual General Meeting in 2024 by indicative vote.

We refer to the Group's remuneration policy (in Danish), which can be found at [www.flugger.com/investor/corporate-governance/vederlagspolitik/](http://www.flugger.com/investor/corporate-governance/vederlagspolitik/) and the Group's remuneration report, which can be read at [www.flugger.com/investor/corporate-governance/vederlagsrapport/](http://www.flugger.com/investor/corporate-governance/vederlagsrapport/).

## Board committee in Flügger group A/S

The company has established an Audit Committee and a Nomination and Remuneration Committee.

The primary purpose of the Audit Committee is to monitor the financial reporting process, including monitoring compliance with applicable legislation, standards and other regulations for listed companies regarding financial reporting and publication of financial reports and assessing the need for internal audit. The members of the committee are elected by the Board of Directors and consist of Kim Balle (Chairman) and Jimmi King Mortensen.

The purpose of the Nomination and Remuneration Committee is to nominate and recommend candidates for the Board of Directors, contribute to ensuring a composition in accordance with specified criteria, ensure compliance with the remuneration policy and propose remuneration for the Board of Directors and Executive Management. The members of the committee are elected by the Board of Directors and the main shareholder and consist of Ulf Schnack (Chairman), Peter Korsholm and Kim Balle.

## Good corporate governance

The Board of Directors regularly considers the recommendations for corporate governance and notes that the majority of the recommendations are followed.

Recommendations that are not fully followed:

- Recommendation 1.1.3, as the company has chosen to no longer prepare quarterly reports.
- Recommendation 3.2.2.2, as the company's former CEO, Jimmi Mortensen, joined the Board of Directors as Vice Chairman on 1 April 2021.
- Recommendation 3.4.2, as the majority of the members of the management committees are not independent.
- Recommendation 3.5.1, as the company does not involve external assistance in the board evaluation, as the company considers the internal board evaluation to be adequate.

The full report in Danish is available on the company's website: [www.flugger.com/investor/corporate-governance/anbefalinger-god-selskabsledelse/](http://www.flugger.com/investor/corporate-governance/anbefalinger-god-selskabsledelse/)

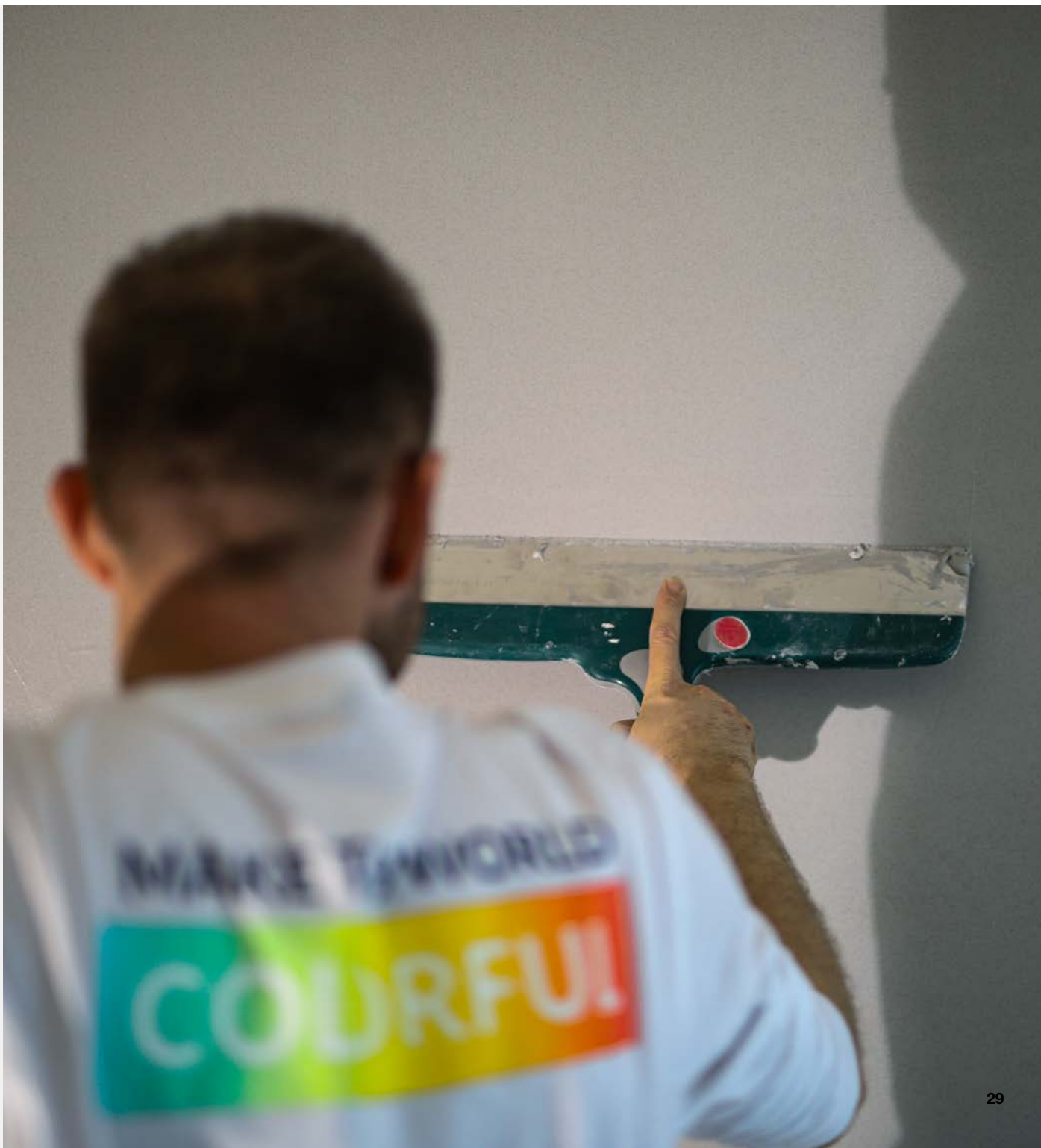


## Internal controls and risk management

The Executive Board continuously monitors internal controls and compliance with relevant legislation and other regulations and provisions in connection with financial reporting. The Executive Management reports regularly to the Board of Directors, cf. section 107b in the Danish Financial Statement Act. The risk management report in danish can be read at <https://www.flugger.com/investor/corporate-governance/risikostyring/>.

## Data ethics

Flügger has adopted a guideline for data ethics, cf. section 99d in the Danish Financial Statement Act., which applies to all companies in the Group and sets the framework for responsible data processing in Flügger. The guideline is a supplement to other ethical, security and personal data law initiatives in the Group. In our data processing, we focus on maintaining a high level of information security and ensuring compliance with data protection regulations and user rights. The processing of data must be processed in accordance with the Flügger defined data ethics principles, such as accountability, transparency and security, according to which all processing of data must be for clearly defined purposes, and efforts are made to design transparency into the solutions for processing data so that data subjects have direct insight into data about them and the processing that is carried out as far as possible. This applies to all data processing, including personal data. Flügger has also taken the necessary measures to ensure that data is not made accessible to unauthorised persons by maintaining a sound IT security level at all times.



## Board of Directors



### Peter Korsholm, Chairman, independent

Born 1971, joined the board in 2022.

**Qualifications\*:** Experience in logistics and e-commerce from board work and investment in Lomax A/S and Unisport A/S and specifically logistics from GDL Transport AB and DANX A/S Group. Extensive experience in M&A from his time as partner and head of EQT Partners Denmark and from private investments. In addition, experience with financial reporting, risk management and capital markets from positions as CFO at AAK AB and board member and Audit and Risk Committee member at Ørsted A/S.

**Sustainability-related expertise\*\*:** Extensive knowledge of sustainability work and the green transition through his position as a board member of the Too Good To Go Group and as a former board member of Ørsted A/S and RGS Nordic A/S.

**Education:** MBA from INSEAD, MSc Econometrics and Mathematical Economics from London School of Economics, BA Economics from University of Copenhagen.

**Holdings of Flügger shares:** Togula ApS has 50,000 shares (major shareholder)

**Other management positions:** Managing Director: DSVM Invest A/S, DSV Miljø Group A/S, Togula ApS and Totalleverancer Sverige AB. Chairman of the Board: Too Good To Go Holding ApS, Nymølle Stenindustrier A/S, Lion Danmark I ApS and two wholly owned subsidiaries of Lion Danmark I ApS (Lomax Group) and United Fintech. Board member: DSVM Invest A/S and five wholly owned subsidiaries, DSV Transport A/S, and BCHG Holding A/S and three wholly owned subsidiaries.



### Jimmi Mortensen, Vice Chairman, non-independent

Born 1974, joined the board in 2021.

**Qualifications\*:** In-depth knowledge of Flügger through his role as CEO of Flügger group A/S from 2016-2021. +20 years of C-level experience from commercial & CEO positions in major international groups.

**Sustainability-related expertise\*\*:** Through his role as CEO of Actona Group, he has extensive knowledge of environmental sustainability through Actona's Science Based Target initiative verified reduction targets.

**Education:** MBA Henley Business School. Harvard, Stanford & INSEAD Executive Programme, HD-A Aarhus University.

**Holdings of Flügger shares:** 4,261 shares

**Other management positions:** CEO of Actona Group A/S (from April 2021). Chairman of the Board of SITS sp. Z.o.o. and Liewood A/S.



### Kim Balle, independent

Born 1968, joined the board in 2021.

**Qualifications\*:** Through his many years of experience from leading positions in the Danish business community, he has worked with financial management, governance & compliance, corporate strategy, M&A, IT & business transformation, BI & Artificial Intelligence and business development.

**Sustainability-related expertise\*\*:** In his role as CFO at Torm, Kim Balle has in recent years worked extensively with the implementation of CSRD and the EU Taxonomy, as well as the general commercial and operational work with sustainability in the company.

**Education:** Bank educated, HD-F Aarhus University, Executive MBA Copenhagen Business School, Harvard & Oxford University Executive Programmes, IMD Executive programmes and Cyber Security programme and board education at Copenhagen Business School.

**Holdings of Flügger shares:** 718 shares

**Other management positions:** Chief Financial Officer of TORM A/S (since 2019). Chairman of the Board of Directors of TORM A/S and TORM Fonden and member of the Board of Directors of Nordea Invest, Lind Capital A/S, Liewood A/S and Velliv (and Chairman of the Audit Committee). Additional director of Kim Balle Holding ApS.

\* ESRS disclosure requirements incorporated by reference in this section: ESRS 2 GOV-1, paragraph 21(c)

\*\* ESRS disclosure requirements incorporated by reference in this section: ESRS 2 GOV-1, paragraph 23

## Board of Directors



### **Bettina Antitsch Mortensen, non-independent**

Born 1978, joined the board in 2022.

**Qualifications\*:**Through her ownership and management positions in the M+ Group, which includes Hybel and M+ Ejendomme, she has extensive market insight into the construction and property industry. She also has broad legal experience with a background as a commercial lawyer and a subsequent long career as a defence lawyer with the right to appear before the Supreme Court.

**Sustainability-related expertise\*\*:**Through Bettina Antitsch Mortensen's many years in the construction and property industry, she has gained experience in the documentation requirements associated with construction in particular.

**Education:**Master of Laws from Aarhus University, Trained lawyer with the right to appear before the Supreme Court, Lawyer (H), CBS Executive board programme.

**Holdings of Flügger shares:**M+ II A/S has 851,487 shares (major shareholder)

**Other management positions:**Chairman of the Board of M+ Invest A/S and five subsidiaries, M+ Ejendomme A/S and six subsidiaries, M+ II A/S, + III A/S and two subsidiaries, Hybel Danmark A/S and four subsidiaries, Stenhøj Husene Holding A/S and four subsidiaries, MPP Holding I A/S and four subsidiaries and Won Holding ApS and one subsidiary. Board member of five subsidiaries of M+ Invest A/S, nine associated companies of M+ Invest A/S and Ejendomsselskabet Houmannsgade ApS. Director of F.M. 16 Holding ApS, FM 09 Holding ApS, Hybel M.K.P. Holding ApS, Hybel M.S. Holding ApS, RM 07 Holding ApS and FRB 20 Holding ApS.

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### **Dorthe Susanne Laursen, employee-elected**

Born 1963, joined the board in 2023.

Payroll and ER Lead in People, Communication & Culture.

**Qualifications\*:**Extensive experience within Flügger with employment in Payroll and HR since 1986. Dorthe Susanne Laursen has insight and understanding of how new initiatives and work processes affect the organisation.

**Holdings of Flügger shares:**30 shares



### **Mikkel Kjærsgaard Boelskifte, employee representative**

Born 1983, joined the board in 2023.

Country Manager for Flügger Denmark and PP professional paint.

**Qualifications\*:**Great knowledge of the business as a whole through many years of experience in several different positions including. Regional Manager - Flügger, Sales Manager Professional - PP professional paint and most recently Country Manager for Flügger Denmark and PP professional paint.

**Holdings of Flügger shares:**715 shares

\* ESRS disclosure requirements incorporated by reference in this section: ESRS 2 GOV-1, paragraph 21(c)

\*\* ESRS disclosure requirements incorporated by reference in this section: ESRS 2 GOV-1, paragraph 23

## Management



### **Sune Dedenroth Schnack, Chief Executive Officer**

Born in 1990. Employed at Flügger since 2018.

**Qualifications:**In-depth knowledge of Flügger through management positions in both group and subsidiaries. Solid financial and strategic toolbox from education and previous job as senior consultant at Ramboll Management Consulting.

**Education:**M.Sc. Economics and Business Administration (Accounting and Finance).

**Holdings of Flügger shares:**1,315,247 shares (of which 590,625 A shares and 720,610 B shares are owned together with Ulf Schnack through the company SUS 2013 ApS (Flügger Holding)).

Options (warrants & RSU): 29,751 options.



### **Lucas Eichild, Chief Financial Officer**

Born in 1990. Employed at Flügger since 2021.

**Qualifications:**Experience from Carnegie Investment Bank and previous management role in Flügger with responsibility for business development.

**Education:**M.Sc. Economics and Business Administration (Accounting and Finance).

**Holdings of Flügger shares:**901 shares

Options (warrants & RSU): 9,077 options.



### **Ulf Schnack, Chief DNA Officer**

Born in 1936. Employed at Flügger since 1958.

**Qualifications:**More than 65 years of experience in Flügger.

**Education:**Chemical engineer from Krefeld, HD-A from CBS.

**Holdings of Flügger shares:**1,350,089 shares (of which 590,625 A shares and 720,610 B shares are owned together with Sune Schnack through the company SUS 2013 ApS (Flügger Holding)).

**Other management positions:**Director of ApS SPKR NR. 2722, BB 2014 ApS and SUS 2013 ApS.



# Sustainability Statements

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# ESRS reporting overview

In this overview, you can find the page reference for each disclosure requirement.

Disclosure requirement		Section*	Page	Additional informations
<b>ESRS 2</b>	<b>General information</b>			
BP-1	Basis for the preparation of the Sustainability Statements	SS	44	
BP-2	Disclosures related to specific circumstances	SS	44	
GOV-1	The role of administrative, management and supervisory bodies	R, SS	28, 30-31, 45-46	
GOV-2	Information provided to and sustainability matters addressed by the undertakings administrative, management and supervisory bodies	SS	45-46	
GOV-3	Integration of sustainability-related performance in incentive schemes	RR	8	
GOV-4	Statement on due diligence	SS	47	
GOV-5	Risk management and internal controls over sustainability reporting	SS	47	
SBM-1	Strategy, business model and value chain	R, SS	22, 48	
SBM-2	Interests and views of stakeholders	SS	49	
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	SS	50-51	
IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	SS	50-61	
IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	SS	41-43, 94-95	

\*Report (R), Sustainability Statements (SS), Consolidated Financial Statements (CSF), Parent Company Financial Statements (PCFS), Remuneration Report (RR)

Disclosure requirement		Section*	Page	Additional information
<b>ESRS E1</b>	<b>Climate change</b>			
E1-1	Transition plan for climate change mitigation	SS	64-66	
E1-2	Policies related to climate change mitigation and adaptation	SS	63	
E1-3	Actions and resources in relation to climate change policies	SS	63-64	
E1-4	Targets related to climate change mitigation and adaptation	SS	64-66	
E1-5	Energy consumption and mix	SS	67	
E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	SS	68-71	
E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	-	-	Phase-in option used
<b>ESRS E2</b>	<b>Pollution</b>			
E2-1	Policies related to pollution	SS	72	
E2-2	Actions and resources related to pollution	SS	72	
E2-3	Targets related to pollution	SS	72	
E2-6	Anticipated financial effects from pollution-related impacts, risks and opportunities	-	-	Phase-in option used
<b>ESRS E5</b>	<b>Resources and circular economy</b>			
E5-1	Policies related to resource use and circular economy	SS	73	
E5-2	Actions and resources related to resource use and circular economy	SS	74	
E5-3	Targets related to resource use and circular economy	SS	74	
E5-4	Resource inflows	SS	76	
E5-5	Resource outflows	SS	76	
E5	Entity-specific metrics	SS	75	
E5-6	Anticipated financial effects from resource use and circular economy-related impacts, risks, and opportunities	-	-	Phase-in option utilised

\*Report (R), Sustainability Statements (SS), Consolidated Financial Statements (CSF), Parent Company Financial Statements (PCFR), Remuneration Report (RR)



Disclosure requirement		Section*	Page	Additional information
<b>ESRS S1</b>	<b>Own workforce</b>			
S1-1	Policies related to own workforce	SS	84, 86	
S1-2	Processes for engaging with own workers and workers' representatives about impacts	SS	84, 86	
S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	SS	84, 86	
S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	SS	84-86	
S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	SS	85, 87	
S1-6	Characteristics of the undertaking's employees	SS	87-88	
S1-9	Diversity metrics	SS	88	
S1-14	Health and safety metrics	SS	85	
<b>ESRS S4</b>	<b>Consumers and end-users</b>			
S4-1	Policies related to consumers and end-users	SS	89	
S4-2	Processes for engaging with consumers and end-users about impacts	SS	89	
S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	SS	89	
S4-4	Taking action on material impacts on consumers and endusers, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	SS	89-90	
S4-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	SS	90	
S4	Entity-specific metrics	SS	90	
<b>ESRS G1</b>	<b>Business conduct</b>			
G1-1	Corporate culture and business conduct policies and corporate culture	SS	92-93	

\*Report (R), Sustainability Statements (SS), Consolidated Financial Statements (CSF), Parent Company Financial Statements (MR), Remuneration Report (RR) Remuneration Report (VR)

# Basis for preparation

## BP-1 General basis for preparation of sustainability statements

The scope of the sustainability information includes Flügger group A/S and its subsidiaries.

As of the financial year 2024/25, Flügger is subject to the CSRD and therefore for the first time presents the sustainability statements as an integral part of the annual report. The reporting is structured in accordance with the European Sustainability Reporting Standards (ESRS) and includes both qualitative and quantitative information according to the requirements. The sustainability statements covers both Flügger's own operations as well as upstream and downstream activities in the value chain.

## BP-2 Disclosures related to specific circumstances

### Time horizons

Reporting is based on the time horizons defined in ESRS 1. This means that short-term covers up to 12 months, medium-term covers from the end of the short-term period up to five years, while long-term covers a period of more than five years.

### Changes from last year

Due to the implementation of CSRD in Flügger's integrated annual report, this year's report has changed significantly compared to last year's ESG-report. The report this year now follows the required structure and disclosure requirements. No adjustments have been made to historical data.

### Sources of uncertainty

When collecting and processing data, extrapolations may be required. For certain quantitative indicators, it has not been possible to obtain complete data from all companies in the Flügger group. In such cases, extrapolations have been made based on available data, typically based on revenue figures. Extrapolations are clearly marked under the accounting policies applied. The indicators where a larger share of data is extrapolated - and where the uncertainty is therefore greatest - concern waste under E5-5 and heat consumption under E1-5 and thus also the related CO<sub>2</sub>e emissions from heat in Scope 2 presented in E1-6.

For the environment-related indicators, an extrapolation for the subsidiary Eskaro Ukraine AB and its activities has been made throughout to obtain data for the Flügger group. Due to the war and current conditions in Ukraine, Flügger has decided to limit reporting tasks with data collection for the Ukrainian business, Eskaro. Of the Flügger group's total revenue and workforce, Eskaro represents a limited share.

### Incorporation by reference

Several of the disclosure requirements in ESRS 2 are addressed in other parts of the annual report. The overview can be seen in the table here.

Disclosure requirement	Section and page
ESRS 2 SBM-1, paragraph 40(a)(i), (ii).	Our business on page 22
ESRS 2 SBM-1, paragraph 40(a)(iii).	Social information on page 87
ESRS 2 GOV-1, point 21(c) and point 23	Board of Directors on page 30-31
ESRS 2 GOV-1, point 21 (a), (b), (d) and (e)	The Board of Directors of Flügger group A/S on page 28
ESRS 2 GOV-3	Remuneration report page 8

# Sustainability governance

## GOV-1, GOV-2 Sustainability governance

The governance of sustainability at Flügger is anchored with responsibility in both the Board of Directors and senior management and with the involvement of the entire organisation. The Board of Directors is responsible for overseeing the development of Flügger's strategic work and sustainability goals. Furthermore, the Board's Audit Committee is tasked with monitoring and controlling Flügger's compliance with applicable sustainability reporting requirements.

At Flügger, sustainability work is not organised in a single department. The group has one sustainability manager who works with stakeholders from across the organisation every day to drive sustainable change. This approach reflects Flügger's core values, where there is a mindset that sustainability should be integrated into the daily work of all employees.

### The role of the board and top management

At Flügger, the Board of Directors and top management are responsible for ensuring a strategic and systematic approach to sustainability. The Board of Directors has overall supervisory responsibility and must ensure that sustainability is integrated into the company's strategy and that clear goals are set for long-term value creation. This includes continuous monitoring of sustainability risks, opportunities, targets and key performance indicators and ensuring compliance with applicable legislation, including CSRD. This includes all material IROs identified in the latest double materiality analysis. Senior management is also involved in the assessment of IROs for the group as well. The Board of Directors is also responsible for approving the group's policies and ensuring compliant and value creation reporting.

Flügger's top management is responsible for translating the sustainability strategy into operational goals and ensuring that sustainability is embedded in the group's daily operations. Through a clear governance structure consisting of two central steering committees, progress and anchoring are ensured.

Governance of ESG reporting	Governance of sustainability strategy
<b>Audit Committee &amp; Board of Directors</b>	<b>Board of Directors</b>
<b>ESG reporting steering committee</b> CFO, SVP Supply Chain & Innovation, Head of Corporate Accounting, group Financial Controller, Sustainability Manager <div>4</div>	<b>Sustainability strategy steering committee</b> CEO, SVP Supply Chain & Innovation, SVP People, Communication & Culture, Sustainability Manager, and Strategy Track Project Managers <div>4</div>
<b>Working groups</b> <b>ESG reporting group</b> Operational Managers, Sustainability Manager, group Accounting <div>12</div> <b>QHSE Board</b> CEO, CFO, SVP Supply Chain & Innovation, QHSE, Operations, R&D, Procurement, Product Support, Commercial, Product Management, People, Communication & Culture <div>4</div> <b>Compliance Obligations Forum</b> SVP Supply Chain & Innovation, Head of Legal & Compliance, Head of Corporate Accounting, Sustainability Manager, Head of QHSE & Sustainability, Senior Regulatory Affairs Manager <div>4</div>	<b>Working groups</b> <b>Track strategy, Paint</b> R&D & Product Management  <b>Strategy track, Packaging</b> Procurement & Product Management <div>12</div> <b>Strategy track, Value chain</b> QHSE, Operations, Procurement, Sustainability Manager  <b>Customer Sustainability Forum</b> Senior Regulatory Affairs Manager, Sustainability Manager, Product Management, Head of Commercial Excellence, Commercial DK, NO & SE <div>4</div>

**ESG reporting steering committee**

The steering committee is chaired by Flügger's CFO and facilitated by Flügger's Sustainability Manager. The purpose of the steering committee is to ensure that Flügger meets the increasing regulatory and reporting requirements in an efficient and robust manner. The steering committee meets monthly with relevant internal stakeholders and fulfils the tasks that the audit committee monitors and manages in relation to sustainability reporting. These tasks include ensuring that Flügger collects, documents, controls and reports relevant statutory data and that Flügger has the relevant policies, processes and business process descriptions for the ESG areas. The Sustainability Reporting Steering Committee provides regular reporting to the Audit Committee.

**QHSE board**

Flügger's operational QHSE board has been strengthened with quarterly meetings and participation from the CEO, CFO and managers from across the organisation. The board serves as a platform for management to evaluate priorities, compliance and improvement initiatives within quality, health, safety and environment across the group.

**Compliance Obligations Forum**

Flügger's Compliance Obligations Forum is a cross-organisational forum with participation from SVP for Supply Chain & Innovation, Legal, QHSE & Sustainability, Regulatory Affairs and Corporate Accounting. The forum meets on a quarterly basis and aims to ensure that Flügger timely identifies, assesses and implements new regulatory requirements related to sustainability - both at international and national level. This includes upcoming requirements within reporting, due diligence, environment, human rights and product responsibility. The forum supports the business in being proactive and adaptable to ensure continued compliance and competitiveness in a complex regulatory context.

**Sustainability strategy steering committee**

Chaired by Flügger's CEO, Sune Schnack, and with Flügger's Sustainability Manager as steering committee manager, this steering committee provides the foundation for the strategic management of sustainability initiatives. The organisation of the steering committee follows the strategic focus areas of product, packaging, CO<sub>2</sub>e, social initiatives and partnerships. Each focus area is represented by project managers driving the strategic initiatives and their respective leaders. The steering committee meets quarterly to evaluate developments in the strategic areas and make decisions regarding future directions and initiatives. Decisions are based on quantitative KPIs, project plans and views from relevant stakeholders.

**Customer Sustainability Forum**

The Flügger Customer Sustainability Forum is a regular, quarterly forum where our commercial teams from different markets represent the customer perspective and act as proxies for professional painters and construction industry stakeholders. The forum also brings together representatives from Product Management, Sustainability and Regulatory Affairs to ensure a multidisciplinary approach to the discussions. The forum serves as a platform that reflects customer needs and wishes and has contributed to concrete initiatives such as the development of products with improved environmental profiles and increased availability of data and documentation. Input from the Customer Sustainability Forum is reported to Flügger's Sustainability Strategy Steering Committee and forms part of the decision-making basis for strategic priorities and product development, ensuring that our strategy and solutions reflect market needs.



#### GOV-4 Statement on due diligence

At Flügger, due diligence plays a central role in identifying and managing risks and ensuring a solid basis for decision-making. Our approach to due diligence is an important part of responsible business behaviour and contributes to strengthening the trust of our stakeholders - including customers, suppliers and investors.

We work systematically with due diligence across the group, and the process is integrated in several of the areas described in this report. See more information about the placement in the report in the table below.

#### GOV-5 Risk management and internal controls over sustainability reporting

As part of the preparations for CSRD, Flügger has established an internal control and risk management system that supports quality, traceability and compliance in sustainability reporting. The system covers the entire group and focuses on identifying and reducing risks associated with material errors, including human error, missing data and inconsistent processes.

The controls are built around the four-eyes principle, where disclosure requirements are prepared by one responsible party and approved by another. The system documents both Flügger's double materiality assessment, progress in implementing ESRS requirements and the status of KPIs and controls, ensuring transparency and a stronger basis for decision-making and follow-up.

A risk-based approach is applied based on our double materiality assessment and the assessment of risks is prioritised according to the materiality and complexity of the data types in the process. There is a particular focus on quantitative data points within the most material topics in ESRS - including climate, environment and workforce - where risks to data completeness and accuracy are assessed and managed. The most important identified risks are mitigated through strategic actions, anchored in the overall business strategy.

The control system is developed in collaboration between Sustainability, group Accounting and other data owners. The system's effectiveness and improvement points are continuously assessed and discussed in the ESG Reporting Steering Committee and the Audit Committee. The results are used to integrate learning into Flügger's cross-organisational processes and ensure a gradual professionalisation of sustainability reporting on par with our financial control environment.

#### Core elements of due diligence

#### Pages in the sustainability statement

a) Embedding due diligence in governance, strategy, and business model	45-46, 48, 61
b) Engaging with affected stakeholders in all key steps of the due diligence	49, 89
c) Identifying and assessing adverse impacts	50-54, 63, 89
d) Taking actions to address those adverse impacts	63-64, 72, 74, 84, 86, 89-90, 93
e) Tracking the effectiveness of these efforts and communicating	67-69, 75, 85, 87-88, 90, 93

# Strategy

## SBM-1 Strategy, business model and value chain

### Flügger Organic - Delivering sustainable value

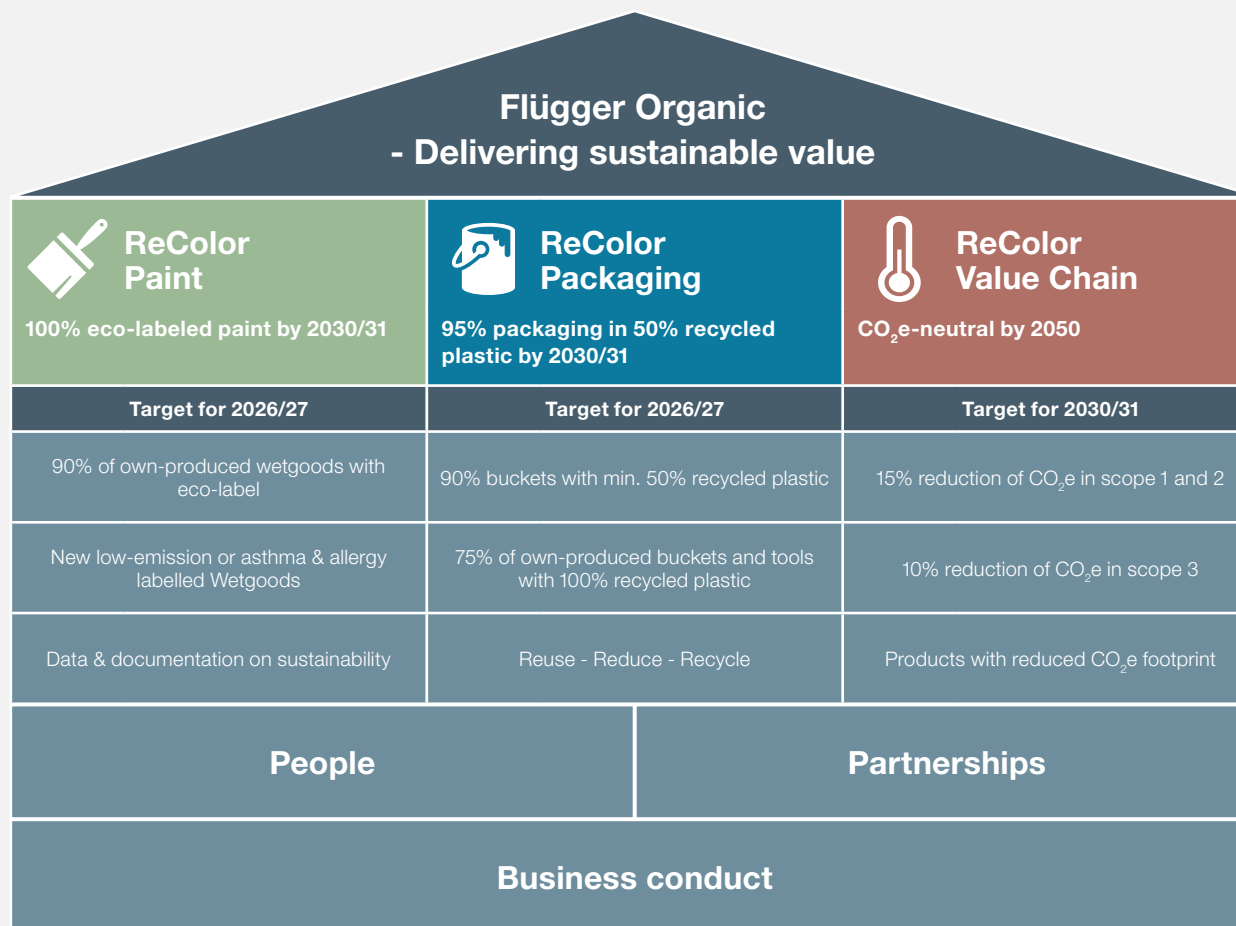
Flügger's sustainability strategy is based on the group's overall business strategy Flügger Organic - Delivering sustainable value. The strategy is founded in the ambition to be the preferred choice for both professional painters and quality-conscious consumers by offering environmentally friendly and inspiring solutions. Flügger builds on the experiences from the Going Green strategy and maintains the purpose of contributing to organic growth and a more sustainable development in the industry.

The group's prioritised focus areas - including CO<sub>2</sub>e reduction, increased use of recycled materials, eco-labelled products and solutions for customers - are based on Flügger's double materiality assessment. This ensures that we focus on areas where Flügger has the greatest influence. The strategy thus links both environmental and social considerations with Flügger's business goals.

Flügger has set sustainability targets for specific product groups, including own-produced Wetgoods and associated packaging as well as own-produced buckets, tools and accessories. The targets reflect the group's focus on the product areas that have the greatest impact on environmental and resource consumption, and where customer demands and expectations for sustainability are particularly pronounced. No targets have been set for specific customer groups or geographical areas.

### Business model and value chain

Information about Flügger's business model, overall strategy and segments can be found elsewhere in the report, this is further described in the overview of disclosure requirements incorporated by reference, which can be found under ESRS2 BP-2. Flügger's value chain mapping can be found on page 61.



## SBM-2 Interests and views of stakeholders

Flügger's strategy is developed and anchored in the company's long-term ambitions, business priorities and DNA. The strategy is determined by top management and approved by the Board of Directors. It is developed based on market analyses, risk assessments, megatrends and in collaboration with key functions in the organisation.

Flügger's business areas and functions are in continuous dialogue with external stakeholders such as customers, suppliers, investors and business partners. Through these relationships,

Flügger gains valuable insight and feedback, which - although not necessarily gathered as part of a formalised strategy process - is included in our strategic considerations and priorities.

The many contact points and collaborative relationships mean that stakeholder needs and expectations are naturally reflected in Flügger's strategy and business model. This approach enables Flügger to stay close to stakeholders and adapt the business to relevant developments while maintaining the strategic direction.

In Flügger's strategic objectives, external stakeholders are not directly involved in the strategy process. Their perspectives are indirectly represented through relevant forums and channels, such as internal cross-functional groups, industry organisations and certification schemes relevant to the industry. These act as proxies for external interests and ensure that the expectations of customers, suppliers and other stakeholders are reflected in the strategy. Perspectives also play an important role in Flügger's double materiality assessment, which is a key basis for shaping and prioritising our strategic goals and initiatives. A more detailed description of stakeholder involvement in the analysis can be found in the section on the group's double materiality assessment.

## Key stakeholders

**Our customers** are central to Flügger's overall business and strategic development. We serve professional painters, private consumers and other sales channels in the Nordic region, Europe and external markets - always with a focus on quality, usability and responsibility. Through ongoing dialogue and initiatives such as our Customer Sustainability Forum, we strive to understand and meet customer needs and expectations, which helps shape both our product development and strategic priorities.

**Suppliers** are a key part of Flügger's value chain and is essential to our ability to deliver quality products, ensure security of supply and foster innovation. We set requirements for documentation, product quality and responsible practices and work closely with strategic suppliers to support our business and ambitions. Supply chain partnerships are important to ensure competitiveness and long-term development.

**Employees** are the foundation of Flügger's strategy and daily operations. Their professional competences and commitment are crucial to the company's development, innovation and customer satisfaction. We prioritise well-being, work environment and professional development and work hard to attract, retain and develop talented employees who can contribute to Flügger's future success.

**Industry organisation** are important partners in Flügger's work to understand and inspire framework conditions in the industry. We participate in networks and forums, including CEPE, which represents Europe's building paint manufacturers. Through this engagement, we contribute to the development of industry standards, regulation and common solutions that impact our markets and business model.

**Partnerships** is an integral part of Flügger's strategy and is actively used to secure development in products, processes and market access. We collaborate with strategic partners such as suppliers, franchisees and certification schemes - including Ecolabelling Denmark and the Asthma-Allergy label - to ensure that our solutions meet market and regulatory expectations. These partnerships strengthen both innovation and market positioning.

**Shareholders** are an important stakeholder group for Flügger as a listed company. They have a legitimate interest in the company's performance, strategic direction and ability to create long-term value. We emphasise transparency and continuous communication to maintain trust and engagement and ensure that shareholders and the capital market have access to timely and relevant information about Flügger's development.

# IRO-1 Double materiality assessment

## IRO-1, IRO-2, SBM-3 The process of Flügger's double materiality assessment

The process for Flügger's double materiality assessment builds on several years of experience with this type of analysis and has this year been updated in accordance with the requirements of CSRD and ESRS. The assessment is designed to identify significant environmental, social and governance-related impacts, risks and opportunities (IROs). The process is described below.

### Context and scope

Initially, Flügger's business model, value chain and the most important activities, products and locations were mapped to establish the context. An updated map of upstream and downstream activities was prepared, including analysing the group's key sourcing, markets and collaborative relationships. The mapping aimed to identify the areas in the value chain where Flügger has the greatest potential and actual impact on people and the environment, and where there are potential financial risks and opportunities.

### Process for identifying impacts, risks and opportunities\*

A gross list of potential IROs was compiled based on ESRS 1 AR16 and Flügger's own circumstances. Previous assessments, input from the group and internal documents were taken into account, and each IRO was placed in the value chain and assessed in terms of environmental, social and financial impact.

As a key part of this analysis, Flügger has conducted a systematic assessment of impacts, risks and opportunities in the entire value chain. The assessment is supported by industry-based risk assessments based on SASB's industry analyses, which highlight typical ESG-challenges in the industries Flügger is exposed to via the supply chain. To further qualify the assessment, we have mapped Flügger's total spend for a full financial year, broken down by product groups and application areas. This mapping has made it possible to identify where in the value

chain the potential impacts, risks and opportunities are greatest and has formed a key decision-making basis in the assessment of material topics.

The assessment of Flügger's climate-related impacts utilises a combination of quantitative and qualitative data sources to provide a solid and data-driven basis for decision-making. The assessment is based on our inventories of CO<sub>2</sub>e emissions across scope 1, 2 and 3, covering both direct emissions from own operations and indirect emissions from upstream and downstream activities in the value chain. In addition, data on energy consumption in own facilities - including production and offices - has been used to assess energy-related climate impacts.

As part of identifying potential impacts, risks and opportunities related to water and marine resources in Flügger's own operations and in the group's upstream value chain, a separate screening of Flügger's production sites and supply chain has been conducted. The screening includes both compliance with applicable water consumption permits and an assessment of whether sites and suppliers are located in areas at risk of water shortage. The assessment was conducted as part of our analysis of physical climate risks in our own operations and supply chain. The analysis has led to the E3 standard not being assessed as material.

For Flügger's climate-related risks and opportunities that have been included as part of the double materiality assessment, see section E1.IRO-1 Resilience and climate scenarios.

### Assessment of impacts, risks and opportunities

All IROs were assessed quantitatively based on the ESRS guidelines' assessment criteria. Impacts, risks and opportunities for humans and the environment were assessed on scales from 1 to 5 based on scale, scope, irremediability and likelihood. For the identified actual impacts, risks and opportunities, no assessment of likelihood was made. For potential negative impacts,

likelihood and severity were assessed separately. The financial risks and opportunities were assessed on financial significance and likelihood, again on a numerical scale from 1 to 5.

For both the impact-based and financial assessment, a materiality threshold of 3 out of 5 was set. The assessments are based on a gross perspective without mitigating actions and where positive and negative effects are not offsetting each other. All assessments are based on Flügger's specific context and on data and input from workshops.

### Internal calibration

The assessments were validated and calibrated in three internal workshops with key functions in Flügger: People, Communication & Culture (representing employees and social conditions), Supply Chain & Innovation (representing the value chain) and Operations and QHSE (representing own operations and work environment). They worked with concrete examples and data, including ESG risk assessment in procurement and industry-relevant benchmarks. The aim was to ensure that the assessments reflected the actual risk profile and importance of the topics for Flügger.

### Assessing materiality and scope of reporting

Based on the assessments, the topics, subtopics and associated IROs that were assessed above the materiality threshold were determined. These topics form the basis for Flügger's reporting scope according to ESRS. For each topic, it was also assessed which reporting requirements and data points are relevant.

### Approval from the Board of Directors and top management

The results of the double materiality assessment were presented to Flügger's ESG Reporting Steering Committee and Sustainability Strategy Steering Committee and subsequently to the Board's Audit Committee. The results are used in updating the group's sustainability strategy, and going forward the

\*E1.IRO-1, E2.IRO-1, E3.IRO-1, E4.IRO-1, E5.IRO-1, G1-IRO-1



assessment will be updated annually at an overall level and fully revised every three years. In this way, Flügger ensures that the assessment of material issues is systematic, data-driven and anchored in strategic decision-making, reporting and developments in the surrounding society.

### Stakeholder engagement

As part of the analysis, Flügger has included key stakeholder perspectives from customers, suppliers and employees. Insights from our Customer Sustainability Forum have given knowledge about customer needs and expectations, especially in relation to the environmental and health profile of products and documentation requirements in the construction industry. Input from suppliers has been obtained through our ongoing collaboration on sustainable raw materials and packaging solutions and through dialogue in connection with supplier qualification and follow-up. Employee perspectives have been included through workshops with representatives from People, Communication & Culture, where topics such as work environment, diversity and the company's role as a workplace were addressed. The stakeholders' knowledge and experience has helped to qualify the assessment of impacts, risks and opportunities and thus ensure a realistic and relevant materiality assessment. In this phase, no external stakeholders have been directly involved through a consultation process.

## E1.IRO-1 Climate-related risks and opportunities

Flügger recognises that climate change and the transition to a low-carbon economy have a significant impact on the group's business model - both today and in the future. As a manufacturer of Wetgoods, especially water-based and eco-labelled paints, Flügger is affected by both transition risks and opportunities as climate and sustainability requirements increase. At the same time, physical climate risks can have a direct impact on the group's supply chain and production.

Our resilience analysis covers Flügger group A/S and its subsidiaries. The results of the analysis are integrated into Flügger's overall risk management and are included as part of the group's overall risk assessment and in Flügger's double materiality assessment.

Flügger has conducted an analysis of climate-related risks and opportunities with the aim of assessing the group's resilience to different climate scenarios. The analysis aims to identify potential vulnerabilities in both own activities and in the supply chain, which can be included in strategic decisions. The analysis is divided into two categories:

**-Physical climate risks**, focusing on the impact on own production facilities, warehouses, stores, office locations and supply chain

**-Transition risks and opportunities** associated with the transition to a low-carbon economy.

## E1.IRO-1 Physical climate risks in own operations

In 2024/25, Flügger conducted an analysis of physical climate risks with a focus on own operations. The analysis identifies exposures to both acute and chronic climate events such as floods, storms and heat waves. The analysis covers the assets that have the highest insurable value and also constitute the most business-critical parts of Flügger's operations, such as all the group's factories, warehouses, offices and some individual stores. The threshold for when an asset is included in the analysis is decided by the group's ESG reporting steering committee and presented for approval to the Board's Audit Committee. The physical climate risks are divided into two main categories to clarify the nature of the potential impacts:

**Acute risks:** Event-driven events, such as increased frequency and intensity of extreme weather events - including storm surges, cloudbursts and severe storms.

**Chronic risks:** Long-term changes in climate, such as sustained temperature increases, prolonged droughts or rising sea levels.

The analysis is based on four climate scenarios that build on the Intergovernmental Panel on Climate Change's (IPCC) official representative concentration pathway (RCP) scenarios. These scenarios (RCP2.6, RCP4.5, RCP7.0 and RCP8.5) are used to understand the consequences of different development pathways for greenhouse gas emissions and their expected temperature impact in ten-year intervals up to the year 2100. The 4 scenarios are selected to analyse from a low-emission scenario with a temperature increase of 1.6°C to a high-risk scenario with up to 4.4°C of global warming by 2100. The analysis is based on geospatial data.

### Results

The result of the analysis shows that none of the assessed assets are at high risk of being affected by physical climate scenarios. Therefore, no physical climate risks are included in the result of our double materiality assessment.

## E1.IRO-1 Physical climate risks in the supply chain

In 2024/25, Flügger conducted an analysis of physical climate risks with a focus on the upstream part of the supply chain. The analysis covers exposures to both acute and chronic climate events and includes the most important suppliers, selected based on Flügger's purchasing consumption in the previous financial year.

The physical climate risks are assessed based on two scenarios - a high-risk scenario (SSP5-8.5) and a medium-risk scenario (SSP2-4.5) - and analysed in ten-year intervals from the 2020s to the 2090s. For each supplier, the risk is assessed either based on geolocation or country-specific data.

### Results

The analysis showed that only a limited number of suppliers are potentially exposed to specific physical climate risks. The limited number of potentially exposed suppliers also means that it has not contributed to significant IROs in our double materiality assessment. In the coming year, we will assess whether these risks may have unmitigated operational consequences for our security of supply. Based on this, we will adjust our procurement strategy where appropriate. A key part of the approach will be a structured dialogue with the affected suppliers about the identified potential climate-related risks and possible mitigation measures. The group's procurement principles reflect many years of work with these types of risks. Already now, the principles incorporate mitigating actions to ensure a robust and future-proof supply chain.

The low level of physical climate risks in our supply chain reflects Flügger's ESG due diligence work. Flügger takes a risk-based approach, assessing the ESG profile of suppliers based on both geography and industry characteristics. This approach has contributed to us having a supplier base with low overall ESG risk, which is also reflected in the results of the analysis. ESG risk mapping is an integral part of both supplier qualification and ongoing supplier management. This makes ESG due diligence a key tool in ensuring responsibility and resilience in our supply chain.

## E1.IRO-1 Transition risks

In 2024/25, Flügger has conducted an assessment of the transition risks and opportunities associated with the transition to a low-carbon economy. These risks and opportunities arise as a result of the market, technological and regulatory changes brought about by the green transition. The purpose of the analysis is to identify factors that may impact Flügger's business model and competitiveness.

The analysis is based on an approach that combines internal assessments with external scenarios and professional input, and forms the basis for Flügger's strategic priorities in a changing regulatory and market context. Three scenarios from the International Energy Agency (IEA) were used for the assessment: the Stated Policies Scenario (STEPS), which forms the benchmark for the analysis, the Announced Pledges Scenario (APS), and the Net Zero Emissions by 2050 Scenario (NZE), where most of the identified risks are estimated to occur. These scenarios provide a decision-making basis for understanding how future political and market developments may affect Flügger's value chain and operations.

### Results

The transition to a low-carbon economy creates new framework conditions for companies in the construction sector, including manufacturers of building materials such as paint. For Flügger, this means that we must navigate a landscape with increasing demands for reduced climate and environmental impact, both from authorities, customers and business partners. If our value chain is unable to adapt to these demands, or if we cannot provide the necessary documentation for the sustainability efforts of our products, it can pose a business risk. Similarly, lack of action or transparency can negatively impact Flügger's reputation in a market with heightened expectations for responsibility.

These risks are particularly relevant in core activities such as the development and marketing of new products, where, for example, future chemical legislation, product standards or documentation requirements for ecolabelled products can affect our product portfolio and time-to-market. In addition, increased

CO<sub>2</sub>e taxes and requirements for energy and resource consumption can lead to higher operating costs, both in our own production and among our suppliers.

This is also reflected in how Flügger in recent years has purposefully strengthened the efforts of the group's Research & Development and Regulatory Affairs Department with a focus on promoting ecolabelled products and ensuring that Flügger is at the forefront of both current and future legislative and regulatory requirements.

At the same time, the transition entails significant strategic opportunities for Flügger. We see a growing market for sustainable and low-carbon products, including eco-labelled paints, data and documentation. These opportunities are expected to be particularly significant in scenarios where the transition to a low-carbon economy is rapid and where the demand for sustainable products and documentation increases significantly.

The transition will also drive changes in material use, technologies and customer demands, which can open up new market opportunities for Flügger - especially if we manage to maintain and strengthen our position as a supplier of innovative and sustainable products in professional and private construction.

A summary of the specific transition risks and possible mitigating actions can be found in the table on the next page. These risks and opportunities have been an integral part of Flügger's strategic considerations and mitigating actions for several years and will continue to be so to ensure resilience to future climate and transition risks.

E1.IRO-1 Climate-related transition risks	Climate scenarios			Strategic mitigating actions (resilience)
	IEA NZE (1.5°C)	IEA APS (1.7°C)	IEA STEPS (2.4°C)	
Technology				
<b>High transition costs</b> Increased investment costs (CAPEX) due to rapid implementation of low-carbon technologies and risk of outdated production setup if the transition happens faster than expected	High	Medium	Low	<ul style="list-style-type: none"><li>- Gradual optimisation of production in line with long-term reduction targets for scope 1 and 2</li><li>- Focus on continuous efficiency improvements before making decisions on major investments in new technology</li></ul>
Regulatory				
<b>Increased regulatory costs</b> Higher raw material prices due to CO <sub>2</sub> e taxes and emissions trading systems as well as increased transport costs due to taxation	High	Medium	Low	<ul style="list-style-type: none"><li>- Collaborate with suppliers on solutions with a lower carbon footprint, such as bio-based or chemically recycled raw materials</li><li>- Optimising logistics and transport modes with lower emissions</li><li>- Develop in- or near-sourcing strategies to reduce logistical emissions, especially for goods for resale</li></ul>
Market				
<b>Challenges in sustainable materials and demand</b> Increased costs and lower availability of sustainable raw materials and uncertain consumer behaviour that can lead to failed product launches	High	Medium	Low	<ul style="list-style-type: none"><li>- Developing more sustainable products</li><li>- Realising market potential for products with improved environmental and health profile (see financial opportunity in S4)</li><li>- Proactively monitor consumer preferences for sustainable solutions</li><li>- Making product documentation and data available to customers (see financial opportunity in S4)</li></ul>
Reputation				
<b>Customer and societal perception of the brand</b> Risk of criticism for lack of progress in sustainability efforts, as well as accusations of greenwashing if there are discrepancies between promises and actual practice	High	Medium	Low	<ul style="list-style-type: none"><li>- Building interdisciplinary knowledge in the organisation about upcoming regulatory requirements and legislation through different forums</li><li>- Transparency and accountability through third-party verified data (e.g. EPDs)</li></ul>

# Double materiality assessment matrix

Flügger's double materiality assessment is presented here in a matrix with the topics that have been assessed as material. The matrix shows the ESRS topics and associated subtopics that Flügger has assessed as material in connection with the double materiality assessment. The result shows 6 ESRS topics with 9 ESRS subtopics. In addition, the ESRS topics that have been assessed as not significant are also shown. These topics are E3,

E4, S2 and S3, which according to our described process did not exceed the materiality thresholds.

## Changes since last year

Comparing this year's double materiality assessment with last year's, it can be seen that the entity-specific topic

'Environmental and health profile of products' is no longer included as a separate topic. Instead, it has been replaced by two ESRS subtopics: E5 - Resource use and circular economy and S4 - Consumers and end users. The significant impacts, risks and opportunities previously grouped under the entity specific topic have now been distributed across these two ESRS standards to address them in line with the structured approach of the CSRD.



## The strategic importance of the assessment

The results of Flügger's double materiality assessment are integrated into our overall business strategy Flügger Organic and directly reflected in the group's sustainability strategy under Flügger Organic. As described in the sustainability strategy section, topics such as climate change, energy, resource use and end-user health considerations are integrated into the objectives. The strategy rests on a solid foundation of employee diversity, safety, strategic partnerships and responsible business behaviour.

The group's assessment of material topics will be revisited annually to ensure that the assessment continues to reflect current conditions and remains relevant. At least every three years, a full and systematic analysis will be conducted to ensure an in-depth update. This practice allows Flügger's strategic focus areas to be continuously adapted in line with changes in external requirements, business activities and impacts on people and the environment.

Further insight into Flügger's approach to the key impacts, risks and opportunities can be found in the following sections under 'Environmental information', 'Social information' and 'Management information' respectively.

The following pages present an overview of the impacts, risks and opportunities that the group has assessed as material. In the overview, they are organised by ESRS topics and subtopics with associated impacts, risks and opportunities.









## E1 Climate change

Sub-topic	Impacts, risks and opportunities	Actual/Potential	Value chain	Time horizon
<b>Climate change adaptation and mitigation</b>				
⊖	<b>1 Greenhouse gas emissions from own operations</b> Flügger's production and operations emit greenhouse gases that negatively impact the environment. Greenhouse gases are the main cause of the climate change that we as humans are experiencing.	Actual	Own operation	Short
⊖	<b>2 CO<sub>2</sub>e emissions from raw materials, services and logistics</b> The production of the raw materials the group uses for the production of Wetgoods is extensive and often CO <sub>2</sub> e intensive. Many of the raw materials purchased by Flügger come from the extraction and processing of minerals and from the chemical industry, both of which emit large amounts of CO <sub>2</sub> e. In addition, the logistics we use also contributes to significant CO <sub>2</sub> e emissions, as the density and weight of the products is high.	Actual	Upstream	Short
<b>Energy</b>				
⊖	<b>3 Energy-intensive production of raw materials for Wetgoods</b> Flügger's purchased raw materials require processing before Flügger receives them in production. This processing process can be both chemical processes, but also heating processes. What these processes have in common is that they require a lot of energy.	Actual	Upstream	Short

- ⊖ Negative impact
- ⊕ Positive impact
- ↑ Financial opportunity
- ↓ Financial risk





## E2 Pollution

Sub-topic	Impacts, risks and opportunities	Actual/Potential	Value chain	Time horizon
<b>Air pollution</b>				
	<p><b>4 Air pollution in Flügger's upstream value chain</b></p> <p>During the extraction of raw materials and resource conversion in the chemical industry, there is a risk of air pollution. Industries such as mining and the chemical industry, from which a significant portion of our raw materials originate, are energy-intensive and dependent on fossil fuels as input for production and can therefore be associated with air pollution.</p>	Potential	Upstream	Short
	<p><b>5 Air pollution during transport</b></p> <p>The transport sector, including trucks and other heavy vehicles that use fossil fuels such as petrol or diesel, emit harmful substances. These contribute to air pollution and can have negative environmental and health impacts.</p>	Potential	Upstream	Short




-  Negative impact
-  Positive impact
-  Financial opportunity
-  Financial risk





## E5 Resource use and circular economy

Sub-topic	Impacts, risks and opportunities	Actual/Potential	Value chain	Time horizon
<b>Resource consumption</b>				
	<b>6 Less resource consumption for packaging</b> Packaging for Wetgoods in particular places high demands on the functionality of the plastic used. Therefore, it has historically been natural to use virgin plastic, which is resource-intensive to produce. By using recycled plastic, resource consumption is significantly reduced, which has a positive impact on the environment.	Actual	Upstream	Short
	<b>7 Increased requirements for recycled materials in packaging</b> Environmental labelling schemes set requirements for the proportion of recycled materials in packaging. There is a risk that Flügger may lose ecolabelling on the products if regulatory requirements are not met.	-	Downstream	

-  Negative impact
-  Positive impact
-  Financial opportunity
-  Financial risk

## S1 Own workforce

Sub-topic	Impacts, risks and opportunities	Actual/Potential	Value chain	Time horizon
<b>Health and safety</b>				
	<b>8 Accidents in production and retail</b> Around 43% of Flügger employees work in our stores. There is a risk of work-related accidents in connection with the handling of heavy equipment, heavy lifting, forklift driving, machine handling, etc. A work-related accident can have major consequences for the individual and Flügger.	Actual	Own operation	Short
	<b>9 Inadequate reporting of workplace accidents</b> The recording of workplace accidents and near misses is important in order to implement processes and measures that best prevent workplace accidents. Failure to report accidents and near misses can result in systems and processes not reflecting the true risks and the necessary corrective actions not being taken.	Potential	Own operation	Short
<b>Diversity</b>				
	<b>10 Diversity in the workplace</b> A lack of diversity can have a negative impact on organisational productivity and innovation, as similar perspectives can limit problem solving and idea development. This can lead to less effective utilisation of employees' skills. Organisations with many employees also have a responsibility not to reinforce inequalities and should actively work to promote diversity as part of their societal role.	Actual	Own operation	Short

-  Negative impact
-  Positive impact
-  Financial opportunity
-  Financial risk




## S4 Consumers and end-users





Sub-topic	Impacts, risks and opportunities	Actual/Potential	Value chain	Time horizon
<b>Consumers and end users</b>				
⊖	<b>11 The impact of wetgoods on painters' health</b> After application, paints, fillers and other wetgoods can degass vapours that can potentially trigger allergic reactions in the painter.	Potential	Downstream	Short
⬆	<b>12 Products with improved environmental and health profile</b> Products with improved environmental and health profiles represent an opportunity for Flügger by appealing to environmentally conscious painters and consumers, differentiating the company from competitors and driving innovation and long-term revenue through improved product quality.		Downstream	
⬇	<b>13 Increasing demands for building documentation and product data</b> In the construction industry, documentation requirements for sustainable building certifications, such as DGNB and BREEAM, a selection of sustainable building certifications, are increasing. These certifications have established themselves as the benchmark for sustainability in the construction industry and require extensive documentation.		Downstream	
⬆	<b>14 Sustainability data and documentation</b> As competitive indicators in the construction industry, the importance of sustainability data and documentation is growing, creating opportunities for product differentiation - not only by offering sustainable products but also data availability.		Downstream	

- ⊖ Negative impact
- ⬆ Positive impact
- ⬆ Financial opportunity
- ⬇ Financial risk

G1

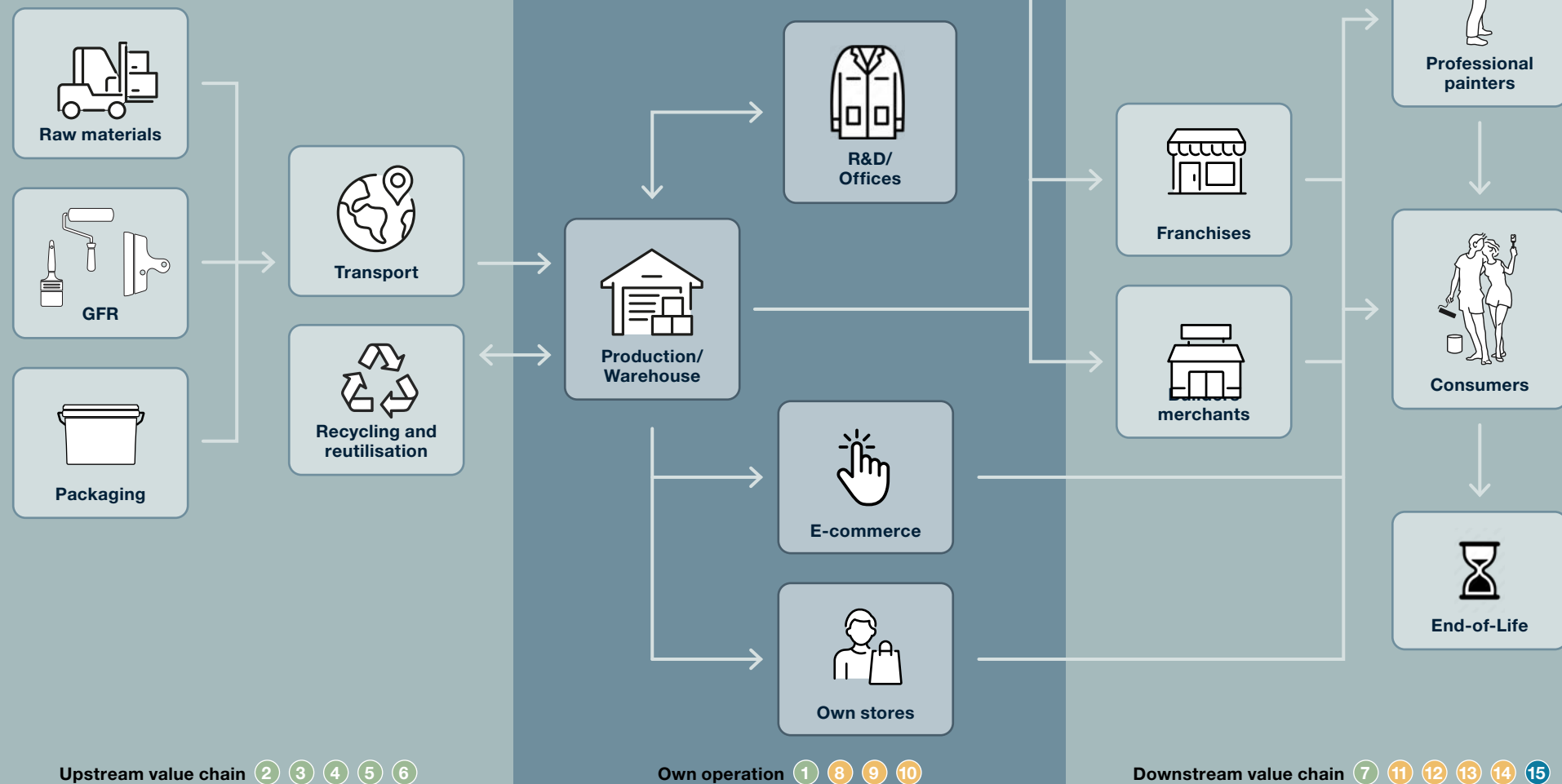
Business conduct

Sub-topic	Impacts, risks and opportunities	Actual/Potential	Value chain	Impact timeframe
Business conduct				
	<div><div>15</div><div>Unethical business conduct</div></div> <p>Flügger is an international company with activities in many countries. There is therefore a risk of breaches of good business behaviour. Such breaches can damage the company's reputation and lead to legal consequences and negatively affect employee productivity and engagement.</p>	Actual	Downstream	Short

-  Negative impact
-  Positive impact
-  Financial opportunity
-  Financial risk

# Value chain mapping

The figure shows a visual presentation of where impacts, risks and opportunities that Flügger has identified as material in the double materiality assessment are included in Flügger's either up- or downstream value chain or own operations.



# Environmental information

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## E1 Climate change

### Material IROs

Flügger has identified actual negative climate impacts from both our own operations and the value chain. Our production emits greenhouse gases as a result of energy consumption at our factories and locations, which contributes directly to climate change (scope 1 and 2). At the same time, emissions from upstream raw material manufacturing for Wetgoods account for a significant share of our total carbon footprint (scope 3), as many of the processes in the chemical industry and raw material processing are energy and emission intensive.

To address these impacts, we have adopted a group-wide Climate and Environmental Policy, set reduction targets for Scope 1, 2 and 3 and launched relevant initiatives across the value chain. Our approach is embedded in Flügger's management structure and is an integral part of our sustainability efforts.

### E1-2 Policies

Flügger has adopted a group-wide Climate and Environmental Policy to strengthen and formalise the strategic work with climate-related impacts, risks and opportunities. The policy sets an overall framework for how Flügger integrates environmental and climate considerations into decision-making processes and operations, and it supports the group's long-term ambition of net zero by 2050, as well as the group's short-term reduction targets. The policy applies to all companies, locations and employees in the group.

The climate and environmental policy addresses both the impact that Flügger's activities and value chain have on the climate and the positive impact we can achieve through the development of products with lower environmental impact, longer lifetime and better health for the painter and end user. It covers key focus areas such as climate mitigation, emission efficiency, product development, circular resource utilisation and environmental management.

The core principles of the policy include:

- Setting greenhouse gas emission reduction targets
- Integrating climate and environmental considerations throughout the value chain
- Improving energy efficiency and resource use
- Stakeholder engagement and supplier collaboration
- Transparent and regular reporting of results and progress

The policy also obliges Flügger to continuously identify and manage climate-related risks and opportunities based on the group's double materiality assessment - which also included a climate scenario analysis for Flügger - and to ensure that climate and environmental requirements are embedded in the organisation's management and policies - including via ISO 14001 and strategic supplier management.

The policy is updated annually and is publicly available on [fluegger.com](https://www.fluegger.com).

### E1-3 Actions and resources

#### Full carbon inventory

In the financial year 2024/25, Flügger has had a special focus on establishing a full and consolidated carbon inventory for the entire group as one of the most important activities in our climate change efforts. This marks a milestone in a multi-year endeavour in which we have gradually expanded our carbon accounting over the past three years - first with a focus on scope 1 and 2, and now with a complete inventory that also includes all significant scope 3 categories.

The expansion of the data aims to provide a comprehensive overview of Flügger's carbon footprint and identify the largest sources of emissions throughout the value chain. This has formed the basis for targeted reduction plans and initiatives.

The initiative is strategically anchored in our business strategy and operationally anchored in Flügger's sustainability strategy steering committee, where progress and results are discussed and used in further strategic work.

#### Actions in the value chain - dialogue and data as a basis for reductions

At Flügger, we are gradually intensifying our focus on collaboration and dialogue with suppliers to reduce the climate footprint in the value chain - especially from purchased raw materials and packaging, which account for a significant share of our total CO<sub>2</sub>e emissions. We recognise that future reductions must increasingly be realised through close supplier collaboration. Therefore, we are actively working to strengthen our engagement and set clear expectations for climate data and low-carbon solutions.

As part of our long-term ESG due diligence, we have for several years conducted risk mapping based on country of origin. This has given us a valuable overview of geographies with a higher likelihood of significant emissions and other ESG challenges - and a strong starting point for prioritising collaboration and substitution opportunities in the supply chain.

Going forward, we want to combine this risk data with climate data at product level - for example through Environmental Product Declarations (EPDs) - to strengthen the decision-making basis and choose materials with a proven lower carbon footprint, without compromising on product quality. These efforts are central to realising Flügger's ambition to reduce emissions throughout the value chain and actively contribute to the green transition in the construction and painting industry.

### E1-1 & E1-4 Transition plans & targets

This year, for the first time, Flügger presents a carbon inventory that covers all three scopes: Scope 1, 2 and 3. This marks an important step in the group's climate efforts and provides a comprehensive overview of Flügger's direct and indirect emissions. In parallel, the group has been working on setting reduction targets for the entire value chain - targets that have been approved by Flügger's top management and now form the framework for the group's future climate efforts. The transition plan is integrated as a strategic element of Flügger's strategy. Progress is reported quarterly to the Sustainability Strategy Steering Committee and annually to the Board of Directors.

Although Flügger's overall ambition is to achieve a CO<sub>2</sub>e-neutral value chain by 2050, the two sub-targets for Scope 1 and 2 and Scope 3 are important milestones on the way there. They provide direction for the group's efforts over the next decade and ensure that targeted and continuous efforts are made to reduce emissions in both our own operations and in the value chain as a whole.

Both of the group's reduction targets are set with a baseline in the financial year 2024/25, which this annual report covers. Flügger's greenhouse gas emission reduction targets have been developed based on the guidance of the Science Based Targets initiative (SBTi) and no sector-specific decarbonisation pathway has been applied. The reduction targets have not been externally validated. The transition plans and reduction targets are inspired by the Paris Agreement.

In setting Flügger's climate targets, a number of forward-looking assumptions have been factored in - including that technological developments will support further reductions in both our own operations and the value chain. We expect that an increasing share of renewable energy in electricity and heat grids will lead to lower emissions in both own operations and the value chain over time. At the same time, innovation in the supply chain - including the development of raw materials and materials with lower climate impact and process optimisation to save energy - will play an important role in reducing our scope 3 emissions.

It also takes into account the regulations that are increasingly affecting the construction industry, including stricter requirements for climate footprint documentation and the use of low-emission materials. We expect these requirements to become increasingly important for our customers, especially in connection with sustainability-certified new construction and renovation projects. This development holds both risks and opportunities for Flügger, as it places greater demands on the environmental profile of our products - but at the same time opens up opportunities to differentiate Flügger's products with documented solutions that support the industry's green transition.

Flügger has factored in expected growth over the 5-year period when setting the CO<sub>2</sub>e reduction targets. This ensures that the targets also take into account potentially increasing emissions as a result of increased activity and business development. There is no direct financing plan linked to the transition plans. The ambition is to develop this in the next financial year.

### Scope 1 and 2 target

The size of Flügger's climate targets in scope 1 and 2 is influenced by the choice of baseline year. In the previous strategy period, Flügger focused on reducing energy consumption in our factories and associated office and warehouse facilities, resulting in CO<sub>2</sub>e reductions even before the new targets were set.

As Flügger's new targets for scope 1 and 2 are based on a relatively late baseline year, the targets therefore reflect a reduction already achieved and mean that the relative reduction target

towards 2030/31 appears lower than it would have been with an earlier baseline year. However, this does not mean that the ambition level is lower - but that part of the reduction has already been realised as a result of efficiency improvements in the latest strategy period. Flügger has chosen to set an overall reduction target for scope 1 and 2 and not a specific target for each of the two scopes. This should be seen in light of the fact that this is the first time the group reports a full carbon inventory, and it has therefore not been chosen to set targets separately. The target for scope 1 and 2 includes all the reported categories. The baseline year is set this financial year and amounts to a value of 6,799 tCO<sub>2</sub>e. The absolute reduction target in 2030/31 is to reduce 1,020 tCO<sub>2</sub>e, which is 15% in relative terms.

### Scope 3 target

The scope 3 reduction target covers all the reported categories. The main focus is on category 1 Purchased goods and services, as this is where the group's largest footprint occurs. The baseline year is set this financial year and amounts to a value of 112,993 tCO<sub>2</sub>e. The absolute reduction target in 2030/31 is to reduce 11,299 tCO<sub>2</sub>e, which is 10% in relative terms.

Flügger's scope 3 reduction targets are based on the ambition to develop products that create value for the customers. The group prioritises high usability and functionality in our paints, as this contributes to efficient use and long durability. This also means that Flügger in many cases uses raw materials with a higher CO<sub>2</sub>e footprint than simpler alternatives. Flügger's target therefore reflects a balanced approach, where the carbon footprint is reduced without compromising on quality and the overall user experience. As this target particularly reflects Flügger's prioritisation of product quality, certain greenhouse gas emissions may be closely linked to our business model and functionality and performance requirements in terms of locked in emissions. This is a link that Flügger will analyse further in the coming year.

## Transition plan for own operations (scope 1 and 2)

To achieve our goal of reducing Scope 1 and 2 emissions by 15% by the financial year 2030/31, Flügger is working to improve energy efficiency and optimise its own operations.

Already in our previous strategy period we focused on reducing energy consumption per produced litre of Wetgoods, and with 2015/16 as baseline Flügger achieved a total reduction of 48%\* in 2023/24. In the Going Green strategy, the metric covered scope 1 and 2 emissions related to energy consumption from the operation of Flügger's factories and associated office, warehouse and retail units in Kolding (DK), Bollebygd (SE), Bodafors (SE) and Gdansk (PL). These reductions were achieved through electrification, switching energy sources and energy optimisation.

This strategy period builds on the existing work and extends it to the entire group's scope 1 and 2 emissions. We have identified specific focus areas that will contribute to the planned reduction. The focus is on energy optimisation in our production and store network, electrification of our vehicle fleet and initiatives to be decided. The initiatives are defined in close collaboration across the organisation and prioritised based on their CO<sub>2</sub>e reduction potential and cost-effectiveness. In the following sections, the headings of the reduction initiatives show which scope the initiative relates to.

### Energy efficiency in factories (scope 1 and 2)

A large part of our energy consumption - and thus Scope 1 and 2 emissions - comes from the operation of our production facilities in Kolding (DK), Bollebygd (SE), Bodafors (SE), Bankeryd (SE) and Gdansk (PL), as well as Unicell International, located in Wasilków (PL). We continuously work with process and energy optimisation, including improved heat utilisation, investment in more energy-efficient equipment when upgrading production equipment and strengthened operational control. These efforts are essential for Flügger and represent 25% of the total reduction by 2030/31.

*\*The figures are not covered by the independent auditor's limited assurance statement on the sustainability statement.*

### Energy optimisation in stores (scope 2)

Flügger has identified a significant reduction potential - especially in relation to light management and general electricity consumption in the store network. Flügger will explore the possibilities of introducing solutions that combine efficient energy management with a continued strong customer experience. The initiative represents 27% of the total planned reduction by 2030/31.

The stores are an important part of Flügger's brand and customer experience, so future energy initiatives must balance efficiency with an inviting store environment where light and space support the experience of Flügger customers.

### Electrification of the car fleet (scope 1)

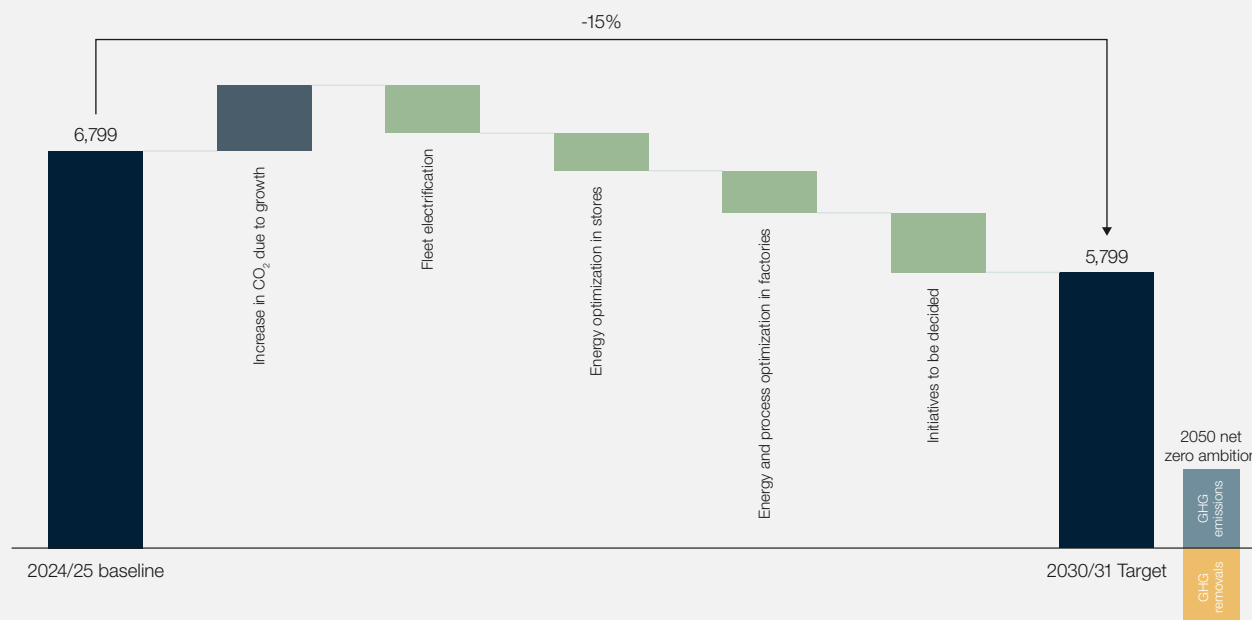
The group has initiated a gradual electrification of company cars to reduce dependence on fossil fuels. Flügger is already working to reduce emissions from transport by promoting the use of electric cars. Our guidelines stipulate that, as a rule, an

electric car should be chosen for new company car agreements if the employee's driving needs make it possible. To support the transition to electric cars, charging stations have been established at Flügger's head quarter in Rødovre and at the factories in Kolding, Bollebygd and Gdansk in recent years. This makes it easier for employees to choose electric cars - both privately and during working hours - and ensures that an increasing proportion of kilometres driven within Flügger are in electric vehicles. This is a development the group will continue to follow, and the initiative is expected to contribute 24.5% of the total reductions by 2030/31.

### Initiatives to be decided (scope 1 and 2)

To ensure that Flügger reaches the reduction targets, further initiatives are also being defined. This may include further investments in energy management, partnerships for technological development and new ways to reduce energy consumption in operations. This also includes the expectation that an increasing share of renewable energy in the grid by 2030/31 will contribute to lower indirect emissions in Scope 2.

## Scope 1+2



## Transition plan for the value chain (scope 3)

To achieve the goal of reducing Scope 3 emissions by 10% by 2030/31, Flügger has identified five key levers. These act as strategic levers where the group is taking action to promote solutions in the value chain that emit less CO<sub>2</sub>e. The initiatives span the entire upstream part of our business and individual downstream parts such as logistics, and address energy, materials and distribution. The initiatives have been identified through cross-organisational collaboration, where professional knowledge of key suppliers and their potential contribution to CO<sub>2</sub>e reduction has been assessed against Flügger's current baseline.

### Energy transition in supplier markets

A large part of Flügger's indirect carbon footprint comes from the energy consumption of raw material producers. When suppliers invest in renewable energy and move away from fossil fuels, emissions are reduced in the part of the value chain that the group relies on. Flügger is actively promoting transparency around energy sources and working with suppliers who document concrete actions for their energy transition. This initiative is expected to contribute 48% of the total planned CO<sub>2</sub>e reduction by 2030/31.

### Circular solutions - including packaging

Virgin materials - whether plastics or raw materials for production - generally have a higher carbon footprint than recycled or bio-based alternatives. By increasing the proportion of recycled or bio-based materials in both products and packaging, Flügger is working to reduce the use of virgin, fossil-based resources. There is a particular focus on increasing the use of recycled plastics in our packaging as well as in our own buckets, tools and accessories, just as Flügger has done since the Going Green strategy. The group is also exploring opportunities to use bio-based raw materials in our production of wetgoods. The use of circular raw materials is also supported by our strategic direction towards products with a lower carbon footprint, among other things as part of stricter regulatory requirements for buildings. In this way, we not only reduce our carbon footprint, but also contribute to a more responsible utilisation of limited resources. This is supported by our procurement principles, which ensure that suppliers are assessed from the perspective of realising sustainable innovation, among other things. Flügger's Research & Development and Regulatory Affairs departments play a key role in this work, as it is in these departments that the group's product innovation is

anchored. Flügger expects this initiative to contribute to 2.6% of the planned reduction by 2030/31.

### Improving efficiency in raw material suppliers' processes

A large proportion of Flügger's CO<sub>2</sub>e footprint from raw materials can be attributed to energy-intensive processes in the processing of the raw materials used in the production of wet products. To address this, Flügger engages in dialogue with key suppliers to reduce energy consumption and process emissions in their manufacturing processes. Examples include optimised heat utilisation, process integration and the use of less energy-intensive raw materials. In addition to Flügger's commitment, the development is also expected to be gradual, as many suppliers are working to reduce their relative energy consumption for cost-saving reasons. These efforts are supported through purchasing requirements and supplier partnerships and are an essential part of our efforts to reduce upstream Scope 3 emissions. The initiative represents 38% of the group's total planned reduction by 2030/31.

### In- or nearsourcing of the varer for resale

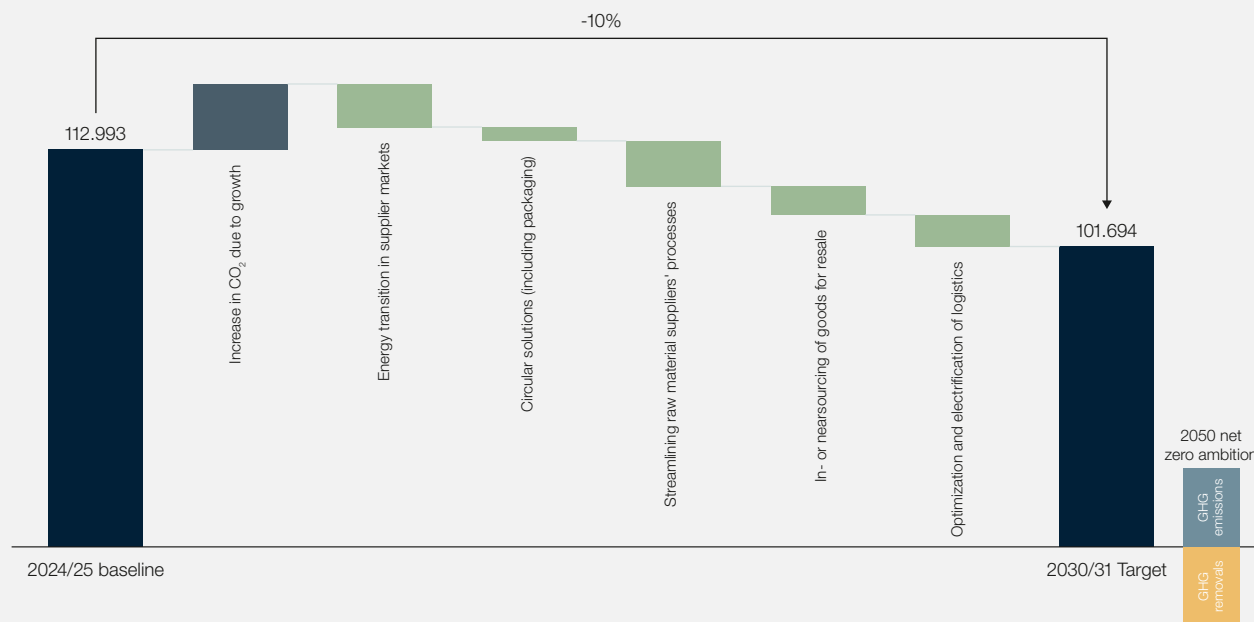
A small proportion of our products for resale are produced outside the EU and Europe. group data shows that products

manufactured in Asia, for example, generally have a higher carbon footprint due to a more fossil-based energy mix compared to Europe, while the long transport distances further increase emissions. By moving the production of goods for resale closer to Flügger's primary markets, emissions from long-distance freight are reduced, while the group utilises suppliers with a better energy mix and supports local value creation. We continuously evaluate the sourcing strategy for our resale products to prioritise local sourcing where possible without compromising on quality and availability. This initiative represents 7.5 per cent of Flügger's total planned reduction by 2030/31.

### Optimisation and electrification of logistics

Transport accounts for a significant part of our Scope 3 footprint, and although it is not the largest, it is an area characterised by rapid technological development and great potential for CO<sub>2</sub>e reduction. Therefore, we have chosen to prioritise our efforts in the transport area, where we are actively working on both route optimisation and the transition to low-emission logistics - including increased use of electric trucks, fossil-free fuels and collaborations with logistics partners that have ambitious climate targets. We expect this effort to gradually contribute to a lower emission intensity per tonne delivered. We expect this initiative to contribute 3.8% of our total reduction by 2030/31.

## Scope 3



## E1-5 Energy consumption

### Metrics

In the financial year, Flügger's total energy consumption was 27,326 MWh. Of this, 58% comes from fossil fuels, while the share from renewable energy sources is 34%. The remaining consumption covers energy from nuclear sources and amounts to 8%.

Electricity and heat from fossil fuels account for 44% of total consumption, representing a significant share. The share of renewable energy is calculated based on market-based environmental declarations, which means that it reflects Flügger's documented purchase of electricity from renewable sources, rather than the actual location-specific energy mix.

### Actions and resources

Energy reduction initiatives have long been a part of Flügger's work. In the past strategy period, the group has reduced energy

consumption from factories and associated office, warehouse and retail facilities in Kolding (DK), Bollebygd (SE) and Bodafors (SE) and Gdansk (PL) by 27.5%\*. Flügger will continue to identify and implement new energy-reducing initiatives to support the group's climate ambitions and ensure more efficient operations. This will be done through the use of a data-based approach, which is expected to provide insights and form the basis for a more targeted prioritisation of initiatives.

Flügger has introduced an electric car requirement in the group's company car policy when possible based on the employee's driving needs. This has increased the share of electric cars in the fleet and it is expected that the trend will continue until the entire company car fleet is electric.

Flügger does not currently use contractual instruments to increase the share of green electricity in the energy consumption used. The group is aware of the potential of this type of solution to support the transition to a fossil-free energy supply. In the coming year, Flügger will investigate the possibilities of

### Definitions used

The accounting policies for this data are based on the accounting policies for Scope 1, 2 and 3, which is why reference is made to the accounting policies in E1-6.

### Energy and fuel consumption

Flügger's total energy and fuel consumption is calculated in megawatt hours (MWh) and broken down into renewable, fossil and nuclear energy sources. The data basis for consumption is based on our statements under Scope 1 and 2.

### Renewable energy sources

Renewable energy in Flügger refers to forms of energy such as wind, solar, hydro, geothermal, biomass and biogas. For the group, renewable energy covers the shares of these forms of energy included in the market-based energy mixes at our locations, as well as the consumed self-produced solar energy at our factory in Wasilów, Unicell International.

### Fossil energy sources

At Flügger, we define fossil energy sources as energy derived from oil, coal and natural gas. This includes our consumption of diesel, petrol, propane and natural gas, as well as the fossil share in the market-based energy mix for electricity and district heating that we use across our locations.

### Nuclear energy sources

Nuclear energy refers to the share of nuclear power included in the market-based energy mix for electricity and heat at the locations where Flügger operates.

### Energy consumption and mix

	Unit	2024/25 Totals
Fuel consumption from coal and coal products	MWh	-
Fuel consumption from crude oil and petroleum products	MWh	3.803
Fuel consumption from natural gas	MWh	-
Fuel consumption from other fossil sources	MWh	47
Consumption of purchased or acquired electricity, heating, steam and cooling from fossil sources	MWh	12.107
<b>Total fossil energy consumption</b>	<b>MWh</b>	<b>15.957</b>
<b>Fossil sources' share of total energy consumption</b>	<b>%</b>	<b>58%</b>
Consumption from nuclear sources	MWh	2.202
<b>Share of consumption from nuclear sources in total energy consumption</b>	<b>%</b>	<b>8%</b>
Fuel consumption for renewable energy sources, including biomass	MWh	192
Consumption of purchased or acquired electricity, heating, steam and cooling from renewable energy sources	MWh	8.975
Consumption of self-produced non-fuel renewable energy	MWh	-
<b>Total renewable energy consumption</b>	<b>MWh</b>	<b>9.167</b>
<b>Share of renewable sources in total energy consumption</b>	<b>%</b>	<b>34%</b>
<b>Total energy consumption</b>	<b>MWh</b>	<b>27.326</b>

\*The figures are not covered by the independent auditor's limited assurance statement on the sustainability statements.



## E1-6 Greenhouse gas emissions

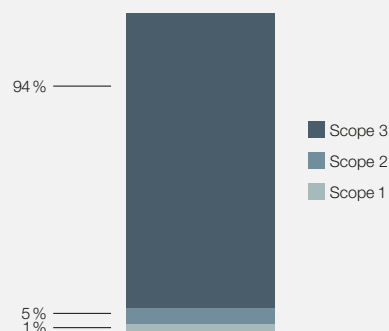
### Metrics

2024/25 marks the first time Flügger presents a complete carbon inventory covering emissions in both Scope 1, 2 and 3. The preparation of the climate report has been a strategic goal for the year and is now a key tool in the work of identifying reduction potentials and prioritising targeted efforts across the value chain.

The distribution of emissions shows that Scope 3 - indirect emissions from activities in the value chain - accounts for the largest share of the total climate footprint with 94%, followed by Scope 2 (indirect emissions from electricity and heat purchases) with 5% and Scope 1 (direct emissions from own operations) with 1%.

The percentage of emissions calculated based on activity-based data is 81%.

**Distribution of scope 1, 2 & 3 emissions**



### Own operations (scope 1 and 2)

In the financial year 2024/25, Flügger's direct CO<sub>2</sub>e emissions under Scope 1 totalled 980 tonnes CO<sub>2</sub>e, corresponding to 1% of the group's total emissions.

The indirect, Scope 2 emissions - covering electricity and heat consumption across our factories, offices, stores and warehouses - amounted to 5,819 tonnes CO<sub>2</sub>e (market-based), corresponding to 5% of total emissions.

The vast majority of Scope 2 emissions come from energy consumption at our production facilities, with the factory in Gdansk, Poland, contributing significantly. Although the factory in Kolding actually has the highest energy consumption measured in kWh, the Polish electricity grid results in significantly higher emissions per kWh consumed. This is because the Polish energy mix is largely based on fossil fuels such as coal and gas, unlike the Nordic countries where the share of renewable energy is significantly higher.

This difference in emissions intensity between geographical markets emphasises the importance of both energy efficient operations and geographical energy source selection in our work to reduce Scope 2 emissions. The emission intensity for scope 1 and 2 (market-based) for the financial year 2024/25 was 0.003 tCO<sub>2</sub>e/mDKK.

### The up- and downstream value chain (scope 3)

In the financial year 2024/25, Flügger's total Scope 3 emissions amounted to 112,993 tonnes CO<sub>2</sub>e. Of this, 93% of the emissions came from the Purchased goods and services category, which is the primary source of indirect emissions in our value chain.

In the Purchased goods and services category, the raw materials for the production of Flügger's own produced wetgoods represent the single largest source of CO<sub>2</sub>e emissions: 69% of scope 3 and 65% of Flügger's total CO<sub>2</sub>e emissions. This is mainly due to the use of titanium dioxide - a white pigment with high emission intensity - and the binders we use to ensure the technical quality of the paint. Titanium dioxide is primarily used

to achieve high coverage and good durability, which is essential to ensure a professional and long-lasting result for the end user.

Flügger knows that some of the raw materials we use have a significant climate impact. At the same time, we prioritise producing high-quality paint that meets our customers' expectations. We believe that a paint with long durability and good coverage should be applied fewer times, which reduces the total amount of paint that needs to be purchased and used over time. In addition, quality paint helps to protect and preserve the surfaces it is applied to - extending the life of buildings and materials. That's why Flügger continuously work to find raw material optimisations and alternatives that can reduce the carbon footprint - without compromising on functionality or customer satisfaction.

The second highest emitter in the Purchased goods and services category is our goods for resale. In the goods for resale category, some of the most emitting products are the paint Flügger sell but do not produce ourselves. In addition, a significant part of the emissions come from the purchase of tools and accessories, especially the small part of the tools that are produced in the Far East. Here the climate impact is higher, partly due to the production methods and partly due to the energy mix in the region, where a large part of the electricity still comes from coal and oil-based sources.

This geographical difference in emission intensity makes it relevant for Flügger to include country of origin and energy conditions as part of the assessment basis when we prioritise suppliers and assortment in goods for resale in the future.

In 2024/25, emissions from downstream transport and distribution under scope 3 amounted to 3,843 tonnes CO<sub>2</sub>e, corresponding to 3.5% of Flügger's total Scope 3 emissions. The emissions cover transport between factories and warehouses as well as further distribution to stores and end customers.

The majority of the emissions stem from the collaboration with four large logistics suppliers who handle transport in the markets where Flügger has its largest operations - including Denmark, Sweden, Norway and Poland.

**Greenhouse gas emissions (E1-6)**

Greenhouse gas emissions	Unit	Emission 2024/25	Target 2030/31
Scope 1	Ton CO <sub>2</sub> e	980	-
Share of scope 1 from regulated emissions trading schemes	%	0	-
Scope 2 (location-based)	tonnes CO <sub>2</sub> e	3.028	-
Scope 2 (market-based)	tonnes CO <sub>2</sub> e	5.819	-
Scope 1 and 2 (market-based)	tonnes CO <sub>2</sub> e	6.799	5.779
Scope 3	tonnes CO <sub>2</sub> e	112.993	101.694
3.1 Purchased goods and services	tonnes CO <sub>2</sub> e	104.278	-
Raw materials	tonnes CO <sub>2</sub> e	77.771	-
3.3 Fuel and energy related activities (not covered by scope 1 or 2)	tonnes CO <sub>2</sub> e	1.300	-
3.4 Upstream transport and distribution	tonnes CO <sub>2</sub> e	2.375	-
3.9 Downstream transport and distribution	tonnes CO <sub>2</sub> e	3.843	-
Greenhouse gas emissions scope 1-3 (location-based)	tonnes CO <sub>2</sub> e	117.001	-
Greenhouse gas emissions scope 1-3 (market-based)	tonnes CO <sub>2</sub> e	119.792	-

**Biogenic emissions (E1-6)**

Biogenic emissions	Unit	Emission 2024/25
Biogenic emissions (scope 1)	tonnes CO <sub>2</sub> e	61
Biogenic emissions (scope 2)	tonnes CO <sub>2</sub> e	319
Biogenic emissions (scope 3)	tonnes CO <sub>2</sub> e	2.271

**Emission and energy intensity**

	Device	2024/25
Turnover	mDKK	2.271.639
Emission intensity (market-based scope 1-3)	Ton/mDKK	0,053
Emission intensity (location-based scope 1-3)	Ton/mDKK	0,052
Scope 1 and 2 intensity market-based	Ton/mDKK	0,003
Scope 1 and 2 intensity location-based	Ton/mDKK	0,002
Scope 3 intensity	Ton/mDKK	0,050
Energy intensity (scope 1-2)	MWh/mDKK	0,012
Intensity in sectors with high climate impact	MWh/mDKK	0,012

## Accounting policies

Flügger's carbon inventory are prepared in accordance with the requirements of ESRS E1-6 under the Corporate Sustainability Reporting Directive (CSRD) and follow the principles and methodology of the Greenhouse Gas Protocol. Our carbon inventory is divided into scope 1, 2 and 3, which cover Flügger's direct and indirect greenhouse gas emissions across the value chain. This approach ensures consistency, transparency and comparability in the calculation of Flügger's carbon footprint.

In connection with the preparation of the carbon inventory, Flügger has assessed the relevance of the individual scope 3 categories and delimited the statement in accordance with the materiality principle. If a category accounts for less than 1% of total scope 3 emissions, it is omitted from the reporting.

Our data inventory distinguishes between activity-based and spend-based inputs. Activity-based data covers actual quantities such as weight in kilograms, volume in litres, kilometres travelled and supplier specific CO<sub>2</sub>e-emissions, while spend-based data is based on purchase amounts in DKK, EUR, PLN etc. When using spend-based data, all currencies are converted to EUR to ensure consistency in the calculation with the associated emission factors.

Flügger endeavour to use as high a proportion of activity-based data as possible, as this provides the most accurate basis for calculating Flügger's CO<sub>2</sub>e emissions.

## Scope 1

Scope 1 emissions at Flügger primarily stem from fuel consumption in company cars and the use of propane gas in production. The majority of fuel consumption data is obtained directly from our leasing company, which provides consolidated and validated consumption data. Data on propane gas comes from Flügger's ERP system and is entered into the group's management system. Emission factors from DESNZ (2024) are used to calculate emissions.

## Scope 2

Flügger's scope 2 CO<sub>2</sub>e emissions primarily stem from the group's consumption of electricity and district heating across offices, stores and production facilities. The electricity consumption from our factories in Denmark, Sweden and Poland as well as our offices is collected locally by the responsible QHSE employee. The data is consumption data based on invoices. The data is entered into Flügger's management system and consolidated by group QHSE. The heat consumption of the corresponding locations follows the same calculation method. Country-specific emission factors from AIB (2023) and world averages from DESNZ (2024) are used.

Electricity consumption from our stores is collected for Denmark, Sweden and Norway by an external supplier of consumption data. For stores in Poland and Iceland, data is collected locally from invoiced consumption and consolidated in group QHSE. Emission factors from AIB (2023) and DESNZ (2024) are used.

For heat consumption in stores, the data varies depending on the design of the lease contracts and ownership conditions. In many cases, heating is included in the rent and therefore no separate statement of heat consumption is received. In other cases, the stores pay on account and receive an annual statement of actual consumption, often calculated per calendar year. For a few stores where Flügger owns the buildings itself, the group has direct access to the actual heat consumption. As Flügger only receives consumption data from some of the stores, and this data typically covers the calendar year, this available consumption is used to calculate an average heat consumption per square metre. This average is used as an estimate of the total heat consumption across all stores. Emission factors from DESNZ (2024) are used.

## Scope 3

The scope 3 categories that are material to the group and therefore reported are described in the following sections.

### 1. Purchased goods and services

#### *Raw materials for wetgoods production*

To calculate CO<sub>2</sub>e emissions from raw materials used in the production of self-produced Wetgoods, Flügger uses calculated emission factors. To calculate emissions from purchased raw materials for Wetgoods, Flügger uses annually updated emission factors (kg CO<sub>2</sub>e/kg), which are modelled based on the latest version of the ecoinvent database and the OneClick LCA tool. The calculation is based on the chemical composition of the raw material and is done either with supplier-specific EPDs, generic LCI datasets or CEPE guidelines, depending on availability. Emission factors are combined with actual purchase volumes in kg. For this financial year, the emission factors are modelled based on data from Ecoinvent 3.10.1.

### 2. Fixed assets

This category includes the transactions entered into the fixed asset account in our balance sheet during the year. In the calculations, the activities are calculated on both volumes in kg and costs in EUR. Emission factors from Ecoinvent 2.10 and Exiobase (3.8.2) have been used.

### 3. Fuel and energy related activities

This category includes upstream emissions associated with the production and transport of the fuel and electricity consumed in Scope 1 and 2. Flügger calculates emissions based on the amount of fuel and electricity purchased. Emissions are calculated in addition to Scope 1 and 2 consumption using emission factors from DESNZ (2024) and IEA (2024). For electricity consumption, emission factors for transmission and distribution losses and upstream production of electricity are used.

#### 4. Upstream transport and distribution

Emissions from upstream transport and distribution include transport of goods from suppliers to our own locations. Emissions are calculated on transport distances and weight. Flügger uses the supplier's stated country of origin for the production site to estimate the transport distance between the country of origin and the receiving location. Emission factors from Exiobase are used (3.8.2)

#### 9. Downstream transport and distribution

Emissions from downstream transport and distribution include transport of goods from our factories to warehouses, shops and customers. Emissions supplier specific, calculated per driven kilometre by our logistics suppliers.

#### Emissions and energy intensity

At Flügger, emission intensity is defined as tonnes of CO<sub>2</sub>e per million DKK in revenue. DKK million in revenue, while energy intensity is calculated as MWh per DKK million in revenue. DKK million in revenue. Revenue figures used for the calculation come from the consolidated income statement in the annual report.

#### Biogenic emissions

Biogenic CO<sub>2</sub>e emissions are calculated separately from fossil emissions and reported as a separate data point.

In scope 1 and 2, biogenic emissions are calculated as part of the location-based methodology and are calculated based on fuel consumption and emission factors provided in national or international emission databases.

The biogenic emissions for all raw materials purchased for self-produced Wetgoods (scope 3.1) cover upstream emissions. The emissions are based on the weight of the raw materials and emission factors from Ecoinvent 3.10.1 The biogenic Scope 3 emissions are reported separately from other Scope 3 data to ensure transparency in relation to raw material origin and climate impact.

#### Sources of uncertainty

The calculation of Flügger's climate accounts is based on complex data from a number of internal and external sources. This may give rise to some discrepancies in the estimates of CO<sub>2</sub>e emissions. We are continuously working to strengthen the data base through improved structure, consistency and quality in data collection and processing. Below we highlight the main factors that can affect the accuracy of the inventory.

Scope 1: Minor uncertainty in the calculation of propane gas consumption at our factory in Bankeryd. As the calculation is based on a manual count of the number of cylinders of propane gas used multiplied by the amount of gas in one cylinder, there may be an error in the manual count.

Scope 2: Low risk in electricity consumption across the organisation as consumption from factories, warehouses and offices is based on invoiced quantities. Electricity consumption from our stores is automatically generated by a supplier, which is also low risk.

Scope 3: One source of uncertainty in specifying quantities for calculating emissions may be that we use transport weight as input. This weight can in some cases be higher than the actual weight, as packaging is also included in the total weight. This can lead to an overestimation of emissions due to higher weights than actually purchased. Materiality of this uncertainty is considered small.

The CO<sub>2</sub>e emissions calculated based on spend data can lead to uncertainties as the methodology is based on average emission factors per dollar or euro spent. These factors do not take into account the material content or production technology of the specific products. The proportion of Flügger's emissions calculated based on spend-based calculations is therefore subject to greater uncertainties.

## E2 Pollution

### Material IROs

Flügger has identified a potential negative environmental impacts from air pollution in both upstream raw material manufacturing and in the transport chain. Energy-intensive processes in the chemical industry and the use of fossil fuels in heavy transport contribute to emissions that can affect the environment and health.

Our climate and environmental policy provides the framework for action and applies to the entire group. Through sustainability principles, we require suppliers to minimise pollution and we prioritise geographical proximity in procurement and logistics to reduce transport-related emissions.

### E2-1 Policies

The climate and environmental policy provides the framework for Flügger's efforts to minimise air pollution across the value chain, where the most significant environmental impacts have been identified. The policy applies to Flügger group A/S and its subsidiaries.

Flügger's Supplier Sustainability Principles set clear requirements for how the group's suppliers actively work to reduce their environmental impact - including specifically minimising pollution of air, water and soil. Suppliers are expected to have relevant policies and processes in place to prevent and minimise pollution of water, air and soil.

### E2-2 Actions and resources

#### Sourcing from local areas to minimise transport

At Flügger, we prioritise sourcing raw materials and packaging close to our production facilities. This approach not only supports a more robust and secure supply chain, but also helps reduce potential environmental impacts, including air pollution, in the upstream part of the value chain.

The majority of Flügger's purchases are made from suppliers that are subject to strict regulatory requirements from the EU and other authorities. The geographical proximity to suppliers also means that transport distances are reduced, which minimises the environmental impact of transport. 89% of the cost of raw materials and packaging used in Flügger's own production is purchased within the EU, and 96% comes from suppliers in Europe.

The overall low risk profile reflects Flügger's long-standing strategy of sourcing in geographical proximity to optimise security of supply, sustainability and cost efficiency.

#### Optimisation of existing logistics routes and alternative means of transport

At Flügger, as in previous years, we have again this year focused on optimising our logistics and making better use of capacity.

A key initiative has been the implementation of larger trailers in parts of our linehaul network. This has enabled a higher utilisation rate per transport and reduced the number of trips required. By adapting the capacity of the vehicles to the actual freight volumes, we have thus reduced the number of kilometres driven and increased the efficiency of our distribution network.

At the same time, Flügger have continued to work on the electrification of our last-mile deliveries. The establishment of electric deliveries in Oslo has proven to be a successful first step. Flügger are now exploring the possibilities of expanding this solution to more urban areas where the range and infrastructure for electric trucks is sufficient. Although heavy transport of the groups wetgoods remains a technological challenge over longer distances, we are following developments closely and are ready to expand the use of electric solutions as opportunities improve.

Flügger's strategy of sourcing close to our production facilities and customers helps reduce the risk of air pollution in the upstream part of the value chain. Working with suppliers in the EU and Europe - regions with high environmental standards and strict regulation of industrial emissions - limits exposure to polluting activities from energy-intensive sectors like mining and the chemical industry. At the same time, transport distances and thus emissions from logistics are reduced, further potentially reducing the overall air pollution impact associated with sourcing. These approaches both support our ambitions for responsible sourcing and contribute to minimising negative environmental impacts.

### E2-3 Goal

At present, Flügger has not defined quantitative targets for pollution in the value chain. Flügger uses the proportion of purchases from suppliers in the EU and Europe as an indicator of the potential environmental impact, including pollution. This geographical distribution serves as a proxy for the level of risk, as suppliers in these regions are typically subject to strict environmental regulations. The group is continuously working to develop and implement measurement methods and targets to support the efforts to reduce environmental impact in the future.



## E5 Resource use and circular economy

### Material IROs

Flügger has identified both an actual positive environmental impact and a financial risk in relation to packaging. By increasing the share of recycled plastic in our packaging solutions, we reduce the need for virgin resources and support a more circular economy. At the same time, environmental labelling schemes place increasing demands on the use of recycled materials, and non-compliance can result in the risk of losing certifications, affecting sales and the ability to meet customer demands.

Our Climate and Environmental Policy sets the framework for our work on responsible use of resources, while specific targets for recycled plastic are anchored in the Flügger Organic strategy and were also included in our previous strategy. The work is driven through cross-cutting collaboration between Purchasing, Product Development, Product Management and Sustainability and is supported by requirements for suppliers via our purchasing and sustainability principles.

### E5-1 Policies

Flügger's Climate and Environmental Policy sets the framework for the group's work on responsible use of resources, supporting a circular economy and reducing waste from our own operations. The policy is anchored in Flügger's Board of Directors and is approved annually. It covers all countries, locations and employees in Flügger group A/S.

Although Flügger does not have a specific policy for increasing the proportion of recycled material in products and packaging, the group has set targets for the use of recycled plastic in both purchased packaging and own-produced buckets, tools and accessories. These targets are founded in our strategy, Flügger Organic, similar to the group's previous strategy Going Green. Responsibility for the progress of this work is anchored in the Procurement and Product Management Department in collaboration with Flügger's Sustainability Manager. Quarterly status reports are submitted and strategic priorities are decided in Flügger's Sustainability Strategy Steering group, chaired by the group CEO. This steering committee reports annually to the Board of Directors.

Innovation and strategic supplier partnerships are crucial for Flügger to achieve its goals of increased use of recycled materials. This work is integrated into Flügger's purchasing principles, where the suppliers' ability to contribute to the group's goals for innovation and sustainability is included as an element in the qualification process. The principles are anchored in the SVP for Supply Chain & Innovation and are continuously updated to reflect current trends and strategic priorities within sustainability.

In addition, Flügger places direct demands on suppliers through the group's Sustainability Principles for Suppliers. These oblige suppliers to take environmental considerations into account in all relevant parts of their business. The principles act as a supplement to Flügger's Code of Conduct, and violations may result in termination of the collaboration. Like the Procurement Principles, the Supplier Sustainability Principles are anchored at Flügger's SVP for Supply Chain & Innovation.

## E5-2 Actions and resources

### Blue buckets with recycled plastic

Flügger is committed to reducing the group's environmental footprint and promoting a more responsible use of resources, and packaging is a key focus area. This year, Flügger have taken a significant step forward by launching buckets with a minimum of 50% recycled plastic - a solution that both strengthens our circular business model and is fully integrated into our Flügger Organic strategy. The initiative builds on the foundation laid in the Going Green strategy period, where Flügger introduced buckets with at least 30% recycled content. This is essential to maintain the certifications that many of the customers demand and which are a prerequisite for bidding on projects with high sustainability standards and voluntary certification schemes.

In the first year of the project, over 3.3 million buckets have been converted to the new packaging solution, primarily driven by the conversion of the entire indoor assortment. The development has been driven by a strong focus on both functionality and design - based on the needs that professional painters encounter in their everyday work. Among other things, the buckets are equipped with a QR code that provides direct access to product-specific documentation via Flügger Document Manager. This makes it easier to fulfil the documentation requirements in the construction industry and frees up time for professional work.

### Circular loops in Flügger's plastic factory and value chain

At Flügger, we are actively working to increase the use of recycled plastic in our own-produced buckets, tools and accessories. At our plastic moulding factory in Bodafors (SE), we have optimised production so that an increasing proportion

of the products are made from recycled plastic. At the same time, Flügger have organised production so that plastic waste from start-up and process can be recycled directly. Waste that cannot be recycled internally is sent to a partner who processes it and returns it as new granules of recycled plastic. In addition to reducing the use of primary resources, this gives Flügger's customers access to products that contribute to a more circular economy - without compromising on functionality or quality.

### Certification of factories and headquarters

Flügger's factories in Kolding, Gdansk and Bollebygd as well as the head quarter in Rødovre are certified according to the ISO 14001 standard for environmental management. The certification ensures that Flügger's on-site environmental efforts - including waste management and minimisation - are documented, continuously improved and verified by an independent third party. The ISO certification supports waste management through, among other things, clear procedures, employee training and a focus on prevention and recycling. This contributes to reducing the environmental impact and the risk of local pollution.

## E5-3 Targets

### Recycled plastic

Flügger has an overall target that 95% of all packaging by 2030/31 will consist of at least 50% recycled plastic. To achieve this goal, a number of sub-targets in the group's current strategy period is set, which runs until 2026/27:

- **90% of Flügger's purchased buckets** must contain a minimum of 50% recycled plastic
- **75% of Flügger's own-produced buckets and tools** must be made from 100% recycled plastic

These objectives are important steps towards a more circular use of plastics at Flügger and will help reduce our dependence

on virgin resources. At the same time, the initiatives help to future-proof products in relation to external requirements - including, for example, the Nordic Ecolabel's current requirement for a minimum of 30% recycled plastic in packaging. By exceeding this level now, Flügger strengthens the ability to maintain eco-labelling and meet the growing expectations of both customers and the market for resource-efficient packaging. The targets are set in consultation with key stakeholders.

### Other targets

The group does not currently have specific targets for resource input or waste. Flügger will work to strengthen the data basis and improve the reporting of resource consumption and waste in order to set targets for these areas in the future. Although no targets have been set, waste indicators are followed up by management on a monthly basis. On Flügger's QHSE board, the group's waste volumes and other environmental KPIs are monitored monthly. In this way, Flügger ensures that the indicators are monitored continuously, even though no specific targets have been set.

## E5 Entity-specific metrics

### Recycled plastic in buckets

This entity-specific metric is included in the sustainability statements as it is used to leverage the positive impacts and mitigate the financial risk identified in IRO 6 and 7, which can be found on page 58. The metrics are also used quarterly as a management information at Flügger's Sustainability Strategy Steering Committee. The metrics are a reflection of the initiative to convert white buckets to blue buckets with a higher level of recycled plastic content. A project that in 2024/25 has been one of the most comprehensive projects in Flügger.

Purchased plastic buckets for wetgoods make up the largest part of Flügger's plastic consumption. In 2024/25, Flügger used approximately 6 million buckets. Compared to 2023/24, the group has made significant progress in the use of recycled plastic. This year, 56% of Flügger's buckets now have a minimum of 50% recycled plastic, an increase of 24 percentage points compared to last year. In practice, this means that by 2024/25, more than 3 million wetware buckets will contain at least 50% recycled plastic. This means that Flügger is well on the way to realising the Flügger Organic target of 90% by 2026/27.

### Recycled plastic in own-produced buckets, tools and accessories

Flügger have also made significant progress in the own-production of buckets, tools and accessories. In 2024/25, 76% of the products manufactured in Bodafors (SE) - including paint trays, brush handles and other accessories - are made from 100% recycled plastic. Compared to last year's figures, this is an increase of 21 percentage points. This also means that Flügger is now above the 2026/27 target by 1 percentage point. This milestone marks an important step towards the group's long-term goal of increasing the use of circular materials and reducing dependence on virgin plastic.

## E5 Entity-specific metrics

Description	Unit	2023/24*	2024/25	2026/27 target
<b>Recycled plastic in buckets</b>				
Number of buckets	Units	5.661.394	5.998.322	
Number of buckets with minimum 50% recycled plastic	Units	1.671.185	3.237.785	
<b>Percentage of buckets with minimum 50% recycled plastic</b>	%	30	54	90
<b>Recycled plastic in our own buckets, tools and accessories</b>				
Total amount of plastic granules	Sound	119	150	
Amount of recycled plastic granulate	Sound	64,6	114	
<b>Share of recycled plastic in own-produced buckets, tools and accessories</b>	%	55	76	75

*\*The figures are not covered by the independent auditor's limited assurance statement on the sustainability statements.*

## Accounting policies

### Recycled plastic in buckets

The data point is based on the share of purchased buckets with min. 50% recycled plastic out of the total amount of purchased buckets used as packaging for Wetgoods sold in segments 1 and 2, excluding Unicell International. The calculation method is based on a 12-month rolling average.

### Recycled plastic in own-produced buckets, tools and accessories

The data point is based on the total amount of recycled plastic granulate in relation to the total amount of plastic granulate used in production of buckets, tools and accessories at our factory in Bodafors (SE). The indicator is limited to the Bodafors factory as it is the only one of our factories where plastic granulate is used in production. The calculation method is based on a 12-month rolling average.

### E5-4 Resource input metrics

The reported figures cover Flügger's total resource input in terms of weight for both raw materials for own-production and goods for resale in the financial year. The weight distribution of the group's resource input is primarily raw materials for the production of Wetgoods. The total volume amounts to 68,448 tonnes. The primary input consists of raw materials for production of wetgoods. The share of reused or recycled components is 1.6%, corresponding to 1,119 tonnes. This amount comes from two sources: our purchased buckets, which increasingly consist of a minimum of 50% recycled plastic, and the use of 100% recycled plastic granulate in the production of buckets, tools and accessories.

#### Resource input

Description	Unit	2024/25
Total weight of products, technical and biological materials	Tonnes	68,448
Share of biological materials with sustainable origin	%	0
Absolute weight of reused or recycled components	Tonnes	1,119
Share of reused or recycled components	%	1,6%

#### Waste

Description	Unit	2024/25		Total
		Hazardous waste	Non-hazardous waste	
<b>Total amount of waste</b>	Tonnes			<b>3,183</b>
<b>Recycled waste</b>				
Recycling	Tonnes	0,001	0,008	0,009
Recycling and reutilisation	Tonnes	36	591	627
Material utilisation	Tonnes	212	2,311	2,523
<b>Total amount of recycled waste</b>	Tonnes	<b>248</b>	<b>2,902</b>	<b>3,150</b>
<b>Non-recycled waste</b>				
Incineration	Tonnes	-	-	-
Landfill	Tonnes	3	31	33
Other disposal methods	Tonnes	-	-	-
<b>Total amount of non-recycled waste</b>	Tonnes	<b>3</b>	<b>31</b>	<b>33</b>
<b>Share</b>	%	-	-	<b>1,05</b>
<b>Total amount of radioactive waste</b>	Tonnes	-	-	-
<b>Share</b>	%	-	-	-

### E5-5 Resource output metrics

Flügger reports on both hazardous and non-hazardous waste, focusing on waste that is either disposed of or diverted from disposal, including materials sent for reuse and recycling.

During 2024/25, Flügger generated a total of 3,183 tonnes of waste across the group. Of this, 98.9% was recycled, corresponding to 3,150 tonnes, primarily through material utilisation. No incineration, recycling or hazardous waste management through disposal was recorded. No radioactive waste was generated during the period either.

## Accounting policies

### Resource input

Resource inputs include all purchases of goods and raw materials. The purchases included are limited to goods classified under category 3.1 Purchased Goods and Services according to the GHG Protocol. It is assumed that the materials used correspond to those purchased, as all purchases are made for planned production or sales. Materials include raw materials for the production of Wetgoods, goods for resale and packaging.

The absolute weight of reused or recycled components is calculated as the sum of recycled plastic in purchased Wetgoods buckets and recycled plastic granules.

Data for Unicell International and Eskaro Ukraine AB is extrapolated based on their share of total group revenue.

### Waste

Flügger records waste data for all stores, factories and offices in Denmark, Norway and Sweden. The inventory is done in collaboration with our waste supplier, who handles and treats the waste either at our own facilities or through authorised partners.

Incoming waste streams are sorted and processed to increase the recyclability and value of the materials. This processing generates outgoing waste streams, which are linked to the incoming streams via an internal mapping of the waste supplier's processes. Each outgoing stream is assigned an RD (Recovery/Disposal) code, depending on the subsequent treatment or disposal. The categorisation follows the EU Waste Directive 2008/98/EC.

All waste streams - both incoming and outgoing - are registered in our supplier's system and used to classify the waste according to ESRS E5 categories.

Data for Unicell International, Eskaro Ukraine AB, Flügger Coating in China and Flügger Lithuania is extrapolated based on their share of total group revenue as data was not available.

# EU Taxonomy reporting

The European Commission has set the goal of making Europe the world's first climate-neutral continent. As an important foundation, the EU Taxonomy Regulation has been adopted, which provides a common set of rules for when an economic activity can be labelled as environmentally sustainable across the EU.

Article 3 of the European Commission's Delegated Regulation 2020/852 describes which criteria an economic activity must fulfil in order to qualify as environmentally sustainable:

- The activity must contribute substantially to one of the six environmental objectives
- The activity must not be carried out in such a way that it causes significant harm to the five remaining environmental objectives (DNSH - Do No Significant Harm)
- The activity must comply with minimum social guarantees, which means it must not be at the expense of violating human and labour rights or other basic social guidelines
- The activity must fulfil the technical screening criteria for a given environmental objective

While the development and production of building paints, wood protection, fillers and wallpaper will remain outside the scope of the EU Taxonomy in 2024/25, Flügger continues its work on an annual basis to assess the relevance of the economic activities covered by the EU Taxonomy in relation to our own core business. These are analysed for their contribution to the six environmental objectives: climate change mitigation (CCM), climate change adaptation (CCA), water and marine resources (WTR), circular economy (CE), pollution prevention and control (PPC), and biodiversity and ecosystems (BIO). As in previous years, we have reviewed and assessed which of Flügger's economic activities are covered by the EU Taxonomy and subsequently allocated financial data to these activities.

The annual process for assessing compliance with the criteria in Article 3 of Regulation (EU) 2020/852 has been carried out in the following stages:

## 1) Screening of economic activities covered by the EU Taxonomy:

We have conducted a screening of the European Commission's Climate Regulation (Delegated Regulation 2021/2139), the complementary Climate Regulation (Delegated Regulation 2022/1214), amendment to the Climate Regulation (Delegated Regulation 2023/24) and the Environmental Regulation (Delegated Regulation 2023/2486).

The screening was performed to identify whether Flügger has economic activities covered by the classification system for revenue, OPEX and CAPEX KPIs, respectively.

## 2) Assessment of economic activities covered by the EU Taxonomy:

Each of the identified economic activities has been assessed to determine how the description of the economic activity in the taxonomy corresponds to Flügger's business activities. As part of the assessment, we also considered the NACE codes that the taxonomy indicates are typically associated with the different activities.

## 3) Assessment of environmentally sustainable activities:

In the financial year 2024/25 we have established an assessment process for alignment of Flügger's economic activities covered by the EU Taxonomy. At present, Flügger only has CAPEX that is covered by the EU Taxonomy, and we have therefore considered whether our investments in tangible and intangible fixed assets and additions to lease assets can be considered environmentally sustainable.

For the alignment assessment, we have, among other things, expanded the template for investment applications so that it is now possible to indicate if the investment falls within a number of specified categories. If this is the case, the investment application will be subject to further review to assess the technical screening criteria and alignment.

## Assessment of economic activities covered by the classification system

Based on NACE codes and analysis of Flügger's core activity, including developing, producing and selling a wide range of building paints, wood protection, fillers and wallpaper, it is our assessment that Flügger's revenue-generating activities are not covered by the taxonomy's six environmental objectives. Therefore, we report that 0% of revenue in the financial year 2024/25 is derived from economic activities covered by the taxonomy's classification system.

As in previous years, we have identified a number of CAPEX related economic activities that are covered by the EU Taxonomy, including

- Installation, maintenance and repair of energy efficiency equipment
- Installation, maintenance and repair of charging stations for electric vehicle in buildings (and parking spaces attached to buildings)
- Transport by motorcycles, passenger cars and light commercial vehicles

For the current financial year, we report that 9.6% of CAPEX is covered by the EU Taxonomy. The main activities relate to remodelling stores and replacing a number of light sources with more energy-efficient solutions, primarily at our central warehouse in Sweden and a number of stores in Poland.

For OPEX, we have not identified any activities covered by the six environmental objectives of the taxonomy. In 2023/24, we reported that 10% of Flügger's OPEX was covered by the EU taxonomy under the activity "Manufacture of plastic packaging". Upon further review in 2024/25, we have changed the classification of this activity as it is a variable cost and not an operating cost. Comparative figures have therefore been adjusted so that in both 2023/24 and 2024/25 we report that 0% of OPEX is covered by the EU taxonomy.



## Assessment of environmentally sustainable activities

In 2024/25, we have assessed the alignment criteria for each of Flügger's economic activities covered by the EU Taxonomy. Although our Flügger Organic strategy includes a wide range of sustainable initiatives, we have concluded that the criteria of the European Commission Delegated Regulation 2020/852, Article 3, are not met for our CAPEX covered by the taxonomy.

In the coming years, we will continue to reassess the alignment potential for Flügger's economic activities.

## Accounting policies

The accounting policies for identifying relevant turnover, CAPEX and OPEX are based on the methods for calculating KPIs for non-financial companies, cf. Annex 1 to EU Commission Delegated Regulation 2021/2178 of 6 July 2021. The mapping of qualified activities and the allocation of financial data is based on data from the respective companies in the Flügger group.

The following tables are prepared at group level and thus include the parent company Flügger group A/S and subsidiaries.

## Turnover

The total turnover is consistent with the revenue reported in the income statement of the annual report. The turnover KPI is defined as the proportion of turnover derived from products or services related to economic activities within the classification system (numerator) divided by total turnover (denominator).

## OPEX

OPEX includes direct non-capitalised costs related to renovation, maintenance and repair of buildings, short-term leases and any other direct costs related to the daily maintenance of property, plant and equipment. The OPEX KPI in the taxonomy is defined as the share of operating expenses

associated with environmentally sustainable economic activities (numerator) divided by total OPEX (denominator). The OPEX basis cannot be reconciled with the 2024/25 annual report due to a narrower definition of OPEX in Commission Delegated Regulation 2021/2178 of 6 July 2021.

## CAPEX

The total CAPEX is in accordance with the additions reported in note 13 Intangible assets (IAS 38), note 14 Property, plant and equipment (IAS 16) and note 15 Leased assets (IFRS 16) respectively. The CAPEX KPI is defined as the proportion of capital expenditure associated with environmentally sustainable economic activities (numerator) divided by total CAPEX (denominator).

## Double counting

To calculate the denominator for revenue, OPEX and CAPEX KPIs, we extracted the figures directly from our internal consolidation system, which ensures that the figures are only counted once in each KPI. To allocate the numerator, we have first obtained the relevant financial data and then decided which environmental target the activity belongs to. This ensures that no economic activity is considered more than once.

In the financial year 2024/25, we have not identified economic activities that contribute to multiple environmental goals at once.

# Turnover

## Proportion of turnover from products or services associated with Taxonomy-aligned economic activities 2024/25

				Substantial contribution criteria (%)						DNSH Criteria ("Does Not Significantly Harm")									
Economic activity (1)	Code (2)	Revenue 2024/25 (3)	Proportion of Turnover, 2024/25 (4)	Climate change mitigation (5)	Climate change Adaption (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1) or -eligible (A.2) Turnover 2023/24 (18)	Category enabling activity (19)	Category transitional activity (20)
		DKK mil- lion	%	Y; N; N/ EL	Y; N; N/ EL	Y; N; N/ EL	Y; N; N/ EL	Y; N; N/ EL	Y; N; N/ EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%														0%		
Of which enabling		0	0%														0%		
Of which transitional		0	0%														0%		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0%														0%		
A. Turnover of Taxonomy-eligible activities (A.1 + A.2)		0	0%														0%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		2,272	100%																
TOTAL			100%																

# CAPEX

## Proportion of CAPEX from products or services associated with Taxonomy-aligned economic activities 2024/25

Economic activities (1)	Code (2)	CAPEX 2024/25 (3)	Proportion of CAPEX 2024/25 (4)	Substantial contribution criteria (%)						DNSH Criteria ("Does Not Significantly Harm")						Minimum guarantees (17)	Proportion of Taxonomy-aligned (A.1) or eligible (A.2) CAPEX, 2023/24 (18)	Category enabling activity (19)	Category transitional activity (20)
				Climate change mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)				
		DKK million	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	CAPEX, 2023/24 (18)	E	T
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																			
<b>A.1 Environmentally sustainable activities (Taxonomy-aligned)</b>																			
CAPEX of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%																
Of which enabling		0	0%																
Of which transitional		0	0%																
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																			
Renovation of existing buildings	CCM 7.2 CCA 7.2 CE 3.2	2,9	4,0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
'Installation, maintenance, and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4	0,5	0,7%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL								0,1%		
'Installation, maintenance, and repair of energy efficiency equipment	CCM 7.3	3,5	4,9%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL								3,5%		
CAPEX of Taxonomy-eligible but not environmentally sustainable activities (A.2)		6,9	9,6%														3,6%		
<b>A. CAPEX of Taxonomyeligible activities (A.1 + A.2)</b>		<b>6,9</b>	<b>9,6%</b>														<b>3,6%</b>		
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																			
CAPEX of Taxonomy-non-eligible activities		65,1	90,4%																
<b>TOTAL</b>		<b>72</b>	<b>100%</b>																

# OPEX

## Proportion of OPEX from products or services associated with Taxonomy-aligned economic activities 2024/25

Economic activities (1)	Code (2)	OPEX 2024/25 (3)	Proportion of OPEX 2024/25	Substantial contribution criteria (%)						DNSH Criteria ("Does Not Significantly Harm")						Minimum guarantees (17)	Proportion of Taxonomy-aligned (A.1) or -eligible (A.2) OPEX 2023/24 (18)	Category enabling activity (19)	Category transitional activity (20)
				Climate change mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)				
		DKK million	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																			
<b>A.1 Environmentally sustainable activities (Taxonomy-aligned)</b>																			
OPEX of environmentally sustainable activities (Taxonomy-aligned) (A1)		0	0%														0%		
Of which enabling		0	0%														0%		
Of which transitional		0	0%														0%		
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																			
OPEX of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A2)		0	0%														0%		
A. OPEX of Taxonomy eligible activities (A.1+A.2)		0	0%														0%		
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																			
OPEX of Taxonomy-non-eligible activities		38	100%																
<b>TOTAL</b>			<b>100%</b>																

# Nuclear and fossil gas-related activities

The table below relates to the mandatory disclosure obligation regarding nuclear and fossil gas-related activities. Flügger does not have any of the activities below.

Row	Nuclear energy related activities	Yes/No
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies	No
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
<b>Fossil-gas related activities</b>		
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No



# Social information

S1 - Own workforce	78
S4 - Consumers and end users	83

## S1 Own workforce - health and safety

### Material IROs

Flügger has identified an actual negative impacts related to health and safety in the workplace. A large proportion of employees work in stores or production, where there is an increased risk of occupational accidents when handling heavy lifting, equipment and machinery. Lack of or insufficient reporting of incidents and near misses can also lead to risks not being addressed systematically and preventively.

Flügger's work with health and safety is anchored in the group's QHSE principles, which are approved by the Executive Board and apply to all employees. Health and safety organisations have been established at country level, and the group has strengthened management focus, prevention and reporting practices through a new simplified reporting system and increased top management involvement. The aim is to create a safe environment and prevent accidents through clear procedures, training and continuous follow-up.

### S1-1 Policies

Flügger is divided into separate health and safety organisations at country level to ensure compliance with the specific countries' health and safety legislation. In addition to separate health and safety organisations at country level, we at Flügger also see the need to have clear principles for health and safety. This is included as part of the overall QHSE principles, anchored in our QHSE department and applicable to all Flügger employees at all Flügger locations. The principles were approved by the top management in 2024. The overall goal in terms of safety is that we at Flügger have a goal of having no work related accidents, and to create the best and safest possible environment for our employees.

The QHSE principles covers our own workforce. For a description of policies covering workers in the up- and downstream value chain, see section G1.1.

### S1-2 Processes for engaging with own workforce and workers' representatives about impacts

#### Focus on health and safety

At Flügger, we have a strong focus on minimising the risk of our employees suffering a work related injury, whether they work in stores, production or offices.

Based on the above, resources have been added to our QHSE organisation in the last year. This has strengthened our prevention work and has helped to reduce the number of accidents at work, through training and active involvement of our health and safety organisations, among other things.

Flügger have also visited a number of our stores to have a discussion with staffs to identify local challenges. There is an ongoing dialogue with our employees from all parts of the organisation to ensure understanding and importance of reporting near misses. However, there is still potential to improve reporting in the future.

Over the past year, Flügger have continued our focus on ergonomics. A thorough mapping of workflows has been carried out in a sample of representative stores, and a best practice for handling heavy loads will be developed based on the results of the mapping.

### S1-3 Processes to remediate negative impacts and channels for own workforce to raise concerns

#### Simplified reporting

In 2024/25 Flügger have been working on the implementation of a new and simplified accident reporting system. However, the system is not yet in use, but will be introduced to the entire organisation during Q1 2025/26 to replace the existing system.

Flügger asks employees from all parts of the organisation to report near misses if they see something that could potentially result in an accident. However, an inflexible reporting system has been a barrier to the number of reports being fully satisfactory. Flügger therefore expect an increase in the number of near-miss reports with the implementation of our new accident reporting system, which will ease the reporting process for both employees and managers.

Our health and safety organisation gives employees the opportunity, through their health and safety representative, to highlight and articulate negative impacts on health and safety at Flügger.

### S1-4 Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

To achieve the above, Flügger have a number of documented processes and procedures that help us plan and execute our tasks in a health and safety responsible manner. In our deviation

system, we identify incidents that require root cause analysis in order to prevent similar incidents in the future. This is also strengthened through internal training in 2024/25.

### Increased management focus on health and safety

As described in the section Organising sustainability, the group has strengthened senior management's focus on QHSE through the development of our QHSE board. At the board meetings, senior management and leaders of each business area in Flügger are presented with developments and ongoing health and safety initiatives. One of the main purposes is to address and decide on health and safety initiatives and improvements for Flügger employees. During 2024/25, the group has increased the frequency of meetings to further sharpen the focus on health and safety. The combination of this focus on the group's processes and management focus and Flügger's ISO9001 and ISO14001 certified locations means that Flügger defines a proportion of the group's employees as covered by a health and safety management system.

### S1-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

The Lost Time Injury Frequency Rate (LTIFR) in Flügger for 2024/25 can be seen in table S1-14. The target for 2025/26 is a maximum of 3 accidents per 1 million working hours.

Flügger has decided that from 2025/26, in addition to LTIFR (Lost Time Injury Frequency Rate), TRIFR (Total Reportable Injury Frequency Rate) will be used as a new internal KPI for accidents. This is done to have an even better overview of the accidents that could potentially have been of a serious nature. The target for this KPI will be set in 2025/26.

Flügger is aware of 0 cases of work-related ill health in Flügger in 24/25, but from previous years' registrations we know that these have typically been musculoskeletal disorders, which supports our focus on ergonomics.

### S1-14 Health and safety indicators

	Unit	2024/25
Work accidents with absence	Number of	3
Lost working days	Number of	3
Accident frequency (LTIFR)	Frequency	1
Fatal accidents	Number of	0
percentage of employees covered by the health and safety management system	%	17

## Accounting policies

### Work accident with absence

A work-related accident is defined as a work-related incident that results in a person being physically or mentally injured. A lost-time accident is an accident where there is absence beyond the day of the accident, which is recorded in the group's time recording system.

### Work-related ill health

Work-related ill health is defined as any abnormal condition or disorder caused by exposure to health hazards in the work environment associated with employment at Flügger, other than as a result of work injury. This includes both acute illness and chronic diseases.

### Lost working days

Lost working days include the number of days of absence, calculated in full working days, following and as a result of accidents at work and until the employee is able to work again, resigns or transfers to the municipality. This also includes days when the employee is off work (weekend, holiday or similar) but would not be able to perform their work as a result of the work-related accident. Only employees to whom the company pays salary are counted.

### Accident frequency (LTIFR)

LTIFR (Lost Time Injuries Frequency Rate) is defined as the number of injuries with at least one day of absence per 1 million working hours.

### Fatal accidents

A fatal accident is a work-related incident that results in the death of a person. Employees to whom the company pays salaries, as well as other employees working at company locations, are counted in the total number.

### Occupational health and safety management system

The percentage of employees covered by an occupational health and safety management system indicates the number of employees (HC) working at one of our ISO9001 and ISO14001 sites covered by our quarterly management review on the QHSE board. The result is expressed as a percentage.

## S1 Own workforce - diversity

### Material IROs

Flügger has identified a negative impact associated with a lack of diversity and representation in the workforce. A biased gender and experience composition among employees and managers can limit innovation, weaken the quality of decision-making and inhibit organisational development. Increased diversity, on the other hand, can help to better reflect the diversity of customers and society and enhance the utilisation of employees' collective skills.

Flügger's work with diversity is anchored in an Executive Board-approved Diversity Policy that applies to the entire group. The policy is supplemented by recruitment principles and guidelines that support an inclusive approach and ensure that diversity is included in recruitment and development processes. Targets have been set for the representation of the underrepresented gender and the work is continuously followed up at both management and board level.

### S1-1 Policies

#### Diversity policy

Flügger has a Diversity Policy that aims to ensure diversity both in the management layers as well as in all other employee groups.

The Diversity Policy contains guidelines that Flügger must be a workplace with equal opportunities for all in a safe and non-discriminatory working environment, and that we live up to Danish and international standards regarding human rights and equality laws.

Flügger does not tolerate bullying, sexual harassment, discrimination, offensive behaviour or threats, and prevents with ongoing training of Flügger employees to minimise the risk of employees being exposed to behaviour that violates this policy.

Flügger strives for a staff composition consisting of a combination of young and experienced employees who together can inspire and contribute to the development of Flügger.

The group also endeavours to ensure that both genders are represented with a 40:60 distribution in our other management layers, and we therefore focus on identifying candidates of both genders when recruiting new managers. If necessary, and at least once a year, Flügger's Board of Directors reviews the Diversity Policy and makes any necessary revisions. Please refer to Flügger's Diversity Policy in the link below: <https://www.flugger.com/koncern/mangfoldighedspolitik/>

### S1-2 Processes for engaging with own workforce and workers' representatives about impacts

At Flügger, we believe that a diverse workplace and an inclusive work environment is an asset to our workplace and we recognise our employees' differences. The group believes that diverse teams, including management teams, work more innovatively, make better decisions and contribute to new thinking, while promoting inclusiveness and tolerance among employees. At Flügger, this diversity is particularly evident in the great educational diversity of the workforce, where disciplines meet and together create innovation. We work continuously to attract,

retain and motivate talented employees through a safe working environment, attractive career opportunities and a focus on diversity and inclusion. Open and honest dialogue is generally encouraged.

One of the tools we use is an employee engagement tool, where employees regularly answer a number of questions about the work environment, well-being, inclusion, diversity, internal communication, strategy, etc. Employees have the opportunity to write a comment, which will initially be presented to their immediate manager for subsequent dialogue, and there is also the opportunity for input to be presented to senior management.

Based on the surveys, specific initiatives are launched to improve employee conditions and well-being.

### S1-3 Processes to remediate negative impacts and channels for own workforce to raise concerns

In addition to the above employee engagement tool where employees have the opportunity to voice their opinion, employees also have the opportunity to report abusive behaviour anonymously via Flügger's whistleblower scheme.

### S1-4 Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

At Flügger, recruitment principles and guidelines have been implemented that support the diversity policy by requiring managers to ensure that diversity is taken into account in management and in the composition of teams. This includes screening minority candidates in the process and explicitly recommending that managers ensure the development of internal candidates who can contribute to increased diversity through career development at Flügger. This initiative was developed earlier but had its first full operational business year in 2024/25. We value diversity where everyone has the freedom to be themselves and has equal opportunities.

### S1-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Flügger employs a total of 1,990 employees with a breakdown of 46% women and 54% men. A total of 6 people are employed in senior management, of which 67% are men and 33% are women. In addition, 368 employees are employed at management level. Managers are defined as employees with personnel responsibility. 54% of these are men and 46% are women. Flügger's goal is for the group to have a diverse workforce so that the underrepresented gender is represented by at least 40%.

On the Board of Directors, one of Flügger's four members elected by the general meeting is a woman (25%). This means that the group fulfils the Danish Business Authority's definition of an equal gender distribution on the Board of Directors. Read more about the Board of Directors in the Corporate Governance section of the Annual Report.

### S1-6 Characteristics of the company's employees

Employees in the group	Unit	2024/25
Average number of full-time employees	FTE, number	1.701
Average number of employees	Headcount, number	1.990
Permanent/temporary employee	Headcount, %	83/17

Number of employees by contract type	2024/25			In total
	Women	Men	Others	
Permanent employees	740	905	1	1.646
Temporary employee	171	172	1	344

Number of employees by country and employment type	2024/25		
	Full time	Part-time	In total
Denmark	426	60	486
Sweden	247	178	425
Norway	93	73	166
Poland	557	8	565
Ukraine	215	35	250
Iceland	24	20	44
China	36	-	36
Lithuania	18	-	18
<b>Total number of employees</b>	<b>1.616</b>	<b>374</b>	<b>1.990</b>

Number of employees by country and contract type	2024/25		
	Permanent employee	Temporary employee	In total
Denmark	468	18	486
Sweden	372	53	425
Norway	116	50	166
Poland	390	175	565
Ukraine	250	-	250
Iceland	43	1	44
China	6	30	36
Lithuania	1	17	18
<b>Total number of employees</b>	<b>1.646</b>	<b>344</b>	<b>1.990</b>

Number of employees per country and gender*	2024/25			
	Women	Men	Others	In total
Denmark	245	241	-	486
Sweden	212	213	-	425
Norway	77	89	-	166
Poland	274	289	2	565
Ukraine	67	183	-	250
Iceland	12	32	-	44
China	20	16	-	36
Lithuania	4	14	-	18
<b>Total number of employees</b>	<b>911</b>	<b>1077</b>	<b>2</b>	<b>1.990</b>

\*ESRS disclosure requirements incorporated by reference in this section: ESRS 2 SBM-1, paragraph 40(a)(iii).

### S1-6 Characteristics of the company's employees (continued)

	2024/25	
Employee turnover	Number of	%
Voluntary turnover	258	13%
Involuntary turnover	250	13%
In total	508	26%

### S1-9 Diversity metrics

	2024/25	
Gender distribution in the group	All employees	Top management
Number of men	1.077	4
Number of women	911	2
Number of other	2	-
Share of women in total	46%	33%

Employee distribution by age group	2024/25		
Age group	<30	30-50	>50
Number of employees	392	1.068	530
Percentage of employees	20%	54%	26%

### Accounting policies

#### Number of employees (headcount)

All employees employed and paid by the Flügger group are included, including temporary employees and temporary workers on Flügger contracts, employees on leave (e.g. maternity and sick leave and unpaid leave), office trainees, student assistants, paid PhD and master's students, apprentices, etc. and laid-off employees. The number of employees is calculated as of 30 April 2025.

#### Full-time employees (FTE)

The number of full-time employees, also known as FTEs, is defined as an employee's contractual working hours compared to a full-time position for the same position in the same country. One FTE thus represents one full-time employee. The average, which is also reported in the consolidated financial highlights, is calculated per legal entity based on monthly measurements at the end of each month.

#### Gender distribution among employees, management, senior management and board of directors as well as board independence

We define gender diversity among employees as the proportion of female, male and other employees out of the total number of employees in the Flügger group. Gender diversity in management is defined as the proportion of female employees in positions of personnel responsibility compared to the total number of employees in positions of personnel responsibility in the Flügger group. Gender diversity in senior management is defined as the management team that reports directly to our CEO. Gender diversity is based on headcount.

We calculate the gender distribution on the board based on board members elected by the general meeting. Employee representatives on the board are not included.

We calculate the proportion of independent board members based on the number of independent members in relation to non-independent board members. Employee representatives are not included.

#### Employees by age

The number of employees under 30, between 30-50 and over 50 (headcount). All employees employed and paid by the Flügger group are included, including temporary employees and temporary workers on Flügger contracts, employees on leave (e.g. maternity and sick leave and unpaid leave), office trainees, student assistants, paid PhD and master's students, apprentices etc. and laid-off employees. The number of employees is calculated as of 30 April 2025.



## S4 Consumers and end-users

### Material IROs

Flügger has identified both risks and opportunities in relation to our products and their use by the end user. Potential health impacts from degassing from wetgoods and the risk of contact allergy pose a risk, while the demand for eco-labelled products with proof of sustainability efforts provides opportunities for differentiation and long-term value creation. The significant negative impacts are primarily related to professional painters, who are the group of end-users with the highest exposure to products that may have negative impacts. This is because they use Wetgoods such as paints and fillers in larger quantities and with higher frequency than private consumers.

Flügger works with a group-wide climate and environmental policy that sets the direction for the development of products with low emissions and an improved environmental profile. The goal is for 90% of the group's own-produced Wetgoods to be eco-labelled by the end of 2026/27. Flügger's Customer Sustainability Forum contributes insights from users, which are translated into concrete solutions - for example Flügger Document Manager, which collects product data in one place, and the development of Dekso AïR with proven low health impact.

### S4-1 Policies

Flügger's Climate and Environmental Policy provides the framework for our efforts to manage significant impacts, risks and opportunities in relation to consumers and end users. The policy applies to the entire group and its subsidiaries. It aims to minimise the environmental impact of the group's products and promote solutions that are kinder to both the environment and users.

The policy includes an target to develop products with an improved environmental profile for the benefit of the end user. This includes, for example, products with low emissions, reduced environmental and health impact and fulfilment of eco-labelling criteria. Flügger has set a strategic goal that 90% of all own-produced wetgoods will be ecolabelled by the end of 2026/27.

Flügger works with a risk-based approach where material impacts in relation to consumers and end users are identified and assessed through Flügger's double materiality assessment. The policy covers both current and potential risks and opportunities related to, among other things, product quality, health and safety, and available documentation.

Customer needs and expectations are actively included in the development of the group's policy and goals, including through Flügger's Customer Sustainability Forum. This ensures that initiatives are continuously adapted in dialogue with consumers and end users.

### S4-2 Processes for engaging with consumers and end-users about impacts

Flügger recognises the importance of having a continuous and structured dialogue with our consumers and end-users to understand and manage potential and actual impacts, especially in areas such as product quality, health, documentation needs and environmental profile.

Forums and channels have been established to ensure continuous involvement of end-user perspectives - for example, through Flügger's Customer Sustainability Forum, where professional customers provide input on how the group can improve products and services, including environmental properties and usability in practice. This forum meets regularly and is part of Flügger's due diligence process and product development. In particular, the dialogue takes place in the early stages of developing new solutions and in connection with marketing material and documentation requirements.

The responsibility for ensuring this dialogue and involvement is anchored in cross-organisational collaboration with the group's commercial and technical departments. Results and insights from the dialogue with end users and consumers are passed on to Flügger's sustainability strategy steering group, where they form the basis for decisions on strategic priorities and development projects.

Flügger works to ensure that the perspectives of particularly vulnerable or marginalised groups are also included, especially in relation to products for indoor use where, for example, allergy sufferers may be affected. This is done, among other things, through requirements for low outgassing and eco-labelling.

### S4-3 Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

Flügger provides several channels for consumers and end-users to contact us with questions or concerns - including through the group's customer service and through contact forms on the Flügger website. Enquiries relating to product safety or potential negative impacts are handled in collaboration between relevant departments and followed up to ensure that concerns are addressed satisfactorily.

#### S4-4 Taking action on material impacts on consumers and end- users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions

Flügger is committed to translating customer dialogue into concrete initiatives that reduce health risks and promote positive effects for end users. One example is the development of Dekso AïR, an indoor paint with the Asthma Allergy Nordic label. The product is formulated without methylisothiazolinone (MI) - a preservative associated with contact allergies - and thus fulfils strict requirements for the absence of allergenic substances. This reduces the risk of negative impact on sensitive user groups and contributes to a healthier indoor environment.

In response to increased documentation requirements in construction and the need for transparency among professional users, the group has developed Flügger Document Manager. The platform brings together key documents such as safety data sheets, product data sheets, environmental certificates and EPDs in one place. This initiative not only strengthens the user experience, but also supports customers' own sustainability efforts and regulatory compliance. Accessibility is further improved with QR codes directly on the packaging, directing the user to the product documentation. Both initiatives show how we are systematically working to address both significant risks and opportunities in relation to the group's end users.

#### S4-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

As part of Flügger's strategy for responsible product development, a time-bound and result-oriented target has been set for at least 90 per cent of all self-produced wetware to be ecolabelled by the financial year 2026/27. The target is based on the ambition to promote healthier and more environmentally friendly products to the end user, including products with

low emissions and documented low environmental impact. Ecolabelled products are subject to strict requirements for, among other things, chemical content and indoor climate, and therefore help to reduce negative impacts for both professional and private users.

The goal is anchored in the Flügger Organic strategy programme and was set based on analyses of market demand, customer dialogues and the existing product portfolio. In this process, Flügger has included knowledge from end users through the group's Customer Sustainability Forum, and customer requirements for ecolabelling in construction projects have been an important input. We monitor progress towards the target quarterly and use the results to evaluate and adjust our product development priorities. Any deviations or improvement opportunities are identified in collaboration between our Development, Product and Sustainability departments. Flügger reports this company-specific indicator as the indicator is used for management purposes to assess whether the group offers the products desired in the market. The indicator relates to IRO 11 and 12, which can be found on page 60. In relation to the management of initiatives, this indicator has as an example derived from the development of the aforementioned Dekso AïR. The target is also included in the Executive Board's bonus scheme.

In the financial year 2024/25, ecolabelled products accounted for 82% of total sales of own-produced Wetgoods measured in litres. This corresponds to 42.6 million litres of eco-labelled products sold out of a total of 52 million litres. The result marks an important step towards Flügger's strategic goal of 90% of all own-produced Wetgoods being ecolabelled by 2026/27.

Concrete targets for data and documentation have not yet been set, but Flügger continuously monitors the effect of our strategic ambition to increase the availability of product data. In our Customer Sustainability Forum, where the commercial teams represent the customer base, the need for further data availability is evaluated quarterly. Among other things, they discuss which information should be exposed more clearly and on which platforms - in addition to Flügger Document Manager - the documentation should be available.

#### Share of eco-labelled Wetgoods 2024/25

	Unit	Total	Target 2026/27
Number of litres of eco-labelled wetgoods sold	Litres	42.610.330	-
Number of litres of wetgoods sold	Litres	51.960.907	-
Share of eco-labelled wetgoods	%	82	90

#### Accounting policies

At Flügger, we define wetgoods as paint, wood protection, filler, wallpaper adhesive, sealant etc. Ecolabelled wetgoods are defined as Wetgoods certified with the Nordic Ecolabel and/or the EU Flower.

The share of ecolabelled wetgoods is based on sales volume of wetgoods in the Nordic and International segments. Both own-produced, outsourced and purchased wetgoods are included in the calculation.

# Governance information

G1 - Business conduct

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## G1 Business conduct

### Material IROs

Flügger has identified the risk of unethical business behaviour as a potential negative impact in the value chain. As an international company with operations in many markets, breaches of good business behaviour can lead to serious consequences, including reputational damage, legal sanctions and declining employee morale.

Flügger's work to counteract this risk is anchored in the group's Code of Conduct, which applies to all employees and business partners. The code is supported by specific guidelines for anti-corruption, human rights and responsible business behaviour and complemented by sustainability principles for suppliers. Compliance with the Code is ensured through annual e-learning for employees, integrated risk management processes, annual reporting on compliance with the Code. Code of Conduct to the Board of Directors' Audit Committee and a group-wide whistleblower programme that allows for anonymous reporting of serious violations.

### G1-1 Policies

#### Code of Conduct

At Flügger, we have a Code of Conduct that applies to the entire group and aims to ensure that activities are carried out in accordance with our DNA and values. It expresses our corporate culture and the expectations we have of each other, our employees and business partners - and at the same time expresses a strong desire to create sustainable development throughout the value chain.

Flügger's Code of Conduct is a code of behaviour that employees, business partners, suppliers, etc. must comply with in areas such as fair competition, anti-corruption, environment and working environment as well as human and labour rights.

Our Human Rights and Labour Code states that Flügger supports and respects internationally recognised human rights and the ILO fundamental principles and rights at work. Everyone is entitled to have their fundamental rights respected and to experience fair working conditions and a healthy and safe working environment in their workplace.

In relation to anti-corruption and anti-bribery, our guidelines make it clear that Flügger and suppliers to Flügger etc. must not engage in any form of fraud, corruption or bribery. Gifts, rewards and benefits, including hidden commission or kickbacks, which may improperly influence the recipient's behaviour, are considered bribes, and Flügger must not accept, offer or give bribes in any form. Flügger has established specific guidelines for events and gifts. We have zero tolerance for corruption and bribery and violation of human rights.

The Flügger Code of Conduct is available at [flugger.com](https://www.flugger.com).

#### Sustainability principles for our suppliers

In addition to the Flügger Code of Conduct, we also have a code of conduct for our suppliers in the form of Supplier Sustainability Principles, which are included in the contracts we enter into. Our Supplier Sustainability Principles contain requirements for our suppliers' business behaviour, human and labour rights and environmental considerations. In the past year, we have expanded the environmental considerations to include a requirement that our suppliers take into account for example deforestation and biodiversity.

Flügger's Sustainability principles for suppliers is available at [flugger.com](https://www.flugger.com).

## Actions and resources

### Managing risks

Our business behavioural risks are included and handled on an equal footing with other risks in the group's risk management, which aims to identify and assess relevant risks and to reduce, minimise or control the impact of these risks.

### Training Flügger's employees

Every year, our employees complete a mandatory e-learning course in Flügger's Code of Conduct and GDPR, among other things. At the same time, e-learning is a fixed part of our introduction programme for new employees. In addition to the Code of Conduct and GDPR training, selected employee groups must complete e-learning in competition law, stock exchange law and IT security.

### Whistleblower scheme

In accordance with EU and national legislation, Flügger has established a whistleblower scheme where employees, business partners, suppliers, customers, etc. can anonymously report serious offences, including human rights violations, corruption and bribery. The whistleblower programme is managed by an independent party that guarantees anonymity, security and user-friendliness in the system. The scheme can be accessed from all countries.

Whistleblowers who in good faith and with reasonable grounds report or assist Flügger group in investigating violations under the whistleblower scheme, even if the reporting or assistance involves disclosure or access to confidential information, will not be subject to retaliation or penalisation. This includes reprimands, changes in work assignments, changes in benefits, changes in reporting availability, impairment of the whistleblower's career opportunities or reputation, threats to do any of the above, or intentional omissions that may harm the person

concerned. However, individuals who knowingly and in bad faith report another person will not be protected. Persons who report other employees in bad faith may be subject to civil, criminal, administrative and disciplinary sanctions, including dismissal. Information that can identify (either directly or indirectly) the identity of the whistleblower will not be shared with anyone other than group General Counsel, the Chief People Officer of Flügger group A/S and other employees authorised to handle reports made under the whistleblower scheme. In some cases, however, Flügger may be forced to disclose the identity of the whistleblower to public authorities, e.g. the police, in order to prevent violations or to ensure the accused's right to a defence. In such cases, the whistleblower will be informed prior to the disclosure, unless the disclosure would jeopardise related investigations or legal proceedings.

Flügger reviews all reports in the scheme. Information about access to and use of the whistleblower programme for employees is included in the annual e-learning.

For a detailed description of how we handle reports, please visit <https://www.flugger.com/da/kontakt/#whistleblowordning>.

## Metrics & Targets

### Training Flügger's employees

The group's goal is for all Flügger employees to complete e-learning in our Code of Conduct. In 2024/25, 99% of Flügger group employees have completed e-learning training. In 2025/26, we will continue our active efforts to ensure that our employees complete the training by, among other things, communicating via our internal communication channels, sending out reminders and continuously following up with both employees and their managers. Failure to complete the annual training may have employment law consequences for employees.

### Whistleblower reports

In 2024/25, Flügger received 6 whistleblower reports, of which 2 resulted in disciplinary sanctions, 1 did not result in action after investigation and 3 are being processed.

### Signed sustainability principles in new contracts

In 2024/25, just like last year, we have worked to incorporate the Sustainability Principles into all new procurement contracts. Again this year, we succeeded for 100% of new contracts signed.

## Accounting policies

### Code of conduct training

The proportion and number of employees who have completed e-learning in the Flügger Code of Conduct is calculated on the basis of all employees throughout the group, including employees who are on maternity leave, long-term sick leave, etc. during the period of the annual e-learning programme.

### Whistleblower cases

All cases reported to Flügger's whistleblower programme are included as a report, regardless of whether the report is received via the whistleblower portal or via other channels, e.g. email.



## Data points deriving from other EU legislation

		Referral to SFDR	Reference to Pillar 3	Reference to the Benchmark Regulation	EU Reference to the Climate Law
ESRS 2 GOV-1	Gender diversity on the board of directors item 21, point d)	Page 30-31		Page 30-31	
ESRS 2 GOV-1	Percentage of independent board members, point 21(e)			Page 30-31	
ESRS 2 GOV-4	Due diligence statement item 30	Page 43			
ESRS 2 SBM-1	Participation in activities related to fossil fuels activities point 40(d)(i)	Not essential	Not essential	Not essential	
ESRS 2 SBM-1	Participation in activities related to chemical production point 40(d)(ii)	Not essential		Not essential	
ESRS 2 SBM-1	Participation in activities related to controversial weapons point 40(d)(iii)	Not essential		Not essential	
ESRS 2 SBM-1	Participation in activities related to the cultivation and production of tobacco point 40(d)(iv)			Not essential	
ESRS E1-1	Transition plan to achieve climate neutrality by 2050 item 14				Page 28-29
ESRS E1-1	Companies excluded from Paris aligned benchmarks point 16(g)		Page 28-29	Page 28-29	
ESRS E1-4	Greenhouse gas emission reduction target point 34	Page 23-28	Page 23-28	Page 23-28	
ESRS E1-5	Energy consumption from fossil sources by source (only sectors with high climate impact), point 38				
ESRS E1-5	Energy consumption composition item 37				
ESRS E1-5	Energy intensity of activities in sectors with high climate impact paragraphs 40-43				
ESRS E1-6	Scope 1, 2 and 3 gross greenhouse gas emissions and total greenhouse gas emissions item 44				
ESRS E1-6	Greenhouse gas emission intensity, gross point 53-55				
ESRS E1-7	Greenhouse gas removals and carbon credits point 56				
ESRS E1-9	Exposure of benchmark portfolio to climate-related physical risks item 66				
ESRS E1-9	Breakdown of monetary amounts by acute and chronic physical risk, point 66(a)				
ESRS E1-9	Placement of significant assets with significant physical risk point 66(c)				
ESRS E1-9	Breakdown of the book value of its property assets by energy efficiency classes paragraph 67(c)				
ESRS E1-9	Degree of exposure of the portfolio to climate-related opportunities item 69				
ESRS E2-4	Quantity of each pollutant listed in Annex II of the European Pollutant Release and Transfer Register (E-PRTR) Regulation released to air, water and land, point 28				
ESRS E3-1	Water and marine resources, point 9				
ESRS E3-1	Specific policy, point 13				
ESRS E3-1	Sustainable oceans and seas item 14				
ESRS E3-4	Samlet mængde genanvendt og genbrugt vand, punkt 28, litra c)				
ESRS E3-4	Total water consumption from own activities in m3 per million EUR net revenue point 2				
ESRS 2- SBM-3 - E4	point 16(a)(i)				
ESRS 2- SBM-3 - E4	point 16(b)				
ESRS 2- SBM-3 - E4	point 16(c)				
ESRS E4-2	Sustainable soil/agricultural practices or policies point 24(b)				
ESRS E4-2	Sustainable practices or policies for oceans/oceans point 24(c)				
ESRS E4-2	Anti-deforestation policies, point 24(d)				



## Data points deriving from other EU legislation continued

		Referral to SFDR	Reference to pillar 3	Reference to the Benchmarks Regulation	EU Reference to the Climate Act
ESRS E5-5	Non-recycled waste, point 37(d)	Not essential			
ESRS E5-5	Hazardous and radioactive waste, point 39	Not essential			
ESRS 2- SBM3 - S1	Risk of incidents of forced labour, point 14(f)	Not essential			
ESRS 2- SBM3 - S1	Risk of incidents of child labour point 14(g)				
ESRS S1-1	Human rights commitments point 20	Not essential			
ESRS S1-1	Due diligence policies on issues covered by the International Labour Organization's fundamental conventions 1-8 point 21				
ESRS S1-1	Processes and measures to prevent human error				
ESRS S1-1	Policy or management system for the prevention of occupational accidents, point 23				
ESRS S1-3	Complaint handling mechanisms, point 32(c)				
ESRS S1-14	Number of fatalities and number and frequency of work-related accidents, point 88(b) and (c)				
ESRS S1-14	Number of days lost due to injury, accident, death or illness point 88(e)				
ESRS S1-16	Unadjusted gender pay gap paragraph 97(a)	Not essential		Not essential	
ESRS S1-16	Share of overpayment to the CEO item 97(b)	Not essential			
ESRS S1-17	Cases of discriminatory treatment, point 103(a)				
ESRS S1-17	Non-compliance with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines, point 104(a)				
ESRS 2- SBM3 - S2	child labour or forced labour in the value chain, point 11(b)				
ESRS S2-1	Human rights commitments point 17				
ESRS S2-1	Policies regarding workers in the value chain item 18				
ESRS S2-1	Non-compliance with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines paragraph 19				
ESRS S2-1	Due diligence policies on issues covered by the International Labour Organization's fundamental conventions 1-8 point 19				
ESRS S2-4	conditions and events related to the organisation's upstream/downstream value chain item 36				
ESRS S3-1	Human rights obligations, point 16				
ESRS S3-1	Non-compliance with the UN Guiding Principles on Business and Human Rights, ILO Principles or OECD Guidelines paragraph 17				
ESRS S3-4	Human rights issues and incidents, item 36				
ESRS S4-1	Consumer and end user policies, point 16	Not essential			
ESRS S4-1	Non-compliance with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines paragraph 17	Not essential		Not essential	
ESRS S4-4	Human rights issues and incidents, item 35	Not essential			
ESRS G1-1	United Nations Convention against Corruption, point 10(b)	Not essential			
ESRS G1-1	Whistleblower protection point 10(d)				
ESRS G1-4	Fines for violation of anti-corruption and anti-bribery legislation, point 24(a)	Not essential		Not essential	
ESRS G1-4	Anti-corruption and anti-bribery standards point 24(b)	Not essential			

# Income statement

	2023/24	2024/25
Revenue	2,208	2,272
Production costs	-1,073	-1,055
<b>Gross profit/loss</b>	<b>1,135</b>	<b>1,217</b>
Sales and distribution costs	-871	-915
Administrative expenses	-198	-209
Other operating income	6	5
Other operating costs	-4	-4
<b>Operating profit</b>	<b>68</b>	<b>94</b>
Financial income	21	22
Financial expenses	-43	-34
<b>Profit/loss before tax</b>	<b>46</b>	<b>82</b>
Tax	-21	-19
<b>Profit/loss from continuing operations</b>	<b>25</b>	<b>63</b>
Profit/loss from discontinued operations	-9	-
<b>Net profit/loss for the year</b>	<b>16</b>	<b>63</b>

## Distribution of profit continuing operations

Shareholder in Flügger group A/S, share	19	58
Minority interests	6	5
<b>Net profit/loss for the year</b>	<b>25</b>	<b>63</b>

## Net profit/loss per share continuing operations

Earnings per share of DKK 20	6.2	19.5
Diluted earnings per share of DKK 20	6.2	19.4

## Distribution of profit including discontinued operations

Shareholder in Flügger group A/S, share	4	58
Minority interests	12	5
<b>Net profit/loss for the year</b>	<b>16</b>	<b>63</b>

## Net profit/loss per share including discontinued operations

Earnings per share of DKK 20	1.4	19.5
Diluted earnings per share of DKK 20	1.4	19.4

# Statement of comprehensive income

	2023/24	2024/25
<b>Net profit/loss for the year</b>	<b>16</b>	<b>63</b>
Items recirculated to income statement:		
Exchange rate adjustments, subsidiaries etc.	13	17
<b>Total other comprehensive income</b>	<b>13</b>	<b>17</b>
<b>Total comprehensive income</b>	<b>29</b>	<b>80</b>

## Comprehensive income from continuing operations

Shareholder in Flügger group A/S, share	32	74
Minority interests	6	6
<b>Net profit/loss for the year</b>	<b>38</b>	<b>80</b>

## Comprehensive income including discontinued operations

Shareholder in Flügger group A/S, share	14	74
Minority interests	15	6
<b>Net profit/loss for the year</b>	<b>29</b>	<b>80</b>

# Balance sheet

	30.04.2024	30.04.2025
<b>Assets</b>		
Goodwill	147	149
Software	28	36
Other intangible assets	29	23
Prepayments, intangible assets	24	9
<b>Intangible assets</b>	<b>228</b>	<b>217</b>
Land and buildings	272	270
Technical plant and machinery	136	120
Other machinery and equipment	82	91
Leased assets	321	357
Assets under construction	25	23
<b>Property, plant and equipment</b>	<b>836</b>	<b>861</b>
<b>Deferred tax asset</b>	<b>24</b>	<b>11</b>
<b>Non-current assets</b>	<b>1,088</b>	<b>1,089</b>
Inventories	362	375
Receivables	471	432
Cash and cash equivalents	18	24
<b>Current assets</b>	<b>851</b>	<b>831</b>
<b>Total assets</b>	<b>1,939</b>	<b>1,920</b>

	30.04.2023	30.04.2024
<b>Liabilities</b>		
Share capital	60	60
Reserve for foreign exchange adjustment	-147	-110
Retained earnings	821	815
Proposed dividend	15	60
<b>Equity, excl. minorities</b>	<b>749</b>	<b>825</b>
Minority interests	72	45
<b>Equity</b>	<b>821</b>	<b>870</b>
Deferred tax	27	21
Lease liability	264	284
Mortgage credit institution loans	113	104
Other payables	1	-
Liability, put option	5	9
<b>Long-term liabilities</b>	<b>410</b>	<b>418</b>
Lease liability	70	87
Mortgage credit institution loans	-	9
Bank debt	260	149
Debt to related parties	14	-
Suppliers	192	206
Income tax	10	11
Other payables	162	170
<b>Short-term liabilities</b>	<b>708</b>	<b>632</b>
<b>Total liabilities</b>	<b>1,939</b>	<b>1,920</b>

# Statement of changes in equity

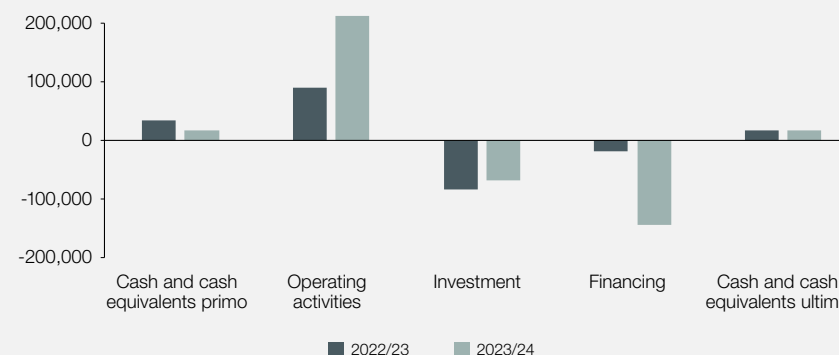
	Share capital	Reserve for exchange rate adjustments	Retained earnings	Proposed/ distributed dividend	Company share	Minority interests	Total equity
Equity at 30 April 2023	60	-156	776	15	695	79	774
Net profit for the year	-	-	4	-	4	12	16
Items recirculated to income statement:							
Exchange rate adjustments, subsidiaries etc.	-	-7	-	-	-7	4	-3
Recirculation of exchange rate adjustments discontinued operations	-	16	-	-	16	-	16
Tax on other comprehensive income	-	9	-	-	9	4	13
<b>Total comprehensive income</b>	-	9	4	-	13	16	29
Distributed dividend	-	-	-	-15	-15	-	-15
Minorities, disposal	-	-	-	-	-	-23	-23
Put option	-	-	53	-	53	-	53
Proposed dividend	-	-	-15	15	-	-	-
Purchase own shares	-	-	-3	-	-3	-	-3
Share options	-	-	6	-	6	-	6
<b>Total transactions with shareholders</b>	-	-	41	-	41	-23	18
<b>Equity at 30 April 2024</b>	<b>60</b>	<b>-147</b>	<b>821</b>	<b>15</b>	<b>749</b>	<b>72</b>	<b>821</b>
Reclassification	-	21	5	-	26	-26	-
Net profit/loss for the year	-	-	58	-	58	5	63
Items recirculated to income statement:							
Exchange rate adjustments, subsidiaries etc.	-	16	-	-	16	1	17
<b>Other comprehensive income</b>	-	16	-	-	16	1	17
<b>Total comprehensive income</b>	-	16	58	-	74	6	80
Distributed dividend	-	-	-	-15	-15	-	-15
Put option	-	-	-4	-	-4	-	-4
Proposed dividend	-	-	-60	60	-	-	-
Purchase own shares	-	-	-10	-	-10	-	-10
Share options	-	-	5	-	5	-	5
<b>Total transactions with shareholders</b>	-	-	-69	45	-24	-7	-31
<b>Equity at 30 April 2025</b>	<b>60</b>	<b>-110</b>	<b>815</b>	<b>60</b>	<b>825</b>	<b>45</b>	<b>870</b>

# Cash flow statement

	2023/24	2024/25
Operating profit	68	94
Depreciation, amortisation and writedowns	169	173
Other non-cash items	-34	6
Change in receivables	-24	-4
Change in inventories	41	-13
Change in trade creditors	-24	14
Change in other liabilities relating to operations	15	7
<b>Cash generated from operations before financing and tax</b>	<b>211</b>	<b>277</b>
Financial income	5	5
Financial expenses	-21	-19
<b>Cash generated from operations before tax paid</b>	<b>195</b>	<b>263</b>
Tax paid	-2	-7
Cash flow from operating activities discontinued operations	1	-
<b>Cash flow from operating activities</b>	<b>194</b>	<b>256</b>
Purchase of intangible assets	-7	-18
Purchase of property, plant and equipment	-54	-40
Sale of non-current assets	1	2
Payment received, receivables from divested companies	1	43
Deferred payment regarding acquired company	-2	-
Cash flow from investing activities discontinued operations	-5	-
<b>Cash used in investing activities</b>	<b>-66</b>	<b>-13</b>
<b>Cash flow after investing activities</b>	<b>128</b>	<b>243</b>
Drawings on credit facility	-34	-11
Raising of debt to related parties	-2	-
Repayment of debt to related parties	-2	-14
Lease expenses paid	-85	-80
Dividend paid	-15	-22
Purchase, own shares	-3	-10
Cash flow from financing activities discontinued operations	7	-
<b>Cash used in financing activities</b>	<b>-130</b>	<b>-237</b>
<b>Cash flow for the year</b>	<b>-2</b>	<b>6</b>
Cash and cash equivalents, beginning of year	18	18
Exchange rate adjustment	-2	-
<b>Cash and cash equivalents, year-end</b>	<b>18</b>	<b>24</b>

Bank accounts and fixed-term deposits contain tied-up funds totalling DKK 0 million (last year DKK 0.2 million).

## Development in cash flow



## Accounting policies applied

### Cash flow statement

The cash flow statement shows cash flow for the year, broken down by operating, investing and financing activities as well as cash and cash equivalents at the beginning and end of the year.

Cash flow from operating activities are calculated according to the indirect method on the basis of the profit/loss for the year after paid interest and tax adjusted for non-cash operating items and changes in working capital.

Cash flow from investing activities include payments in connection with the acquisition and divestment of companies and activities, the acquisition and sale of intangible assets, property, plant and equipment and other non-current assets.

Cash flow from financing activities include changes in the size or composition of share capital and costs associated with this as well as the raising of loans, instalments on interest-bearing debt, lease expenses paid, purchase of own shares as well as dividend paid to shareholders etc.

Cash and cash equivalents include cash funds and securities with a term to maturity of less than three months and which can easily be converted into cash funds and for which there are only negligible risks of changes in value.

Cash flow denominated in currencies other than the functional currency are converted as at transaction day exchange rates.

### Cash and cash equivalents

Cash and cash equivalents comprise cash holdings and bank balances including fixed-term deposits. The holdings are measured at nominal value.



