salling group

Annual Report 2024

EVERY
DAY
BETTER

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Reader's Guide

The report has been prepared in accordance with the International Financial Reporting Standards (IFRS) as adapted by the EU and additional requirements for class C large enterprises of the Danish Financial Statements Act (DFSA).

- Our reporting in compliance with section 99a of the DFSA on statement on corporate social responsibility can be found on pages 9 and 16-32 for actions and results, and on pages 14 and 100-110 for business model, risks, policies, actions and results.

- Our reporting in compliance with section 99d of the DFSA on Data Ethics can be found on page 27.

Introduction

Reducing plastic waste

By choosing our dishwash refill in a doypack, our customers save 60% plastic. Our Salling FRI dishwash refill contains two refills of your dishwash bottle with 0% perfume and dyes.

Reflection on the Year

Navigating challenges and delivering value

As I look back on 2024, I am filled with pride at what Salling Group has achieved. 2024 was a remarkable year for Salling Group, marked by our strong commitment to supporting our customers, colleagues, and local communities. Operating in a competitive market across Denmark, Germany, and Poland, we faced challenges such as changing consumer habits and increased regulatory requirements. Recognising the rising cost of living as a primary concern for our customers, we took decisive action. We launched several major price campaigns on essential groceries and collaborated with suppliers to lower food prices. Our focus remained on maintaining a lean, efficient organisation to deliver strong value to our customers, even in challenging economic conditions.

Financial performance

Despite the economic pressures, our strategic initiatives and operational efficiencies have enabled us to achieve strong financial results in 2024 with a record revenue level of DKK 72.2 billion and a profit after tax of DKK 1,709 million for the year.

This success underscores our ability to adapt and innovate, ensuring that we continue to meet the needs of our customers while securing a stable foundation for future growth. Our robust financial performance allows us to reinvest in our business and communities, further enhancing the value we provide to our stakeholders.

Reaching our potential together

In 2024, we launched our ambitious 5-year strategy, Aspire '28, marking a pivotal moment in our corporate history. This strategy is launched a decade after buying back control from A.P. Moeller - Maersk, during which we have strengthened our financial position significantly. Our robust financial foundation enables us to dream big and set ambitious goals for the future, building on our legacy and Herman Salling's vision.

We aim to grow Salling Group by almost 40% to reach a turnover of DKK 100 billion by 2028. This growth will be driven by a focus on innovation, strategic investments in startups through our new innovation fund 'Salling Seeds', and transformative mergers and acquisitions. Our financial strength allows us to invest confidently in these areas, ensuring that we can seize opportunities and navigate challenges effectively. With Aspire '28 we will increase the robustness of our company and ensure we have multiple strong legs.

Central to Aspire '28 are our corporate priorities (the 5Ks): Kunder (Customers), Kolleger (Colleagues), Kønsdiversitet (Gender Diversity), Kultur (Culture), and Klima (Climate). These priorities guide us in enhancing customer experiences, fostering an inclusive work environment, and committing to sustainability. By aligning our strategy with these core priorities, we ensure that Salling Group remains a leader in the retail industry. Aspire '28 is not just about growth; it's about building a future where we create long-term value for our stakeholders and contribute positively to society.

Setting customers first

2024 was also a year of significant milestones aimed at enhancing customer experience. We completed the conversion of all Danish Netto stores to our 3.0 concept, offering a modern and inspiring shopping experience. We invested in Bilka stores, focusing on diverse product categories, and launched a new strategy in føtex to promote customer health. In Poland, we expanded our store network and tested our first 4.0 format, while in Germany, we continued to invest in providing the best shopping experience.

Navigating new Horizons

As we set new ambitions, we also embarked on a journey to evolve our culture. We have named this initiative Horizon. Our strong culture, characterised by passion, integrity, and decisive execution, is something we are immensely proud of. In 2024, we conducted extensive data collection to understand our current identity and used this knowledge to shape our aspirations. We aim to enhance our strengths and embrace new traits that will help us achieve our dreams.

Sustainability milestones and ambitions

Sustainability remains a strategic priority. In 2024, we reached a significant milestone with the launch of our "MadPlus" initiative, focusing on reducing food waste across our Danish stores. This initiative underscores our commitment to tackling food waste as a central agenda. We are working tirelessly to decrease waste in our daily operations across the group, recognising that reducing food waste is not only about conserving resources but also has important economic implications for our business.

In addition to our efforts in food waste, we are making progress in reducing our climate footprint. This complex agenda requires substantial effort from and collaboration with our suppliers, as 95% of our climate impact lies outside our own operations. We have set ambitious goals for our suppliers to establish science-based climate targets, and I will strongly encourage all of our suppliers to get engaged on the climate agenda and start by setting climate targets.

Partnerships and community engagement

Beyond our organisational investments, we formed a historic partnership with the Danish Football Association (DBU) - the biggest partnership in history for both organisations. This collaboration spans national teams and local clubs, focusing on promoting equality, equal opportunities, physical and mental health, well-being, recruitment, and education. I look forward to leverage the benefits of this partnership.

Salling Group is on a transformative journey, and I am especially proud that our continuous efforts was recognised by the public in the annual Danish IFO Image Survey. For the first time ever, Salling Group ranked in top ten, moving up 12 spots from last year.

Navigating risks and opportunities in 2025 and beyond

As we enter 2025, we are confronted with geopolitical, economic, and regulatory uncertainties that are likely to impact consumer behaviour, disrupt supply chains, and influence our business operations. As a pivotal step in our new strategy, we embarked on an exciting journey in March 2025 by agreeing to acquire the Baltic retailer Rimi Baltic from the Swedish retailer ICA Gruppen. This acquisition, which includes 314 stores, a strong e-commerce platform, and over 11,000 employees, is a key step in strengthening our market position and enhancing our resilience. We await regulatory approval of the acquisition and look forward to welcoming Rimi into the Salling Group family, marking our first entry into the Baltic market.

In closing

I extend my deepest thanks to my colleagues across offices, stores, and distribution centres for their exceptional efforts in 2024. I am proud to work with such a dedicated team, committed to providing our customers with an inspiring shopping experience every day.

Anders Hagh // CEO

72.2 bn
turnover

56,669
employees

12.1 m
customers a week

1,770
stores

Letter from the Chairman

Dear Stakeholders,

Congratulation to all of you for another very good year for Salling Group. In a very difficult and volatile year we delivered great financial results once again. Revenue growth of 2.7% to DKK 72,2 billion, an EBIT improvement of DKK 272 million to DKK 2,7 billion and mostly impressive a Net Cashflow from operations of DKK 4,2 billion underline the excellent work of our management and all our employees.

Not only did we deliver these short-term results, but management also worked very thoroughly on the mid-term plan and finalised our 5-year strategy – Aspire '28.

This plan has the ambition to grow and for Salling Group to be a DKK 100 billion company in 2028. This is of course very ambitious, but our strong leadership, our long-term focus, our great workforce, and our owner structure allows us to think big.

Not only did management build the plan, but we also already executed on it in the beginning of 2025 by acquiring the Rimi chain in the Baltics. A great chain with 314 stores in 3 countries (Estonia, Latvia, and Lithuania) and DKK 15 billion in revenue will now be part of our group. Rimi is a very strong and successful concept with strong local leadership and I am very excited to have them as part of our group.

Another part of the plan is to focus on innovation and strategic investments through the new innovation fund 'Salling Seeds'. Our financial strength allows us to look for startups and innovative projects and invest in them to create long-term value and also to invest in projects that would improve our core business. In the core of our business is of course still Netto, Bilka, føtex, and Salling in Denmark, and Netto in Germany and Polen. Here we will continue to focus on being the best we can for our customers. I have seen improvements in all these areas in 2024 and I am convinced that this will continue in 2025. The commitment to our 5Ks (Kunder, Kollegaer, Kønsdiversitet, Kultur, and Klima) is 100% right and we will of course continue to focus on this. These 5Ks will always be the leading principles for all our current and future businesses.

We in the Board of Directors are very impressed by the work Anders and his leadership team are doing and we are also very happy with the communication and dialogue we have.

Salling Group is a very strong company with great ownership and with a commitment to long-term growth. We in the Board are all proud to be part of it.

Bjørn Gulden // Chairman of the Board

Highlights 2024

Record revenue level of DKK 72.2 billion

Announcement of historic partnership with DBU

Test of new store concept for Netto Poland

Refurbishment of all Netto Denmark stores completed

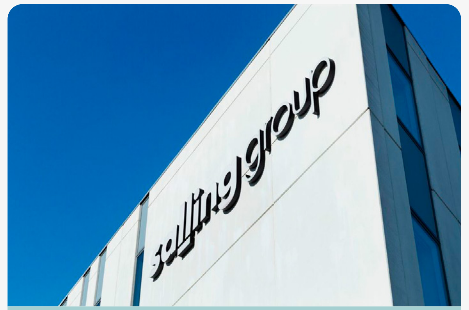
Launch of new Group strategy – Aspire ‘28

madplus+

Launch of MadPlus Partnership

SUSTAINABLE BRAND INDEX
INDUSTRY WINNER 2024
Danish consumers perceive Salling Group to be the most sustainable brand in its industry

Salling Group Industry winner of the Sustainable Brand Index 2024



Acquisition* of 33 stores from COOP

Opening of Denmark’s first unmanned grocery store, føtex Go! with brand new surveillance technology

Salling opens new BOSS and Hugo franchise stores in strategic collaboration with HUGO BOSS

New brand campaign for Salling Group: Every Day Better.

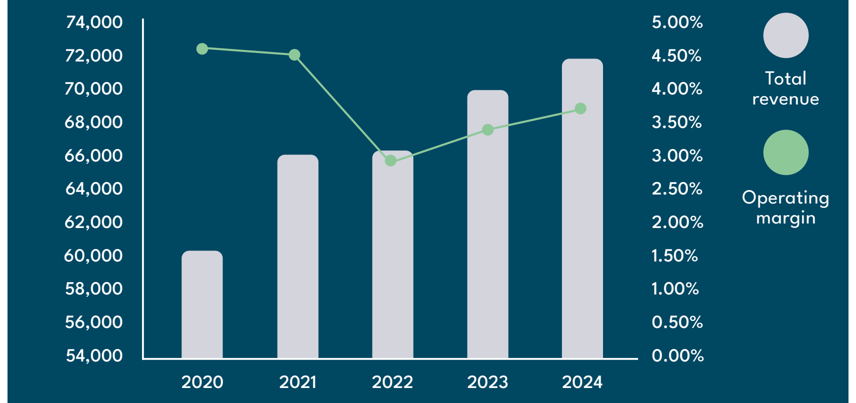
* Approved by the Regulatory Authorities in March 2025

Financial 5-year Summary

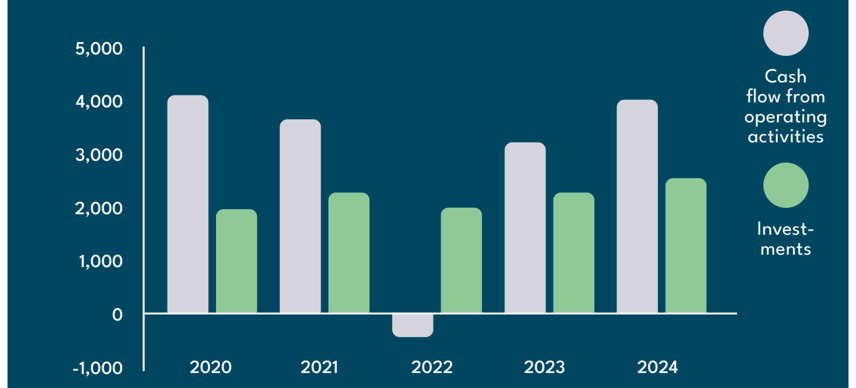
Highlights for the Group 2020 - 2024

DKK million	2024	2023	2022	2021	2020
Total revenue	72,176	70,260	66,521	66,202	60,855
Operating profit before depreciation, amortisation and impairment losses (EBITDA)*	5,222	4,951	4,324	5,193	4,702
Operating profit (EBIT)	2,693	2,421	1,940	2,952	2,818
Net financial items	-407	-341	-580	-466	-479
Total profit for the year	1,709	1,587	972	1,942	1,852
Net cash flows from operating activities	4,149	3,244	-587	3,719	4,285
Investments in property, plant and equipment, right-of-use assets, and investment properties	2,587	2,351	2,063	2,357	2,084
Total assets	40,426	38,961	38,030	40,719	37,533
Total equity	13,836	12,255	10,400	9,401	7,610
Net debt/EBITDA	2.0	2.3	2.6	1.8	1.5
Operating margin	3.7%	3.4%	2.9%	4.5%	4.6%
Return on equity	13.1%	14.0%	9.8%	22.8%	26.8%

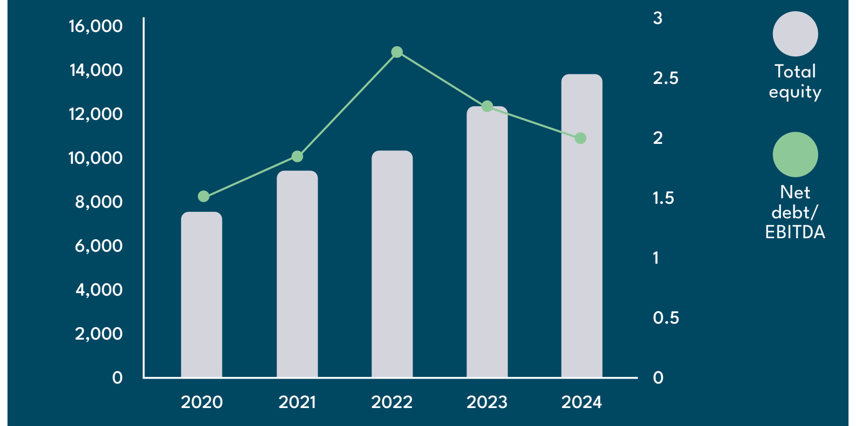
Total revenue and operating margin, 2020 - 2024



Cash flow from operations and investments, 2020 - 2024



Equity and net debt/EBITDA, 2020 - 2024



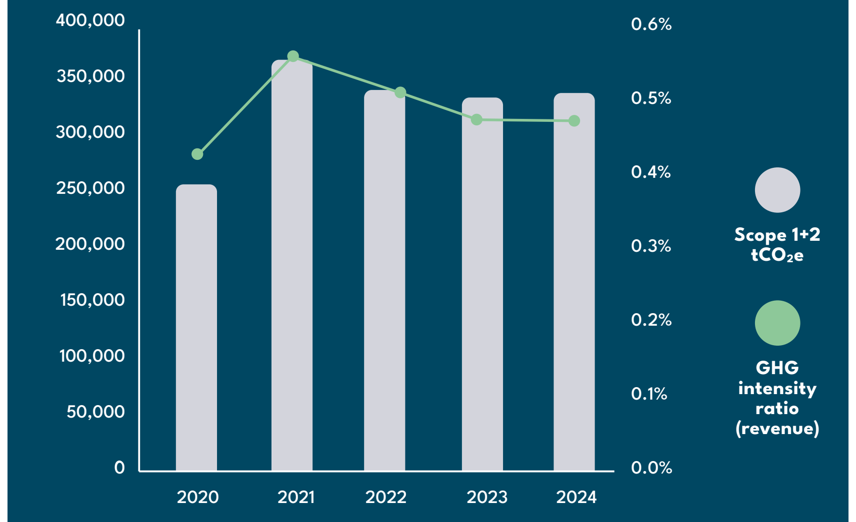
Note:
For definitions of main and key figures please refer to note 2 in the notes to the consolidated financial statements.
*For the year 2021 EBITDA is positively affected by special items of DKK 201 million related to the acquisition of the UK retailer Tesco's Polish business.

ESG 5-year Summary

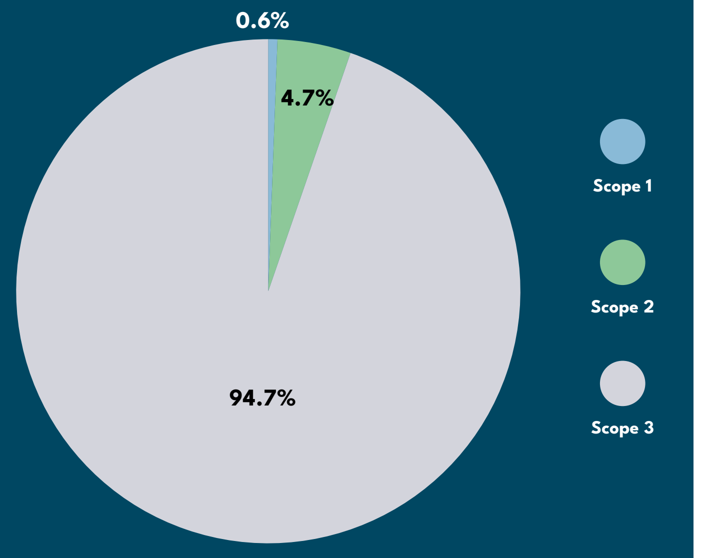
Non-financial highlights for the Group 2020 - 2024		Units	2024	2023	2022	2021	2020
Environment							
GHG Inventory	Scope 1	tCO_2e	37,140	42,083	45,962	76,730	41,541
	Scope 2	tCO_2e	299,656	289,197	292,412	290,103	217,380
	Scope 3*	tCO_2e	6,026,381	6,004,740	6,213,402	6,433,116	106,596
	Total emissions	tCO_2e	6,363,177	6,336,020	6,551,776	6,799,949	365,517
	GHG intensity ratio (revenue) (scope 1+2)	tCO_2e/thousand DKK	0.5	0.5	0.5	0.6	0.4
	GHG intensity ratio (revenue) (scope 3)*	tCO^2e/thousand DKK	8.3	8.5	9.4	9.7	-
	GHG intensity ratio (m^2) (scope 1+2)	tCO_2e/m^2	0.107	0.107	0.111	0.120	0.095
Energy	Consumption	MWh	609,470	636,625	662,171	714,675	564,403
	Energy Efficiency	MWh/m^2	0.194	0.206	0.214	0.235	0.216
Waste	Recycling	%	78.6	77.0	76.8	77.2	78.6
	Food waste	Tonnes	38,474	36,481	39,265	38,407	39,226
	Food waste percentage	%	1.8	1.7	1.8	1.8	1.9
Water	Water Efficiency	m^3/m^2	0.159	0.172	0.166	0.175	0.174
Social							
People	Headcounts all	No.	56,669	58,903	59,696	61,874	55,471
	Diversity: Executive committee	%	18.2	15.4	18,0	20.0	22.0
	Diversity: Vice presidents	%	17.1	16.2	13.0	13.0	17.0
	Diversity: Directors+	%	24.2	22.3	21.0	19.0	17.0
	Diversity: Managers+	%	54.0	53.9	54.0	53.0	50.0
	Diversity: All employees	%	55.4	55.1	56.0	57.0	56.0
	Safety (LTIF)	No.	100	99	104	104	97
	Sickness absence	%	4.1	4.2	4.6	4.0	3.6
	Employee turnover	%	29.9	27.1	26.4	25.3	19.2
Products	Food safety (DK only)	%	91.5	89.2	90.3	90.4	89.8
Governance**							
	Diversity: Board	%	0.0	20.0	20.0	20.0	20.0
	Buyers trained in responsible procurement	%	80.0	64.0	71.0	61.0	69.0
	Vendor satisfaction score	Score	4.3	4.4	4.3	4.2	4.2
	Tax	DKK mio.	8,970	8,580	8,198	8,533	7,308

Please find the calculation methodology for all KPI's under the ESG statements section of the annual report.
* Full scope 3 reporting from 2021 (previous years only covered category 4, 5 and 6). Restatement in 2024 for scope 3, category 1, 2, 11 and 12 for 2021 - 2023, see explanations on page 110.
** Removal of one KPI: Employees trained in responsible products.

Scope 1 & 2 emissions and GHG intensity ratio



GHG emissions total



Group Performance

In 2024, Salling Group introduced Aspire '28, a new growth strategy accelerating the strategic priorities and significantly raising the level of ambition for Salling Group. Aspire '28 includes goals for more stores, acquisitions in existing and new markets, as well as a new innovation fund, 'Salling Seeds'. The goal is a more geographically balanced turnover reaching DKK 100 billion by 2028.

Salling Group operates five different formats of retail stores in addition to a number of e-commerce platforms. In Denmark, Bilka, føtex, Netto, Salling department stores, and BR are operated as physical stores. In Germany and Poland, Salling Group is present with Netto stores. Online, Salling Group operates with Bilka.dk, Salling.dk, føtex.dk, BR.dk, flowr.dk and Skagenfood.dk. Furthermore Salling Group operates Starbucks, Carl's Jr., Matinique and HUGO BOSS as franchises in Denmark. The parent company's activities include all retail activities in Denmark, except for the sale of meal boxes that takes place through Skagenfood A/S.

Matinique and HUGO BOSS were added to the franchise portfolio in 2024 as a strategic partnership with Salling department stores.

Market development

2024 was characterised by moderate inflation and consumers continued to seek competitive pricing with a strong focus on promotions and value for money.

During 2024, Netto enhanced the store concept and continued refurbishment of existing stores and opening of new locations across all three markets. In Denmark, the upgrade of all Netto stores to 3.0 store concept was finalised. In Poland, a new store concept was introduced, aiming to customise and tailor the shopping experience for Polish customers. In total 126 Netto stores were refurbished in 2024 across all three markets, and the customer response to the Netto concept continues to be promising.

føtex also launched a new strategy in 2024 focusing on meal inspiration and healthy products.

In 2024, Salling Group continued strengthening its market position of being the largest retailer in Denmark and gained market share in the Danish grocery market.

The expansion continued in all three markets with the opening of 52 new stores.

Financial result

Revenue

The total revenue for 2024 amounts to DKK 72,176 million, an increase of DKK 1,916 million or 2.7% compared to 2023.

Operating profit before depreciation, amortisation and impairment losses (EBITDA)

EBITDA is DKK 5,222 million, which is an increase of DKK 271 million compared to 2023. While EBITDA reached a record level, the result for 2024 is impacted by especially increasing payroll costs and theft in stores.

Operating profit (EBIT)

The increase in EBITDA is also reflected in the Operating profit (EBIT). EBIT increased by DKK 272 million from DKK 2,421 million or 3.4% in 2023 to DKK 2,693 million or 3.7% of sales in 2024.

Profit before tax

Profit before tax is DKK 2,286 million, which is an improvement of DKK 206 million compared to 2023. The increase is impacted by the improved EBIT result and increased financial cost.

Profit for the year

Profit for the year is DKK 1,709 million, which is an improvement by DKK 122 million compared to 2023. Income tax for the year increased by DKK 84 million to DKK 577 million.

Follow up on outlook announced for 2024

Salling Group expected to continue expanding its markets position and increase turnover and profit in 2024 compared to 2023. Salling Group expected to realise a revenue in the level of DKK 70 – 73 billion and a profit before tax in the level of DKK 2.1 – 2.4 billion. Both revenue and profit before tax for 2024 are in line with the announced expectations.

Cash flow

Net cash flows from operating activities amount to DKK 4,149 million compared to DKK 3,244 million in 2023.

Investments

Investments in property, plant and equipment, right-of-use assets, and investment properties amount to DKK 2,587 million in 2024 compared to DKK 2,351 million in 2023.

As part of the Aspire '28 strategy Salling Group announced an ambitious plan to invest approximately DKK 13 billion in maintaining a strong base to expand leading position in Denmark, upgrade all stores in Germany to the store concept 3.0, and significantly expand the number of stores in Poland to become a strong national player.

Dividend

Net cash flows from financing activities include dividend paid out of DKK 200 million which is at the same level as in 2023.

Employees

As at 31 December 2024 Salling Group employed 56,669 employees (58,903 as at 31 December 2023). The average number of full-time employees in Salling Group equals 29,405 in 2024 (29,591 in 2023).

Particular risks

Salling Group's financial risks include interest and exchange rate risks. The interest rate risk is related to the Group's mortgage loans, where the risk is hedged by interest rate swaps. The exchange rate risk primarily concerns purchase of goods in USD, where the major part hereof is covered by short-term forward contracts.

Expected development

Salling Group expects to continue expanding its market position and increasing turnover as well as profit compared to 2024. With the new strategy and ambitious investment plans, Salling Group expects to realise a revenue in the level of DKK 73 - 76 billion and a result before tax in the level of DKK 2.2-2.4 billion in 2025*.

Subsequent events

Salling Group has in March 2025 entered into a purchase agreement with the Swedish retailer ICA Gruppen under which Salling Group acquires control and full ownership of the Baltic retailer Rimi. The enterprise value is set at EUR 1.3 billion on a debt-free basis. The agreement includes 314 stores, a strong e-commerce platform, warehouses and distribution centres across the Baltics, with more than 11,000 skilled employees.

The acquisition is subject to and conditioned by regulatory approval. Salling Group does not operate in the Baltic market, and the acquisition is expected to be approved in 2025.

* The expected development for 2025 does not take into account the acquisition of Rimi Baltic, as the purchase is subject to regulatory approval, which entails uncertainties regarding the acquisition date.

Our Strategy

The story of Salling Group is the story of curiosity and innovation, courage to explore new avenues, and a unique ability to execute effectively on the best ideas. Over the past 118 years, we have developed our strengths in response to customer needs, yet significant untapped potential remains.

Salling Group is at a favourable point in our history: The Salling Foundations have bought back control of the company, and the company has become increasingly professionalised in recent decades, our store network has been updated, and we have invested in climate and energy improvements. At the same time, we have strengthened our IT systems, focused on management, the good working life, mental health, and career opportunities across genders.

Aspire '28

As a company, we are financially stronger than ever, providing us with unique opportunities to expand and enhance our business. The ambition of our new strategy, Aspire '28, is to unlock this potential and elevate Salling Group to the next level. The strategy is based on four strong pillars, which through innovation in startups and core business investments will ensure that we have a solid foundation for the future.

Towards 2028, we will:

Strengthen our core business and growth

Invest over DKK 13 billion in maintaining a strong base to expand our leading position in Denmark, upgrade all stores in Germany to the store concept 3.0, and expand and reach 1,000 stores in Poland to become a national player.

Increase innovation

Cultivate innovation via our new innovation fund 'Salling Seeds', investing half a billion DKK in innovative start-ups in technology, sustainability and retail, while prioritising innovation in our core business.

Make significant acquisitions

Seek out opportunities and invest billions in mergers and acquisitions that leverage our strengths.

In today's world, significant geopolitical, macroeconomic, and environmental risks, such as climate change, trade conflicts, and political intensions, pose challenges that can disrupt supply chains and influence consumer behaviour. Aspire '28 is our strategic response to these challenges, aiming to build resilience and make Salling Group less vulnerable to fluctuations in the markets in which we operate. This proactive approach not only addresses immediate risks but also positions us for long-term success and places Salling Group as a decisive voice on important societal issues such as climate, social responsibility and health.

Success demands that we preserve our strengths, including our ability to execute and manage a thriving business. Positive results provide us with the opportunity to invest, and our profits are reinvested into creating better, more innovative shopping experiences - or returned to society through our owners, the Salling Foundations.

To implement Aspire '28 effectively, we are fostering a long-term cultural change, enhancing an innovative, customer-centric culture. Our five corporate priorities (5K): Customers, Colleagues, Gender Diversity, Culture, and Climate, along with our core values (Integrity, Passionate, Agile, Competitive, and Efficient) define our expectations for ourselves and what others can expect from us. Cultivating curiosity is essential for finding new solutions and developing a modern management mindset.

The overarching goal of Aspire '28 is to elevate Salling Group to a new level: to become Scandinavia's largest retailer with a total annual turnover of DKK 100 billion. This vision reflects our commitment to growth, innovation, and societal impact, ensuring that we are well-equipped to navigate a more complex future.

Ownership

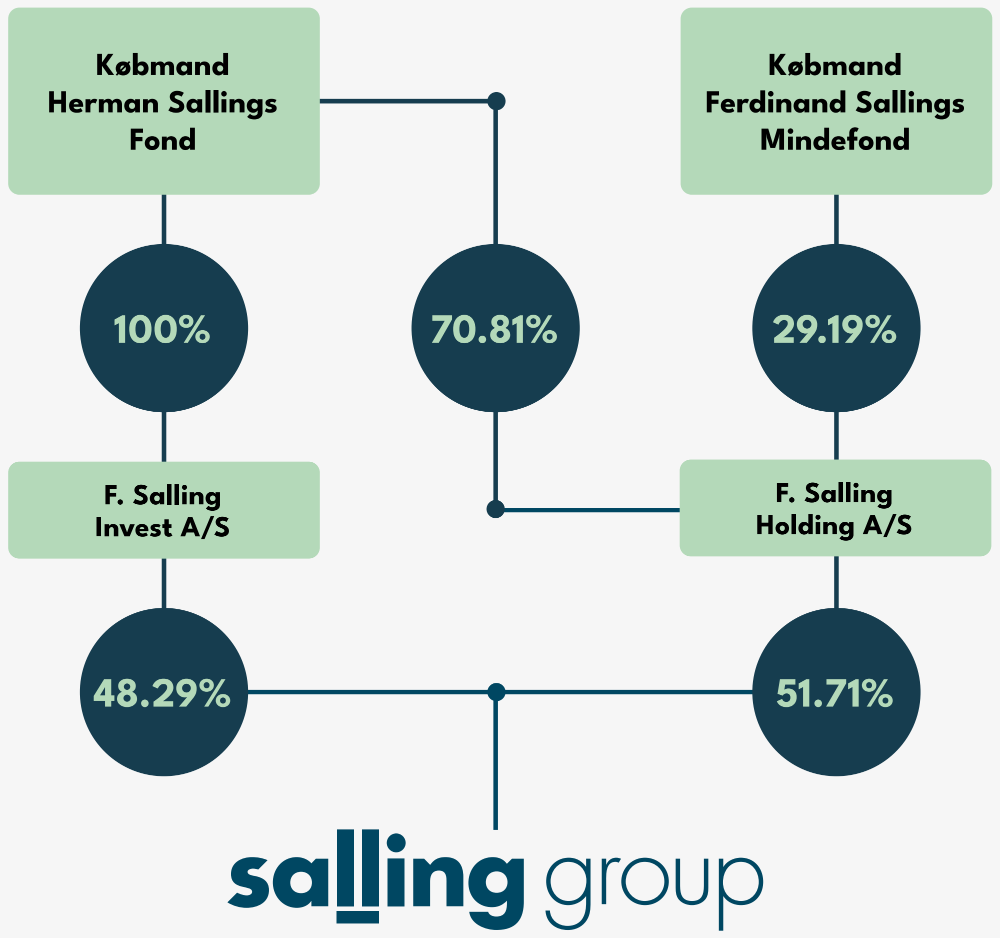
Salling Group is 100% owned by the Salling Foundations and profits are used for two purposes: reinvestment in the business for the benefit of customers, employees, and partners, and donations to worthy causes. Since 2012, the Salling Foundations have donated more than DKK two billion to culture, sports, charity, church, education, and research.

Salling Group and the Salling Foundations are named after our founder, Ferdinand Salling, who opened his draper's shop in Aarhus in 1906. The shop gradually expanded and in 1948, the first part of the Salling department store was established. After Ferdinand's passing in 1953, his son, Herman Salling, took over the business, modernising and expanding Salling's department stores. He introduced the supermarket format føtex in 1960, the hypermarket format Bilka in 1970, and the discount format Netto in Denmark in 1981, in Germany in 1990, and in Poland in 1995. Following a buyback of shares from A.P. Moeller - Maersk, the Salling Foundations resumed full ownership in 2017 and subsequently renamed the company to its current name, Salling Group.

Today, Salling Group is Denmark's largest retail group, with 1,770 stores and 12 million customers visiting our stores and restaurants every week. Besides føtex, Bilka and Netto, our portfolio includes Salling department stores, the BR toy stores, and Skagenfood. All physical stores except from Netto have associated online stores. Additionally, the company operates the franchises Starbucks, Carl´s Jr., Matinique and HUGO BOSS in the Danish market.

The year 2024 was marked by new additions and expansions with plans to open even more acquired stores in 2025. Salling Group aims to be where the customers are, recognising the potential for development not only in our existing business, which is continuously improved and innovated, but also in expanding with new brands in Denmark.

Salling Group is proud to be owned by the Salling Foundations



Retail formats in Salling Group

Brand		Number of stores	Characteristics
Netto (Denmark)	Discount stores	553	Salling Group's discounter, Netto Denmark, was founded in 1981 and today has 553 physical stores across Denmark. Netto Denmark is known for its wide range of everyday products at low prices as well as great offerings in fresh produce, convenience, and organic products.
Netto (Germany)	Discount stores	341	Netto in Germany was founded in 1990 and today has 341 discount stores across the country. Netto Germany is known for offering essential everyday items at low prices. They focus on providing a wide range of products under their own brands, ensuring both quality and affordability, but also on sourcing products locally where possible.
Netto (Poland)	Discount stores	676	Netto in Poland was founded in 1995 and has 676 discount stores across the country. Netto Poland focuses on meeting diverse customer needs by offering products that cater to various budgets. Netto's presence in Poland has expanded significantly, especially after the acquisition of Tesco Poland, which doubled its operations in the country, making Poland Salling Group's largest growth market.
føtex	Supermarkets	112	The first føtex opened in 1960 in Aarhus and offered the Danes a whole new way to shop; combining groceries, butcher's products, textiles and hardware in one store. Today, føtex has 112 stores across the country, including 16 føtex Food, 13 føtex City, 1 føtex Go! and an online store.
Bilka	Hypermarkets	19	Bilka hypermarket opened in Aarhus in 1970 and is today the only hypermarket chain in Denmark. Bilka comprises 19 hypermarkets spread across the country, including an A-Z department store that focuses exclusively on non-food products, and an online universe that also offers Bilka ToGo and home deliveries.
BR	Toy stores	30	The BR toy brand has been a beloved icon for Danish children since 1963. In 2019, Salling Group took over the rights for the renowned brand and today, 30 BR stores allow children and their families to enter an entire world of play both in physical stores an online.
Salling	Department stores	2	Founded in 1906, Salling department stores form the cornerstone and flagship of the Salling Group. Today, Salling offers a premium shopping experience through its two department stores in Aarhus and Aalborg, along with a strong online presence. The award-winning rooftops at both locations have gained international acclaim, becoming must-visit tourist destinations in Denmark.
Skagenfood	Online meal boxes	1	Skagenfood was established in 2001, partly acquired by Salling Group in 2019, and now fully owned. Skagenfood specialises in providing high-quality, fresh food products, including meal kits, seafood, and other gourmet items. It is well known for promoting convenience and healthy eating with a focus on sustainability and local sourcing.
Franchise	Restaurants, coffee houses and brand stores	37	Salling Group operates Starbucks, Carl's Jr., Matinique and HUGO BOSS franchise stores in the Danish market, the two latter in a strategic partnership with Salling department stores.

Value Chain

Salling Group constantly seeks ways to improve processes and operations across our own business and our value chain. This approach helps us deliver better products and services to our customers, aiming to deliver an everyday better shopping experience. By fostering strong supplier relationships and ensuring efficient operations and logistics, we seek to secure a reliable supply of quality products. Our advanced warehousing and distribution systems streamline operations, reduce costs and improve service levels. The integration of our physical and online retail channels allows us to adapt to evolving consumer preferences. Throughout each stage, we work to continuously strengthen our sustainability and ethical practices, reinforcing our reputation as a responsible and trusted retailer.

Upstream

Raw materials and producers

Our products are sourced directly with our suppliers. In our upstream activities we seek to build up strong and long-term partnerships with a focus on responsible sourcing practices. That is vital when it comes to maintaining a value chain that our customers can trust.

Transportation

Efficient transportation is critical to maintaining the integrity of our supply chain. We employ a combination of transportation methods to optimise the movement of goods from suppliers to our warehouses. By using strategic logistics planning and tracking systems, we work to ensure timely and reliable delivery, minimising delays and reducing the carbon footprint associated with transportation.

Own operations

Warehouses and distribution

Our warehousing and distribution operations are designed to support seamless product flows from suppliers to our stores and online platforms. Salling Group operates distribution centres that aim to manage inventory accurately and facilitate swift order processing. This setup allows us to maintain optimal stock levels and respond effectively to market demands. Additionally, it helps us reduce packaging materials, minimise waste, and shorten transportation distances.

Stores and online

In our stores and online platforms, we strive to deliver a seamless shopping experience. Salling Group's retail presence spans both physical stores and digital platforms, providing customers with flexible shopping options. Operating in Denmark, Germany, and Poland, through formats like Salling, Bilka, føtex, Netto, and BR, our stores are strategically located to maximise accessibility and enhance customer experience, while our online platforms offer convenience and a wide range of products. Through BilkaToGo, our customers have the convenience of shopping with multiple delivery options. They can choose home delivery for added ease, opt for delivery directly to their car at their local Bilka's drive-in, or collect their groceries from one of our six designated pick-up stations.

Downstream

Customers

At the end of our value chain are our customers. We strive to be our customers' trusted partner in their everyday life. We continuously improve the customer experience by providing excellent customer service and product availability in our modern, accessible, and vibrant stores. We engage with our customers through various touchpoints, gathering feedback to continually refine our offerings and enhance satisfaction. By fostering strong relationships with our customers, we build loyalty and drive repeat business, ensuring long-term success. By raising awareness of the impact of shopping decisions on topics related to health and the environment, we seek to inspire customers to choose products with lower climate impact and make customers aware of healthier alternatives.

UPSTREAM

Raw Materials and Producers
Responsible sourcing and strong supplier partnerships to ensure compliance and drive sustainability.

Transportation
Efficient logistics and advanced tracking for timely delivery and reduced carbon footprint.

OWN OPERATIONS

Warehouses and Distribution
Streamlined operations for seamless product flow, accurate inventory management, and reduced packaging.

Stores and Online
Integration of physical and online platforms for a high-quality, flexible shopping experience.

DOWNSTREAM

Customers
Understanding and anticipating customer needs to refine offerings, enhance satisfaction, and empower sustainable choices.

Creating Value for Our Stakeholders

At Salling Group, we recognise the importance of our diverse range of stakeholders. Our primary stakeholder groups include customers, employees, suppliers, owners, local communities, trade unions, educational institutions, governments, and NGOs. We engage with these stakeholders on a daily basis, allowing them to challenge us, share their concerns, provide feedback on our performance, and collaborate with us to solve problems. Additionally, some of our partners are strategic partners for Salling Group. Through these strategic partnerships, we aim to enhance our offerings and ensure that we continue to meet evolving needs of our customers. We are committed to transparency and to maintaining high integrity with all our stakeholders.

Our purpose is to improve everyday life – for our customers, colleagues, and for the societies we are part of. We do this through more sustainable solutions, the best customer value, job opportunities for all and donations to good causes through our owners, the Salling Foundations.

Stakeholders

Sustainability

SUSTAINABLE BRAND INDEX

INDUSTRY WINNER 2024

Danish consumers perceive Salling Group to be the most sustainable brand in its industry

The healthier choice
By upscaling our range of products carrying the wholegrain and keyhole labels, we aim to inspire our customers and make the healthier choice an easier one.

Sustainability Strategy

Salling Group recognises that building a sustainable future is a complex and ongoing journey, and we are committed to adapting our business to address these challenges. By integrating sustainability into our core business strategy, we seek to ensure that our growth is not only economically viable but also socially and environmentally responsible.

Core priorities: Climate and Health

As a diverse retailer present across Denmark, Poland and Germany, our sustainability strategy is driven by two core priorities: Climate and Health. These priorities reflect some of the most pressing issues, where our efforts as a company can make the most significant impact on both the environment and communities.

Climate

Addressing climate change is one of the most urgent challenges of our time. We are committed to reducing our carbon footprint through innovative practices, enhancing energy efficiency, and promoting best practices across our business. Mitigating climate change requires persistent effort and collaboration, and we are dedicated to continuously making substantial progress in this area.

Health

We have an impact on the health and well-being of both our customers and our employees through the products we sell and the workplace environment we offer. We always strive to make healthy choices accessible and affordable for everyone.

Foundation: People and Products

Our sustainability strategy is built on a solid two-pillar foundation, with one pillar centred around the people we employ and the consumers who shop in our stores, and the other focused on the products we provide. This dual focus ensures that our sustainability efforts are deeply embedded in our core business operations and resonates with both our workforce and our customers.

Collaborative partnerships

Achieving our sustainability targets requires collaboration. Our strategy is supported by strong partnerships and active engagement with customers, suppliers, communities, NGOs, and other stakeholders. By working together, we can drive meaningful change and ensure that our sustainability initiatives are effective and far-reaching.

In this report, we provide an overview of our main sustainability initiatives and achievements in 2024, highlighting the progress we have made and the challenges we continue to address. For more detailed information, please visit our website Salling Group.

Sustainability Strategy

Key priorities

Climate
Climate change is one of the biggest challenges in our time - and it is our responsibility to contribute to mitigating it by reducing our footprint in short- and long term.

Health
As a large retailer we are responsible for offering healthy solutions to both our customers and employees.

Foundation

People

Products

Environment

Addressing climate change and environmental impacts is integral to our business operations and our commitment to sustainability.

In 2024, our main environmental focus has been on climate change and food waste as we see these topics as the most intricate and pressing challenges. We have a significant impact on these areas as a business and believe that we can contribute to a more sustainable future through our efforts, making every day better for our customers and society as a whole.

Climate Change

As a large retailer with a global footprint, we have a direct and indirect CO_2e footprint that impact the climate and the environment.

In 2021, Salling Group developed science-based targets (SBTs) for scope 1, 2 and 3 emissions to measure and manage our impact (see table below). The targets were formally approved by the Science Based Targets initiative (SBTi) in 2023, confirming their alignment with the Paris Agreement's goal of limiting human-induced climate change to below 1.5°C. Our net-zero ambition involves significant emissions reduction throughout our value chain, ensuring that any remaining greenhouse gases are naturally absorbed and stored.

To achieve our net-zero ambition, we must meet the long-term targets and neutralise residual emissions through permanent carbon removal and storage, addressing the final 5% and 10% reductions, respectively. To reach our targets for carbon emissions reductions, we are actively collaborating with suppliers, partners, and stakeholders to implement the necessary changes.

Climate strategy

As part of our work on climate targets, we have adopted an ambitious climate strategy that aims to reduce our direct and indirect climate footprint. The ambition includes four tracks across own operations and value chain:

- **Removing emissions** from our own operations: We are investing in renewable energy and optimising energy efficiency to minimise both direct and indirect emissions.
- **Commit suppliers** to set science-based reduction targets: We work closely with our suppliers to reduce emissions and set science-based climate targets.
- **Helping customers** by providing solutions and products that make it easier to lower emissions from purchases: We offer a range of products and solutions that empower our customers to make environmentally responsible decisions.
- **Engaging employees** by educating them in sustainability issues with the goal of empowering them to become climate ambassadors and advocates for our climate ambitions.

Our Science Based Climate Targets

Near-term Targets 2030		
Scope 1 and 2 emissions	**Scope 3 emissions**	**Suppliers**
50% reduction	42% reduction from the use of sold products.	75% of suppliers by emissions, covering purchased goods, services, and upstream transportation and distribution will have set science-based targets by 2027.
Long-term Targets 2050		
Scope 1 and 2 emissions	**Scope 3 emissions**	**Emissions across Scope 1, 2 and 3**
95% reduction	90% reduction	Net-zero

Targets are based on 2021 baseline.

Only 5% of our emissions occur in our own operations (scope 1 and 2) while 95% of our emissions take place in our value chain (scope 3).

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

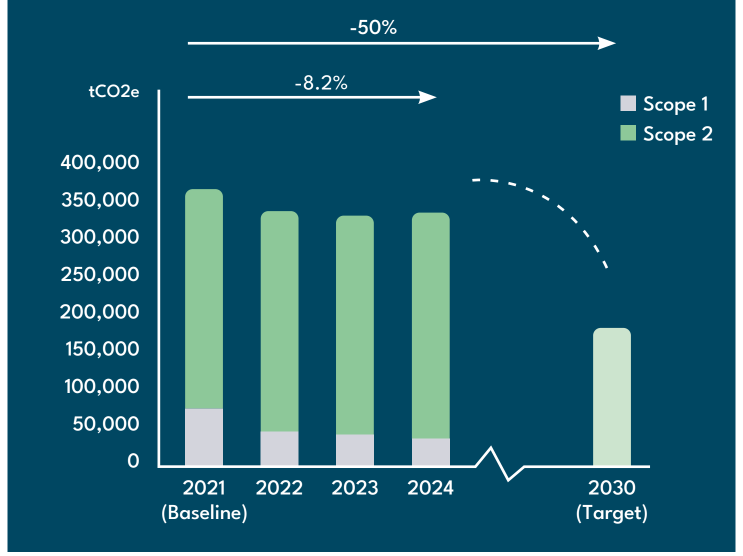
Emissions in own operations

Following the guidelines by SBTi, we have set both short- and long-term targets for our own operations:

- **50% reduction** in absolute scope 1 and 2 GHG emissions by 2030 from the 2021 baseline.
- **95% reduction** in absolute scope 1 and 2 GHG emissions by 2050 from the 2021 baseline.

In 2024, Salling Groups direct (scope 1) and indirect (scope 2) GHG emissions totalled 336,796 tCO_2e, from a decrease in scope 1 but an increase in scope 2 summing up to a total increase of 1.7% compared to 2023. The sustainability statements (page 104) elaborate on the drivers of the development in scope 1 and 2 from 2023 to 2024. Compared to the 2021 baseline, emissions decreased by 8.2% in 2024. According to the SBTi guidance, an annual reduction of 4.2% is required in scope 1 and 2 for a 1.5°C trajectory alignment. We are currently lacking behind this guidance but we expect to bridge the gap with our renewable energy transition plan.

Progress against target



Transition to renewable energy

To reduce our carbon emissions from own operations, it is key to improve our energy efficiency and reduce emissions from energy consumption. In 2024, our energy consumption was reduced by 4.3% from 2023 and in the same period there was an increase in both our consumption of electricity produced by own solar panels as well as in the excess production from our solar panels sold back to the grid. The production of energy from these solar panels covers 2.5% of our total energy consumption. In 2022, we initiated a 5-year investment plan in green energy transition, aiming to reduce carbon emissions and meet our science-based target for scope 1 and 2. Investments include:

- **Scope 1:** Decarbonisation efforts by replacing gas boilers with electric heat pumps in 750 stores across Denmark, Germany, and Poland and upgrading cooling systems to more energy-efficient models in stores not yet upgraded.
- **Scope 2:** Significant investments in solar panels on 570 buildings across the three countries as well as installing doors on refrigerated display cases in 1,300 stores to reduce electricity consumption.

By 2028, these investments are estimated to reduce carbon emissions by 25%, leaving a 25% gap to be addressed. The next step in our transition plan is to ensure access to renewable energy across Denmark, Germany, and Poland, which is expected to close this gap.

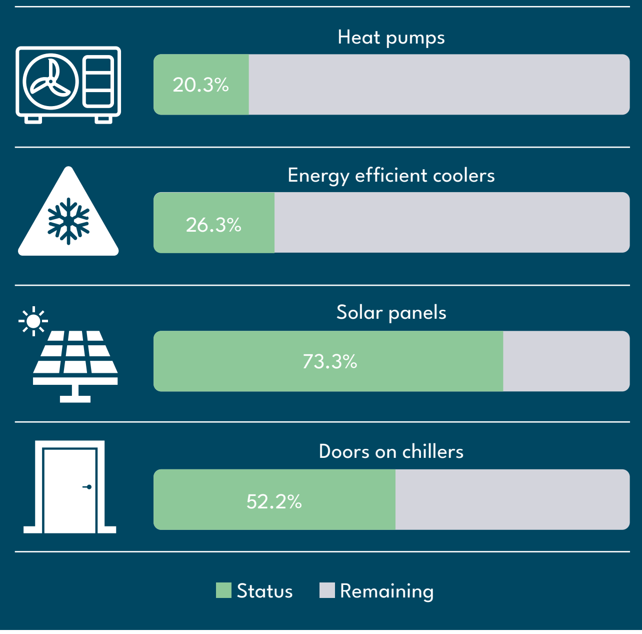
In response to evolving circumstances, we have updated our investment plan to better align with our sustainability goals. As an example, we have faced challenges regarding the amount of solar panels we aim to install in Bilka and føtex due to the roof integrity of the buildings.

Conversely, we have accelerated certain aspects of our plan to seize immediate opportunities. For example, we have increased the number of solar panels installed in Poland from the original plan of 200 to 349, thereby expediting our efforts to reduce emissions and enhance energy efficiency. These proactive measures underscore our commitment to achieving our climate targets and effectively adapting to evolving conditions.

Progress on energy investment plan

During 2024, we have installed 64 electric heat pumps and replaced cooling systems in 53 stores with new energy-efficient systems. We have installed solar panels at 273 locations across our three countries with the main part being installed at our Polish stores. Furthermore, we have installed doors on the refrigerated display cases in 160 stores to reduce energy consumption.

Status on energy investments



Emissions in our value chain

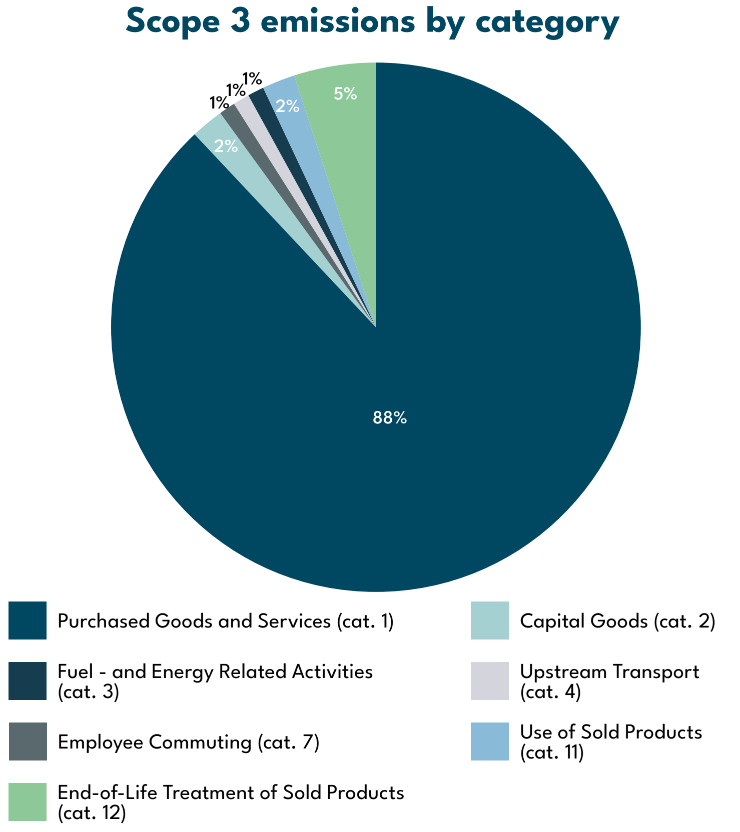
Given that the majority of our total emissions are generated within our value chain, we have set both short-term and long-term SBTi validated targets:

- **42% reduction** in absolute scope 3 GHG emissions from the use of sold products (cat. 11) by 2030
- **75% of suppliers** by emissions, covering purchased goods, services, and upstream transportation and distribution, will have science-based targets by 2027
- **90% reduction** in absolute scope 3 GHG emissions by 2050: An overarching goal to achieve net-zero emissions in our value chain.

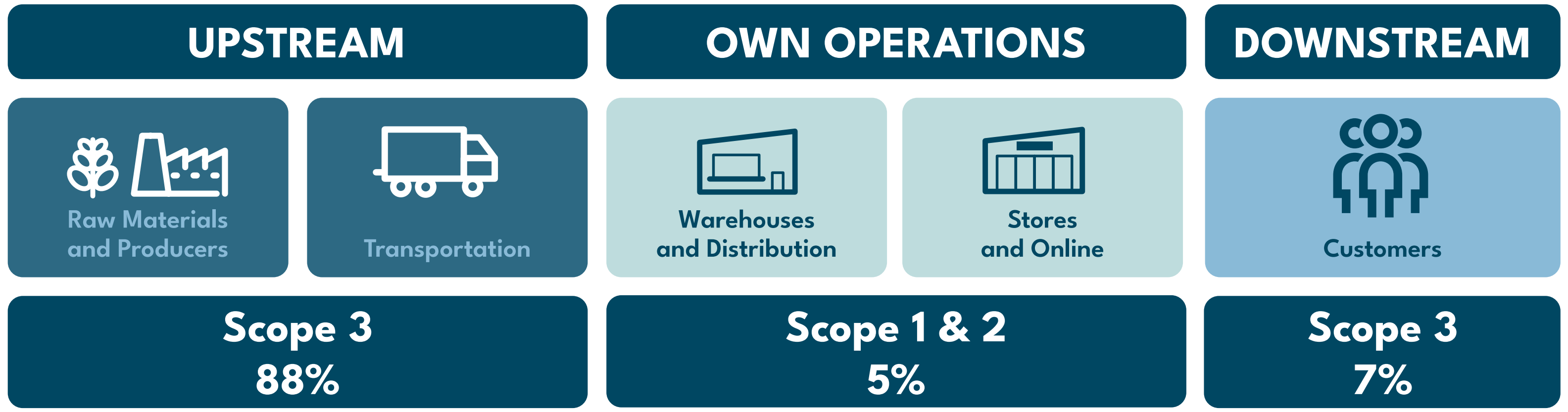
Scope 3 emissions are divided into upstream and downstream categories:

Upstream emissions (88% of our scope 3 emissions) include those generated during the production and transportation of raw materials and goods before they reach our stores. This includes emissions from suppliers and service providers involved in manufacturing, packaging, and logistics.

Downstream emissions (7% of our scope 3 emissions) occur after our products are sold, including emissions from the use and disposal of products by consumers.



In 2024, our scope 3 GHG emissions accounted for 6,026,381 tCO_2e in total, an increase of 0.4% from 2023 and a reduction of 6.3% compared to the 2021 baseline. According to the SBTi guidance, an annual reduction of 3.1% is required in scope 3 to reach our net-zero target by 2050. We are currently lacking behind.



The increase of scope 3 emissions was primarily driven by higher emissions from "purchased goods and services" resulting from a change in the mix of purchased goods and services from 2023 to 2024.

Upstream emissions

Emissions from purchased goods and services account for 88% of our scope 3 emissions in 2024. Within this category, the production of meat, dairy products such as milk and cheese, and the cotton we are sourcing for our textiles are among the most significant contributors to emissions.

Given that 88% of our scope 3 emissions are upstream, we work closely with suppliers to reduce emissions from the production and transportation of goods. This involves encouraging suppliers to adopt more sustainable practices and set science-based targets.

Supplier engagement

We request our largest suppliers to our Danish, German, and Polish formats to report their climate targets and footprints via the CDP, which is an internationally recognised not-for-profit organisation specialising in climate reporting. This initiative supports our goal for 75% of suppliers by emissions to set science-based targets by 2027 and to achieve our net-zero goal by 2050. Additionally, collecting information through the CDP platform helps us consolidate supplier data, which is vital for driving the climate agenda.

Since 2022, we have used a spend-based method to select the relevant suppliers. By the end of 2024, 449 suppliers, covering approximately 70% of our total spend, have been invited. As of 2024, 35% of our onboarded suppliers (by spend) have set climate targets, progressing towards our target of 75% by 2027. This progress is crucial for driving our climate agenda and ensuring transparency in our supply chain. In 2025, we will continue our collaboration with CDP, with a focus on increasing the proportion of suppliers who have set science-based targets. Additionally, we will begin calculating the share of suppliers with climate targets based on their emissions instead of their spend.

Despite progress, challenges remain in aligning suppliers with varied levels of readiness and in simplifying reporting systems for smaller suppliers. We plan to address these issues going forward.

Downstream emissions

Downstream emissions account for 7% of our scope 3 emissions. These occur after our products are sold, including emissions from the use and disposal of products by consumers. Our SBTi target aims for a 42% reduction in emissions from the use of sold products by 2030 compared to a 2021 baseline.

Use of sold products

In 2024, our emissions from the use of sold products amounted to 115,694 tonnes of CO_2e, representing a 30.1% decrease from 2023 (see page 105). As of 2024, we have achieved a 36.1% reduction compared to baseline. Looking at the breakdown of emissions by product category in the use of sold products, consumer electronics account for 60% of total emissions and home appliances for 40%.

Climate impact of food choices

Salling Group advocate for a national climate label to make it easier for consumers to navigate according to the products' climate footprint. We are proud to be part of the taskforce for the national climate label, tasked by the Minister of Food, Agriculture and Fisheries in Denmark. In 2024, the climate label was unfortunately delayed, and customers are still finding it challenging to identify which products have the lowest climate impact.

In 2024, Netto Denmark launched a new campaign and invited all Danes to join the search for new versions of classic Danish dishes. The objective was to re-define the top 10 classic dishes in Denmark with focus on reducing meat and increasing vegetable content. The campaign is an example of how Netto is helping customers to understand how to lower their own carbon footprint when cooking and to inspire customers to adopt more climate-friendly eating habits. Post-campaign tests showed that more than 60% agreed that the campaign inspired them to try a plant-based dish. However, the tests also highlighted the difficulty in changing actual customer behaviour, emphasising the importance of a visible national climate label at the point of purchase in stores.

Food Waste

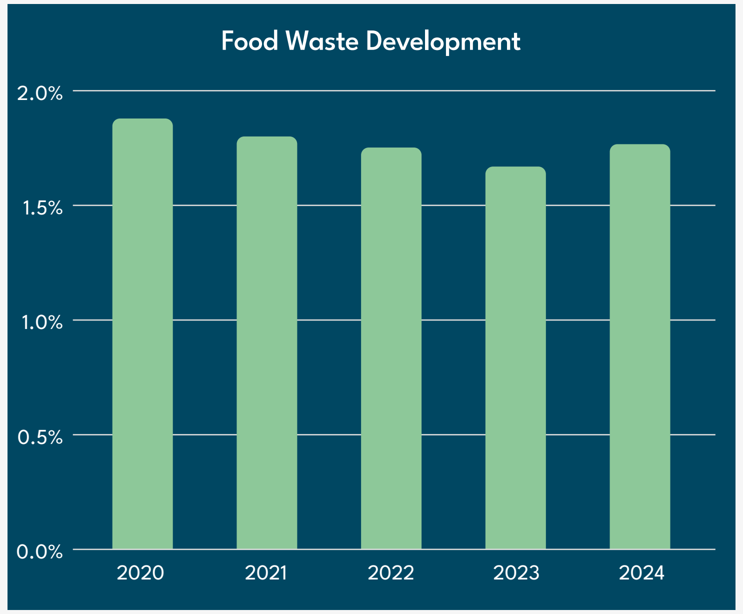
Food waste is a key priority at Salling Group for both climate, economic and ethical reasons. To better understand our contribution to food waste, we began measuring food waste by weight in addition to monetary value in 2016 in order to calculate the impact across food categories.

Salling Group´s food waste numbers have been reported and made publicly available every year since. At first, we only measured our food waste in Denmark but decided in 2019 to also measure and present our reduction in food waste outside Denmark, i.e., our stores and warehouses in Germany and Poland. Minimising food waste is a high priority in all parts of our business over which we have control. From an economic perspective food waste is not a good business. If we can minimise food waste, we can also help reduce overproduction and lower carbon emissions.

Food waste development

In line with the Sustainable Development Goal 12.3 we have a target to halve food waste by 50% by 2030 with 2015 as baseline. Both target and baseline will be adjusted in 2025 due to better data, methodology, and new legislation. Despite a strong focus on food waste prevention measures throughout our operations, our food waste percentage slightly increased in 2024 by 0.1 percentage point (see page 102).

Going forward, we are improving the accuracy of our food waste calculations and will continuously work to enhance data quality through IT development and training for our colleagues.



Food waste hierarchy

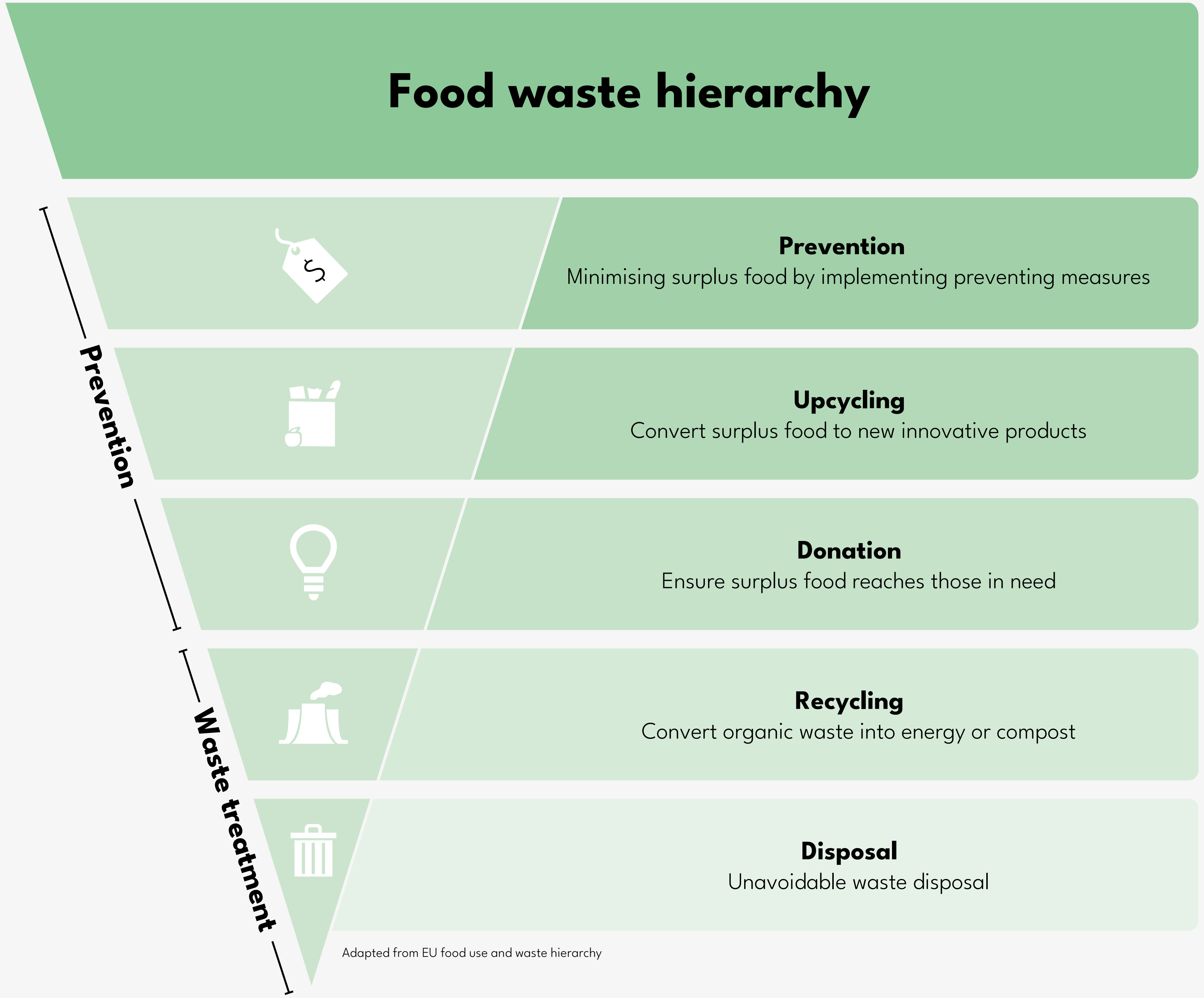
Minimising food waste is good for several reasons. At Salling Group, we are working with a food waste hierarchy in order to follow the different tracks of a product's lifecycle: Reducing food waste is thus a significant focus in all aspects of the business, that we have direct control over. We are precise in our ordering of products, we reduce prices on products approaching their expiration date, and we are meticulous in handling products during transportation to prevent damage that might render them unsellable in stores.

Using AI to prevent food waste

Local Price Reduction (LPR) is a method we use to adjust product prices dynamically. When the employees scan a product, the LPR system automatically suggests a lowered price based on expiration dates, encouraging the sale of products that might otherwise go unsold, thereby reducing food waste. In 2024, we maintained our focus on tailoring LPR to meet the specific needs of our retail chains.

Donations

Ending up with surplus food is unavoidable. Therefore, we have donations partners such as the FødevareBanken (Food Bank), Wefood (DanChurchAid), and Stop Spild Lokalt (Stop waste locally) among others to help us make good use of the food that cannot be sold but is still safe to eat. By donating edible food to those in need, we help both people and the climate. In Netto Poland, efforts in minimising food waste is rather advanced, driven by progressive Polish legislation.



Adapted from EU food use and waste hierarchy

The legislation on food waste has enabled Netto Poland to implement effective waste reduction measures where surplus food is donated to organisations such as Food Banks and charity organisations. Moreover, customers are involved in the "I don't waste, and I profit" programme in which they are encouraged to purchase short-dated products at discounted prices.

New products from food waste

In the production sites in Bilka and føtex, such as our bakeries, we are always trying to minimise waste. A constant focus and better utilisation of leftovers to be included in the production of new products contributes to minimising food waste. In 2024, we developed a new method on how to register the products that are upcycled, thus enabling us to deduct the numbers from our total food waste. Upcycled bakery products accounted for more than 550 tonnes. Extending the lifetime of a product by freezing it is another means of reducing waste. Furthermore, we have innovative suppliers who use side streams from main productions to make new, innovative products such as FoodRemade that picked up more than 275 tonnes of bread from our bakeries in 2024 for the production of breadcrumbs, and the brewery BRØL making beers of leftover bread.

Minimising food waste in value chain

Supplier engagement

In 2024, we launched the project 'MadPlus' or 'Food Plus' in English, in collaboration with FødevareBanken to address retail food waste in Denmark. Our goal is to develop a comprehensive solution for the collection, redistribution, and donation of surplus food. We aim to extend this initiative to all our stores, channeling surplus food to social organisations across the country that provide free meals to individuals in challenging life situations. Achieving this ambition requires strong partnerships, which is why we collaborate with Wefood (DanChurchAid) and Stop Spild Lokalt, alongside FødevareBanken, as our preferred donation partners. After a test period, we plan to invite other Danish retailers to join the 'MadPlus' partnership, contributing to the reduction of food waste in Denmark. Our vision is for 'MadPlus' to evolve into a national project, engaging retailers throughout the country. More information can be found on our website.

Additionally, in 2024, our CEO joined Club 12.3, a new initiative by the Danish Ministry of Food, Agriculture and Fisheries aimed at reducing food waste in the Danish food industry. This club unites top executives from 10 key food companies, each of which commits to engaging 20 partners in the fight against food waste thereby supporting the UN's Sustainable Development Goal 12.3. In 2025, we will begin engaging suppliers on the food waste agenda as part of our commitment to Club 12.3.

madplus+

Reducing food waste in households

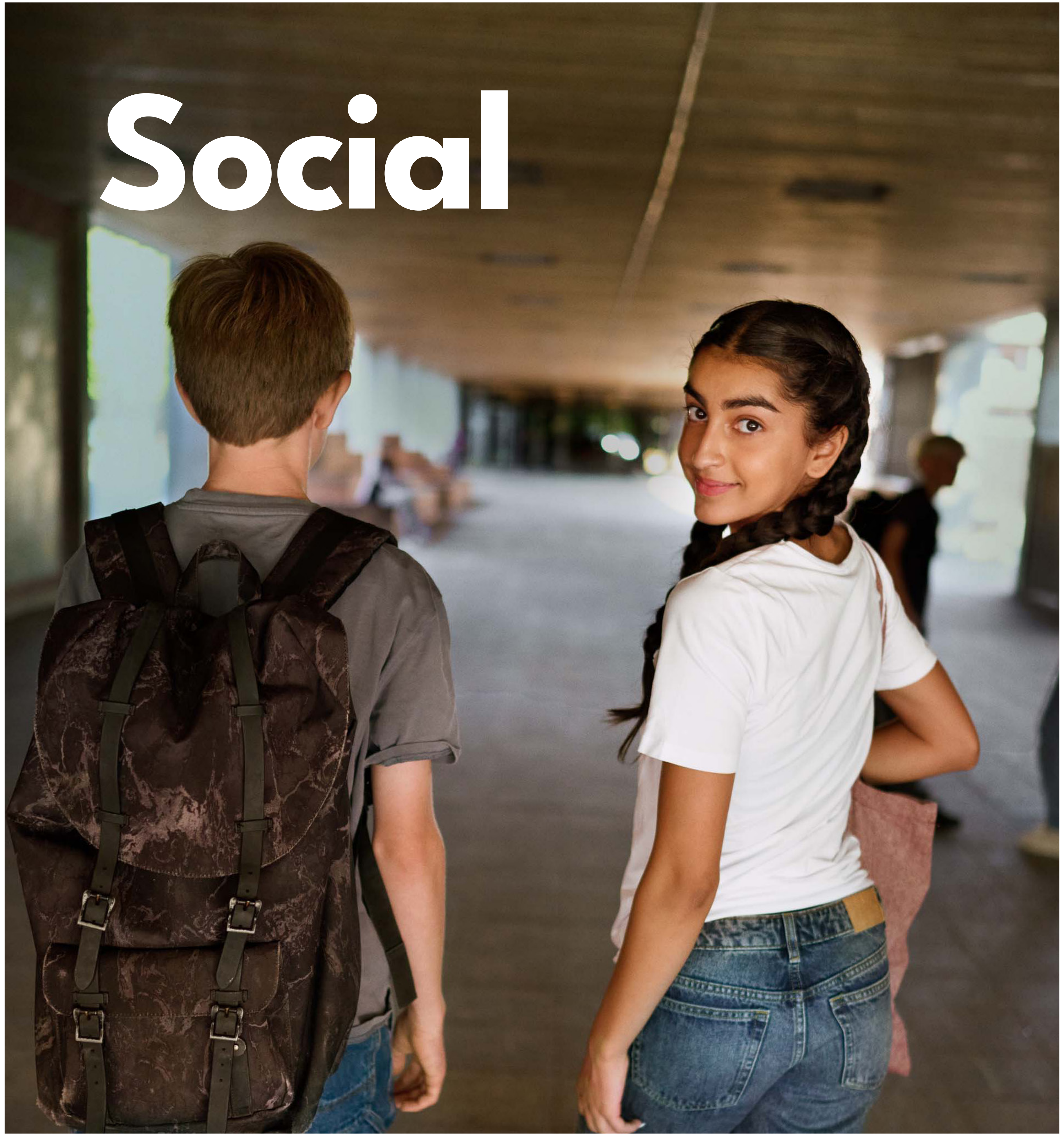
With households being responsible for more than half of the food waste in the EU (54%), we collaborate with partners like Too Good To Go and the think tank ONE\THIRD to offer guidance and inspiration to our customers. Through targeted campaigns, we educate them on proper food storage and creative ways to use leftovers. For instance, by using communication materials from ONE\THIRD føtex encouraged customers to reduce food waste at home during Denmark's National Food Waste Day. The campaign specifically highlighted techniques for extending the shelf life of fruits and vegetables by freezing them correctly.

In addition to these efforts, we actively participate in research studies on food waste. By engaging in interviews and tests, we aim to identify the barriers and opportunities in reducing food waste, focusing on the interaction between consumers, retailers, and food waste organisations.

Reusing bread in production

Did you know that our bakers reuse leftovers of day-old bread in our freshly baked wheat breads? This does not only reduce food waste, but most importantly adds a unique and delicious flavour to the bread.

Social



People

People are the foundation of our business. We believe the success of our business begins with the decent behaviour and development-focused culture that we seek to foster among our nearly 57,000 colleagues.

People strategy and culture

Our People Strategy serves as a guiding framework for our activities, focusing on 'Leadership' and 'the Young'. Continuously enhancing leadership skills is crucial to cultivate growth and talent within the organisation, while developing future leaders is essential for Salling Group's long-term resilience and ability to adapt to changing market conditions. Attracting and retaining young talent in a competitive job market, while ensuring that our young employees have the necessary skills and support to navigate the job market, are key challenges for Salling Group.

Take leadership to the next level

In 2024, we advanced leadership development by introducing new initiatives and skills training aligned with our five corporate priorities (5Ks). We launched revamped leadership programmes for all levels, including a Senior Leadership Programme that unites senior roles from various formats and headquarters.

This year, we supported leaders in fostering a well-being focused environment and a sense of belonging for our colleagues by launching the Mental Health (Omtanke) programme, providing expert-led webinars, training and the 'ABC' framework to destigmatise mental health issues (see 'health' page 25 for further information).

Win the Young

In 2024, we focused on developing young employees through our apprentice programme and part-time job education. With 78% of our apprentices coming from part-time roles, engaging these employees is crucial. Our initiatives included launching the TikTok channel 'Closer to' ('Tættere på'), showcasing the daily lives of our apprentices in Denmark. Moreover, for the first time, we hosted 'Youth Day', bringing together 150 part-time workers and young colleagues for workshops, inspirational presentations, and team-building activities.

Our Foundation

While our efforts to support our 'foundation' of nearly 57,000 colleagues begin in the workplace, how our colleagues are treated by our customers is also important for their well-being. Therefore, we continued to engage in different initiatives reminding customers to treat our colleagues with friendliness and respect. One concrete example is our participation in a collaboration with the HK Trade Union and a group of retailers in Denmark in a campaign reminding customers to 'keep a good tone' ('hold den gode tone') when they shop.

Gender Diversity and Equal Opportunities for All

At Salling Group, we are committed to fostering an inclusive and diverse workplace, with gender diversity being one of our five strategic corporate priorities (5Ks). We believe that a balanced gender representation enriches our organisational culture, drives innovation, and enhances decision-making. By promoting equal opportunities and supporting the professional growth of all employees, regardless of gender, we strive to create an environment where everyone can thrive and contribute to our collective success.

Targeting gender diversity

In 2024, we intensified our focus on gender diversity, recognising that data-driven goals are crucial for strategically advancing this priority. We aim to achieve gender diversity across the organisation at the Board, Director, Managerial, and employee level.

Salling Group has set a target to increase the share of female members on the Board of Directors to 40% by 2026. In 2024, following the resignation of one female member the open position on the Board of Directors remained unfilled by the end of the year, resulting in a 0% share of female members as of December 31, 2024. While it is recognised that the Board may not be able to reach its target during periods of transition, it is the Board's intention to reach and maintain this balance in the long-term.

For all levels, our primary gender diversity target is to achieve a 40/60 gender ratio in favour of the underrepresented gender. This target is set for director-level positions e.g., Vice Presidents and members of the Executive Committee and above by 2030, and for manager-level positions and all other employees, the target remains constant.

Throughout 2024, we continued to work towards our strategic goal of having 40% of our Director+ positions filled by the underrepresented gender. To support this goal, we implemented individual annual targets for each unit, aligning with our long-term objectives. By the end of 2024, women held 24.2% of director-level and above managerial

55.4% of all employees are women*

24.2% women at director+ level*

See figures in table on page 107

positions, marking an increase from 2023 by 1.9 percentage points, underscoring our commitment to promoting gender diversity in leadership roles.

Additionally, we achieved a 40/60 gender ratio for Manager+ and all employee level positions with 54.0% of managers being women and 55.4% of all employees in Salling Group being women by the end of 2024. For the Manager+ group, we have a strong pipeline of women poised for future advancement to higher managerial levels, and we will continue to develop this pipeline moving forward.

Our work in uncovering barriers for women across our organisation

It is crucial for our efforts to shift the gender balance within our organisation to identify potential barriers that women in Salling Group may face in assuming leadership positions. Therefore in 2024 we have systematically worked to uncover these barriers. While this work is ongoing, it has already provided us with valuable insights on how we can create an environment where all employees can develop and pursue a career regardless of gender.

Different barriers in Denmark, Germany, and Poland

Across the three countries in which we operate, we face different barriers regarding our work with gender diversity. In our Danish organisation, women are slightly underrepresented, whereas the situation is reversed in both Poland and Germany (se figure below). We are aware of the cultural differences influencing these dynamics yet remain eager to learn from cross-border collaboration and insights.

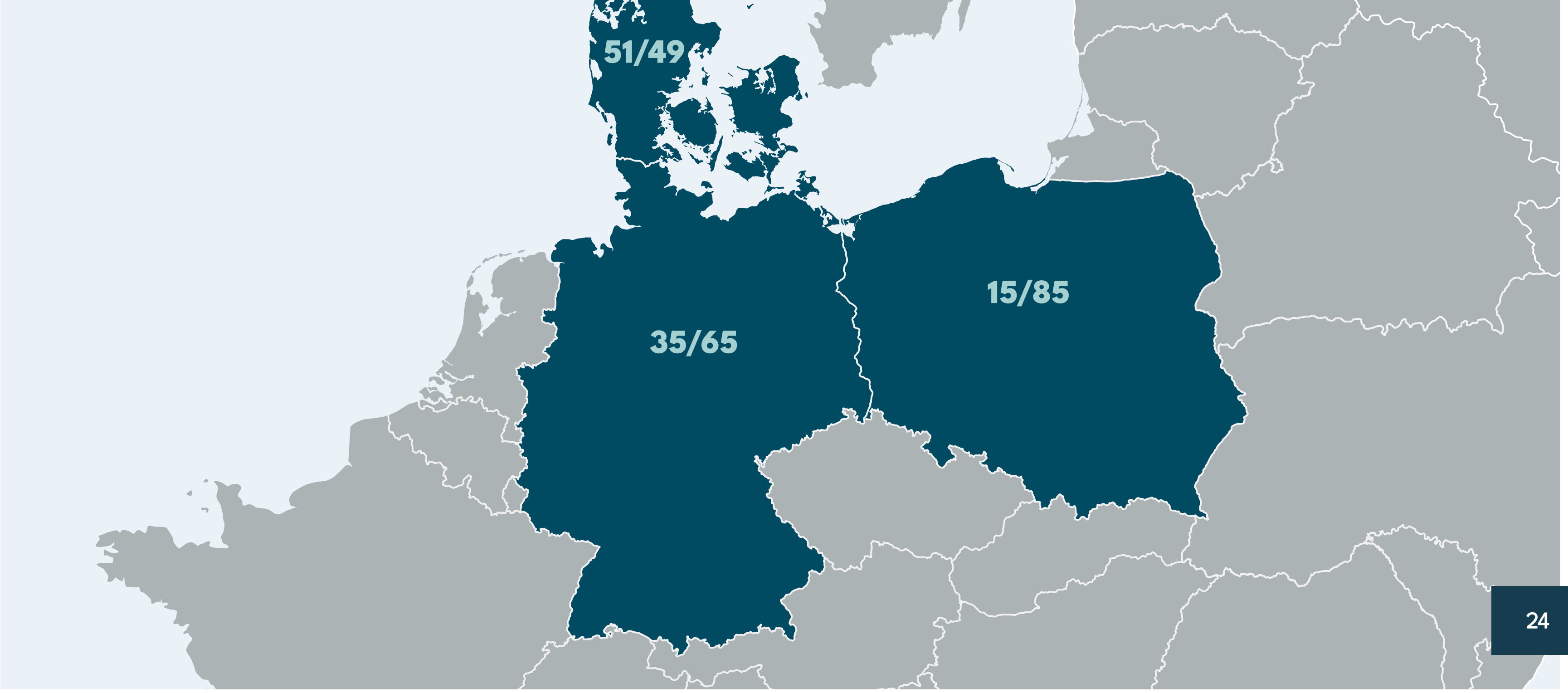
Collaboration to accelerate the gender diversity agenda

Salling Group participates in collaborations to strengthen diverse and inclusive organisations. In 2024, our CEO continued to engage in the 'Above & Beyond' Diversity Council. The Diversity Council provides a network for CEOs and HR leads by convening meetings among large cross-industry organisations who can share and learn from best practice cases and participate at the forefront of the societal DE&I (Diversity, Equity and Inclusion) agenda in Denmark.

Next steps on gender diversity

In 2025, our ambition is to launch initiatives that will enhance awareness among our leaders and future leaders, addressing not only biases but also fostering a workplace that embraces diversity and cultivates a sense of belonging among our employees. This will be achieved through training sessions as well as by ensuring that our hiring managers are aware of their own biases during recruitment processes. Additionally, we have initiated efforts to ensure that our job postings use inclusive language, promoting inclusion even before potential employees are hired.

Gender Diversity by Country
(% men/women of all employees)



Health

Health is a key priority in our sustainability strategy. Consumers are increasingly looking for healthier eating options, relying on retailers to provide nutritious and affordable products. Our brands and broad range of products offer inspiration and guidance to our customers for fresh, healthy, and sustainable options for daily family meals options.

Our health strategy

Our aim is to make healthy and sustainable choices accessible and affordable to everyone. Through three key focus areas, we strive to make an impact by making physical and mental health and well-being accessible for everyone:

- **Healthier shopping baskets:**
  We help customers make healthier choices by inspiring a healthy, sustainable and affordable mix of products in their shopping baskets.

- **Support health and well-being at work:**
  We engage employees to create a workplace that inspires a balanced and healthy working life.

- **Cooperate with partners on the health agenda:**
  We collaborate with various partners to prevent and address different health challenges.

Healthier shopping baskets

Demand for healthier products is increasing. But so is the complexity in knowing what is truly healthy and what is the best choice. As a large retailer, we have a responsibility to address this challenge. We aim to inspire healthier shopping behaviour through our product assortment, in-space management in stores, and marketing initiatives. In 2024, we expanded our range of Keyhole- and Wholegrain-labelled private label products. Despite this, we saw a 6.6% decrease in units and a 3.1% decrease in sales of Keyhole-labelled items and a similar tendency in Wholegrain with a decrease of 6.3% in units and 3.2% in sales.

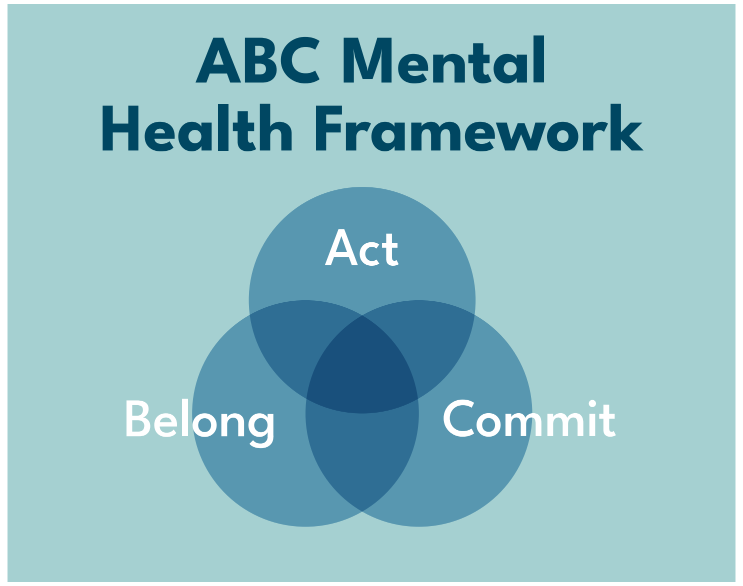
All Netto stores were modernised to feature a focus on fruits and vegetables at the front of our stores. Additionally, føtex launched a new strategy including an increased focus on health and well-being. As a first result, a new supermarket concept is being tested in føtex Kokkedal where the ambition is to make it easier for customers to navigate and find healthier products by presenting healthier alternatives to all our products for the same price.

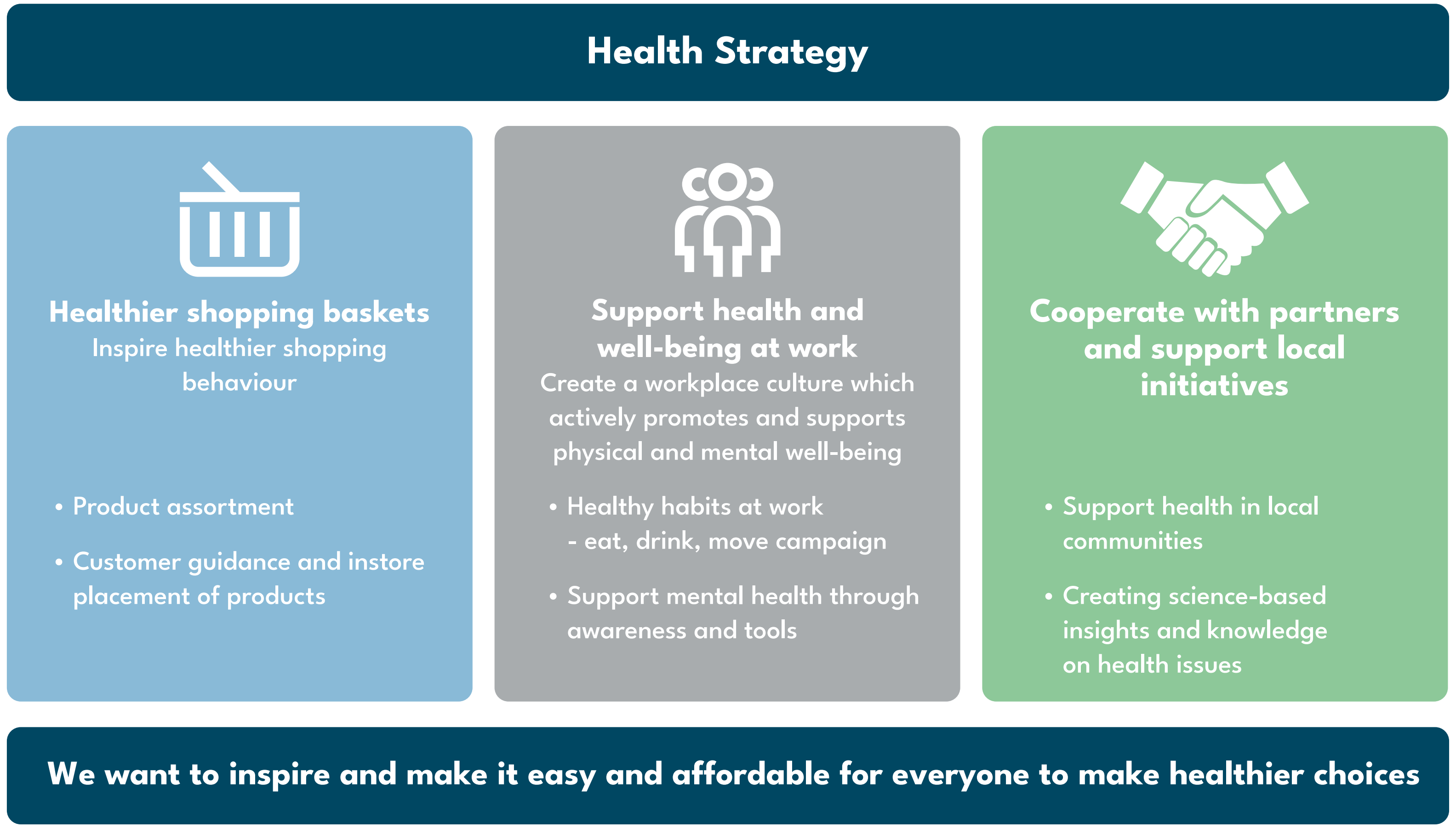
Support health and well-being at work

Our employees are our most important asset. Therefore, it is very important to us to ensure health and safety and safe employment conditions in every respect. In our warehouses and stores, there is a risk of sudden accidents occurring and our employees are exposed to physical attrition, due to heavy lifting, operating heavy machinery and tools, and too much sedentary work at headquarters etc. Thorough instructions and knowledge on safety protocols and prevention of attrition have been implemented throughout 2024. However, despite the efforts, we saw an increase of 1.7% in workplace injuries.

Mental health is also a top priority for our colleagues across the business. Studies show that one in three women and one in six men aged 16-24 struggle with their mental health. At Salling Group, we take this issue very seriously as a large group of our colleagues represents that age group. In 2024, we developed a mental health programme and accompanying toolbox with concrete initiatives to enhance the mental health of our colleagues. Through our partnership with ABC for Mental Health, we support colleagues through the 'ABC' of mental health framework by encouraging them to do something active (Act), do something together (Belong) and do something meaningful (Commit). Mental health is a shared responsibility, and it is something we build together.

In 2024, we furthered our work to normalise the conversation on mental health. Through a collaboration with the Psychiatric Foundation (Psykiatrifonden), we launched a campaign called 'Find the Elephant' to promote talking openly about mental health issues. Through the campaign, 30 elephant structures were placed on a friendly art walking route in Aarhus to promote dialogue on the issue.





Partnerships for Health

Cooperate with partners on the health agenda

As part of our ongoing commitment to promoting health, we partner with various organisations to enhance our impact on health and well-being, ensuring that our efforts reach beyond our immediate business operations.

DBU

Salling Group and the Danish Football Association (DBU) have joined forces in a historic partnership aimed at making Danish football an even more integral part of everyday life in Denmark. DBU is the country's largest sports association, boasting over 370,000 active football players across approximately 1,550 clubs nationwide.

DBU and Salling Group want to create change and improvement in three specific areas:

1. **Equality and equal opportunities.** Through various projects, we will increase diversity in Danish football and in the Salling Group organisation.
2. **Physical and mental health and well-being.** We want to make Danes healthier and mentally stronger - in Danish football, in our stores, and in Danish homes.
3. **Recruitment and training.** Both DBU and Salling Group want to strengthen their recruitment practices by exchanging best practices on the recruitment of coaches and referees and store colleagues and future managers. Together, this will enable both parties to bring the best and brightest on board.

This ambitious partnership between Salling Group and DBU is from 2024 to 2029.

For the first time in history, this partnership encompasses all national teams, from U16 to the women's and men's national teams. Additionally, Salling Group will be involved in the Football School, the Girl Rocket Initiative and several other projects.

As a result of a promotion of the partnership between Salling Group and DBU during September – November 2024, awareness about the Salling Group brand and Danish football and health increased by 10% among Danes over 18 years old (Publicis Groupe).

Hjernesagen

In 2024, Salling Group and Hjernesagen – The Danish Stroke Association - launched a partnership aimed at enhancing the health of Danes and preventing strokes, which affect over 12,000 individuals annually. High blood pressure is one of the most common causes of strokes, which is why we, together with The Danish Stroke Association, provided free access to blood pressure measurement in selected stores.

Offering blood pressure measurements in retail stores has not previously been tested in Denmark. From May 7th to November 29th, 2,732 customers answered a voluntary questionnaire providing awareness about checking their blood pressure after getting their blood pressure measured. Not everybody who agreed to the blood pressure measurement answered the questionnaire. However, the results indicate that more than one in ten of the customers who answered the questionnaire, agreed to be referred to their own doctor for untreated high blood pressure.

Over the coming years, we will launch a series of initiatives in collaboration with Hjernesagen, bringing brain health and stroke prevention directly into our stores to reach as many people as possible.

Fødevarepartnerskabet for sundhed og klima

At Salling Group, we are an active member of Fødevarepartnerskabet for sundhed og klima (the Food Partnership for Health and Climate) under The Danish Veterinary and Food Administration, along with more than 100 other partners across retailers, food producers, consumer organisations and more.

The members of Fødevarepartnerskabet share a common goal of making it easier for everyone to choose tasty, healthier foods and meals that also consider the climate.

Governance

ØGO Private Label assortment
Making the organic choice easier, ØGO is one of many guidelines in our stores for customers looking for organic products.

At Salling Group, governance is the cornerstone of our operations, ensuring that we remain accountable, transparent, and aligned with our core values and strategic objectives. Our governance practices ensure that we remain a trusted partner in the lives of our customers and colleagues and a positive force in the communities we serve. By continuously enhancing our governance framework and embracing responsible business conduct, Salling Group is well-positioned to navigate future challenges and seize opportunities.

Responsible business conduct

Integral to our governance is our commitment to responsible business conduct. We adhere to high ethical standards and compliance protocols that guide our interactions with suppliers, customers, and other stakeholders. Our Code of Conduct outlines the principles of integrity, fairness, and respect that all employees and partners are expected to uphold. Regular training and awareness programmes reinforce our commitment to responsible practices, while our compliance mechanisms help mitigate risks and uphold our reputation.

Anti-corruption and anti-bribery efforts

Salling Group holds a zero-tolerance policy on corruption and bribery and strives to maintain a transparent and fair corporate culture, including awareness of our stance on corruption and bribery in any form. We realise that corruption and bribery in our supply chain can be a barrier to economic and social development, especially in developing countries, and often entail increased costs of goods, eventually affecting our customers. We also see potential risks within the Group itself such as fraud, bribery in exchange for orders or bribery offered to circumvent delivery restrictions. To mitigate risks we maintain anti-corruption requirements as an integrated part of our Code of Conduct and general trade agreement terms for all suppliers and service providers, and full whistle-blower setups are implemented across the group. The Whistleblower setups include clear communication channels for reporting irregularities as well as dedicated national Whistleblower units to process and investigate the incoming cases professionally and confidentially.

Data Ethics Policy

In Salling Group, we collect data from our customers when they interact with our stores and our digital platforms. We utilise information on customer behaviour to improve customer propositions in our stores and on our digital platforms, in terms of providing even better services and offers, aiming to improve customer experience. Besides being a large retailer, Salling Group is also a large employer. Salling Group's employees are very valuable to Salling Group and fundamental for the future success of the group and we put great efforts into safeguarding their data.

Transparent and safe processing of personal data

It is important to us that our customers are interacting with us on an informed basis and that they feel safe in doing so when we collect and process personal data. Our privacy policies inform about the basis for, and extent of, our processing of personal data, and here we explain how we process personal data. Our collection and processing of personal data will always be based on specifically stated purposes.

Data security

Salling Group maintains a high level of data security throughout our applications and solutions. All digital activities are governed by Salling Group's company-wide security policies, and all systems and processes are continuously monitored to protect data against unauthorised disclosure, destruction or manipulation. To read more about the statutory statement on data ethics, in accordance with section 99d of the Danish Financial Statements Act, follow the link below.

Policies

Fair and Transparent Tax Practises

Contributing to society

As an integral part of acting with integrity, we conduct our business based on the principle that taxes and duties are crucial to our welfare society. In addition to embracing the obligation to contribute to the widest possible extent, we believe in the opportunity to create real and significant opportunities through our payments. At Salling Group, we view taxes and levies as a lever to improving public services and conditions for our employees, customers and business partners. Locally as well as globally, payment of taxes and duties by companies contributes to accelerating the green transition and to edging us closer to fulfilling the UN Sustainable Development Goals.

Salling Group's tax policy[1] is based on five cornerstones:

- Tax compliance
- Tax transparency
- Tax risk management
- Tax structure and planning
- Tax governance

Underlining the importance, we attach an open and fair tax practice, overarching responsibility for Salling Group's tax policy is placed within the company's Board of Directors appointing Jens Bjerg Sørensen responsible for the tax policy. Responsibility for the tax risk management lies with the CFO. Salling Group does not operate businesses in any low tax jurisdictions[2], nor do we apply special tax optimisation models designed for tax avoidance.

Effective tax rate

The effective tax rate for the Group is 25.2% in 2024, in line with prior years having an average rate of 24.0% for the past 5 years.

Our effective tax rate demonstrates that we pay taxes at a rate that contributes to society where we operate and we don't engage in aggressive tax planning or tax evasion. In Denmark, we are one of the largest corporate tax payers according to the published corporate tax records for 2023[3].

Total tax payment[4]

In 2024, the total tax contribution from the Group amounted to DKK 8,970 million, compared to DKK 8,580 million in 2023. This includes both taxes paid indirectly by our company (taxes collected), such as VAT and employee income tax, and taxes paid directly (taxes borne), such as corporate income tax and property taxes.

Taxes and duties collected

Taxes and duties levied consist of VAT, withheld taxes and excise duties. The amount for VAT is calculated as net VAT payment to the state, which means VAT on sales minus VAT on purchases. Excise duties charged in Denmark (e.g., on chocolate and alcohol) are only for imported goods, as excise duties on locally produced goods are paid to the authorities by the manufacturing companies.

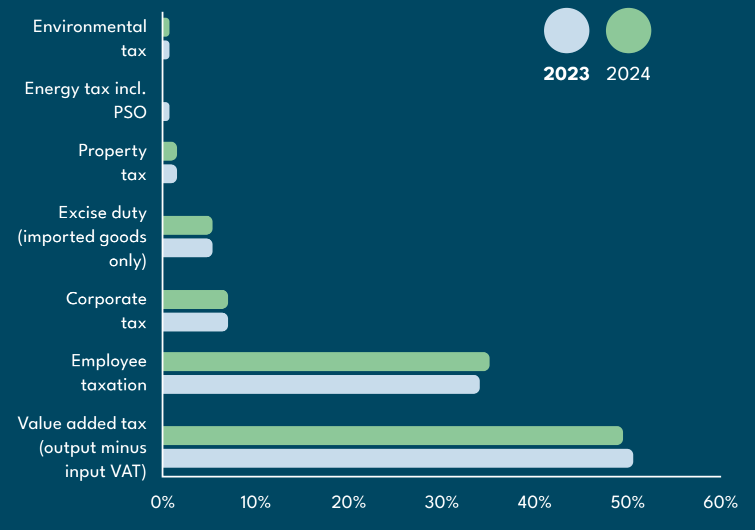
Taxes and duties borne

The company's own taxes and fees consist of corporate tax, energy tax, environmental tax and property tax. The largest share of own taxes and levies being corporate tax (70.0%). The Danish entities in the Group delivered a total corporate tax of DKK 482 million. In addition, company taxes totaling DKK 167 million were paid abroad.

Tax 2023-2024

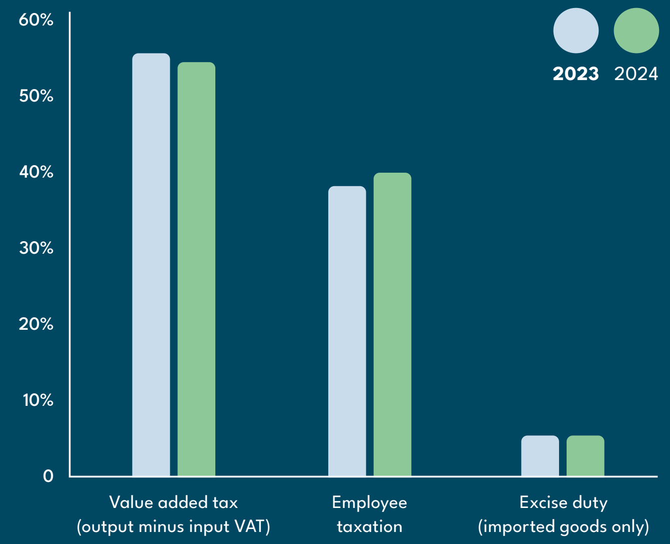
Total tax contribution – divided into categories

2023 total DKK 8,580 million and 2024 total DKK 8,970 million



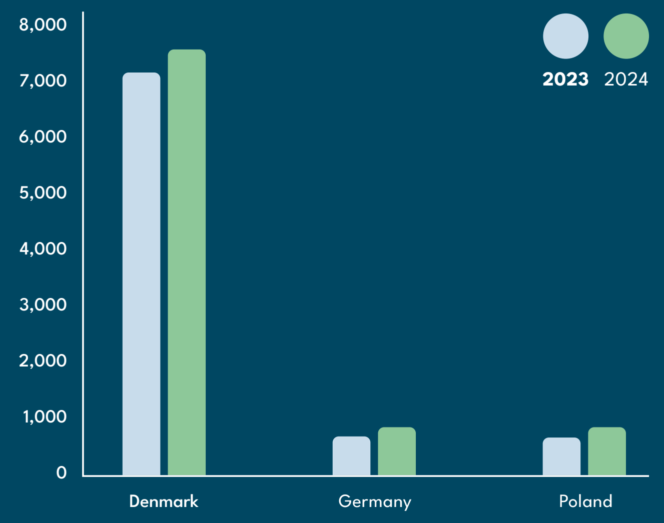
Taxes and duties collected

2023 total DKK 7,689 million and 2024 total DKK 8,044 million



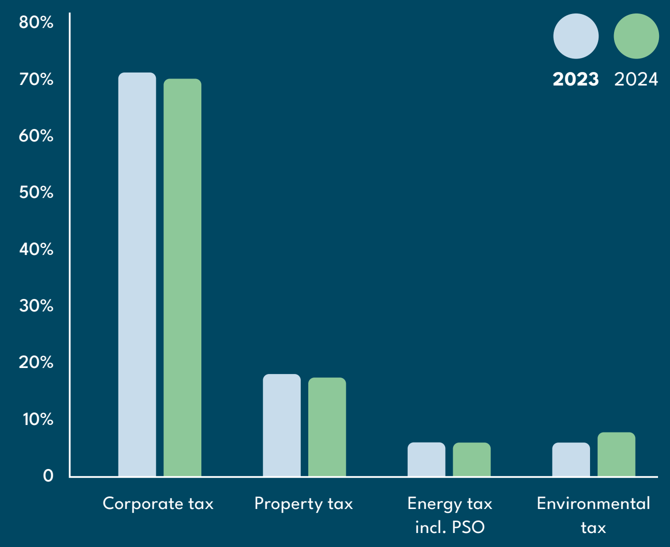
Total tax contribution - divided by countries

2023 total DKK 8,580 million and 2024 total DKK 8,970 million



Taxes and duties borne

2023 total DKK 891 million and 2024 total DKK 926 million



[1] Policies [2] Salling Group have business activities in Denmark, Poland and Germany. [3] Press release January 30th, 2025 on 2023 corporate tax payments from The Danish Ministry of Taxation. F. Salling Holding A/S is responsible for paying all corporate tax to the authorities on behalf of the Danish companies in the Group, placed as the 25th largest corporate tax payer in DK. [4] The presentation is made in accordance with the standardised Total Tax Contribution methodology

Sustainability Legislation

In 2019, the EU adopted the European Green Deal with the strategic aim to become climate-neutral by 2050. The EU Green Deal consists of a package of policies and laws on key sustainability areas such as climate action, circular economy, buildings and renovations, transportation, and protection of ecosystems. As we navigate this evolving landscape, we acknowledge that certain directives and regulations within the EU Green Deal will significantly impact our business operations. On the right, we illustrate the directives and regulations we anticipate will have the most substantial effects on Salling Group. We are diligently working to implement these directives and regulations across the Group. Below, we provide a status update on our implementation efforts regarding the Corporate Sustainability Reporting Directive (CSRD) and the EU taxonomy, both important for our ESG reporting.

Status on Salling Group's Implementation of the Corporate Sustainability Reporting Directive (CSRD)

Salling Group is committed to transparent sustainability reporting and is preparing to comply with the Corporate Sustainability Reporting Directive (CSRD). The directive provides a standardised framework to enhance the clarity and comparability of companies' ESG reporting, making it easier for stakeholders and investors to understand and evaluate these topics. Since 2013, we have consistently reported on Corporate Social Responsibility (CSR) matters and have continuously enhanced our reporting practices over the years.

At the end of February 2025, the European Commission published the EU Omnibus, proposing a postponement of reporting and a simplification of reporting requirements. We are closely monitoring the developments of the EU Omnibus. If adopted, Salling Group will report according to the CSRD for the fiscal year 2027.

Preliminary Double Materiality Assessment

In 2024, we conducted a preliminary double materiality assessment aligned with CSRD requirements and the European Sustainability Reporting Standards (ESRS) framework. The assessment, which is based on interviews with selected stakeholders, will be revisited in 2025 to incorporate further inputs, feedback, and additional analysis.

Preparation for CSRD-Compliant Reporting

The double materiality assessment serves as a foundation for this reporting. Implementing CSRD necessitates new systems for data capture and reporting, new ways and methods for collecting ESG data, and the establishment of new processes, controls, and analyses. The implementation of CSRD will continue throughout the phase-in period as defined by the directive.

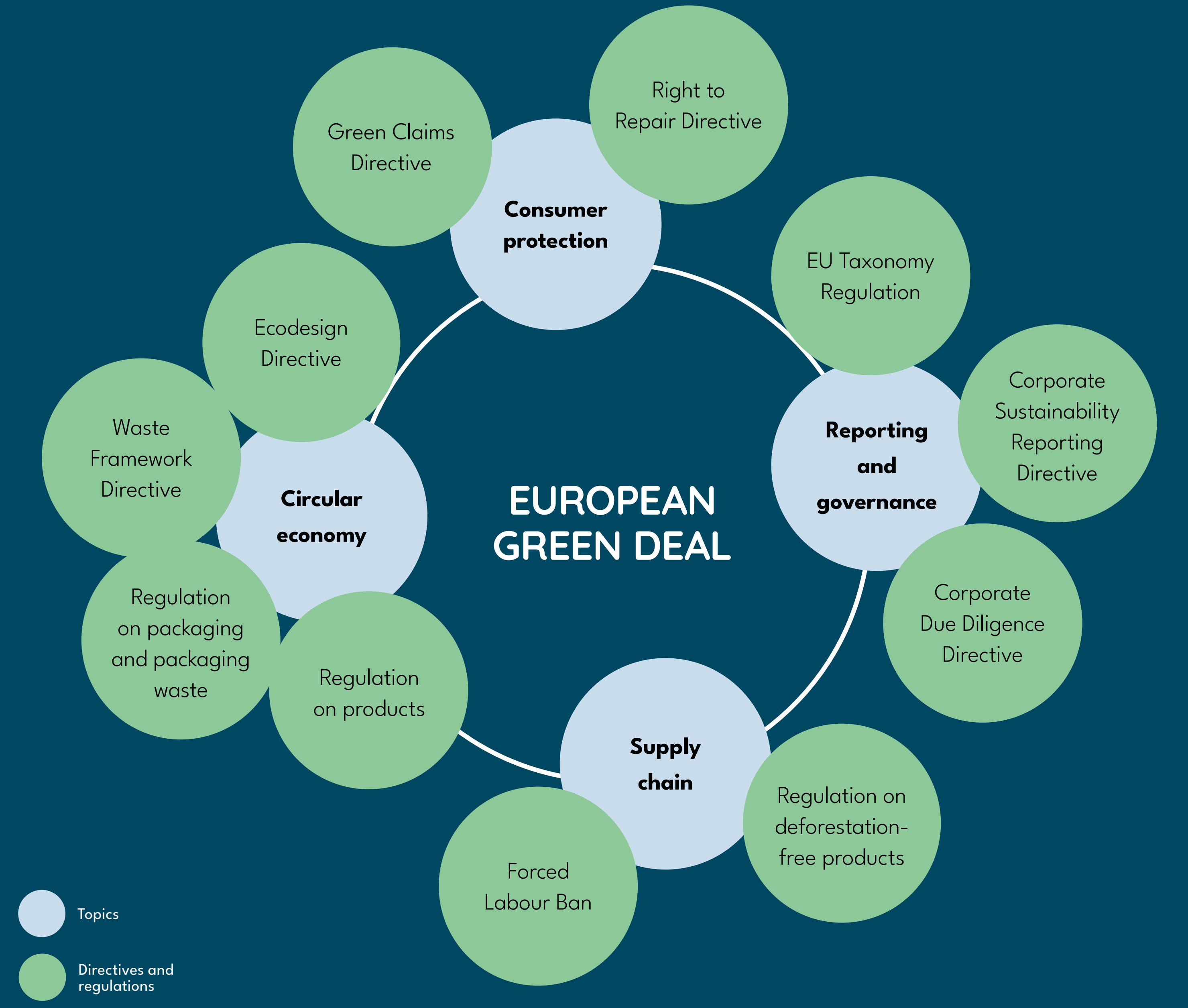
Status on the EU Taxonomy for sustainable activities

The EU Taxonomy is a comprehensive classification system that sets criteria for identifying environmentally sustainable economic activities. It aims to direct investments towards initiatives that contribute to the EU's climate neutrality goal by 2050. Companies are required to disclose the scope of their eligible economic activities and the extent to which they are aligned with criteria under the EU Taxonomy.

If the EU Omnibus is adopted, Salling Group will be required to report in accordance with the EU Taxonomy starting from the financial year 2027.

Sustainability Legislation from the EU

The mapping provides an overview of expected sustainability legislation from the EU. The mapping is not a full overview of all coming sustainability legislation.



Supplier Due Diligence

Due Diligence in our upstream supply chain

The work with human rights and environmental due diligence, in our upstream supply chain is fully integrated within our commercial operations. Our strategy, policies and initiatives aim to ensure that our products are sourced with care for the people involved and the environment.

Salling Group follows a classic due diligence setup, which is currently based on our Human Rights related policies and the adopted amfori Code of Conduct. Our membership of UN Global Compact furthermore brings a framework that enables us to systematise our processes and keep them aligned with universal principles and practices. Within the nearest future we are planning to incorporate a clearer environmental supportive Code of Conduct as part of the due diligence foundation. The building blocks in our current due diligence setup are illustrated on the right.

Impacts and focus areas in 2024

Salling Group is very conscious about the potential negative human rights and environmental impacts we might cause in connection with the products that we source. The challenges vary across industries and involved tiers, which is also reflected in our risk assessments. Some of the systematic challenges we see relate to excessive working hours, health and safety issues, corruption, deforestation, water scarcity, discrimination and exploitation of vulnerable worker groups.

These concerns, of both social and environmental character, are tackled via our due diligence processes. Some of our focused topics for 2024 (in addition to implementation of legislations) are:

Water scarcity

In certain areas water is a very scarce resource, and it brings complexity to production of certain crops. Countries like for instance Peru and Spain face higher temperatures, less rainfall, and uneven distribution of water. Salling Group sources different fruits and vegetables from such areas, and therefore we have deemed it urgent to contribute to better water management in our upstream supply chains.

As one initiative we are participating in a multi-stakeholder scalable project that seeks to conduct a footprint analysis on water and nature – and eventually create and implement a strong management plan that ensures a proper water balance within the pointed area.

Exploring multi-stakeholder collaboration

Salling Group has been part of a Danida project sourcing dates from small scale farmers located in Palestine. The incentive for joining such a project consisted of a great opportunity to learn more about sourcing from a conflict-affected area, and to find out how to ensure responsible business conduct when facing the different challenges of such areas. Our aim was to build a sustainable supply chain via a multi-stakeholder collaboration that was viable both socially, environmentally, and economically.

WE SUPPORT UN GLOBAL COMPACT

amfori Trade with purpose

Due Diligence Building Blocks

Communication
We communicate about our efforts on human rights and environmental due diligence both externally and internally

Collaboration
We seek always to locate valuable collaborations that strengthen our human rights and environmental due diligence work (projects, alliances etc.)

Monitoring & Tracking
Via our Responsible Sourcing System, and different membership platforms we map our supply chains, collect documentation (social, environmental or both), and initiate supplier/producer dialogue to plan necessary remediation

Effectiveness of our actions are continuously tracked, evaluated and taken into consideration

Extended Requirements
(covering the Danish division)
Outlining additional requirements to address certain systematic negative human rights or environmental impacts in selected industries

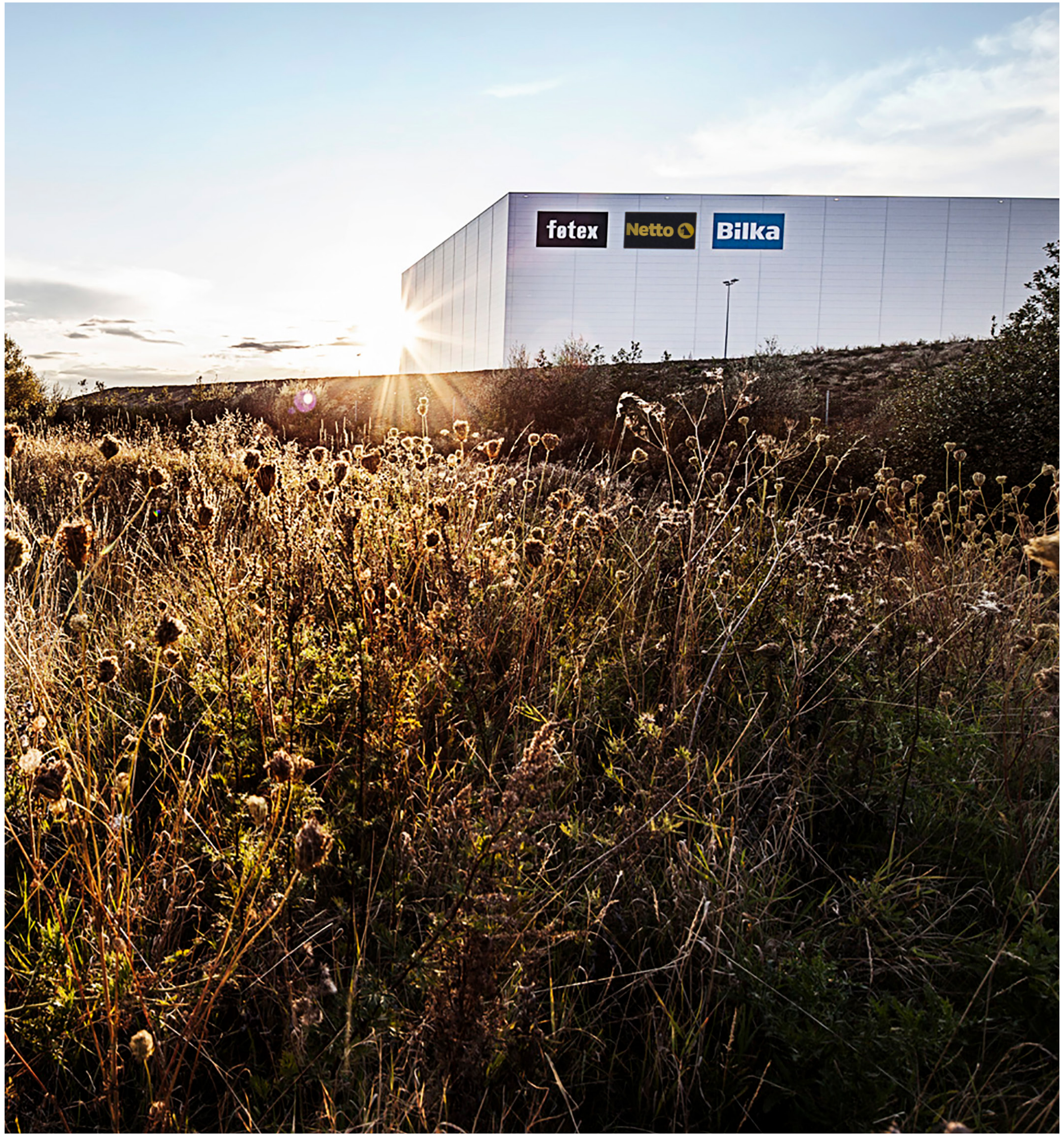
Basic Requirements
(Covering Danish, German and Polish division)
Outlining our basic requirements within human rights and environmental due diligence

Capacity Building
We offer trainings at producer level and for internal employees regarding human rights due diligence

We build up internal knowhow via networking and memberships

Conducting Annual Risk Assessments
We look deeper into our supply chains - hereunder sourcing countries and industries - and evaluate the different actual or potential negative impacts on humans and the environment (scoring according to severity and likelihood). The risk assessment is a vital contributor when forming our due diligence strategy and the underlying initiatives

Human Rights Related Policies | Adopted BSCI Code of Conduct | UN Global Compact
Our offset is anchored in commitments stated in our internal policies – and in the principles and values of our adopted Code of Conduct. UN Guiding Principles function as our framework



Governance Structure

Leadership

The overarching responsibility is anchored with Salling Group's Board of Directors with two board committees taking active roles in oversight of selected matters. The Audit Committee ensures supervision of the integrated reporting process, and risk management framework. The Sustainability Committee functions as an overall advisory body that supports strategy development. It also seeks to continually challenge the level of ambition and push for development.

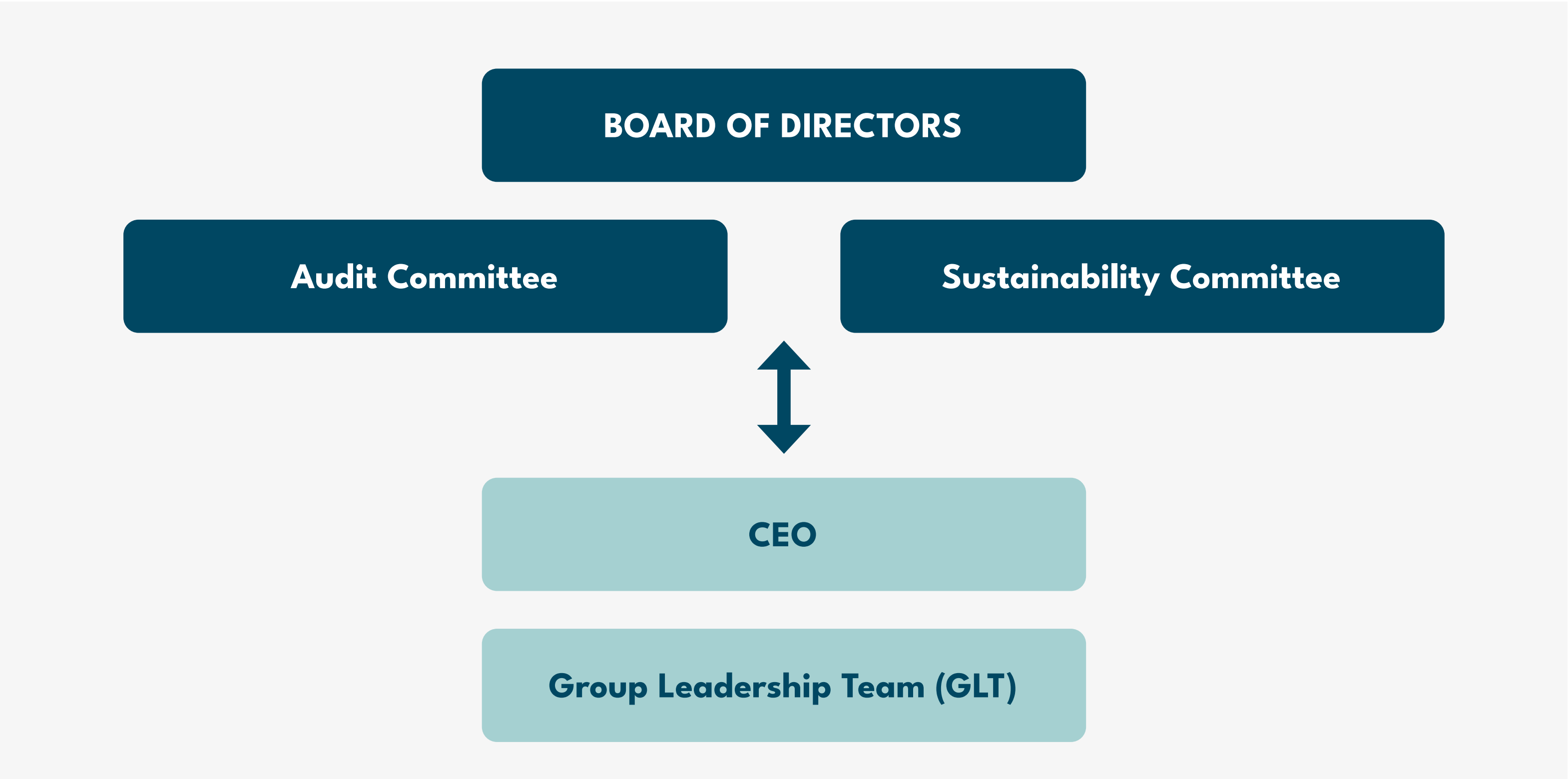
Our governance framework is supported by a robust leadership team, led by CEO Anders Hagh. This team is tasked with steering the company towards strategic goals, ensuring that every level of the organisation is engaged and empowered to contribute to our collective success.

Audit Committee

- Jens Bjerg Sørensen, Deputy chairman (Committee Chair)
- Freddy Mikael Sobin, Board member
- Peter Bang, Executive Vice President, CFO
- Randi Toftlund, Group Senior Vice President, Corporate Finance

Sustainability Committee

- Bjørn Gulden, Chairman of the Board (Committee Chair)
- Thomas Carsten Alexander Tochtermann, Board member
- Anders Hagh, President, CEO (Sponsor)
- Henrik Vinther Olesen, Group Vice President, Sustainability, Communication & Public Affairs



The Board of Directors

Bjørn Gulden

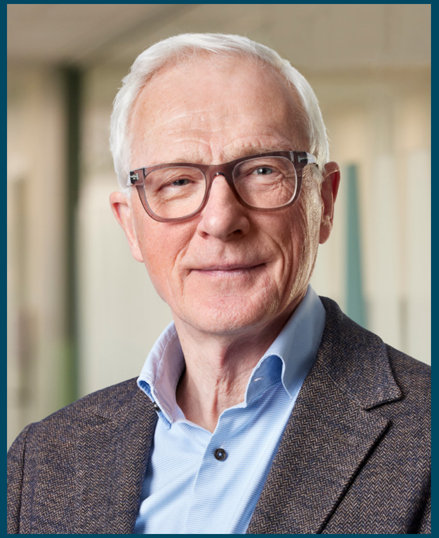
Chairman

Chair of Sustainability Committee

CEO
Adidas AG

Born 1965 – male
Appointed 2020

Member of the Supervisory Board at Tchibo GmbH.



Jens Bjerg Sørensen

Deputy chairman

Chair of Audit Committee

CEO
Schouw & Co. A/S

Born 1957 – male
Appointed 2015

Holds a number of board positions in leading international companies and foundations. Chair of Købmand Herman Sallings Fond, Chair of F. Salling Invest A/S and F. Salling Holding A/S, and Chair of Danfoss A/S.

Freddy Mikael Sobin

Member of Audit Committe

CEO
XXL

Born 1981 – male
Appointed 2014

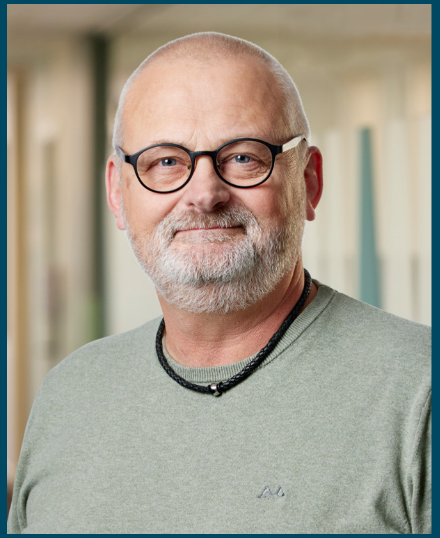
Chair of the Board at Bubbleroom Sweden and LENO Invest AB

Thomas Carsten Alexander Tochtermann

Member of Sustainability Committee

Born 1960 – male
Appointed 2016

Chair of the Board of Momox Holding SE, Member of the Advisory Committee of Jahr Holding GmbH & Co. KG. Chair of the Board of Global Fashion Agenda, Member of the Board of NorNorm, and Member of the Board of KSA Fashion.



Lars Lippert Laursen

Chairman of Landsklubben
Salling Group

Born 1961 – male
Appointed 2018

Employee representative with 24 years of experience in Salling Group.

Jonas-Tobias Andersen

Head of Service Unit
Bilka Kolding

Born 1978 – male
Appointed 2022

Employee representative with four years of experience in Salling Group.

Samuel Dam Rützou

Store manager
føtex Vesterbrogade

Born 1982 – male
Appointed 2022

Employee representative with 21 years of experience in Salling Group.

Financial Statements

Considerate of sensitive skin
Hello Sensitive is Netto's range of gentle and effective care, cleaning and baby products without unnecessary chemicals. A range that is asthma, allergy and Nordic Swan Ecolabelled.

Financial Statements

Consolidated financial statements

Parent company financial statements

Consolidated financial statements

Consolidated income statement

DKK million

Notes		2024	2023
	Revenue from contracts with customers	71,616	69,794
	Other revenue	560	466
4	**Total revenue**	**72,176**	**70,260**
	Cost of sales	-51,416	-50,524
	Gross profit	**20,760**	**19,736**
5	Staff expenses	-9,706	-9,089
6	External expenses	-5,832	-5,696
	Operating profit before depreciation, amortisation and impairment losses	**5,222**	**4,951**
7	Depreciation, amortisation and impairment losses, net	-2,560	-2,555
	Net gain on disposal of investment properties, property, plant and equipment and intangible assets	31	25
	Operating profit (EBIT)	**2,693**	**2,421**
8	Financial income	219	227
9	Financial expenses	-626	-568
	Profit before tax	**2,286**	**2,080**
10	Income tax	-577	-493
	Profit for the year	**1,709**	**1,587**

The profit for the year is attributable to the shareholders of Salling Group A/S.

Consolidated statement of other comprehensive income

DKK million

Notes		2024	2023
	Profit for the year	1,709	1,587
	Other comprehensive income, net of tax		
	Items that will not be reclassified to the consolidated income statement		
10	Remeasurement of defined benefit plans	-10	-13
		-10	-13
	Items that subsequently are or may be reclassified to the consolidated income		
10	Exchange rate differences on translating foreign operations	150	611
10	Cash flow hedges, value adjustment for the year	-9	-55
10	Cash flow hedges, reclassified to financial expenses	-59	-75
		82	481
	Other comprehensive income for the year, net of tax	**72**	**468**
	Comprehensive income for the year	**1,781**	**2,055**

The comprehensive income for the year is attributable to the shareholders of Salling Group A/S.

Consolidated financial statements

Consolidated balance sheet at 31 December

DKK million

Notes	Assets	2024	2023
	Non-current assets		
11	**Intangible assets**		
	Goodwill	57	57
	Software	418	503
	Software development in progress	138	74
	Brands	58	67
	Other intangible assets	33	35
	Total intangible assets	704	736
12	**Property, plant and equipment**		
	Land and buildings	19,370	19,021
	Fixtures and fittings, tools and equipment	3,365	3,107
	Leasehold improvements	773	710
	Assets under construction and prepayments	202	155
	Total property, plant and equipment	23,710	22,993
13	**Right-of-use assets**		
	Land and buildings	5,312	5,338
	Fixtures and fittings, tools and equipment	111	102
	Total right-of-use assets	5,423	5,440
14	**Investment properties**	462	552
16	**Deferred tax assets**	91	94
	Total non-current assets	**30,390**	**29,815**

Consolidated balance sheet at 31 December

DKK million

Notes	Assets - continued	2024	2023
	Amount transferred	30,390	29,815
	Current assets		
17	**Inventories**	6,247	6,077
	Receivables		
15	Trade receivables	97	120
	Income tax receivables	89	86
15	Other receivables	640	525
	Prepayments	138	151
15	Other current financial assets	13	70
	Total receivables	977	952
15	**Securities**	1,261	1,285
15	**Cash and short-term deposits**	1,543	832
18	**Assets classified as held for sale**	8	-
	Total current assets	**10,036**	**9,146**
	Total assets	**40,426**	**38,961**

Consolidated financial statements

Consolidated balance sheet at 31 December

DKK million

Equity and liabilities

Notes		2024	2023
	Equity		
	Share capital	524	524
	Retained earnings	12,914	11,415
	Cash flow hedge reserve	-41	27
	Foreign currency translation reserve	239	89
	Proposed dividends	200	200
	Total equity	**13,836**	**12,255**

Consolidated balance sheet at 31 December

DKK million

Equity and liabilities - continued

Notes		2024	2023
	Amount transferred	13,836	12,255
	Liabilities		
	Non-current liabilities		
19	Pensions	196	205
16	Deferred tax liabilities	666	607
20	Provisions	141	134
15	Mortgage loans	6,704	6,987
13, 15	Lease liabilities	5,256	5,288
15	Other non-current financial liabilities	74	77
	Total non-current liabilities	13,037	13,298
	Current liabilities		
20	Provisions	48	43
15	Mortgage loans	346	314
13, 15	Lease liabilities	905	826
15	Bank loans	39	156
15	Other current financial liabilities	481	420
15	Trade payables	9,200	8,904
	Income tax payable	7	-
15	Other payables	2,500	2,706
	Deferred income	27	39
	Total current liabilities	13,553	13,408
	Total liabilities	**26,590**	**26,706**
	Total equity and liabilities	**40,426**	**38,961**

Consolidated financial statements

Consolidated cash flow statement

DKK million

Notes		2024	2023
	Profit before tax	2,286	2,080
21	Adjustments	2,957	2,843
22	Change in working capital	-182	-757
	Net cash flows from operating activities before financial items and tax	5,061	4,166
	Interest received	187	201
	Interest paid	-593	-569
	Income tax paid	-506	-554
	Net cash flows from operating activities	**4,149**	**3,244**
11	Purchase of intangible assets	-153	-100
	Purchase of property, plant and equipment	-2,094	-1,897
14	Purchase of investment properties	-7	-1
	Proceeds from sale of investment properties, property, plant and equipment and intangible assets	131	250
	Purchase of securities	-147	-381
	Sale of securities	186	210
	Net cash flows from investment activities	**-2,084**	**-1,919**

Consolidated cash flow statement

DKK million

Notes		2024	2023
	Amount transferred	2,065	1,325
	Other financial liabilities	-28	41
	Repayment from related parties	65	52
13	Payments lease liabilities	-821	-730
	Payments bank loans	-	-501
	Repayments of borrowings	-251	-132
	Dividends paid to the shareholders of the parent	-200	-200
	Net cash flows from financing activities	**-1,235**	**-1,470**
	Net change in cash and cash equivalents	830	-145
	Cash and cash equivalents at 1 January	676	814
	Net foreign exchange difference	-2	7
23	**Cash and cash equivalents at 31 December**	**1,504**	**676**

Consolidated financial statements

Consolidated statement of changes in equity

DKK million

2024:	Share capital	Retained earnings	Cash flow hedge reserve	Foreign currency translation reserve	Proposed dividends	Total equity
Equity at 1 January 2024	524	11,415	27	89	200	12,255
Profit for the year	-	1,509	-	-	200	1,709
Remeasurement of defined benefit plans net of tax	-	-10	-	-	-	-10
Exchange rate differences on translating foreign operations	-	-	-	150	-	150
Cash flow hedges, value adjustment for the year	-	-	-9	-	-	-9
Cash flow hedges, reclassified to financial expenses	-	-	-59	-	-	-59
Other comprehensive income	-	-10	-68	150	-	72
Total comprehensive income for the year	**-**	**1,499**	**-68**	**150**	**200**	**1,781**
Payment of dividends	-	-	-	-	-200	-200
Total transactions with owners	**-**	**-**	**-**	**-**	**-200**	**-200**
Equity at 31 December 2024	**524**	**12,914**	**-41**	**239**	**200**	**13,836**

Consolidated statement of changes in equity

DKK million

2023:	Share capital	Retained earnings	Cash flow hedge reserve	Foreign currency translation reserve	Proposed dividends	Total equity
Equity at 1 January 2023	524	10,041	157	-522	200	10,400
Profit for the year	-	1,387	-	-	200	1,587
Remeasurement of defined benefit plans net of tax	-	-13	-	-	-	-13
Exchange rate differences on translating foreign operations	-	-	-	611	-	611
Cash flow hedges, value adjustment for the year	-	-	-55	-	-	-55
Cash flow hedges, reclassified to financial expenses	-	-	-75	-	-	-75
Other comprehensive income	-	-13	-130	611	-	468
Total comprehensive income for the year	**-**	**1,374**	**-130**	**611**	**200**	**2,055**
Payment of dividends	-	-	-	-	-200	-200
Total transactions with owners	**-**	**-**	**-**	**-**	**-200**	**-200**
Equity at 31 December 2023	**524**	**11,415**	**27**	**89**	**200**	**12,255**

Consolidated financial statements

Summary of notes to the consolidated financial statements

Notes to the consolidated financial statements

DKK million

1 General information

The primary business area of Salling Group is operating five different formats of retail stores, in addition to a number of e-commerce platforms. In Denmark, Bilka, føtex, Netto, Salling and BR are operated as physical stores, while in Germany and Poland, Salling Group is present with Netto stores. Online Salling Group operates with Bilka.dk, Salling.dk, føtex.dk, BR.dk, flowr.dk and Skagenfood.dk. Furthermore Salling Group operates Starbucks, Carl's Jr., Matinique and HUGO BOSS as franchises in Denmark.

The parent company's activities include all retail activities in Denmark, except for the sale of meal boxes that takes place through Skagenfood A/S.

Salling Group A/S is a limited company with its registered office located at Rosbjergvej 33, 8220 Brabrand in Denmark.

2 Summary of material accounting policy information

The financial statements section of the annual report for the period 1 January – 31 December 2024 comprises the consolidated financial statements of Salling Group A/S and its subsidiaries (the Group) and the separate parent company's financial statements.

The consolidated financial statements of Salling Group and the separate parent company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and further Danish requirements for class C large enterprises.

Effects of new or amended IFRS standards

The Group has implemented amendments to IAS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments: Disclosures" regarding disclosures about supplier finance arrangements. The amendments to IAS 7 and IFRS 7 have resulted in additional disclosures in the notes, but none of the above changes have affected recognition and measurement in 2024 or are expected to affect the Group.

Other amendments and interpretations from the International Accounting Standards Board, endorsed by the European Union and effective from 1 January 2024, have not required any changes in the accounting policies. They have also not had a material impact on the consolidated financial statements or the separate parent company's financial statements. Salling Group has not early adopted any standards, interpretations, or amendments that have been issued but are not yet effective.

Consolidated financial statements

Notes to the consolidated financial statements

DKK million

2 Summary of material accounting policy information - continued

Basis of preparation

The functional currency of Salling Group A/S is Danish kroner (DKK). The presentation currency of the consolidated financial statements and the separate parent company's financial statements is Danish kroner (DKK). All amounts have been rounded to the nearest million, unless otherwise stated.

The consolidated financial statements and the separate parent company's financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value.

The summary of material accounting policy information have been prepared using a consideration of materiality. The accounting policy information is considered material if the related amounts are material, if the nature of the related transactions are material, or if the information is needed to understand other material information in the financial statement.

Basis of consolidation

The subsidiaries, which are consolidated in the Group, are:

	Share of issued share capital and voting rights	Principal place of business and country of incorporation
Salling Group Ejendomme A/S	100%	Brabrand, Denmark
Salling Group Ejendomme II ApS	100%	Brabrand, Denmark
Salling Group Captiveforsikringsselskab A/S	100%	Brabrand, Denmark
Dansk Netto Deutschland ApS	100%	Brabrand, Denmark
Skagenfood A/S	100%	Strandby, Denmark
Bodebjerg ApS*	90%	Marslev, Denmark
Netto Supermarkt GmbH	100%	Stavenhagen, Germany
NETTO ApS & Co. KG**	100%	Stavenhagen, Germany
Netto Sp. Z o.o.	100%	Szczecin, Poland
Netto Indygo Sp. Z o.o.	100%	Szczecin, Poland

**Subsidiary to Skagenfood A/S*
***Subsidiary to Netto Supermarkt GmbH*

Notes to the consolidated financial statements

DKK million

2 Summary of material accounting policy information - continued

In 2024, Salling Group A/S acquired an additional 10% of Skagenfood A/S. Salling Group A/S holds a total of 100% of the issued share capital and voting rights in Skagenfood A/S at 31 December 2024.

A call option exists, according to which Skagenfood A/S can purchase the remaining 10% of Bodebjerg ApS. The call option can be exercised in 2025.

Non-controlling interests, where the Group has a call option, that gives the holder present access to the returns associated with the ownership interest, are considered to be purchased at the point in time when the call options are written. As a result, no non-controlling interests are recognised in the income statement, the statement of other comprehensive income, or equity regarding the non-controlling interests. Liabilities associated with these call options are initially recorded at fair value on the acquisition date and subsequently measured at amortised cost, as part of Other non-current financial liabilities.

The following shareholders own more than 5% of the share capital and the voting rights in Salling Group A/S:

	Share of issued share capital and voting rights	Principal place of business and country of incorporation
F. Salling Invest A/S	48.29%	Brabrand, Denmark
F. Salling Holding A/S	57.71%	Brabrand, Denmark

Salling Group A/S and its subsidiaries are included in the consolidated financial statements of Købmand Herman Sallings Fond, which is the ultimate controlling party of Salling Group A/S.

Accounting policies, income statement

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services taking into account the amount of any trade discounts and expected returns, and excluding amounts collected on behalf of third parties such as sales taxes and value added taxes. Thus, revenue from the sale of goods is recognised at the point of sale (at delivery) in the store and for online purchases at collection in a store or at delivery of the goods, i.e. when the performance obligations are satisfied.

The Group provides customers with a right to return the goods within a specified period, and a refund liability and a right of return asset will be recognised if not immaterial. The Group uses historical return data to estimate the expected return percentages.

Consolidated financial statements

Notes to the consolidated financial statements

DKK million

2 Summary of material accounting policy information - continued

In situations where Salling Group is acting as an agent the recognised revenue equals the amount of commission plus any other amounts received from the principal or other parties.

Customer loyalty programmes give rise to a separate performance obligation, and the portion of the transaction price that is allocated to the customer loyalty programmes based on the relative stand-alone selling prices is deferred, and is recognised as revenue when the obligations to supply the discounted products are fulfilled or no longer probable.

Other revenue comprises rental revenue and revenue from other income sources. Rental revenue arising from operating leases of buildings and investment properties and operating leases regarding in-store rental is recognised on a straight-line basis over the lease terms, and is recognised as part of Other revenue in the income statement.

Cost of sales
Cost of sales comprises the costs incurred in generating revenue. Supplier discounts attributable to the purchase price of the sold articles are recognised as a part of cost of sales.

Staff expenses
Staff expenses comprise wages and salaries, post-employment benefits as well as related expenses.

Wages, salaries, social security contributions, annual leave and sick leave, bonuses and non-monetary benefits etc. are recognised in the year in which the associated services are rendered by employees. Where the company provides long-term employee benefits, the costs are accrued to match the rendering of the services by the employees concerned.

Average numbers of full-time employees is calculated based on the total number of compensable hours in a work year compared to the number of hours in a 'norm' work year.

External expenses
External expenses include direct and indirect costs related to short-term and low value leases, franchise fees, operating expenses regarding properties, sales and distribution costs as well as office supplies etc.

Notes to the consolidated financial statements

DKK million

2 Summary of material accounting policy information - continued

Depreciation, amortisation, and impairment losses
Depreciation and amortisation comprise depreciation of property, plant and equipment, right-of-use assets and investment properties and amortisation of intangible assets.

Impairment losses comprises impairment losses and reversal of impairment regarding property, plant and equipment, right-of-use assets, investment properties and intangible assets.

Government grants
Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as a deduction of the related expense. When the grant relates to an asset, it is recognised as a deduction of the carrying amount of the asset, and is recognised in the income statement as a deduction of the related depreciation.

Financial income and expenses
Financial income and expenses comprise interest income and expenses including interest expenses related to lease liabilities (all leases except for short-term leases and leases of low value assets), exchange rate gains and losses on transactions denominated in foreign currencies as well as fair value adjustments of financial assets held for trading. Moreover, financial income and expenses comprise amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme.

Borrowing costs from general borrowing or loans directly related to acquisition, construction or development of qualifying assets are allocated to the cost of such assets.

Income tax
Salling Group A/S and its Danish subsidiaries are included in the joint taxation in Købmand Herman Sallings Fond Group. Tax for the year is allocated between the jointly taxed companies in proportion to their taxable income (full allocation). The jointly taxed companies are taxed under the on-account tax scheme.

Tax for the year comprises current tax and changes in deferred tax for the year. The tax expense is recognised in the income statement, other comprehensive income or directly in equity.

Consolidated financial statements

Notes to the consolidated financial statements

DKK million

2 Summary of material accounting policy information - continued

Accounting policies, balance sheet

Intangible assets

Goodwill
Goodwill is measured initially at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held, over the identifiable assets acquired and liabilities assumed. Subsequent to initial recognition goodwill is measured at cost net of accumulated impairment losses, if any.

Goodwill is tested for impairment annually. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the combination.

Software and software development in progress
Acquired software and software licenses are measured on initial recognition at cost. Subsequent to initial recognition acquired software and software licenses are measured at cost net of accumulated amortisation and accumulated impairment losses, if any.

Development costs, that are directly attributable to the design and testing of identifiable and unique software controlled by the Group, are recognised as software development in progress, if it is the intention to complete the software, if sufficient resources to complete the software are available, if the costs can be measured reliably, and if the software is expected to generate probable future economic benefits.

The cost of the internally developed software comprises employee related costs, external costs as well as interest expenses during the period of production.

When internally developed software is available for use, it is reclassified from the line item software development in progress to the line item software. Internally developed software, which is available for use, is measured at cost net of accumulated amortisation and impairment losses, if any.

Brands and other separately acquired intangible assets
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost net of accumulated amortisation and impairment losses, if any.

Notes to the consolidated financial statements

DKK million

2 Summary of material accounting policy information - continued

Amortisation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Goodwill	No amortisation
Acquired software	3 - 10 years
Internally developed software	3 - 10 years
Software development in progress	No amortisation
Brands	5 - 15 years
Other separately acquired intangible assets	3 - 10 years

Property, plant and equipment
Property, plant and equipment comprises land and buildings, fixtures and fittings, tools and equipment, leasehold improvements and assets under construction and prepayments. Property, plant and equipment is measured initially at cost comprising purchase price and any costs directly attributable to the acquisition until the date, when the asset is available for use. Government grants related to assets are deducted in arriving at the carrying amount of the asset. Subsequent to initial recognition property, plant and equipment is measured at cost net of accumulated depreciation and impairment losses, if any.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Land	No depreciation
Buildings, including investment properties:	
Technical installations within the property	10 - 30 years
Foundation and bearing structure	80 years
Remaining property	20 - 40 years
Fixtures and fittings, tools and equipment	3 - 25 years

Leasehold improvements are depreciated over the shorter of the expected lease term of the related lease and the estimated useful lives of 12 years.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if necessary.

Consolidated financial statements

Notes to the consolidated financial statements

DKK million

2 Summary of material accounting policy information - continued

Right-of-use assets

At contract inception it is assessed whether a contract is, or contains, a lease. A single recognition and measurement approach is applied for all leases, except for short-term leases and leases of low value assets. Right-of-use assets representing the right to use the underlying assets and lease liabilities to make lease payments are recognised.

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less accumulated depreciation and impairment losses, if any, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Land and buildings	1 - 60 years
Fixtures and fittings, tools and equipment	1 - 5 years

The short-term lease recognition exemption is applied to short-term leases (leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). The lease of low value assets recognition exemption is applied to leases that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expenses on a straight-line basis over the lease term.

Investment properties

Investment properties are properties held to earn rentals or for capital appreciation or both, not for use in the supply of goods or services or for administrative purposes. Investment properties are measured initially at cost comprising purchase price and any directly attributable expenditure including transaction costs. Subsequent to initial recognition investment properties are measured at cost net of accumulated depreciation and impairment losses, if any. Depreciation is calculated on a straight-line basis over the estimated useful lives of the investment properties. The useful lives are similar to those of other buildings.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale (a qualifying asset) are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that are incurred in connection with the borrowing of funds.

Notes to the consolidated financial statements

DKK million

2 Summary of material accounting policy information - continued

Impairment testing of non-current assets

Goodwill and software development in progress are impairment tested annually. The carrying amount of other non-current assets is evaluated annually for indications of impairment.

If indications of impairment exist, tests are performed to determine whether recognition of impairment losses is necessary for individual assets as well as groups of assets. If the recoverable amount is lower than an asset's carrying amount, an impairment loss is recognised so that the carrying amount is reduced to the recoverable amount.

The recoverable amount is the higher value of an asset's net sales price and its value in use. The value in use is assessed as the present value of the expected net cash flow from utilisation of the asset or the group of assets and the expected net cash flow from disposal of the asset or the group of assets after the end of the useful life.

Non-current assets held for sale

The Group classifies non-current assets as held for sale if their carrying amounts will be recovered primarily through a sales transaction rather than through continuing use. Such non-current assets are measured at the lower of their carrying amount and fair value less costs to sell. The criteria for held for sale classification is regarded as met only when the sale is highly probable, the asset is available for immediate sale in its present condition, and the sale is expected to occur within one year from the date of the classification. Non-current assets are not depreciated or amortised once classified as held for sale.

Inventories

Inventories are valued at the lower of calculated cost (weighted averages) and net realisable value.

Calculated cost comprises the purchase cost and other costs incurred in bringing the inventories to their present location and condition, which include cost of transportation from central warehouses to individual stores. Supplier discounts attributable to the articles in inventory reduce the calculated cost. Borrowing costs are not included in calculated cost.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Consolidated financial statements

Notes to the consolidated financial statements

DKK million

2 Summary of material accounting policy information - continued

Trade receivables, securities and other financial assets

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, based on two criteria: the business model for managing the assets, and whether the instruments' contractual cash flows represent solely payments of principal and interest on the principal amount outstanding. Purchases or sales of financial assets are recognised on the trade date. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at transaction price.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the income statement when the asset is derecognised, modified or impaired. This category is most relevant for the Group, and generally it applies to trade and other receivables.

Subsequently financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value presented as financial expenses (negative net changes in fair value) or financial income (positive net changes in fair value) in the income statement. Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading, unless they are designated as effective hedging instruments. This category includes derivatives not designated as hedges and securities, as they are held for trading.

At present the category financial assets at fair value through other comprehensive income is not relevant for the Group.

A financial asset or a part of a financial asset is derecognised from the balance sheet, when the rights to receive cash flows from the asset have expired, or the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement, and the Group has either transferred substantially all the risks and rewards of the asset, or the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Notes to the consolidated financial statements

DKK million

2 Summary of material accounting policy information - continued

Impairment is recognised as an allowance for expected credit losses for all debt instruments not held at fair value through profit or loss. The expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows include any cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, expected credit losses are provided for credit losses that result from default events that are possible within the next 12 months. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default. For trade receivables, the Group applies a simplified approach in calculating expected credit losses, and recognises a loss allowance based on lifetime expected credit losses at each reporting date irrespectively of changes in credit risk using a provision matrix, which is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Prepayments

Prepayments are measured at cost price.

Cash and short-term deposits

Cash and short-term deposits in the balance sheet comprise cash at banks and on hand and short-term deposits.

Equity - Cash flow hedge reserve

The cash flow hedge reserve covers interest rates associated with mortgage loans. Changes in the fair value of derivative financial instruments designated as cash flow hedges are recognised in this reserve.

Equity - Foreign currency translation reserve

The foreign currency translation reserve comprises exchange rate adjustments arising from translation of the financial statements of foreign entities with a currency that is not the Group’s presentation currency.

Consolidated financial statements

Notes to the consolidated financial statements

DKK million

2 Summary of material accounting policy information - continued

Pensions

The Group has entered into defined contribution pension schemes and similar arrangements with the majority of the Group's employees. Contributions to defined contribution plans where the Group pays fixed pension payments to independent pension funds are recognised in the income statement in the period to which they relate, and any contributions outstanding are recognised in the balance sheet as other payables.

For defined benefit plans, an annual actuarial calculation (Projected Unit Credit method) is performed to determine the present value of future benefits under the defined benefit plan. The present value is determined based on assumptions about the future development in variables such as salary levels, interest rates, inflation, retirement age, and mortality. The actuarial present value is recognised in the balance sheet under pension obligations. Pension costs for the year are recognised in the income statement based on actuarial estimates at the beginning of the year. Any difference between the calculated development in plan liabilities and realised amounts determined at year end constitutes actuarial gains or losses and is recognised in other comprehensive income.

Provisions

Provisions are recognised when, as a result of past events, the Group has a legal or a constructive obligation and it is probable that there will be an outflow of resources embodying economic benefits to settle the obligation. The amount recognised as a provision is management's best estimate of the expenses required to settle the obligation. On measurement of provisions, the costs required to settle the obligation are discounted if the effect is material to the measurement of the obligation.

A provision for onerous contracts is recognised when the expected benefits to be obtained by the Group from a contract are lower than the unavoidable costs of meeting its obligations under the contract. The Group has several lease contracts that contain obligations for interior reestablishment upon termination. The reestablish conditions do not have a significant impact for the Group. Provision for reestablishment and dilapidations are recognised where the Group has an obligation to reestablish its leased properties, when a decision to exit a lease has been made. The provisions are recognised based on historically settled dilapidations.

Insurance provisions include the actuarial estimated costs expected to be paid by the Group for insured events existing at the reporting date and risk margin. The estimate includes amounts expected to be incurred for the settlement of the obligations. Discounting is performed based on an estimate of the expected payment period.

Other provisions include among other things warranties and jubilee benefits. Provisions for warranty-related costs are recognised upon a sale of a product for which the Group is liable for future warranty costs. Initial recognition is based on historical experience.

Notes to the consolidated financial statements

DKK million

2 Summary of material accounting policy information - continued

Loans, trade payables and other financial liabilities

All financial liabilities are recognised initially at fair value and, in the case of loans, borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings and derivative financial instruments.

Subsequently financial liabilities at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value presented as financial items in the income statement. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are classified as held for trading unless they are designated as effective hedging instruments. The Group has not designated any financial liabilities as at fair value through profit or loss.

After initial recognition, interest-bearing loans, borrowings and payables are measured at amortised cost using the effective interest method. Accordingly, any difference between the proceeds and the nominal value is recognised in the income statement as financial expenses over the term of the loan or at derecognition. This category is most relevant for the Group. This category generally applies to interest-bearing loans and borrowings.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

The Group classifies financial liabilities that arise from supplier finance arrangements as trade payables in the statement of financial position.

The supplier finance arrangements are part of the working capital used in the Group’s normal operating cycle, as the level of security and terms of the liabilities provided for supplier finance arrangements are not substantially different from the terms of trade payables that are not part of the arrangements.

Cash flows related to liabilities arising from supplier finance arrangements, which are classified in trade payables in the consolidated statement of financial position, are included in operating activities in the consolidated statement of cash flows.

Consolidated financial statements

Notes to the consolidated financial statements

DKK million

2 Summary of material accounting policy information - continued

Lease liabilities
At the commencement date of leases, lease liabilities are recognised measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised and payments of penalties for terminating the lease, if the lease term reflects that the option to terminate is exercised. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the incremental borrowing rate at the lease commencement date is used unless the interest rate implicit in the lease is readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Deferred income
Deferred income is measured at the consideration received or receivable.

Taxes
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date. Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement or the statement of other comprehensive income.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, and deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

Notes to the consolidated financial statements

DKK million

2 Summary of material accounting policy information - continued

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside the income statement is recognised outside the income statement. Deferred tax items are recognised in correlation to the underlying transaction either in the statement of other comprehensive income or directly in equity.

Accounting policies, cash flow statement

The cash flow statement shows the cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as cash and cash equivalents at the beginning and end of the year.

Cash and cash equivalents comprise cash and short-term deposits as well as bank overdrafts.

The cash flow effect of acquisitions and disposals of enterprises is shown separately in cash flows from investing activities. Cash flows from acquired businesses are recognised in the cash flow statement from the date of acquisition. Cash flows from disposals of businesses are recognised up until the date of disposal.

Cash flows from operating activities are calculated according to the indirect method as the profit before tax adjusted for non-cash operating items, changes in working capital, interest payments and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of businesses and of intangible assets, property, plant and equipment, investment properties and other non-current assets as well as acquisition and disposal of securities not classified as cash and cash equivalents.

Cash flows from financing activities comprise changes in the size or composition of share capital and related costs as well as the raising of loans, repayment of interest-bearing debt including lease liabilities, and payment of dividends to shareholders.

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Notes to the consolidated financial statements

DKK million

2 Summary of material accounting policy information - continued

Cash flows in other currencies than the functional currency are translated using average exchange rates unless these deviate significantly from the rate at the transaction date.

Accounting policies, other

Consolidated financial statements
The consolidated financial statements comprise the parent company, Salling Group A/S, and the subsidiaries in which Salling Group A/S directly or indirectly exercises control. Salling Group A/S exercises control, if Salling Group A/S is exposed to or has rights to variable returns arising from its involvement in a company and may affect these returns through its power over the company.

The consolidated financial statements are prepared based on the accounts for the parent company and the subsidiaries and are a pooling of accounting items of similar nature. On consolidation intra-group transactions are eliminated.

Business combinations of entities under common control are accounted for using the pooling of interests method, and the comparative figures are restated.

Other business combinations are accounted for using the acquisition method, according to which the identifiable assets and liabilities acquired are measured at their fair values at the date of acquisition. If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in the income statement. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Notes to the consolidated financial statements

DKK million

2 Summary of material accounting policy information - continued

Non-controlling interests comprised of call options that gives present access to the returns associated with that ownership interest are considered to be purchased at the point in time where the call options are written. An amount equal to the financial obligation is recognised as part of the cost price of the investments in subsidiaries. As a consequence no non-controlling interests are recognised in the income statement, the statement of other comprehensive income or the equity regarding the comprised non-controlling interests, as the non-controlling interests are regarded as purchased. The obligation regarding call options are recognised as part of Other non-current financial liabilities and is measured at fair value at initial recognition. Subsequently, the obligation regarding call options are measured at amortised cost.

Foreign currency translation
For each of the enterprises in the Group, a functional currency is determined. The functional currency is the currency used in the primary financial environment in which the enterprise operates. Transactions denominated in other currencies than the functional currency are foreign currency transactions.

On initial recognition, foreign currency transactions are translated to the functional currency at the exchange rates at the transaction date. Foreign exchange rate differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated to the functional currency at the exchange rates at the reporting date. The difference between the exchange rates at the reporting date and at the date at which the receivable or payable arose or the rates in the latest annual report is recognised in the income statement as financial income or financial expenses.

Foreign consolidated enterprises' statements of financial position are translated to Danish kroner using the exchange rates at the reporting date, while the enterprises' income statements and the statement of other comprehensive income are translated using the average exchange rates.

Foreign exchange rate differences arising on translation of the opening equity of such foreign enterprises using the exchange rates at the reporting date and on translation of the income statements and the statement of other comprehensive income from the exchange rates at the transaction date to the exchange rates at the reporting date are recognised in other comprehensive income and in a separate translation reserve under equity.

Consolidated financial statements

Notes to the consolidated financial statements

DKK million

2 Summary of material accounting policy information - continued

Derivative financial instruments

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risks and interest rate risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into, and are subsequently remeasured at fair value. Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a cash flow hedge are recognised in other comprehensive income, and are reclassified to the income statement in the periods when the hedged item affects the income statement. Changes in the fair value of other derivative financial instruments are recognised in the income statement. The positive and negative fair values of derivative financial instruments are included in other financial assets or other financial liabilities, respectively.

Fair value measurement

The Group uses the fair value concept in connection with certain disclosure requirements and for recognition of some financial instruments. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants ("exit price").

The fair value is a market-based and not an entity-specific valuation. The Group uses the assumptions that the market participants would use for the pricing of the asset or liability based on existing market conditions, including assumptions relating to risks. The Group's intention to own the asset or settle the liability is thus not taken into consideration, when the fair value is determined.

The fair value measurement is based on the primary market. If a primary market does not exist, the measurement is based on the most favourable market, which is the market that maximises the price of the asset or liability less transaction and transportation costs.

To the widest possible extent, the fair value measurement is based on market values in active markets (level 1) or alternatively on values derived from observable market information (level 2). If such observable information is not available or cannot be used without significant modifications, fair values are based on generally accepted valuation methods and reasonable estimates (level 3).

The Group determines, whether transfers have occurred between levels in the hierarchy, by re-assessing the categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Notes to the consolidated financial statements

DKK million

2 Summary of material accounting policy information - continued

Main and key figures in the 5-year summary

The key figures that are included in the 5-year summary of financial highlight for the Group are calculated as follows:

- Operating margin is operating profit (EBIT) divided by total revenue.
- Return on equity is total profit for the year divided by the average equity (average of equity at the beginning of the year and at the end of the year).
- Net debt/EBITDA is the net interest bearing debt divided by operating profit before depreciation, amortisation and impairment losses (EBITDA). Net interest bearing debt comprises mortgage loans, lease liabilities, bank loans, securities and cash and short-term deposits.

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Notes to the consolidated financial statements

DKK million

3 Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent assets and liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Management perform its estimates and judgements based on historical experience, independent advice, external data sources and in-house specialists.

In the process of applying the accounting policies, management has made the following judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

Recognition of right-of-use assets and lease liabilities
In recognising right-of-use assets and lease liabilities the lease terms of the leases have to be determined. The lease term is the non-cancellable term of the lease together with any periods covered by an option to extend the lease, if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. Several lease contracts include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, all relevant factors that create an economic incentive to exercise either the renewal or termination are considered. After the commencement date, the Group reassesses the lease term, if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g. construction of significant leasehold improvements).

For leases of land and buildings renewal periods are included as part of the lease term for leases with shorter non-cancellable periods. The renewal periods are included for the period that the Group expects to continue the lease taking into consideration that the retail business might look different in the future compared to the present set-up. The renewal periods for leases of land and buildings with longer non-cancellable periods are not included as part of the lease term as these are not reasonably certain to be exercised. In addition, the renewal options for leases of motor vehicles are not included as part of the lease term because the Group typically leases motor vehicles for no longer than the non-cancellable period and, hence, is not exercising any renewal options.

The Group has entered into evergreen contracts where the leases have no contractual end date. The Group applies judgement in evaluating the expected termination date for the contracts. All relevant factors that create an economic incentive to continue or terminate the lease are considered. The Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its expected termination date.

Notes to the consolidated financial statements

DKK million

3 Significant accounting judgements, estimates and assumptions - continued

Valuation of intangible assets, property, plant and equipment, right-of use assets and investment properties
Intangible assets, property, plant and equipment, right-of-use assets and investment properties are tested for indications of impairment. For goodwill and intangible assets that are not yet in use, annual impairment tests are carried out. An impairment loss is recognised if the recoverable amount of an asset is lower than the asset's carrying amount. The recoverable amount is the higher of fair value less cost of disposal and value in use. The fair value less cost of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental cost for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the financial five-year plan. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the development in turnover and gross margins during the forecast period and the growth rate used for extrapolation purposes. For most intangible assets no fair value less cost of disposal exists. The key assumptions used to determine the recoverable amount are disclosed and further explained in the relevant notes.

The useful lives and residual values of intangible assets, property, plant and equipment, right-of-use assets and investment properties are reviewed annually based on available information. If necessary, they are adjusted prospectively. Changes to estimates of useful lives and residual values may affect the annual depreciation and amortisation and thereby the results for the year significantly.

Inventories
Inventories are valued at the lower of calculated cost (weighted averages) and net realisable value. The calculated cost comprises supplier discounts. Supplier discounts are recognised when it is probable that the economic benefits associated with the transaction will flow to the Group. A specific assessment of the need for write-down for obsolescence of inventories is made based on the future sales potential and expected shrinkage.

Consolidated financial statements

Notes to the consolidated financial statements

DKK million

3 Significant accounting judgements, estimates and assumptions - continued

Macroeconomic impact

Geopolitical turbulence

The war in Ukraine and the Israel-Palestine conflict continued in 2024. Overall, Salling Group is not impacted directly by the war in Ukraine or the situation in the Middle East as Salling Group is not operating stores or other activities in the impacted areas. We are however impacted by disturbances in the global supply chains lading to delays in deliveries and increasing transport cost.

Inflation

Headline inflation in Europe has developed fairly stable around 2-3% in 2024, however food prices has increased more due to factors such as a more expensive production/transportation and extreme weather and climate change affecting world market prices.

Interests

Salling Groups funding is based on mortgage loans with both fixed and floating interest rates (CIBOR based) secured by Danish properties. In order to reduce interest rate risk and secure more fixed payments, a part of the mortgage loans with floating interest rates are hedged using interest rate swaps with up to 10 years' maturity.

In late 2024 we have entered into new forward-starting interest rate swaps for total of DKK 0.75 bn., which effectively prolong part of the interest swaps for a total of DKK 1.25 bn. that will mature during 2025.

Notes to the consolidated financial statements

DKK million

	2024	2023
4 Total revenue		
Revenue from contracts with customers, retail and e-commerce activities	71,616	69,794
Total revenue from contracts with customers	71,616	69,794
Rental revenue, investment properties	79	76
Other rental revenue	309	268
Other revenue	172	122
Total other revenue	560	466
Total revenue	72,176	70,260
Geographical split		
Denmark	51,432	49,747
Abroad	20,744	20,513
Total revenue	72,176	70,260

The absolute majority of sales in the Group is cash at delivery. The credit term for the remaining sales is 30 days, and the trade receivables are non-interest bearing if paid when due. No contracts with customers have an expected duration of more than one year.

All revenue from contracts with customers is recognised at a point in time, and no revenue is recognised from performance obligations satisfied in previous years.

No material contract assets and liabilities or right of return assets and refund liabilities are recognised as at 31 December 2024 or 31 December 2023.

In a few situations primarily related to the online activities the Group acts as an agent, thus arranging for another party to transfer the goods to the customer. In all other situations the Group is responsible for delivering the goods and services sold in the stores and online.

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Notes to the consolidated financial statements

DKK million

	2024	2023
5 Staff expenses		
Wages and salaries incl. termination benefits	8,363	7,908
Post-employment benefits – defined contribution plans	497	428
Post-employment benefits – defined benefit plans	-4	-4
Social security costs	535	474
Other staff expenses	315	283
Total staff expenses	9,706	9,089
Average number of full-time employees	29,405	29,591

For a description of the key management personnel and an overview of their remuneration please refer to note 25.

6 External expenses

Fees paid to the auditors appointed at the annual general meeting:

	2024	2023
Fee regarding statutory audit	3.8	3.4
Tax assistance	0.0	0.1
Assurance engagements	0.7	0.6
Other assistance	0.5	0.6
Total fee paid to the auditors appointed at the annual general meeting	5.0	4.7

In 2024 fee regarding statutory audit includes DKK 0.3 million (DKK 0.3 million in 2023) paid to other auditors (the auditors appointed at the annual general meeting in Salling Group Captiveforsikringsselskab A/S). All other fees mentioned above are paid to EY.

Notes to the consolidated financial statements

DKK million

	2024	2023
7 Depreciation, amortisation and impairment losses, net		
Depreciation, Property, plant and equipment	1,488	1,427
Depreciation, Right-of-use assets	874	809
Depreciation, Investment properties	12	17
Amortisation, Intangible assets	176	239
Depreciation and amortisation	2,550	2,492
Property, plant and equipment	5	21
Right-of-use assets	3	18
Investment properties	2	17
Intangible assets	-	7
Impairment losses, net	10	63
Depreciation, amortisation and impairment losses, net	2,560	2,555

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Notes to the consolidated financial statements

DKK million

		2024	2023
8	**Financial income**		
	Interest income on loans and receivables	21	13
	Net gain on derivatives not designated as hedging instruments	43	81
	Net gain on financial instruments held for trading	47	53
	Net foreign exchange gain	108	80
	Total financial income	219	227
9	**Financial expenses**		
	Interest expense on mortgage loans	283	270
	Cash flow hedges reclassified from other comprehensive income	-76	-96
	Interest expense on lease liabilities	360	328
	Interest expense paid to banks	39	53
	Interest expense on loans from entities with significant influence	18	6
	Other financial expenses	2	7
	Total financial expenses	626	568

Notes to the consolidated financial statements

DKK million

		2024	2023
10	**Income tax**		
	Current income tax	-491	-487
	Adjustment regarding prior years, current income tax	-2	24
	Change in deferred tax	-58	5
	Adjustment regarding prior years, deferred tax	-4	-
	Total income tax	-555	-458
	Income tax recognised in the income statement	-577	-493
	Income tax recognised in other comprehensive income	22	35
	Total income tax	-555	-458

Reconciliation of income tax recognised in the income statement

	2024		2023	
Tax on result for the year at the Danish income tax rate	-503	22.0%	-457	22.0%
Non-deductible costs	-57	3.2%	-81	3.9%
Non-taxable income	48	-2.7%	71	-3.4%
Deviating tax rates in foreign operations	-10	0.5%	-3	0.1%
Adjustment to prior periods	-7	-0.5%	24	-1.2%
Not capitalised tax loss carry forwards	-48	2.7%	-47	2.3%
Income tax recognised in the income statement	-577	25.2%	-493	23.7%

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Notes to the consolidated financial statements

DKK million

10 Income tax - continued

Divided on countries, where Salling Group has operating activities, the effective tax rate of 25.2% (23.7% in 2023) shown above can be specified as follows:

	2024	2023
Denmark	22.3%	21.0%
Germany	40.2%	19.9%
Poland:		
Netto Sp. Z o.o.	22.9%	21.3%
Netto Indygo Sp. Z.o.o	1.6%	0.6%

The corporate tax rate in Germany is approximately 28%. In 2024, the effective tax is 40.2% mainly impacted by adjustments from tax audits related to prior years.

In 2024 and 2023 Netto Indygo Sp. Z o.o. has been unprofitable, and the deferred tax asset related to the tax loss carryforward for 2024 and 2023 has not been recognised.

Global minimum taxation (OECD Pillar Two)
In March 2022, the Organisation for Economic Co-operation and Development (OECD) issued technical guidance and overview of the potential impact of the OECD Pillar Two expansion on the financial statements in accordance with IAS 12 Income Taxes.

The main purpose of Pillar Two aims to address Base Erosion and Profit Shifting (BEPS) by introducing a global minimum tax rate of 15% and implementing tax legislation for the allocation of taxation rights.

Denmark has enacted new tax legislation to implement the global minimum top-up tax effective from 1 January 2024 in line with Council Directive (EU) 2022/2523 of 14 December 2022 ensuring a global minimum level of taxation for multinational enterprise groups in EU. There is no current tax impact for the year ended 31 December 2024.

Salling Group has applied a mandatory exception to IAS 12, and has not recognised and disclosed information about deferred tax assets and liabilities arising from Pillar Two Income taxes.

Notes to the consolidated financial statements

DKK million

10 Income tax - continued

The Group has assessed the potential exposure to Pillar Two income taxes based on the most recent tax fillings, country-by-country reporting and financial statements for the Group.

The effective tax rate is above 15% in Denmark and Germany. In Poland the effective tax rate is below 15% due to tax losses in Netto Indygo Sp. Z o.o. Poland passes the routine profit test and is not subject to Pillar Two “top-up” taxes.

The Group does not expect the amendments of Pillar Two Income taxes to have a material impact on the Group’s consolidated financial statement.

Tax on other comprehensive income

	2024			2023		
	Before tax	Tax	Net of tax	Before tax	Tax	Net of tax
Remeasurement of defined benefit plans	-13	3	-10	-17	4	-13
Exchange rate differences on translating foreign operations	150	-	150	611	-	611
Cash flow hedges, value adjustment for the year	-11	2	-9	-65	10	-55
Cash flow hedges, reclassified to financial expenses	-76	17	-59	-96	21	-75
	50	22	72	433	35	468

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Notes to the consolidated financial statements

DKK million

11 Intangible assets

2024:	Goodwill	Software	Software development in progress	Brands	Other intangible assets	Total
Cost						
Balance at 1 January 2024	57	2,235	74	116	76	2,558
Additions	-	26	121	-	6	153
Reclassifications	-	50	-57	-	-	-7
Disposals	-	-16	-	-	-2	-18
Balance at 31 December 2024	57	2,295	138	116	80	2,686
Accumulated amortisation and impairment losses						
Balance at 1 January 2024	-	-1,732	-	-49	-41	-1,822
Amortisation	-	-161	-	-9	-6	-176
Disposals	-	16	-	-	-	16
Balance at 31 December 2024	-	-1,877	-	-58	-47	-1,982
Carrying amount at 31 December 2024	57	418	138	58	33	704

Notes to the consolidated financial statements

DKK million

11 Intangible assets - continued

2023:	Goodwill	Software	Software development in progress	Brands	Other intangible assets	Total
Cost						
Balance at 1 January 2023	57	2,318	51	116	76	2,618
Additions	-	38	55	-	7	100
Reclassifications	-	27	-32	-	-	-5
Disposals	-	-148	-	-	-7	-155
Balance at 31 December 2023	57	2,235	74	116	76	2,558
Accumulated amortisation and impairment losses						
Balance at 1 January 2023	-	-1,621	-	-41	-45	-1,707
Amortisation	-	-228	-	-8	-3	-239
Impairment losses	-	-7	-	-	-	-7
Disposals	-	124	-	-	7	131
Balance at 31 December 2023	-	-1,732	-	-49	-41	-1,822
Carrying amount at 31 December 2023	57	503	74	67	35	736

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Notes to the consolidated financial statements

DKK million

11 Intangible assets - continued

Impairment losses

Goodwill
For impairment testing goodwill acquired through business combinations is allocated to the cash generating units that benefit from the synergies resulting from the acquisitions. The goodwill amounts in the Group relate to the Danish and the German retail activities.

Carrying amount of goodwill within the Group:

	2024	2023
Danish retail activities	18	18
German retail activities	39	39
	57	57

The recoverable amount of the remaining goodwill has been determined based on a value in use calculation using cash flow projections from the financial five-year plan approved by management. The discount rate before tax applied to the cash flow projections is 6.3% (6.5% in 2023), and cash flows beyond the five-year period are extrapolated using a 2% growth rate before tax, which is the expected long-term inflation rate (2% in 2023). As a result of the impairment test management did not identify any impairment losses regarding goodwill in 2024.

The calculation of value in use is most sensitive to the following key assumptions: Development in turnover and gross margins during the forecast period and growth rates used to extrapolate cash flows beyond the forecast period, as well as the discount rate used. Development in turnover and gross margins is based on expectations of an average growth for 2025 - 2029.

Notes to the consolidated financial statements

DKK million

11 Intangible assets - continued

Discount rates represent the current market assessment of the risks, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group, and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future cash flows in order to reflect a discount rate.

Management has considered and assessed reasonably possible changes for the key assumptions and has not identified any instances that would cause the remaining carrying amount of the goodwill to exceed its recoverable amount.

Software
No impairment losses have been recognised regarding software in 2024 (2023: DKK 7 million).

Other intangible assets
No impairment losses have been recognised regarding other intangible assets in 2024 or 2023.

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Notes to the consolidated financial statements

DKK million

12 Property, plant and equipment

2024:

	Land and buildings	Fixtures and fittings, tools and equipment	Leasehold improve-ments	Assets under construction and prepayments	Total
Cost					
Balance at 1 January 2024	28,930	9,481	1,874	155	40,440
Foreign currency translation	144	34	6	1	185
Additions	670	1,081	170	173	2,094
Reclassifications	101	34	-	-127	8
Reclassified as held for sale	-8	-	-	-	-8
Disposals	-46	-190	-18	-	-254
Balance at 31 December 2024	29,791	10,440	2,032	202	42,465
Accumulated depreciation and impairment losses					
Balance at 1 January 2024	-9,909	-6,374	-1,164	-	-17,447
Foreign currency translation	-27	-19	-3	-	-49
Depreciation	-518	-868	-102	-	-1,488
Impairment losses	4	-	-10	-	-6
Reversals of impairment losses	-	1	-	-	1
Reclassifications	-1	-	2	-	1
Disposals	30	185	18	-	233
Balance at 31 December 2024	-10,421	-7,075	-1,259	-	-18,755
Carrying amount at 31 December 2024	19,370	3,365	773	202	23,710

Notes to the consolidated financial statements

DKK million

12 Property, plant and equipment - continued

2023:

	Land and buildings	Fixtures and fittings, tools and equipment	Leasehold improve-ments	Assets under construction and prepayments	Total
Cost					
Balance at 1 January 2023	27,832	8,645	1,762	68	38,307
Foreign currency translation	578	124	24	-	726
Additions*	761	959	109	119	1,948
Reclassifications	-160	27	6	-32	-159
Disposals	-81	-274	-27	-	-382
Balance at 31 December 2023	28,930	9,481	1,874	155	40,440
Accumulated depreciation and impairment losses					
Balance at 1 January 2023	-9,398	-5,737	-1,067	-	-16,202
Foreign currency translation	-98	-63	-9	-	-170
Depreciation	-491	-831	-105	-	-1,427
Impairment losses	-19	-3	-19	-	-41
Reversals of impairment losses	8	-	12	-	20
Reclassifications	72	-	1	-	73
Disposals	17	260	23	-	300
Balance at 31 December 2023	-9,909	-6,374	-1,164	-	-17,447
Carrying amount at 31 December 2023	19,021	3,107	710	155	22,993

*Additions land and buildings 2023 includes the acquisition of Salling Group Ejendomme II ApS (DKK 320 million) which is recognised as an asset deal.

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Notes to the consolidated financial statements

DKK million

12 Property, plant and equipment - continued

Impairment losses

Land and buildings incl. right-of-use and leasehold improvements
The recoverable amount of land and buildings incl. right-of-use and leasehold improvements, has been determined based on a value-in-use calculation using cash flow projections from financial plans for the next three to five years approved by management. The discount rate before tax applied to the cash flow projections for land and buildings incl. right-of-use and leasehold improvements, is 6.3% (2023: 6.5%) in Denmark and Germany and 8.9% (2023: 9.1%) in Poland, and cash flows beyond the financial budget periods are extrapolated using a 2% (2023: 2%) growth rate before tax, which is the expected long-term inflation rate.

The calculation of value in use is most sensitive to the following key assumptions: Development in turnover and gross margins during the forecast period and growth rates used to extrapolate cash flows beyond the forecast period, as well as the discount rate used.

During 2024, impairment losses has been recognised for a number of stores where, due to competitive pressure in the local areas, the stores have not been sufficiently profitable to cover the full carrying amount of the investments. The impairment losses are recognised for both land and buildings incl. right-of-use and leasehold improvements. In total, impairment losses were recognised regarding seven Danish stores, five German stores, and fifteen Polish stores in 2024. At the same time, impairment losses have been reversed for five Danish stores and one German stores, where the profitability has increased sufficiently to cover the investments.

Fixtures and fittings, tools and equipment incl. right-of-use
No impairment losses have been recognised regarding fixtures and fittings, tools, and equipment in 2024 (2023: DKK 3 million).

Notes to the consolidated financial statements

DKK million

13 Leases

Right-of-use assets

2024:	Land and buildings	Fixtures and fittings, tools and equipment	Total
Cost			
Balance at 1 January 2024	8,654	214	8,868
Foreign currency translation	28	1	29
Additions	426	60	486
Remeasurement of lease liabilities*	393	-2	391
Disposals	-139	-76	-215
Balance at 31 December 2024	9,362	197	9,559
Accumulated depreciation and impairment losses			
Balance at 1 January 2024	-3,316	-112	-3,428
Foreign currency translation	-7	-	-7
Depreciation	-826	-48	-874
Impairment losses	-13	-	-13
Reversals of impairment losses	10	-	10
Disposals	102	74	176
Balance at 31 December 2024	-4,050	-86	-4,136
Carrying amount at 31 December 2024	5,312	111	5,423

*Remeasurement of lease liabilities comprise changes in the lease term (extension or shortening of lease period) and changes of lease payments. The majority of the Group's property leases are remeasured on a yearly basis through indexation of lease payments. Remeasurement of lease liabilities in 2024 reflects a return to more normal levels, following the high inflation in 2022, which led to increased lease payments in 2023.

Consolidated financial statements

Notes to the consolidated financial statements

DKK million

13 Leases - continued

Right-of-use assets

2023:	Land and buildings	Fixtures and fittings, tools and equipment	Total
Cost			
Balance at 1 January 2023	7,914	251	8,165
Foreign currency translation	93	2	95
Additions	329	73	402
Remeasurement of lease liabilities*	709	1	710
Disposals	-391	-113	-504
Balance at 31 December 2023	8,654	214	8,868
Accumulated depreciation and impairment losses			
Balance at 1 January 2023	-2,708	-165	-2,873
Foreign currency translation	-21	-1	-22
Depreciation	-766	-43	-809
Impairment losses	-18	-	-18
Disposals	197	97	294
Balance at 31 December 2023	-3,316	-112	-3,428
Carrying amount at 31 December 2023	5,338	102	5,440

The Group has entered into leases with external parties and entities with significant influence over the Group regarding a number of stores, warehouses and some operational equipment. Under some of the leases the Group has the option to continue the lease of the assets beyond the agreed upon lease terms. The lease arrangements impose no restrictions on the Group.

Impairment losses
For further information please refer to note 12.

Notes to the consolidated financial statements

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13 Leases - continued

Lease liabilities

	2024		2023	
	Undis-counted payments	Present value of payments	Undis-counted payments	Present value of payments
Within 1 year	1,181	905	1,059	826
1 to 5 years	3,997	3,142	3,888	3,243
After 5 years	2,613	2,114	2,539	2,045
Total	7,791	6,161	7,486	6,114

	2024	2023
Amounts recognised in the consolidated income statement		
Interest expenses on lease liabilities	360	328
Expenses related to leases of low value assets	76	47
Income from subleasing of right-of-use assets	70	75

Variable lease payments not recognised as part of the lease liabilities and expenses related to short-term leases are immaterial in both 2024 and 2023.

Specification of lease payments

	2024	2023
Interest expense on lease liabilities	360	328
Payments regarding lease liabilities	821	730
Total payments lease liabilities	1,181	1,058

Regarding situations, where the Group is lessor, please refer to note 24.

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	2024	2023
14 Investment properties		
Cost		
Balance at 1 January	1,294	1,223
Foreign currency translation	3	19
Additions	7	1
Reclassifications	-1	162
Disposals	-126	-111
Balance at 31 December	1,177	1,294
Accumulated depreciation and impairment losses		
Balance at 1 January	-742	-655
Foreign currency translation	-1	-3
Depreciation	-12	-17
Impairment losses	-2	-17
Reclassifications	-	-73
Disposals	42	23
Balance at 31 December	-715	-742
Carrying amount at 31 December	462	552

Investment properties comprise a shopping centre and flats located adjacent to Salling Group's stores.

During 2024 impairment losses has been recognised regarding one Polish investment property and one German investment property where the expected sales price of the investment property was lower than the carrying amount of the investment property. During 2023 impairment losses were recognised regarding four Polish investment properties.

The estimated fair value of investment properties amounted to DKK 1,233 million at 31 December 2024 (DKK 1,332 million at 31 December 2023). The fair value of the investment properties falls within level 3 of the fair value hierarchy. The fair value is based on a rate of return compared with a price per square metre. The rate of return is based on experience with real estate deals.

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	2024	2023
14 Investment properties - continued		
Rental income from investment properties	79	76
Direct operating expenses from investment properties that generated rental income	-33	-47
Direct operating expenses from investment properties that did not generate rental income	-1	-4
Profit arising from investment properties	45	25

15 Financial assets and financial liabilities

Financial assets comprise the following:

	Carrying amount		Fair value	
	2024	2023	2024	2023
Trade receivables	97	120	97	120
Other receivables	640	525	640	525
Derivatives designated as hedging instruments (cash flow hedges)	3	65	3	65
Other current financial assets	10	5	10	5
Other current financial assets	13	70	13	70
Securities	1,261	1,285	1,261	1,285
Cash and short-term deposits	1,543	832	1,543	832

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DKK million

15 Financial assets and financial liabilities - continued

Financial liabilities comprise the following:

	Carrying amount		Fair value	
	2024	2023	2024	2023
Mortgage loans - non-current	6,704	6,987	6,744	6,793
Mortgage loans - current	346	314	346	314
Mortgage loans	7,050	7,301	7,090	7,107
Lease liabilities - non-current	5,256	5,288		
Lease liabilities - current	905	826		
Lease liabilities	6,161	6,114		
Bank loans - current	39	156	39	156
Bank loans	39	156	39	156
Derivatives designated as hedging instruments (cash flow hedges)	57	32	57	32
Other non-current financial liabilities	17	45	17	45
Other non-current financial liabilities	74	77	74	77
Payables to entities with controlling influence	102	71	102	71
Payables to entities with significant influence	367	333	367	333
Derivatives not designated as hedging instruments	-	4	-	4
Other current financial liabilities	12	12	12	12
Other current financial liabilities	481	420	481	420
Trade payables	9,200	8,904	9,200	8,904
Other payables	2,500	2,706	2,500	2,706

Notes to the consolidated financial statements

DKK million

15 Financial assets and financial liabilities - continued

	2024	2023
Financial instruments by category		
Financial assets at amortised cost:		
Trade receivables	97	120
Other receivables	640	525
Other financial assets excluding derivatives	10	5
Cash and short-term deposits	1,543	832
Financial assets at fair value through profit or loss:		
Securities	1,261	1,285
Financial assets - Derivatives (Cash flow hedges accounting):		
Cash flow hedges	3	65
Financial liabilities measured at amortised cost:		
Mortgage loans	7,050	7,301
Lease liability	6,161	6,114
Bank loans	39	156
Other non-current financial liabilities excluding derivatives	17	45
Other current financial liabilities excluding derivatives	481	416
Trade payables	9,200	8,904
Other payables	2,500	2,706
Financial liabilities - Derivatives (Cash flow hedges accounting):		
Derivatives not designated as hedging instruments	-	4
Financial liabilities at fair value through other comprehensive income:		
Derivatives designated as hedging instruments (cash flow hedges)	57	32

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15 Financial assets and financial liabilities - continued

Derivatives not designed as hedging instruments reflect the positive or negative change in fair value of the foreign exchange forward contracts that are not designated in hedge relationships, but are, nevertheless, intended to reduce the level of foreign currency risk.

Financial assets at fair value through profit or loss include investments in listed Danish mortgage bonds. Fair value of the bonds is determined by reference to published price quotations in an active market.

Derivatives designed as hedging instruments reflect the negative change in fair value of the interest rate swaps, designated as cash flow hedges to hedge the interest rate risk in CIBOR-based mortgage loans.

Financial liabilities: Interest-bearing mortgage loans including hedges

Overview of borrowings by interest rate levels (including the effect of related interest rate swaps):

31 December 2024	Carrying amount	*Next interest rate fixing* Within 1 year	1 to 5 years	After 5 years
0 - 2%	3,097	1,074	700	1,323
2 - 4 %	3,953	1,717	-	2,236
4 % -	-	-	-	-
Total	7,050	2,791	700	3,559

31 December 2023	Carrying amount	*Next interest rate fixing* Within 1 year	1 to 5 years	After 5 years
0 - 2%	5,680	2,500	1,800	1,380
2 - 4 %	1,293	293	-	1,000
4 % -	328	328	-	-
Total	7,301	3,121	1,800	2,380

Notes to the consolidated financial statements

DKK million

15 Financial assets and financial liabilities - continued

Hedging activities and derivatives

Salling Group is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments are foreign currency risk and interest rate risk. The Group's risk management strategy and how it is applied to manage risk is explained below:

Derivatives not designated as hedging instruments
Salling Group uses foreign currency-denominated forward contracts to manage some of its transaction exposures and intercompany balances. The foreign exchange forward contracts are not designated as cash flow hedging instruments and are typically entered into for periods of up to 3 months.

Derivatives designated as hedging instruments (cash flow hedges)
The hedged item is the highly probable interest rate payment on the Group's mortgage loan portfolio. The loan portfolio has been hedged in layers, where each layer is hedged by a single interest rate swap. The hedged item and the hedging instrument are identical in respect of the critical terms. To illustrate the robustness of the hedge relationship, a regression analysis using historical monthly swap rate, CIBOR and bond price data for a rolling 5 year period is performed. Hedge ineffectiveness can arise from:

- Unexpected changes to the size of hedged items from sale of properties with repayment of related mortgage loans,
- Counterparties not fulfilling their contractual obligations,
- Refinancing of underlying mortgage bonds, if known critical terms should be changed.

The impact of the hedging instruments and the hedged items on the balance sheet is, as follows:

31 December 2024	Notional amount	Carrying amount	Line item in the balance sheet
CIBOR-based mortgage loans (hedged items)	5,766	5,766	Mortgage loans
Interest rate swap contracts	4,050	54	Other non-current and current financial items

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DKK million

15 Financial assets and financial liabilities - continued

31 December 2023	Notional amount	Carrying amount	Line item in the balance sheet
CIBOR-based mortgage loans (hedged items)	5,963	5,963	Mortgage loans
Interest rate swap contracts	5,300	-33	Other non-current and current financial items

The hedged cash flows are expected to occur and affect the income statement during the coming 10 years. Expected affect to profit before tax:

	2024	2023
Within 1 year	3	65
1 to 5 years	-32	-13
After 5 years	-25	-19
Total	-54	33

The effective portion of the change in the fair value of the interest rate swaps is recognised in other comprehensive income, while any ineffective portion is recognised immediately in the income statement. The amount accumulated in other comprehensive income is reclassified to the income statement as a reclassification adjustment in the same period or periods during which the hedged cash flows affect the income statement. There was no ineffectiveness recognised in 2024 or 2023.

Fair value

For cash and short-term deposits, trade receivables and payables, other receivables and payables and other short-term receivables and payables the carrying amount is a reasonable approximation of fair value, largely due to the short-term maturities of the financial instruments.

Cash flow hedges and other derivatives not defined as hedges are valued using valuation techniques, which are based on market observable inputs, and thereby fall within level 2 of the fair value hierarchy. The most frequently applied valuation technique for interest rate swaps, i.e. a fixed rate swapped for a floating rate, is determining the present value of the fixed leg and the floating leg using a relevant swap curve.

The fair value of securities is derived from quoted market prices in active markets, and falls within level 1 of the fair value hierarchy.

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DKK million

15 Financial assets and financial liabilities - continued

The fair value of mortgage loans is derived from quoted market prices in active markets, and falls within level 1 of the fair value hierarchy. Fair value of the remaining borrowing items falls within level 2 of the fair value hierarchy, and is calculated on the basis of discounted interests and instalments.

Risks arising from financial instruments

The Group's main risks are market risks relating to fluctuations in foreign exchange rates and interest rates, liquidity risk relating to the availability of funds to support business needs and credit risk relating to the undesirable event of a default among the Group's financial counterparties. There has been no structural changes in the Group's risk exposure or risks compared to 2023. The policies for managing risk are explained below.

The overall framework for financial risk management is set out in Salling Group A/S' financial policy approved by the Board of Directors. The objective of the financial policy and the independent controls, that are established, is to minimise the potential adverse impact on the Group's financial performance. The financial policy is reviewed and updated on a regular basis. Salling Group A/S has a centralised management of financial risks undertaken by Group Treasury.

In accordance with policies, Group Treasury uses derivative financial instruments with the purpose of hedging exposures related to the Group's operations and its source of financing. All derivative activities for risk management purposes are carried out by specialists that have the appropriate skills, experience and supervision. It is the Group's policy to minimise the potential adverse impact on the Group's financial performance and protect the Group against negative impact from market risks. Group Treasury has primarily used forward contracts to hedge foreign exchange exposures and interest rate swaps to hedge interest rate exposures. Treasury transactions and hedging activities are recognised in a Treasury management system with a high degree of system integration, control and automation of processes on treasury transactions.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risks such as commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, debt, fixed income investments and derivative financial instruments.

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15 Financial assets and financial liabilities - continued

The sensitivity analysis in the following sections relates to the positions as at 31 December 2024 and 2023. The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives, and the proportion of financial instruments in foreign currencies are all constant and on the basis of the hedge designations in place 31 December.

Currency risks
Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rate relates primarily to the Group's operating activities and the Group's net investments in foreign subsidiaries. The framework for hedging guidelines and risk mandate is covered by the FX risk management policy.

The majority of purchases of goods for resale made by companies within the Group are denominated in the companies' functional currencies. However, some trade purchases are made in other currencies, primarily USD. It is the Group's policy to hedge known purchase orders in specific material currencies. Presently, USD is assessed to be a material currency, and purchase orders in USD are hedged. Purchase orders in other currencies are considered immaterial and are therefore not hedged.

Hedge accounting has not been used regarding the hedging of purchase orders. In other words, changes in the fair value of the hedging instruments are recognised in the income statement on a continuous basis, which can result in timing discrepancies.

Material committed and uncommitted investments in foreign currency can be hedged. Hedge accounting is not used regarding such hedges.

According to the FX risk management policy, cash positions (internal and external) are hedged. According to the policy, exposures in EUR need not to be hedged.

The Group's net currency exposure is the basis for determining the Group's risk. The hedging principles determine the risk-neutral position (fully hedged) in regards of foreign exchange exposures. Deviations from the risk neutral position are summarised in an absolute VaR-based risk figure covering the various currency exposures. The foreign exchange exposures and the VaR-based risk figure are monitored and controlled on a daily basis, thereby ensuring compliance with thresholds and policies.

Notes to the consolidated financial statements

DKK million

15 Financial assets and financial liabilities - continued

The following overview illustrates the effect on the consolidated income statement and the consolidated equity that would result at the balance sheet date, from changes in currency exchange rates that are reasonable possible for material currencies:

31 December 2024	EUR/DKK	GBP/DKK	PLN/DKK	SEK/DKK	USD/DKK
Financial assets	558	8	40	3	32
Financial liabilities	-	-	-275	-	-
Known USD purchase orders	-	-	-	-	-638
Net exposures before derivatives	558	8	-235	3	-606
Derivatives	-	-	236	-	457
Net exposures after derivatives	558	8	1	3	-149
The net exposures relate to:					
Hedging of expected commercial cash flows, where hedge accounting is not used	558	8	1	3	-149
Applied sensitivity	1%	5%	5%	5%	5%
Impact on the consolidated income statement	6	-	-	-	-7

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DKK million

15 Financial assets and financial liabilities - continued

31 December 2023	EUR/DKK	GBP/DKK	PLN/DKK	SEK/DKK	USD/DKK
Financial assets	451	7	-	1	26
Financial liabilities	-	-	-401	-	-
Known USD purchase orders	-	-	-	-	-506
Net exposures before derivatives	451	7	-401	1	-480
Derivatives	89	-	378	-	587
Net exposures after derivatives	540	7	-23	1	107
The net exposures relate to:					
Hedging of expected commercial cash flows, where hedge accounting is not used	540	7	-23	1	107
Applied sensitivity	1%	5%	5%	5%	5%
Impact on the consolidated income statement	5	-	-1	-	5

The sensitivity analysis only includes currency exposures arising from financial instruments. The applied change in the exchange rates is based on historical currency fluctuations. A decrease in the foreign currencies would have the opposite effect as the impact shown in the above overview.

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DKK million

15 Financial assets and financial liabilities - continued

Interest rate risks

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to risk of changes in market interest rates relates primarily to the Group's mortgage loan financing and its bond holdings. It is the Group's policy to limit fluctuations in interest rate expenses, and maintain a relative high degree of certainty for future interest payments. This is obtained through a diversified loan portfolio, consisting of both fixed and floating rate mortgage loans in combination with interest rate hedges. The hedged loan portfolio is actively managed by Group Treasury reflecting ongoing risk assessment and expectations for the future development in interest rates.

Having a longer-term perspective for the mortgage loan portfolio, it is the Group policy to keep an overall duration target for the mortgage loan portfolio in the range of 3 to 7. The potential impact on the equity ratio will be considered and controlled by balancing the maturity of the hedging instruments.

As at 31 December 2024, after taking into account the effect of interest rate swaps, approximately 65% of the Group's mortgage loan portfolio are at a fixed rate, compared to 91% as at 31 December 2023.

A general increase of 1%-point in interest rates is estimated, all other things being equal, to affect profit before tax by DKK 1 million (DKK 5 million in 2023), and pre-tax equity by DKK 81 million (DKK 102 million in 2023). The direct impact on pre-tax equity is due to changes in the fair value of the interest rate swaps.

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DKK million

15 Financial assets and financial liabilities - continued

Sensitivity analysis based on a 1%-point increase in interest rates:

31 December 2024	Carrying amount	Sensitivity	Profit before tax	Pre-tax equity
Securities	1,261	1%	19	19
Other financial assets	10	1%	-	-
Mortgage loans	7,050	1%	-34	-34
Derivatives	54	1%	19	99
Other financial liabilities	481	1%	-3	-3
Impact			1	81

31 December 2023	Carrying amount	Sensitivity	Profit before tax	Pre-tax equity
Securities	1,285	1%	22	22
Other financial assets	5	1%	-	-
Mortgage loans	7,301	1%	-36	-36
Derivatives	-33	1%	22	119
Other financial liabilities	416	1%	-3	-3
Impact			5	102

The sensitivity analysis has been prepared on the basis of the amount of net debt, the ratio of fixed to floating interest rate of the debt and the interest rate swap portfolio in place as at 31 December.

For receivables from and payables to entities with controlling or significant influence and some other current financial assets interest rates are fixed based on the relevant interbank rate with a debit or credit margin. Other receivables or payables are not interest-bearing if they are paid when due.

Notes to the consolidated financial statements

DKK million

15 Financial assets and financial liabilities - continued

Liquidity risks

Liquidity risk is the risk that the Group will not be able to settle its financial liabilities, when they fall due.

The Group ensures liquidity through flexibility and diversification of borrowing, maturity and renegotiation time points, as well as counterparts. Flexibility in cash resources ensures that the Group can act appropriately in case of unforeseen changes in liquidity. The liquidity reserves consist of cash, securities and undrawn credit facilities. The Group has no covenants. The Group assesses the liquidity risk to be low.

The overview below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments. The undiscounted cash flows differ from both the carrying amount and the fair value. Floating rate interest is estimated using the prevailing rate at the balance sheet date.

31 December 2024	Within 1 year	1 to 5 years	After 5 years	Total
Mortgage loans	555	2,299	6,318	9,172
Lease liabilities	1,181	3,997	2,613	7,791
Bank loans	39	-	-	39
Trade and other payables	12,181	17	-	12,198
Total	13,956	6,313	8,931	29,200

31 December 2023	Within 1 year	1 to 5 years	After 5 years	Total
Mortgage loans	400	1,757	6,128	8,285
Lease liabilities	1,059	3,888	2,539	7,486
Bank loans	156	-	-	156
Trade and other payables	12,026	45	-	12,071
Total	13,641	5,690	8,667	27,998

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DKK million

15 Financial assets and financial liabilities - continued

Credit risks

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument leading to a loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The Group prepares credit ratings of customers and counterparties on a regular basis. Credit risks are managed on the basis of an external credit assessment tool and an internal credit policy which defines credit lines for customers and financial counterparties. The credit lines are determined on the basis of the customers' and counterparties' creditworthiness and local market risks. Counterparty credit lines are reviewed on an ongoing basis and may be updated throughout the year subject to approval of management. Limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Group is exposed to credit risks from trade and other receivables, as well as balances with banks in the form of deposits and other financial instruments. The majority of the Group's sales are made in cash, and therefore, the credit risks are very low. The Group reduces its credit risks with banks by only doing business with banks that have high credit ratings. Moreover, excess liquidity is deposited with banks or placed in liquid government and mortgage bonds with a rating of minimum Aa2. The overall duration of Salling Group's bond portfolio must be below 4.

The table below summarises the ageing analysis of trade receivables:

	2024	2023
Not due	85	108
< 30 days past due	10	10
30 to 90 days past due	1	1
> 90 days past due	1	1
Total trade receivables	97	120

The Group recognises an allowance for impairment of receivables. The entire allowance for impairment of receivables relates to trade receivables, as the allowance regarding any other financial assets is immaterial. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due, and a provision is recognised for not due receivables as well as past due receivables. As at the 31 December 2024 the provision amounts to DKK 14 million (31 December 2023: DKK 9 million). The maximum credit risk exposure at the reporting date is the carrying value of each class of financial assets. The Group does not hold collateral or other forms of credit insurance as security. The Group assesses the concentration of credit risk with respect to receivables as low.

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DKK million

15 Financial assets and financial liabilities - continued

Changes in assets and liabilities arising from financing activities

2024:	1 January 2024	Cash flows	Other	31 December 2024
Mortgage loans	7,301	-251	-	7,050
Lease liabilities	6,114	-821	868	6,161
Bank loans	156	-	-117	39
Other financial liabilities excluding derivatives	461	37	-	498
Total change in assets and liabilities from financing activities	14,032	-1,035	751	13,748

2023:	1 January 2023	Cash flows	Other	31 December 2023
Mortgage loans	7,433	-132	-	7,301
Lease liabilities	5,923	-730	921	6,114
Bank loans	534	-501	123	156
Other financial liabilities excluding derivatives	368	93	-	461
Total change in assets and liabilities from financing activities	14,258	-1,270	1,044	14,032

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Notes to the consolidated financial statements

DKK million

15 Financial assets and financial liabilities - continued

Trade payables

The Group has established a supplier finance arrangement, that is offered to a group of suppliers. It is at the suppliers' own discretion to participate in the arrangement. Suppliers that participate in the supplier finance arrangement will receive early payment on invoices sent to the Group from the Group's external finance provider, while the Group benefits form extended payment terms. The agreement of earlier payment is a transaction between the supplier and the external finance provider and does not involve the Group. Commercial requirements, including payment terms and prices paid for goods, does not depend on whether a supplier has entered these arrangements.

If suppliers choose to receive early payment, they pay a fee to the financial institution, which the Group is not a party to. Before the financial institution settles a purchase invoice from a supplier, the underlying goods or services must have been delivered to the Group, and the invoice approved by the Group. The financial institution settles invoices with the suppliers, and Salling Group settles the original invoices with the financial institution according to the original payment terms.

The Group's obligations in supplier finance arrangements arise as part of the normal business cycle for the purchase of goods and services, and the payment terms with the financial institution do not significantly differ from the payment terms to other comparable suppliers not participating in such arrangements. Therefore, Salling Group's obligations in these arrangements are classified as trade payables in the balance sheet, and the associated payments are classified as cash flows from change in working capital.

Payment terms and accounting values as at the balance sheet date are shown below:

	Range of payment due dates
Liabilities that are part of supplier finance arrangements	60 - 120 days after invoice date
Trade payables that are not part of an arrangement	60 - 120 days after invoice date

Carrying amount of liabilities part of supplier finance arrangements	2024
Presented in 'Trade payables'	2,093
Of which suppliers have received payment	1,353

The carrying amount of liabilities in supplier finance arrangements, presented as 'Trade payables' amounted to DKK 2.2 billion as per 1 Janary 2024.

There were no significant non-cash changes to the carrying amount of the trade payables included in the Group's supplier finance arrangement.

Notes to the consolidated financial statements

DKK million

15 Financial assets and financial liabilities - continued

Concentration of liquidity risk related to supplier finance arrangements

The Group is exposed to a concentration risk concerning its supplier debt due to participation in supplier finance arrangements. The Group has assessed that the risk related to the supplier finance arrangements is insignificant. The Group has a strong liquidity position which ensures sufficient flexibility to meet its obligations under these arrangements.

Risk Management

The Group continuously monitors its involvement in supplier finance arrangements and conducts assessments of the concentration risk associated with such arrangements. The Group has assessed that the risk related to the supplier finance arrangements is insignificant. The Group has a strong liquidity position which ensures sufficient flexibility to meet its obligations under these arrangements.

Exposure

Several of the Group's suppliers are included in supplier finance arrangements, where the company has only one counterparty instead of multiple individual suppliers. This results in the Group settling significant amounts with one counterparty instead of several smaller amounts with multiple counterparties.

The Group's payment terms for these arrangements are comparable to the payment terms for the Group's other suppliers.

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DKK million

16 Deferred tax

Specification of deferred tax

	Consolidated income statement		Consolidated balance sheet	
	2024	2023	2024	2023
Intangible assets	-	31	-140	-140
Property, plant and equipment	-59	-59	-780	-721
Investment properties	-2	6	14	16
Financial assets	-11	10	12	23
Other assets	-7	2	-6	1
Provisions	-	-	77	77
Other liabilities	-5	-9	44	49
Leases	10	9	126	116
Tax loss carryforward	1	4	55	54
Other	11	11	23	12
Deferred tax income/expense / Net deferred tax	-62	5	-575	-513

Reconciliation of net deferred tax

	2024	2023
Opening balance at 1 January	-513	-472
Adjustment of deferred tax recognised in the income statement	-62	5
Deferred tax acquired in business combinations	-	-46
Closing balance at 31 December	-575	-513

Deferred tax is recognised in the consolidated balance sheet as follows:

	2024	2023
Deferred tax assets	91	94
Deferred tax liabilities	-666	-607
Net deferred tax	-575	-513

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DKK million

16 Deferred tax - continued

In the Group an unrecognised deferred tax asset of DKK 1,002 million exists as at 31 December 2024 related to Netto Indygo Sp. Z o.o. (in 2023 DKK 920 million related to Netto Indygo Sp. Z o.o.). The deferred tax asset is unrecognised due to uncertainties regarding the future taxable profits against which the unused tax losses can be utilised. A significant part of the unrecognised deferred tax asset in Netto Indygo Sp. Z o.o. relates to tax losses. Tax losses may be carried forward for five consecutive tax years with restrictions on the utilization. Netto Indygo Sp. Z o.o. has suffered a loss in both 2024 and 2023.

17 Inventories

	2024	2023
Goods held for resale	6,123	5,946
Consumables	124	131
Total inventories	6,247	6,077

In the income statement, as part of cost of sales, an expense of DKK 2.0 bn has been recognised regarding losses and write-downs of inventories to net realisable value (DKK 1.9 bn in 2023).

18 Assets classified as held for sale

The major classes of assets classified as held for sale as at 31 December are as follows:

	2024	2023
Land and buildings	8	-
Assets classified as held for sale	8	-

Properties classified as held for sale are recognised at carrying amount, since the fair value less costs to sell of the properties is higher than the carrying amount.

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Notes to the consolidated financial statements

DKK million

19 Pensions

The Group has entered into pension schemes and similar arrangements with most of the Group's employees. The majority of the Group's pension schemes are defined contribution plans. For a few former employees and some members of the founder's family defined benefit plans exist. The defined benefit plans are lifelong. The defined benefit plans guarantee fixed amounts per year adjusted for price inflation, and the plans are fully unfunded.

Changes in the present value of the defined benefit obligation:

	2024	2023
Defined benefit obligation at 1 January	205	210
Interest expenses recognised as part of Staff expenses	-4	-5
Actuarial gains / losses, demographic assumptions	3	1
Actuarial gains / losses, financial assumptions	6	14
Actuarial gains / losses, experience adjustments	3	2
Payments from the plan	-17	-17
Defined benefit obligation at 31 December	196	205

The following significant actuarial assumptions are applied:

	2024	2023
Discount rate	2.1%	2.1%
Price inflation	2.0%	1.9%

Life expectations are based on the Danish FSA's longevity benchmarks for the individual financial years.

Notes to the consolidated financial statements

DKK million

19 Pensions - continued

A quantitative sensitivity analysis for the significant actuarial assumptions is shown below:

	2024	2023
Discount rate:		
Increase of 0.5% point	-7	-7
Decrease of 0.5% point	7	8
Price inflation:		
Increase of 0.5% point	7	8
Decrease of 0.5% point	-7	-8

The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

No contributions will be made to the plans in the future. The average duration of the defined benefit obligation as at 31 December 2024 is 26 years (27 years in 2023). DKK 18 million is expexted to be paid from the plans in 2025.

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DKK million

20 Provisions

2024:	Insurance	Other	Total
Balance at 1 January 2024	126	51	177
Provisions made during the year	48	18	66
Provisions utilised during the year	-29	-5	-34
Reversals during the year	-11	-9	-20
Balance at 31 December 2024	134	55	189
Non-current	104	37	141
Current	30	18	48
Balance at 31 December 2024	134	55	189

2023:	Insurance	Other	Total
Balance at 1 January 2023	149	51	200
Provisions made during the year	39	14	53
Provisions utilised during the year	-38	-4	-42
Reversals during the year	-24	-10	-34
Balance at 31 December 2023	126	51	177
Non-current	99	35	134
Current	27	16	43
Balance at 31 December 2023	126	51	177

Notes to the consolidated financial statements

DKK million

20 Provisions - continued

The insurance provision comprises the estimated expenditure based on actuarial calculations that the Group expects to incur. The insurance provision is based on insured events that have taken place before year end. The estimate includes the direct and indirect amounts that the Group expects to pay to settle the outstanding claims. The provision is discounted based on estimates of the payment period, and DKK 29 million is expected to fall due after more than 5 years (DKK 29 million in 2023).

Other provisions comprise a provision for warranties, a provision for jubilee benefits and a provision for pending lawsuits. The warranty provision is recognised upon a sale of a product for which the Group is liable for future warranty costs. Initial recognition is based on historical experience. The existing provision will expire in 2032. The provision for jubilee benefits concerns the Danish employees, and is estimated based on the expected jubilees for current employees. No further information is provided regarding the provision for pending lawsuits as the information might harm the Group's position.

DKK 22 million of the provision is expected to fall due after more than 5 years (DKK 21 million in 2023).

21 Adjustments

	2024	2023
Financial income	-219	-227
Financial expenses	626	568
Depreciation, amortisation and impairment losses	2,560	2,555
Net gain on sale of non-current assets etc.	-31	-25
Other adjustments	21	-28
Adjustments	2,957	2,843

22 Change in working capital

	2024	2023
Change in trade and other receivables and prepayments	-82	114
Change in inventories	-144	-185
Change in trade and other payables	44	-686
Change in working capital	-182	-757

Consolidated financial statements

Notes to the consolidated financial statements

DKK million

	2024	2023
23 Cash and cash equivalents		
Cash and short-term deposits	1,543	832
Current liabilities - bank loans	-39	-156
Cash and cash equivalents available to the Group	1,504	676

24 Contingent assets and liabilities and other financial commitments

Operating leases, the Group is lessor

The Group leases a number of properties, shops and flats as operating leases to external parties. The leases have terms of between 1 month and 18 years. Under some of the leases the external parties have the option to continue the lease of the assets beyond the agreed upon lease terms.

Future minimum rentals receivable under non-cancellable operating leases are as follows:	2024	2023
Within 1 year	280	225
1 to 5 years	415	293
After 5 years	241	150
Total	936	668

Notes to the consolidated financial statements

DKK million

24 Contingent assets and liabilities and other financial commitments - continued

The Group has entered into contractual commitments regarding acquisition and construction of property, plant and equipment of a total of DKK 1,398 million (DKK 1,046 million in 2023).

The Group has entered into contractual commitments regarding acquisition of intangible assets of a total of DKK 122 million (DKK 6 million in 2023).

As security for mortgage loans, land and buildings with a carrying amount of DKK 5,722 million have been provided as collateral (DKK 5,763 million in 2023).

The company has security for interest rate swap contracts with a positive carrying amount of DKK 16 million as collateral in 2024. (DKK 74 million in 2023).

Companies in the Group are part of the joint registration with F. Salling Invest A/S regarding payment of VAT, PAYE taxes etc. and are thus jointly liable for the total liability of DKK 615 million at 31 December 2024 (DKK 615 million in 2023).

The Danish companies in Købmand Herman Sallings Fond Group are jointly taxed. As jointly taxed companies, which are not wholly owned, the companies in the Salling Group A/S subgroup have limited and subsidiary liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties within the joint taxation group. However, Salling Group A/S' subsidiaries have joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties within the Salling Group A/S subgroup. The total net taxes payable to the Danish Central Tax Administration by the companies included in the joint taxation is disclosed in the annual report of the administration company (F. Salling Holding A/S, CVR no. 41 94 01 15). Any subsequent corrections of the taxable income subject to joint taxation or withholding taxes on dividends etc. may entail that the companies' liability will increase.

Consolidated financial statements

Notes to the consolidated financial statements

DKK million

24 Contingent assets and liabilities and other financial commitments - continued

Guarantees of DKK 238 million have been provided to credit institutions regarding related parties' mortgage loans (DKK 244 million in 2023).

The Group has entered into a suretyship for guarantees provided by Tryg Garanti of a maximum of DKK 128 million (DKK 124 million in 2023).

25 Related party disclosures

Transactions between Salling Group A/S and its subsidiaries have been eliminated in the consolidated financial statements and are not disclosed in this note.

The following related party transactions were carried out with related parties:

	2024	2023
Entities with controlling or significant influence over the Group:		
Sales of services	4	4
Lease payments	-30	-30
Interests paid	-18	-6
Dividends paid	-200	-200
Donations from Købmand Herman Sallings Fond	8	10

All outstanding balances with related parties as at 31 December are presented in note 15. All outstanding balances carry interest and are to be settled in cash within 1 year unless otherwise specified in note 15.

None of the outstanding balances are secured, and no provisions are held against the balances as at 31 December 2024 (DKK 0 in 2023). No expense has been recognised in 2024 or 2023 for bad or doubtful debts.

Notes to the consolidated financial statements

DKK million

25 Related party disclosures - continued

Key management personnel

Key management personnel includes the Board of Directors, the Executive Board and other employees in the Group Leadership Team. For 2024 the Group Leadership Team comprise 11 persons (2023: 12 persons). The key management personnel remuneration is shown below:

	2024	2023
Short-term employee benefits	86	97
Post-employment benefits - defined contribution plans	3	2
Other long-term benefits	10	8
Total remuneration	99	107

Short-term bonus plan
The Executive Board and the Group Leadership Team participate in short-term bonus plans, in which the bonus is dependent on profit for the year and other conditions.

Long-term incentive plan
For the periods 2022 - 2024, 2023 - 2025 and 2024 - 2026 long-term incentive plans have been granted to the Executive Board and the Group Leadership Team. The estimated provision expensed in 2024 amounts to DKK 10 million (DKK 8 million in 2023).

In 2024 the total remuneration of the Board of Directors and the Executive Board amounts to DKK 37.8 million of which DKK 6.2 million relates to other long-term benefits and DKK 0 million relates to post-employment benefits. In 2023, the total remuneration for the Board of Directors amounted to DKK 5.0 million. The total remuneration for the Executive Board amounted to DKK 52.3 million, of which DKK 3.7 million relates to other long-term benefits, and DKK 0 million relates to post-employment benefits.

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DKK million

26 Business combinations

In 2024, Salling Group A/S acquired an additional 10% of Skagenfood A/S. Salling Group A/S holds a total of 100% of the issued share capital and voting rights in Skagenfood A/S at 31 December 2024.

A call option exists, according to which Skagenfood A/S can purchase the remaining 10% of Bodebjerg ApS. The call option can be exercised in 2025. As the call option gives Skagenfood A/S present access to the returns associated with the ownership interest, the non-controlling interests, that are comprised by the call option, are considered to be purchased at the point in time, when the call option are written. As a result, no non-controlling interests are recognised in the income statement, the statement of other comprehensive income or the equity regarding the non-controlling interests. A liability of DKK 1 million related to the call option is recognised in the Group as at 31 December 2024 (31 December 2023: DKK 1 million).

In 2023, Salling Group A/S acquired 100% of the share capital and the voting rights of Salling Group Ejendomme II ApS. The real-estate company Salling Group Ejendomme II ApS was acquired in order to buy the 10 properties in which BR previously was lessee.

27 Capital management

The Group manages its capital to ensure that the entities in the Group will be able to continue as going concerns while maximising the return to the shareholders through the optimisation of the debt and equity balance. For the purpose of the Group's capital management, capital includes total equity.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares.

The Group has no covenants in relation to bank facilities or other financing activities as at 31 December 2024 or as at 31 December 2023.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2024 and 2023.

Notes to the consolidated financial statements

DKK million

28 Events after the reporting period

In March 2025, Salling Group announced that they have entered into a purchase agreement with the Swedish retail group ICA Gruppen AB, which includes full ownership and control of ICA Gruppen AB's Baltic business, Rimi Baltic AB and its subsidiaries. The enterprise value is set at EUR 1.3 bn on a debt-free basis. The acquisition is expected to be financed by free reserves, mortgage and bank loans.

Rimi Baltic is one of the largest retailers in the Baltic States and operates retail chains in Latvia, Lithuania and Estonia. The purchase agreement includes 314 stores, a strong e-commerce platform, warehouses and distribution centres across the Baltics, with more than 11,000 employees.

Rimi Baltic is a strong and well-run company, with high-standard stores that has show growth and strong results for many past years. Rimi operate stores in four chains; Rimi Hyper, Rimi Super, Rimi Mini and Rimi Express.

The acquisition is part of Salling Groups Aspire '28 strategy that was launched during 2024, and Salling Group wishes to strengthen Rimi Baltic and grow the business in the Baltic countries.

The acquisition is classified as a business combination and gives Salling Group full ownership and voting rights of the entities within Rimi Baltic AB. Entities included in the purchase agreement:

- Rimi Baltic AB, Stockholm
- Rimi Lietuva UAB, Lithuania
- Hakonlita UAB, Lithuania
- Rimi Latvia SIA, Latvia
- Plesko Real Estate SIA, Latvia
- Rimi Eesti Food AS, Estonia
- Kinnisvaravalduse AS, Estonia

The acquisition is subject to and conditioned by regulatory approval. Salling Group does not operate in the Baltic market, and the acquisition is expected to be approved.

As of the date of publication of the Annual Report for Salling Group A/S for 2024, Salling Group has not obtained regulatory approval, thus it is not possible to fulfill the full disclosure requirements in IFRS 3 regarding business combinations. Information about the opening balance, the acquired net assets at the time of the acquisition, and goodwill is therefore not included in these financial statements.

Consolidated financial statements

Notes to the consolidated financial statements

DKK million

29 Standards issued but not yet effective

New or amended IFRS Accounting Standards and interpretations issued by the IASB that have not yet become effective are not adopted until they become effective and are endorsed by European Union. Management does not anticipate any significant impact on the consolidated financial statements in the period of initial application from the adoption of the new standards and amendments, apart from IFRS 18 "Presentation and Disclosure in Financial Statements", which was issued by the IASB in 2024.

IFRS 18 "Presentation and Disclosure in Financial Statements" replaces IAS 1 "Presentation of Financial Statements" and is effective from January 1, 2027. The Group has started, but not yet completed, the analysis of the impact of IFRS 18. IFRS 18 is expected to change the presentation of the income statement, as the standard requires the classification of income and costs into three newly defined categories: operating, investing, and financing activities. Furthermore, IFRS 18 also includes new disclosure requirements, but the standard will not change any accounting policies on recognition and measurement and will not change reported net results or equity upon implementation.

Financial Statements

Consolidated financial statements

Parent company financial statements

Parent company financial statements

Parent company income statement

DKK million

Notes		2024	2023
	Revenue from contracts with customers	50,955	49,386
	Other revenue	324	278
4	**Total revenue**	**51,279**	**49,664**
	Cost of sales	-35,659	-34,717
	Gross profit	**15,620**	**14,947**
5	Staff expenses	-7,224	-6,911
	External expenses	-3,790	-3,744
	Operating profit before depreciation, amortisation and impairment losses	**4,606**	**4,292**
6	Depreciation, amortisation and impairment losses, net	-2,310	-2,259
	Net gain/loss on disposal of investment properties, property, plant and equipment and intangible assets	1	-14
	Operating profit (EBIT)	**2,297**	**2,019**
14	Share of profit from subsidiaries, net of tax	421	538
	Profit before financing and income tax	**2,718**	**2,557**
7	Financial income	194	173
8	Financial expenses	-813	-840
	Profit before tax	**2,099**	**1,890**
9	Income tax	-390	-303
	Profit for the year	**1,709**	**1,587**
	Proposal for distribution of profit for the year:		
	Reserve for net revaluation under the equity method	421	538
	Reserve for development projects	-184	14
	Retained earnings	1,272	835
	Proposed dividends	200	200
	Profit for the year	**1,709**	**1,587**

The profit for the year is attributable to the shareholders of Salling Group A/S.

Parent company statement of other comprehensive income

DKK million

Notes		2024	2023
	Profit for the year	1,709	1,587
	Other comprehensive income, net of tax		
	Items that will not be reclassified to the income statement		
9	Remeasurement of defined benefit plans	-10	-13
		-10	-13
	Items that subsequently are or may be reclassified to the income statement		
14	Exchange rate differences on translating foreign operations	150	611
14	Other comprehensive income to be reclassified in subsidiaries	-68	-130
		82	481
	Other comprehensive income for the year, net of tax	**72**	**468**
	Comprehensive income for the year	**1,781**	**2,055**

Parent company financial statements

Parent company balance sheet at 31 December

DKK million

Notes	Assets	2024	2023
	Non-current assets		
10	**Intangible assets**		
	Goodwill	18	18
	Software	414	495
	Software development in progress	131	73
	Brands	16	18
	Other intangible assets	6	-
	Total intangible assets	585	604
11	**Property, plant and equipment**		
	Land and buildings	415	414
	Fixtures and fittings, tools and equipment	2,148	1,911
	Leasehold improvements	190	171
	Assets under construction and prepayments	8	39
	Total property, plant and equipment	2,761	2,535
12	**Right-of-use assets**		
	Land and buildings	10,229	10,458
	Fixtures and fittings, tools and equipment	86	78
	Total right-of-use assets	10,315	10,536
13	**Investment properties**	173	174
	Financial assets		
14	Investments in subsidiaries	15,510	15,422
15	Other non-current financial assets	57	32
	Total financial assets	15,567	15,454
16	**Deferred tax assets**	150	152
	Total non-current assets	**29,551**	**29,455**

Parent company balance sheet at 31 December

DKK million

Notes	Assets - continued	2024	2023
	Amount transferred	29,551	29,455
	Current assets		
17	**Inventories**	4,275	4,063
	Receivables		
15	Trade receivables	53	42
	Income tax receivables	-	10
15	Other receivables	378	351
	Prepayments	73	71
15	Other current financial assets	931	662
	Total receivables	1,435	1,136
15	**Securities**	943	969
15	**Cash and short-term deposits**	1,076	460
	Total current assets	**7,729**	**6,628**
	Total assets	**37,280**	**36,083**

Parent company financial statements

Parent company balance sheet at 31 December

DKK million

Equity and liabilities

Notes		2024	2023
18	**Equity**		
	Share capital	524	524
	Reserve for net revaluation under the equity method	1,858	1,920
	Foreign currency translation reserve	239	89
	Development projects reserve	298	482
	Retained earnings	10,717	9,040
	Proposed dividends	200	200
	Total equity	**13,836**	**12,255**

Parent company balance sheet at 31 December

DKK million

Equity and liabilities - continued

Notes		2024	2023
	Amount transferred	13,836	12,255
	Liabilities		
	Non-current liabilities		
19	Pensions	196	205
20	Provisions	37	35
15	Mortgage loans	175	181
12, 15	Lease liabilities	10,251	10,541
15	Other non-current financial liabilities	74	75
	Total non-current liabilities	10,733	11,037
	Current liabilities		
20	Provisions	9	7
15	Mortgage loans	7	6
12, 15	Lease liabilities	1,562	1,393
15	Other current financial liabilities	1,771	1,971
15	Trade payables	7,256	7,057
	Income tax payable	46	-
15	Other payables	2,044	2,352
	Deferred income	16	5
	Total current liabilities	12,711	12,791
	Total liabilities	**23,444**	**23,828**
	Total equity and liabilities	**37,280**	**36,083**

Parent company financial statements

Parent company cash flow statement

DKK million

Notes		2024	2023
	Profit before tax	2,099	1,890
21	Adjustments	2,543	2,396
22	Change in working capital	-408	-294
	Net cash flows from operating activities before financial items and tax	4,234	3,992
	Interest received	181	158
	Interest paid	-810	-857
	Income tax paid	-344	-396
	Net cash flows from operating activities	**3,261**	**2,897**
10	Purchase of intangible assets	-148	-89
11	Purchase of property, plant and equipment	-829	-752
13	Purchase of investment properties	-6	-1
23	Acquisition of subsidiaries and prepayments related to acquisition of subsidiaries	-17	-211
14	Dividends received from subsidiaries	415	400
	Purchase of securities	-147	-364
	Sale of securities	186	210
	Net cash flows from investment activities	**-546**	**-807**

Parent company cash flow statement

DKK million

Notes		2024	2023
	Amount transferred	2,715	2,090
	Other financial liabilities	-12	40
	Repayments from related parties	277	15
	Repayments to related parties	-724	-212
	Repayments of borrowings	-5	-6
12	Payments lease liabilities	-1,435	-1,274
	Payments bank loans	-	-501
	Dividends paid	-200	-200
	Net cash flows from financing activities	**-2,099**	**-2,138**
	Net change in cash and cash equivalents	616	-48
	Cash and cash equivalents at 1 January	460	508
24	**Cash and cash equivalents at 31 December**	**1,076**	**460**

Parent company financial statements

Parent company statement of changes in equity

DKK million

2024:	Share capital	Reserve for net revaluation under the equity method	Foreign currency translation reserve	Develop-ment projects reserve	Retained earnings	Proposed dividends	Total equity
Equity at 1 January 2024	524	1,920	89	482	9,040	200	12,255
Profit for the year	-	421	-	-184	1,272	200	1,709
Remeasurement of defined benefit plans net of tax	-	-	-	-	-10	-	-10
Exchange rate differences on translating foreign operations	-	-	150	-	-	-	150
Other comprehensive income to be reclassified in subsidiaries	-	-68	-	-	-	-	-68
Other comprehensive income	-	-68	150	-	-10	-	72
Total comprehensive income for the year	**-**	**353**	**150**	**-184**	**1,262**	**200**	**1,781**
Dividends received from subsidiaries	-	-415	-	-	415	-	-
Payment of dividends	-	-	-	-	-	-200	-200
Total transactions with owners	**-**	**-415**	**-**	**-**	**415**	**-200**	**-200**
Equity at 31 December 2024	**524**	**1,858**	**239**	**298**	**10,717**	**200**	**13,836**

Parent company statement of changes in equity

DKK million

2023:	Share capital	Reserve for net revaluation under the equity method	Foreign currency translation reserve	Develop-ment projects reserve	Retained earnings	Proposed dividends	Total equity
Equity at 1 January 2023	524	1,912	-522	468	7,818	200	10,400
Profit for the year	-	538	-	14	835	200	1,587
Remeasurement of defined benefit plans net of tax	-	-	-	-	-13	-	-13
Exchange rate differences on translating foreign operations	-	-	611	-	-	-	611
Other comprehensive income to be reclassified in subsidiaries	-	-130	-	-	-	-	-130
Other comprehensive income	-	-130	611	-	-13	-	468
Total comprehensive income for the year	**-**	**408**	**611**	**14**	**822**	**200**	**2,055**
Dividends received from subsidiaries	-	-400	-	-	400	-	-
Payment of dividends	-	-	-	-	-	-200	-200
Total transactions with owners	**-**	**-400**	**-**	**-**	**400**	**-200**	**-200**
Equity at 31 December 2023	**524**	**1,920**	**89**	**482**	**9,040**	**200**	**12,255**

Parent company financial statements

Summary of notes to the parent company financial statements

Notes to the parent company financial statements

DKK million

1 General information

The primary business area of Salling Group is operating five different formats of retail stores, in addition to a number of e-commerce platforms. In Denmark, Bilka, føtex, Netto, Salling and BR are operated as physical stores, while in Germany and Poland, Salling Group is present with Netto stores. Online Salling Group operates with Bilka.dk, Salling.dk, føtex.dk, BR.dk, flowr.dk and Skagenfood.dk. Furthermore Salling Group operates Starbucks, Carl's Jr., Matinique and HUGO BOSS as franchises in Denmark.

Salling Group A/S is a limited company with its registered office located at Rosbjergvej 33, 8220 Brabrand in Denmark.

2 Summary of material accounting policy information

For a summary of material accounting policy information please refer to note 2 in the notes to the consolidated financial statements.

Share of profit/loss from subsidiaries, net of tax and Investment in subsidiaries
Investments in subsidiaries are measured in the parent company's balance sheet using the equity method. The share of profit or loss from subsidiaries after elimination of unrealised gains and losses resulting from transactions between the parent company and the subsidiaries, and including the effect of depreciation of fair value adjustments recognised as part of business combinations, is recognised in the parent company's income statement.

Equity - Net revaluation under the equity method
The net revaluation of investments in subsidiaries is recognised as a reserve for net revaluation under equity according to the equity method, to the extent that the carrying value exceeds the cost price. The reserve can be eliminated in the event of losses, realisation of investments, or changes in accounting estimates. Subsidiary dividends are transferred from the net revaluation to the distributable reserves at the time of distribution. The reserve cannot be recognised at a negative amount.

Parent company financial statements

Notes to the parent company financial statements

DKK million

	2024	2023

2 Summary of material accounting policy information - continued

Equity - Development projects reserve

The development projects reserve comprises an amount equalling the capitalised development projects, excluding payments for separable assets e.g. software licenses, and adjusted for the income tax effect. The reserve is an undistributable equity reserve and cannot be used for dividends or for covering any deficits. The reserve is reduced as the development projects are sold or amortised by way of a transfer from the development projects reserve to the distributable equity reserves.

3 Significant accounting judgements, estimates and assumptions

For a summary of significant accounting judgements, estimates and assumptions please refer to note 3 in the notes to the consolidated financial statements.

4 Total revenue

	2024	2023
Revenue from contracts with customers, retail and e-commerce activities	50,955	49,386
Total revenue from contracts with customers	50,955	49,386
Rental revenue, investment properties	38	37
Other revenue	286	241
Total other revenue	324	278
Total revenue	51,279	49,664

All revenue included in the parent company income statement is generated in Denmark.

For descriptions related to revenue please refer to note 4 in the notes to the consolidated financial statements.

Notes to the parent company financial statements

DKK million

5 Staff expenses

	2024	2023
Wages and salaries incl. termination benefits	6,378	6,144
Post-employment benefits – defined contribution plans	487	428
Post-employment benefits – defined benefit plans	-4	-4
Social security costs	158	147
Other staff expenses	205	196
Total staff expenses	7,224	6,911
Average number of full-time employees	18,132	18,003

Key management personnel

For a description of the key management personnel and an overview of the key management personnel remuneration please refer to note 25 in the consolidated financial statements.

6 Depreciation, amortisation and impairment losses, net

	2024	2023
Depreciation, Property, plant and equipment	608	566
Depreciation, Right-of-use assets	1,545	1,437
Depreciation, Investment properties	7	8
Amortisation of intangible assets	159	227
Depreciation and amortisation	2,319	2,238
Property, plant and equipment	2	2
Right-of-use assets	-11	12
Intangible assets	-	7
Impairment losses, net	-9	21
Depreciation, amortisation and impairment losses, net	2,310	2,259

Parent company financial statements

Notes to the parent company financial statements

DKK million

	2024	2023
7 Financial income		
Interest income on loans to related parties	-	2
Interest income on other loans and receivables	23	8
Net gain on derivatives not designated as hedging instruments	43	81
Net gain on financial instruments held for trading	33	38
Net foreign exchange gain	94	43
Other financial income	1	1
Total financial income	194	173

	2024	2023
8 Financial expenses		
Interest expense on mortgage loans	4	14
Interest expense on lease liabilities	92	90
Interest expense on lease liabilities from related parties	607	613
Interest expense paid to banks	36	46
Interest expense on loans from related parties	67	71
Other financial expenses	7	6
Total financial expenses	813	840

Notes to the parent company financial statements

DKK million

	2024	2023
9 Income tax		
Current income tax	-387	-355
Adjustment regarding prior years, current income tax	2	8
Change in deferred tax	6	52
Adjustment regarding prior years, deferred tax	-8	-4
Total income tax	-387	-299
Income tax recognised in the income statement	-390	-303
Income tax recognised in other comprehensive income	3	4
Total income tax	-387	-299

Reconciliation of income tax recognised in the income statement

	2024		2023	
Tax on result for the year at the Danish income tax rate	-462	22.0%	-416	22.0%
Non-deductible costs	-21	1.0%	-15	0.8%
Non-taxable income	101	-4.8%	124	-6.6%
Adjustment to prior periods	-6	0.3%	4	-0.2%
Other	-2	0.1%	-	0.0%
Income tax recognised in the income statement	-390	18.6%	-303	16.0%

Tax on other comprehensive income

	2024			2023		
	Before tax	Tax	Net of tax	Before tax	Tax	Net of tax
Remeasurement of defined benefit plans	-13	3	-10	-17	4	-13
	-13	3	-10	-17	4	-13

Parent company financial statements

Notes to the parent company financial statements

DKK million

10 Intangible assets

2024:	Goodwill	Software	Software develop-ment in progress	Brands	Other intangible assets	Total
Cost						
Balance at 1 January 2024	18	2,212	73	27	17	2,347
Additions	-	24	118	-	6	148
Reclassifications	-	53	-60	-1	-	-8
Balance at 31 December 2024	18	2,289	131	26	23	2,487
Accumulated amortisation and impairment losses						
Balance at 1 January 2024	-	-1,717	-	-9	-17	-1,743
Amortisation	-	-158	-	-1	-	-159
Balance at 31 December 2024	-	-1,875	-	-10	-17	-1,902
Carrying amount at 31 December 2024	18	414	131	16	6	585

For a description of the performed impairment tests please refer to note 11 in the notes to the consolidated financial statements.

Notes to the parent company financial statements

DKK million

10 Intangible assets - continued

2023:	Goodwill	Software	Software develop-ment in progress	Brands	Other intangible assets	Total
Cost						
Balance at 1 January 2023	18	2,295	51	26	17	2,407
Additions	-	36	53	-	-	89
Reclassifications	-	29	-31	1	-	-1
Disposals	-	-148	-	-	-	-148
Balance at 31 December 2023	18	2,212	73	27	17	2,347
Accumulated amortisation and impairment losses						
Balance at 1 January 2023	-	-1,609	-	-7	-17	-1,633
Amortisation	-	-225	-	-2	-	-227
Impairment losses	-	-7	-	-	-	-7
Disposals	-	124		-	-	124
Balance at 31 December 2023	-	-1,717	-	-9	-17	-1,743
Carrying amount at 31 December 2023	18	495	73	18	-	604

Parent company financial statements

Notes to the parent company financial statements

DKK million

11 Property, plant and equipment

2024:	Land and buildings	Fixtures and fittings, tools and equipment	Leasehold improve-ments	Assets under construction and prepayments	Total
Cost					
Balance at 1 January 2024	931	6,527	839	39	8,336
Additions	7	775	46	1	829
Reclassifications	5	34	1	-32	8
Disposals	-	-156	-4	-	-160
Balance at 31 December 2024	943	7,180	882	8	9,013
Accumulated depreciation and impairment losses					
Balance at 1 January 2024	-517	-4,616	-668	-	-5,801
Depreciation	-11	-571	-26	-	-608
Impairment losses	-	-	-2	-	-2
Disposals	-	155	4	-	159
Balance at 31 December 2024	-528	-5,032	-692	-	-6,252
Carrying amount at 31 December 2024	415	2,148	190	8	2,761

Notes to the parent company financial statements

DKK million

11 Property, plant and equipment - continued

2023:	Land and buildings	Fixtures and fittings, tools and equipment	Leasehold improve-ments	Assets under construction and prepayments	Total
Cost					
Balance at 1 January 2023	927	6,061	827	1	7,816
Additions	4	684	26	38	752
Reclassifications	-	4	-	-	4
Disposals	-	-222	-14	-	-236
Balance at 31 December 2023	931	6,527	839	39	8,336
Accumulated depreciation and impairment losses					
Balance at 1 January 2023	-506	-4,299	-658	-	-5,463
Depreciation	-11	-531	-24	-	-566
Impairment losses	-	-2	-	-	-2
Disposals	-	216	14	-	230
Balance at 31 December 2023	-517	-4,616	-668	-	-5,801
Carrying amount at 31 December 2023	414	1,911	171	39	2,535

Parent company financial statements

Notes to the parent company financial statements

DKK million

12 Leases

Right-of-use assets

2024:	Land and buildings	Fixtures and fittings, tools and equipment	Total
Cost			
Balance at 1 January 2024	16,846	171	17,017
Additions	537	50	587
Remeasurement of lease liabilities*	736	-2	734
Disposals	-168	-67	-235
Balance at 31 December 2024	17,951	152	18,103
Accumulated depreciation and impairment losses			
Balance at 1 January 2024	-6,388	-93	-6,481
Depreciation	-1,505	-40	-1,545
Impairment losses	-4	-	-4
Reversals of impairment losses	15	-	15
Disposals	160	67	227
Balance at 31 December 2024	-7,722	-66	-7,788
Carrying amount at 31 December 2024	10,229	86	10,315

*Remeasurement of lease liabilities comprises changes in the lease term (extension or shortening of the lease period) and changes in lease payments. The majority of the Group's property leases are remeasured on a yearly basis through indexation of lease payments.

Notes to the parent company financial statements

DKK million

12 Leases - continued

Right-of-use assets

2023:	Land and buildings	Fixtures and fittings, tools and equipment	Total
Cost			
Balance at 1 January 2023	15,552	204	15,756
Additions	967	51	1,018
Remeasurement of lease liabilities*	731	2	733
Disposals	-404	-86	-490
Balance at 31 December 2023	16,846	171	17,017
Accumulated depreciation and impairment losses			
Balance at 1 January 2023	-5,137	-144	-5,281
Depreciation	-1,403	-34	-1,437
Impairment losses	-13	-	-13
Reversals of impairment losses	1	-	1
Disposals	164	85	249
Balance at 31 December 2023	-6,388	-93	-6,481
Carrying amount at 31 December 2023	10,458	78	10,536

The parent company has entered into leases with external parties regarding a number of stores, warehouses and some operational equipment. For some of the leases the parent company has the option to continue the lease of the assets beyond the agreed upon lease terms. The lease arrangements impose no restrictions on the parent company.

The parent company has also entered into leases regarding stores with Salling Group Ejendomme A/S, Salling Group Ejendomme II ApS and F. Salling Invest A/S.

Parent company financial statements

Notes to the parent company financial statements

DKK million

12 Leases - continued

Lease liabilities

	2024		2023	
	Undis-counted payments	Present value of payments	Undis-counted payments	Present value of payments
Within 1 year	2,135	1,562	1,973	1,393
1 to 5 years	7,811	6,151	7,608	5,456
After 5 years	4,726	4,100	5,459	5,085
Total	14,672	11,813	15,040	11,934

	2024	2023
Amounts recognised in the parent company income statement		
Interest expense on lease liabilities	699	703
Expenses related to leases of low value assets	17	18
Income from subleasing of right-of use assets	2	2

Variable lease payments not recognised as part of the lease liabilities and expenses related to short-term leases are immaterial in both 2024 and 2023.

Specification of lease payments

	2024	2023
Interest expense on lease liabilities	699	703
Payments regarding lease liabilities	1,435	1,274
Total payments lease liabilities	2,134	1,977

Regarding situations, where the parent company is lessor, please refer to note 25.

Notes to the parent company financial statements

DKK million

	2024	2023
13 Investment properties		
Cost		
Balance at 1 January	541	540
Additions	6	1
Balance at 31 December	547	541
Accumulated depreciation and impairment losses		
Balance at 1 January	-367	-359
Depreciation	-7	-8
Balance at 31 December	-374	-367
Carrying amount at 31 December	173	174

Investment properties comprise a shopping centre and flats located adjacent to Salling Group's stores.

The estimated fair value of the investment properties amounted to DKK 720 million at 31 December 2024 (DKK 720 million at 31 December 2023). The fair value is not based on a valuation by an independent valuer.

The fair value of the investment properties falls within level 3 of the fair value hierarchy. The fair value is based on a rate of return compared with a price per square metre. The rate of return is based on experience with real estate deals.

	2024	2023
Rental income from investment properties	38	37
Direct operating expenses from investment properties that generated rental income	-16	-23
Profit arising from investment properties	22	14

Parent company financial statements

Notes to the parent company financial statements

DKK million

	2024	2023
14 Investments in subsidiaries		
Cost		
Balance at 1 January	13,413	13,202
Additions*	-	211
Balance at 31 December	13,413	13,413
Value adjustments		
Balance at 1 January	2,009	1,390
Dividends	-415	-400
Foreign currency translation	150	611
Other comprehensive income for the year	-68	-130
Profit for the year	421	538
Balance at 31 December	2,097	2,009
Carrying amount at 31 December	15,510	15,422

For a list of subsidiaries please refer to note 2 in the notes to the consolidated financial statements.

*Additions 2023: Acquisition of Salling Group Ejendomme II ApS.

Notes to the parent company financial statements

DKK million

15 Financial assets and financial liabilities

Financial assets comprise the following:

	Carrying amount		Fair value	
	2024	2023	2024	2023
Derivatives not designated as hedging instruments	57	32	57	32
Other non-current financial assets	57	32	57	32
Trade receivables	53	42	53	42
Other receivables	378	351	378	351
Receivables from subsidiaries	918	592	918	592
Derivatives not designated as hedging instruments	13	70	13	70
Other current financial assets	931	662	931	662
Securities	943	969	943	969
Cash and short-term deposits	1,076	460	1,076	460

Parent company financial statements

Notes to the parent company financial statements

DKK million

15 Financial assets and financial liabilities - continued

Financial liabilities comprise the following:

	Carrying amount		Fair value	
	2024	2023	2024	2023
Mortgage loans - non-current	175	181	143	144
Mortgage loans - current	7	6	7	6
Mortgage loans	182	187	150	150
Lease liabilities - non-current	10,251	10,541		
Lease liabilities - current	1,562	1,393		
Lease liabilities	11,813	11,934		
Derivatives not designated as hedging instruments	57	32	57	32
Other non-current financial liabilities	17	43	17	43
Other non-current financial liabilities	74	75	74	75
Payables to entities with controlling influence	102	71	102	71
Payables to entities with significant influence	360	267	360	267
Payables to subsidiaries	1,294	1,552	1,294	1,552
Derivatives not designated as hedging instruments	3	69	3	69
Other current financial liabilities	12	12	12	12
Other current financial liabilities	1,771	1,971	1,771	1,971
Trade payables	7,256	7,057	7,256	7,057
Other payables	2,044	2,352	2,044	2,352

Notes to the parent company financial statements

DKK million

15 Financial assets and financial liabilities - continued

	2024	2023
Financial instruments by category		
Financial assets at amortised cost:		
Trade receivables	53	42
Other receivables	378	351
Other financial assets excluding derivatives	918	592
Cash and short-term deposits	1,076	460
Financial assets at fair value through profit or loss:		
Derivatives not designated as hedging instruments	70	102
Securities	943	969
Financial liabilities measured at amortised cost:		
Mortgage loans	182	187
Lease liabilities	11,813	11,934
Other non-current financial liabilities excluding derivatives	17	43
Other current financial liabilities excluding derivatives	1,768	1,902
Trade payables	7,256	7,057
Other payables	2,044	2,352
Financial liabilities at fair value through profit or loss:		
Derivatives not designated as hedging instruments	60	101

Derivatives not designed as hedging instruments reflect the positive or negative change in fair value of the foreign exchange forward contracts that are not designated in hedge relationships, but are, nevertheless, intended to reduce the level of foreign currency risk and the changes in fair value of the interest rate swap contracts used by the Group to hedge CIBOR-based mortgage loans.

Financial assets at fair value through profit or loss include investments in listed Danish mortgage bonds. Fair value of the bonds is determined by reference to published price quotations in an active market.

Parent company financial statements

Notes to the parent company financial statements

DKK million

15 Financial assets and financial liabilities - continued

Financial liabilities: Interest-bearing mortgage loans

Overview of borrowings by interest rate levels:

31 December 2024	Carrying amount	*Next interest rate fixing* Within 1 year	1 to 5 years	After 5 years
0 - 2%	153	-	-	153
2 - 4 %	29	29	-	-
4 % -	-	-	-	-
Total	182	29	-	153

31 December 2023	Carrying amount	*Next interest rate fixing* Within 1 year	1 to 5 years	After 5 years
0 - 2%	158	-	-	158
2 - 4 %	-	-	-	
4 % -	29	29	-	-
Total	187	29	-	158

Hedge accounting and derivatives

Cash flow hedging is used on Group level to ensure that part of Group's interest rate risk exposure is at a fixed rate. In the parent company hedge accounting is not used. For further information about the use of hedge accounting please refer to note 15 in the notes to the consolidated financial statements.

Fair value

For cash and short-term deposits, trade receivables and payables, other receivables and payables and other short-term receivables and payables the carrying amount is a reasonable approximation of fair value, largely due to the short-term maturities of the financial instruments.

Notes to the parent company financial statements

DKK million

15 Financial assets and financial liabilities - continued

Derivatives not defined as hedges are valued using valuation techniques, which are based on market observable inputs, and thereby fall within level 2 of the fair value hierarchy. The most frequently applied valuation technique for interest rate swaps, i.e. a fixed rate swapped for a floating rate, is determining the present value of the fixed leg and the floating leg using a relevant swap curve.

The fair value of securities is derived from quoted market prices in active markets, and falls within level 1 of the fair value hierarchy.

The fair value of mortgage loans is derived from quoted market prices in active markets, and falls within level 1 of the fair value hierarchy. Fair value of the remaining borrowing items falls within level 2 of the fair value hierarchy, and is calculated on the basis of discounted interests and instalments.

Risks arising from financial instruments

The parent company's main risks are market risks relating to fluctuations in foreign exchange rates and interest rates, liquidity risk relating to the availability of funds to support business needs and credit risk relating to the undesirable event of a default among the parent company's financial counterparties. There has been no structural changes in the risk exposure or risks compared to 2023.

For an in-depth description of the policies for managing risks please refer to note 15 in the notes to the consolidated financial statements.

Currency risks
Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The parent company's exposure to the risk of changes in foreign exchange rate relates primarily to the operating activities and the net investments in foreign subsidiaries. The framework for hedging guidelines and risk mandate is covered by the FX risk management policy.

For a description of the FX risk management please refer to note 15 in the notes to the consolidated financial statements.

Parent company financial statements

Notes to the parent company financial statements

DKK million

15 Financial assets and financial liabilities - continued

The following overview illustrates the effect on the parent company income statement and the parent company's equity that would result at the balance sheet date, from changes in currency exchange rates that are reasonable possible for material currencies:

31 December 2024	EUR/DKK	GBP/DKK	PLN/DKK	SEK/DKK	USD/DKK
Financial assets	558	8	40	3	32
Financial liabilities	-	-	-275	-	-
Known USD purchase orders	-	-	-	-	-533
Net exposures before derivatives	558	8	-235	3	-501
Derivatives	-	-	236	-	457
Net exposures after derivatives	558	8	1	3	-44
The net exposure relates to:					
Hedging of expected commercial cash flows, where hedge accounting is not used	558	8	1	3	-44
Applied sensitivity	1%	5%	5%	5%	5%
Impact on the income statement	6	-	-	-	-2

Notes to the parent company financial statements

DKK million

15 Financial assets and financial liabilities - continued

31 December 2023	EUR/DKK	GBP/DKK	PLN/DKK	SEK/DKK	USD/DKK
Financial assets	451	7	-	1	26
Financial liabilities	-	-	-401	-	-
Known USD purchase orders	-	-	-	-	-425
Net exposures before derivatives	451	7	-401	1	-399
Derivatives	89	-	378	-	587
Net exposures after derivatives	540	7	-23	1	188
The net exposure relates to:					
Hedging of expected commercial cash flows, where hedge accounting is not used	540	7	-23	1	188
Applied sensitivity	1%	5%	5%	5%	5%
Impact on the income statement	5	-	-1	-	9

The sensitivity analysis only includes currency exposures arising from financial instruments. The applied change in the exchange rates is based on historical currency fluctuations. A decrease in the foreign currencies would have the opposite effect as the impact shown in the above overview.

Parent company financial statements

Notes to the parent company financial statements

DKK million

15 Financial assets and financial liabilities - continued

Interest rate risks

The parent company's exposure to risk of changes in market interest rates relates to mortgage loans, internal loans, intercompany balances and its bond holdings. For further descriptions regarding the overall interest rate risk management please refer to note 15 in the notes to the consolidated financial statements.

A general increase of 1%-points in interest rates is estimated, all other things being equal, to affect profit before tax and pre-tax equity by DKK 8 million (DKK -6 million in 2023).

Sensitivity analysis based on a 1%-point increase in interest rates:

31 December 2024	Carrying amount	Sensitivity	Profit before tax	Pre-tax equity
Securities	943	1%	15	15
Other financial assets	918	1%	7	7
Mortgage loans	182	1%	0	0
Derivatives, net	-10	1%	-	-
Other financial liabilities	1,768	1%	-14	-14
Impact			8	8

31 December 2023	Carrying amount	Sensitivity	Profit before tax	Pre-tax equity
Securities	969	1%	16	16
Other financial assets	592	1%	6	6
Mortgage loans	187	1%	0	0
Derivatives, net	-1	1%	-	-
Other financial liabilities	1,902	1%	-28	-28
Impact			-6	-6

The sensitivity analysis has been prepared on the basis of the amount of net debt, the ratio of fixed to floating interest rate of the debt and the interest rate swap portfolio in place as at 31 December.

For receivables from and payables to entities with controlling or significant influence, subsidiaries and some other current financial assets interest rates are fixed based on the relevant interbank rate with a debit or credit margin. Other receivables or payables are not interest-bearing if they are paid when due.

Notes to the parent company financial statements

DKK million

15 Financial assets and financial liabilities - continued

Liquidity risks

Liquidity risk is the risk that the parent company will not be able to settle its financial liabilities, when they fall due.

The parent company ensures liquidity through flexibility and diversification of borrowing, maturity and renegotiation time points, as well as counterparts. Flexibility in cash resources ensures that the parent company can act appropriately in case of unforeseen changes in liquidity. The liquidity reserves consist of cash, securities and undrawn credit facilities. The parent company has no covenants. The parent company assesses the liquidity risk to be low.

The overview below summarises the maturity profile of the parent company's financial liabilities based on contractual undiscounted payments. The undiscounted cash flows differ from both the carrying value and the fair value. Floating rate interest is estimated using the prevailing rate at the balance sheet date.

31 December 2024	Within 1 year	1 to 5 years	After 5 years	Total
Mortgage loans	10	41	173	224
Lease liabilities	2,135	7,811	4,726	14,672
Trade and other payables	11,070	17	-	11,087
Derivatives	-3	32	25	54
Total	13,212	7,901	4,924	26,037

31 December 2023	Within 1 year	1 to 5 years	After 5 years	Total
Mortgage loans	6	26	155	187
Lease liabilities	1,973	7,608	5,459	15,040
Trade and other payables	11,470	-246	-	11,224
Derivatives	65	-13	-19	33
Total	13,514	7,375	5,595	26,484

Parent company financial statements

Notes to the parent company financial statements

DKK million

15 Financial assets and financial liabilities - continued

Credit risks

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument leading to a financial loss or a counterparty not being able to meet any other obligations leading to a financial loss. The parent company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The parent company prepares credit ratings of customers and counterparties on a regular basis. Credit risks are managed on the basis of an external credit assessment tool and an internal credit policy which defines credit lines for customers and financial counterparties. The credit lines are determined on the basis of the customers' and counterparties' creditworthiness and local market risks. Counterparty credit lines are reviewed on an ongoing basis and may be updated throughout the year subject to approval of management. Limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The parent company is exposed to credit risks from trade and other receivables, balances with banks in the form of deposits and other financial instruments. The majority of the parent company's sales are made in cash, and therefore, the credit risks are very low. The parent company reduces its credit risks with banks by only doing business with banks with high credit ratings. Moreover, excess liquidity is deposited with banks or placed in liquid government and mortgage bonds with a rating of minimum Aa2. The overall duration of the bond portfolio must be below 4.

The table below summarises the ageing analysis of trade receivables:	2024	2023
Not due	50	38
> 30 days past due	3	4
Total	53	42

The parent company recognises an allowance for impairment of receivables. The entire allowance for impairment of receivables relates to trade receivables, as the allowance regarding any other financial assets is immaterial. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due, and a provision is recognised for not due receivables as well as past due receivables. As at the 31 December 2024 the provision amounts to DKK 6 million (31 December 2023: DKK 6 million). The maximum credit risk exposure at the reporting date is the carrying value of each class of financial assets. The parent company does not hold collateral or other forms of credit insurance as security. The parent company assesses the concentration of credit risk with respect to receivables as low.

Notes to the parent company financial statements

DKK million

15 Financial assets and financial liabilities - continued

Changes in assets and liabilities arising from financing activities

	1 January 2024	Cash flows	Other	31 December 2024
Other financial assets excluding derivatives	-592	-326	-	-918
Mortgage loans	187	-5	-	182
Lease liabilities	11,934	-1,435	1,314	11,813
Other financial liabilities excluding derivatives	1,945	-133	-27	1,785
Total change in assets and liabilities from financing activities	13,474	-1,899	1,287	12,862

	1 January 2023	Cash flows	Other	31 December 2023
Other financial assets excluding derivatives	-569	-23	-	-592
Mortgage loans	193	-6	-	187
Lease liabilities	11,713	-1,274	1,495	11,934
Bank loans	501	-501	-	-
Other financial liabilities excluding derivatives	2,081	-134	-2	1,945
Total change in assets and liabilities from financing activities	13,919	-1,938	1,493	13,474

Parent company financial statements

Notes to the parent company financial statements

DKK million

15 Financial assets and financial liabilities - continued

Trade payables

The parent company has established a supplier finance arrangement, which is offered to a group of suppliers. For a description of the supplier finance arrangements please refer to note 15 in the notes to the consolidated financial statements.

Payment terms and accounting values as at the balance sheet date are shown below:

	Range of payment due dates
Liabilities that are part of supplier finance arrangements	60 - 120 days after invoice date
Trade payables that are not part of an arrangement	60 - 120 days after invoice date

Carrying amount of liabilities part of supplier finance arrangements	2024
Presented in 'Trade payables'	1,961
Of which suppliers have received payment	1,268

The carrying amount of liabilities in supplier finance arrangements, presented as 'Trade payables' amounted to DKK 2.2 billion as per 1 Janary 2024.

There were no significant non-cash changes to the carrying amount of the trade payables included in the Group's supplier finance arrangement.

Notes to the parent company financial statements

DKK million

16 Deferred tax

Specification of deferred tax

	Parent company income statement		Parent company balance sheet	
	2024	2023	2024	2023
Intangible assets	4	38	-126	-130
Property, plant and equipment	-18	-30	-102	-84
Investment properties	-	13	-	-
Provisions	-2	-1	43	45
Leases	29	35	305	276
Other	-15	-7	30	45
Deferred tax income / Net deferred tax	-2	48	150	152

Reconciliation of net deferred tax

	2024	2023
Opening balance at 1 January	152	104
Adjustment of deferred tax recognised in the income statement	-2	48
Closing balance at 31 December	150	152

Parent company financial statements

Notes to the parent company financial statements

DKK million

	2024	2023
17 Inventories		
Goods held for resale	4,193	3,977
Consumables	82	86
Total inventories	4,275	4,063

In the income statement, as part of cost of sales, an expense of DKK 1.4 bn has been recognised regarding losses and write-downs of inventories to net realisable value (DKK 1.3 bn in 2023).

18 Equity

Share capital

As at 31 December, the share capital, which consists of one share class, comprises:

	2024	2023
1,048,223 shares of DKK 500	524	524
Total share capital	524	524

There has been no changes to the share capital during 2020 - 2024. All shares have been fully paid.

Retained earnings

During the 2024 financial year an ordinary dividend of DKK 200 million has been paid (DKK 200 million in 2023). A dividend for the 2024 financial year of DKK 200 million is proposed. Payment of dividends to shareholders does not trigger taxes for the parent company.

Notes to the parent company financial statements

DKK million

19 Pensions

The parent company has entered into pension schemes and similar arrangements with most of the parent company's employees. The majority of the parent company's pension schemes are defined contribution plans. For a few former employees and some members of the founder's family defined benefit plans exist. The defined benefit plans are lifelong. The defined benefit plans guarantee fixed amounts per year adjusted for price inflation, and the plans are fully unfunded.

Changes in the present value of the defined benefit obligation:

	2024	2023
Defined benefit obligation at 1 January	205	210
Interest expenses recognised as part of Staff expenses	-4	-5
Actuarial gains / losses, demographic assumptions	3	1
Actuarial gains / losses, financial assumptions	6	14
Actuarial gains / losses, experience adjustments	3	2
Payments from the plan	-17	-17
Defined benefit obligation at 31 December	196	205

The following significant actuarial assumptions are applied:

	2024	2023
Discount rate	2.1%	2.1%
Price inflation	2.0%	1.9%

Life expectations are based on the Danish FSA's longevity benchmarks for the individual financial years.

Parent company financial statements

Notes to the parent company financial statements

DKK million

19 Pensions - continued

A quantitative sensitivity analysis for the significant actuarial assumptions is shown below:

	2024	2023
Discount rate:		
Increase of 0.5% point	-7	-7
Decrease of 0.5% point	7	8
Price inflation:		
Increase of 0.5% point	7	8
Decrease of 0.5% point	-7	-8

The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

No contributions will be made to the plans in the future. The average duration of the defined benefit obligation as at 31 December 2024 is 27 years (28 years in 2023). DKK 18 million is expexted to be paid from the plans in 2025.

20 Provisions

	2024	2023
Balance at 1 January	42	43
Provisions made during the year	12	9
Provisions utilised during the year	-4	-4
Reversals during the year	-4	-6
Balance at 31 December	46	42
Non-current	37	35
Current	9	7
Balance at 31 December	46	42

Notes to the parent company financial statements

DKK million

20 Provisions - continued

The provisions comprise a provision for warranties, a provision for jubilee benefits and a provision for pending lawsuits. The warranty provision is recognised upon a sale of a product for which the parent company is liable for future warranty costs. Initial recognition is based on historical experience. The existing provision will expire in 2032. The provision for jubilee benefits concerns the Danish employees, and is estimated based on the expected jubilees for current employees. No further information is provided regarding the provision for pending lawsuits, as the information might harm the parent company's position.
DKK 22 million of the total provision is expected to fall due after more than 5 years (DKK 21 million in 2023).

21 Adjustments

	2024	2023
Financial income	-194	-173
Financial expenses	813	840
Depreciation, amortisation and impairment losses	2,310	2,259
Net gain/loss on sale of non-current assets etc.	-1	14
Share of profit from subsidiaries, net of tax	-421	-538
Other adjustments	36	-6
Adjustments	2,543	2,396

22 Change in working capital

	2024	2023
Change in trade and other receivables and prepayments	-21	27
Change in inventories	-212	181
Change in trade and other payables	-175	-502
Change in working capital	-408	-294

Parent company financial statements

Notes to the parent company financial statements

DKK million

	2024	2023

23 Acquisition of subsidiaries and prepayments related to acquisition of subsidiaries

In 2024, Salling Group A/S acquired an additional 10% of Skagenfood A/S. Salling Group A/S holds a total of 100% of the issued share capital and voting rights in Skagenfood A/S at 31 December 2024.

As at 29 December 2023 Salling Group A/S acquired the real-estate company Salling Group Ejendomme II ApS. Salling Group Ejendomme II ApS is included in the Group from the acquisition date. In December 2023 a payment of DKK 211 million was made related to the acquisition.

24 Cash and cash equivalents

	2024	2023
Cash and short-term deposits	1,076	460
Cash and cash equivalents available to the parent company	1,076	460

25 Contingent assets and liabilities and other financial commitments

Operating leases, the parent company is lessor

The parent company leases a number of properties, shops and flats as operating leases to external parties. The leases have terms of between 2 months and 18 years. Under some of the leases the external parties have the option to continue the lease of the assets beyond the agreed upon lease terms.

Future minimum rentals receivable under non-cancellable operating leases are as follows:

	2024	2023
Within 1 year	28	25
1 to 5 years	38	28
After 5 years	4	43
Total	70	96

Notes to the parent company financial statements

DKK million

25 Contingent assets and liabilities and other financial commitments - continued

Contingent liabilities and financial commitments

The parent company has entered into contractual commitments regarding acquisition and construction of property, plant and equipment of a total of DKK 36 million (DKK 58 million in 2023).

The parent company has entered into contractual commitments regarding acquisition of intangible assets of a total of DKK 97 million (DKK 6 million in 2023).

As security for mortgage loans land and buildings with a carrying amount of DKK 258 million have been provided as collateral (DKK 256 million in 2023).

The company has security for interest rate swap contracts with a positive carrying amount of DKK 16 million as collateral in 2024. (DKK 74 million in 2023).

The company is jointly taxed with the Danish companies in Købmand Herman Sallings Fond Group. As a jointly taxed company, which is not wholly owned, the company has limited and subsidiary liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties within the joint taxation group. The total net taxes payable to the Danish Central Tax Administration by the companies included in the joint taxation is disclosed in the annual report of the administration company (F. Salling Holding A/S, CVR no. 41 94 01 15). Any subsequent corrections of the taxable income subject to joint taxation or withholding taxes on dividends etc. may entail that the company's liability will increase.

Companies in the Group are part of the joint registration with F. Salling Invest A/S regarding payment of VAT, PAYE taxes etc. and are thus jointly liable for the total liability of DKK 615 million at 31 December 2024 (DKK 615 million in 2023).

Guarantees of DKK 7,146 million have been provided to credit institutions regarding related parties' mortgage loans (DKK 7,400 million in 2023).

Guarantees of DKK 251 million have been provided to external parties regarding subsidiaries' lease obligations (DKK 213 million in 2023).

The parent company has entered into a suretyship for guarantees provided by Tryg Garanti of a maximum of DKK 128 million (DKK 124 million in 2023).

Parent company financial statements

Notes to the parent company financial statements

DKK million

	2024	2023
26 Related party disclosures		
The following related party transactions were carried out with related parties:		
Entities with controlling or significant influence over the parent company:		
Sales of services	4	4
Lease payments	-18	-17
Lease interests paid	-12	-13
Interests paid	-18	-6
Dividends paid	-200	-200
Donations from Købmand Herman Sallings Fond	8	10
Subsidiaries:		
Sales of goods and services	129	136
Purchase of goods and services	-48	-43
Lease payments	-1,196	-1,093
Lease interests paid	-595	-600
Interests received/paid	-49	-63
Repayment of bank loans	-	-60
Dividends received	415	400

All outstanding balances with related parties as at 31 December are presented in note 15. All outstanding balances carry interest and are to be settled in cash within 1 year unless otherwise specified in note 15.

None of the outstanding balances are secured, and no provisions are held against the balances as at 31 December 2024 (DKK 0 million in 2023). No expense has been recognised in 2024 or 2023 for bad or doubtful debts.

Any guarantees Salling Group A/S has provided for related parties are listed in note 25.

Notes to the parent company financial statements

DKK million

27 Capital management

For a description of the capital management please refer to note 27 in the notes to the consolidated financial statements.

28 Events after the reporting period

For a description of subsequent events, please refere to note 28 in the notes to the consolidated financial statements.

29 Standards issued but not yet effective

For a description of standards issued but not yet effective please refer to note 29 in the notes to the consolidated financial statements.

ESG Statements

Accounting Policies and Performances

Chop Chop
Our new food inspiration concept 'Chop Chop', aims to make it easy for our customers to get more vegetables on their plates. Inspiration and convenience are the main ingredients of the concept, which consists of a packet of vegetables, spices and a recipe that matches the ingredients of the box.

Accounting Policies for the Consolidated ESG Statements

Basis for reporting

Salling Group's annual sustainability report complies with the Danish Financial Statements Act section 99a.

The sustainability reporting covers relevant and significant topics within environmental, social and governance for the parent company Salling Group A/S and the subsidiaries operationally controlled by Salling Group A/S. The consolidated sustainability reporting includes the formats Salling, føtex, Bilka, Netto in Denmark, Germany and Poland, BR, Skagenfood, Bodebjerg and franchises Starbucks, Carl's Jr., HUGO BOSS, and Matinique. Properties owned by Salling Group but not a part of our operational control are included in scope 3.

The reporting covers the period 1st January – 31st December 2024.

Accounting policies

The accounting policies stated in the notes have been applied consistently in the preparation of the consolidated ESG statements. Accounting policies for each KPI are listed in detail in relation to the individual performance under environment, social and governance.

Disclosure on our emissions follows the Greenhouse Gas (GHG) Protocol.

Data are reported according to our internal reporting requirements and procedures.

Group standards have been defined with requirements for reporting of data and documentation for the data, and assigned data responsible for all relevant departments and entities.

Changes and improvements

Salling Group is continuously working on improving the ESG statements. As a consequence some improvements have been implemented for the 2024 reporting. A change in the calculation method for categories 1, 11, and 12 triggered a restatement. Furthermore, category 2 has been restated to adhere to the financial accounting policy. For a detailed description see page 110. Remaining changes and improvements did not result in restatements due to immaterial character.

The following improvements are affecting Environment, from 2024:

- Recycling percentage data in Germany includes new sample data from 2024 on incineration. New sample data will be collected annually going forward.
- Category 1 (Purchased Goods and Services) emission calculations have been improved by utilising emission factors on a more category-specific level. The new method triggered a restatement for 2021, our base year, and for year 2022 and 2023.
- Category 2 (Capital Goods) adheres to the financial accounting policy for tangible and right-of-use assets. This change in method has resulted in a restatement for 2021, our base year, and for year 2022 and 2023.
- Category 4 (Upstream Transportation and Distribution) now includes Well-To-Tank (WTT) and Transmission and Distribution (T&D) emissions consistently across all three countries. In Poland the data quality has improved, using GPS tracking on outbound transportation.
- Category 5 (Waste Generated in Operations) now includes landfill data in Poland and Germany. The landfill data are based on country specific research papers from the European Environment Agency.
- Category 6 (Business Travel) includes available data for travel by road in Denmark (cars) and Poland (bus). The flight emissions from travels booked through other travel agencies than American Express Global Business Travel (AMEX) are included and calculated based on reports from our expense system in Denmark and Germany. Moreover, WTT emissions are included consistently across all three countries.
- Category 7 (Employee Commuting) data in Denmark are based on a more comprehensive survey in 2024 on format level. Moreover, the category includes WTT emissions across all three countries.
- Category 11 (Use of Sold Products) and Category 12 (End-of-Life Treatment of Sold Products) emission calculations have been improved by utilising emission factors on a more category-specific level. The new method triggered a restatement for 2021, our base year, and for year 2022 and 2023.
- Category 13 (Downstream Leased Assets) includes WTT and T&D emissions across all three countries. Consumption estimates in Denmark are only based on data from Ejendom Danmark and square metres, whereas the consumption estimates in Germany and Poland are based on average consumption for other tenants in Netto stores and square metres.

The following improvements are affecting Social and Governance, from 2024:

- Employee turnover in Germany is now based on voluntary leave only to align methods across all countries.
- From 2024 the internal educational material and method concerning the KPI 'Employees trained in responsible products' has been adjusted. The relevant parts of the training content has been incorporated into an already existing physical training session for all commercial Category Managers and Buyers. Since the KPI was measured on completion of e-learnings, the KPI is no longer reported on.

Restatement policy

In 2024, our restatement policy was revised, which outlines the procedures for restatement of baselines, comparison figures, and targets. The policy identifies restatement triggers such as structural changes, methodological adjustments, changes in the GHG inventory, and errors. Our baselines will be reviewed every five years from the original target approval date (2021), unless significant changes require earlier recalculation.

Every year, Salling Group assesses whether any changes trigger a restatement and whether the change is above the materiality threshold. Our thresholds are defined for each science-based target as follows:

- Scope 1 and 2: 5% change in the total scope 1 and 2 compared to the base year 2021
- Scope 3, category 11 – Use of Sold Products: 5% change in the category compared to the base year 2021
- Scope 3: 5% change in the total scope 3 compared to the base year 2021

When significant changes occur, as defined by our policy, baseline figures are recalculated. Historical figures are also recalculated and reported alongside the non-recalculated (actual) historical figures to enhance transparency. When restatements occur, the necessity of the restatement will be explained, including the triggers that prompted it. Additionally, the impact of the restatement on previously reported data will be explained, including both percentage changes and absolute values.

Other reported sustainability figures are only subject to restatement if material errors are identified in the reporting from previous years.

Environment

Energy, water and waste

Environment	KPI	Unit	2024	2023	Dev. to LY	Baseline	Dev. to base	Target
Energy	Consumption	MWh	609,470	636,625	-4.3%			
	Energy Efficiency (base year: 2020)	MWh/m^2	0.194	0.206	-5.5%	0.216	-10.0%	Δ -10% (2025)
Water	Water Efficiency (base year: 2022)	m^3/m^2	0.159	0.172	-7.3%	0.166	-3.9%	Δ -5% (2025)
Waste	Recycling (base year: 2021)	%	78.6	77.0	2.2%	77.2	1.9%	85% (2030)
Food waste	Surplus food	Tonnes	44,329	42,399	4.6%			
	Food donation	Tonnes	5,855	5,918	-1.1%			
	Food waste	Tonnes	38,474	36,481	5.5%			
	Food waste percentage (base year: 2015)	%	1.8	1.7	6.5%	2.8	-34.8%	*Δ -50% (2030)

* Baseline calculation is based on figures from formats in Denmark. A new Group baseline and target for food waste is planned to be calculated in 2025.

Energy

In 2024, Salling Group continued its focus on initiatives to reduce our energy consumption across the Group. This is part of the strategy of investing in renewable energy sources during the period 2022 to 2028.

The energy efficiency per square meter improved by 5.5% to 0.194 MWh in 2024 (2023: 0.206 MWh). Compared to baseline year 2020 energy efficiency has improved by 10.0%, which means that we have already in 2024 reached our 2025-target of 10%.

Consumption of electricity per square meter is unchanged at 0.160 MWh in 2024 compared to 2023 (2023: 0.160 MWh).

Further, Salling Group has in 2024 continued to increase consumption of electricity from own solar panels to 12,388 MWh in 2024 (2023: 6,355 MWh). Additionally, the excess production from own solar panels that has been sold back to the grid has increased to 1,052 MWh in 2024 (2023: 548 MWh). The electricity production and consumption from solar panels will increase going forward as we continue investing in installation of solar panels on our stores, distribution centres and head offices where possible.

Consumption of heating per square meter has decreased by 23.5% to 0.035 MWh in 2024 (2023: 0.046 MWh), among others due to continued conversion of heating sources from gas and oil to electricity based heating pumps and district heating and implementation of glass doors on chillers in Netto stores in Denmark and Poland.

Water

Water consumption per square meter decreased by 7.3% to 0.159 m^3 in 2024 (2023: 0.172 m^3). Compared to baseline year 2020 water consumption has decreased by 3.9%.

Despite an overall decrease in consumption there has been an increase in Poland due to a damaged fire hydrant and the opening of new stores. The consumption in 2023 was affected by leaks in some stores in Denmark as well as in Germany and Poland, which influenced the 2024 deviation positively. Salling Group continues to focus on efficiency initiatives to reduce water consumption.

Waste

Recycling percentage has increased by 2.2% (1.6% points) to 78.6% in 2024 (2023: 77.0%). The increase in recycling percentage is primarily driven by a continued focus on sorting waste and new initiatives in stores and distribution centres. From baseline year 2021 the recycling percentage has increased by 1.9% (1.4% points).

Food waste

Food waste has increased by 5.5% to 38.474 tonnes in 2024 (2023: 36,481 tonnes). In Salling Group, reducing food waste is of high importance, and several initiatives have been implemented in 2024 to address this issue. As a food retailer, we also focus on minimising out of stock situations and ensuring product availability for our customers. The increase in food waste is attributed to higher shrinkage in fruits and vegetables, changes in ordering and settlement processes for bakeries in Poland, and an increase in the number of stores.

Further, we have collaborations with organisations like Fødevare-Banken, Wefood (DanChurchAid), NOFO, FoodRemade and Stop Spild Lokalt in Denmark, and food banks and charity organisations in Poland which collect unsold food and unsellable items that are still edible. Food donations decreased by 1.1% to 5,855 tonnes in 2024 (2023: 5,918 tonnes).

Environment

Energy, water and waste

ESG Statements Accounting Policies

Energy

Electricity and heating data in the Danish operations are based on digital readings on each location through the system Omega. Electricity data in Germany are based on digital readings on each location, while heating data are based on manual readings or invoices from suppliers. For Poland both electricity and heating data are based on manual readings or invoices from suppliers. Estimates for stores with no available data or incorrect data are prepared by multiplying the square metres with average consumption for comparable stores within the same format and country. Electricity data include consumption from electrical cars and solar panels.

Water

Water data in our Danish operations are based on digital readings on each location through the system Omega, while water data in Poland and Germany are based on manual readings or invoices from energy suppliers on actual consumption.

Estimates for stores with no available data or large data deviations are prepared on the basis of the average consumption in comparable stores within the same format, country and store size.

Waste

In Denmark, waste from stores, HQ and warehouses is weighed by disposal suppliers at collection. The reporting is based on external reports from the suppliers with all weightings per site.

In Germany all recycling and bio waste from stores are sent to the warehouses. At the warehouses and at HQ the collected waste from stores and incineration waste generated by the warehouses and HQ is weighed by disposal suppliers. All incineration waste at stores is collected by local suppliers, and not weighed. Therefore incineration waste from all stores is estimated on basis of 2024 samples and the stores' net sales.

In Poland, waste collected from HQ and warehouses is weighed by external waste disposal suppliers. Bio waste and category 3 of incinerated waste for all stores are weighed by external waste disposal suppliers. All other types of incinerated and recycling waste from stores are collected by municipal collectors and are not weighed. Therefore, the waste is estimated on the basis of collected numbers of containers multiplied by an average weight for the size of container and type of waste.

Food waste, surplus food, and food donations

Food waste is calculated in tonnes and originates from our stores and distribution centres in Denmark, Poland and Germany. The food waste statement follows the FWL Protocol – The Food Loss and Waste Accounting and Reporting Standard.

Food waste is surplus food minus food donations. Food waste percentage is food waste (tonnes) divided by food sold (tonnes).

Surplus food is all registered food scrapping including shrinkage from Bilka and føtex bakery, shrinkage from fruit and vegetables in Netto Denmark and food donations, but excluding food sold via Too Good To Go (TGTG).

The surplus food calculation is based on the number of all above registered units in SAP, multiplied by the net weight of the individual unit reported in SAP. The weight of the individual unit is based on data from the suppliers. If the net weight of a given product is missing, the average weight for other products in the same category and format is used.

For føtex and Netto Denmark, the weight of food sold via TGTG is estimated based on an average weight per sold bag. For other formats, food sold via TGTG is registered on numbers of units in SAP, and the weight is calculated by the same method as for the surplus food.

Food donations are registered on numbers of units in SAP and the weight is calculated by the same method as the surplus food. Some donations are not registered in SAP, here we use reports from the food collectors, with weight of the amount they have collected.

Environment

GHG inventory, scope 1 and 2

Environment	KPI	Unit	2024	2023	Dev. to LY	2021 (baseline)	Dev. to base	Target
GHG Inventory	**Total emissions (scope 1 and 2)**	**tCO2e**	**336,796**	**331,280**	**1.7%**	**366,833**	**-8.2%**	**∆ -50% (2030)**
	GHG intensity ratio (revenue tdkk)	tCO_2e/thousand DKK	0,5	0,5	-1.0%			
	GHG intensity ratio (m^2)	tCO_2e/m^2	0,107	0,107	0.4%			
	Scope 1		**39,140**	**42,083**	**-11.7%**	**76,730**	**-51.6%**	
	Heating (natural gas)	tCO_2e	9,494	11,965	-20.6%			
	Fuel consumption	tCO_2e	4,727	5,044	-6.3%			
	Refrigerants	tCO_2e	22,465	24,637	-8.8%			
	Oil	tCO_2e	454	437	3.8%			
	Scope 2		**299,656**	**289,197**	**3.6%**	**290,103**	**3.3%**	
	Electricity (location based)	tCO_2e	111,510	134,562	-17.1%			
	Electricity (market based)	tCO_2e	293,009	280,998	4.3%			
	Heating (district heating)	tCO_2e	6,647	8,199	-18.9%			

Total scope 1 and 2 has increased by 1.7% to 336,796 tCO_2e in 2024 (2023: 331,280 tCO_2e). Compared to baseline year 2021 the total has decreased by 8.2%.

Scope 1

In 2024, total emissions in scope 1 have decreased by 11.7% to 39,140 tCO_2e (2023: 42,083 tCO_2e), primarily due to reduced consumption of natural gas and fuel, as well as decreased leakage of high-emitting refrigerants.

The reduction in natural gas consumption is attributed to the ongoing conversion of heating sources from gas to electricity-based heating pumps and district heating. Additionally, the implementation of glass doors on chillers in Netto stores in Denmark and Poland has contributed to the decrease. Fuel consumption has declined mainly due to the transition to electric vehicles.

The leakage of high-emitting refrigerants has decreased as a result of a continued focus on transitioning to low-emitting refrigerants.

Scope 2

Total emissions in scope 2 have increased by 3.6% to 299,656 tCO_2e in 2024 (2023: 289,197 tCO_2e).

The increase is primarily due to market-based emissions have increased by 4.3%, driven by higher emission factors in Denmark and Germany. The location-based emissions from electricity and district heating have decreased by 17.1%, primarily due to electricity consumption from own solar panels and refurbishments in the stores.

ESG Statements Accounting Policies

Scope 1 and 2 GHG intensity ratios

The revenue ratio shows the percentage between total scope 1 and 2 emissions in tCO_2e and total revenue in thousand DKK. The floor space ratio shows the percentage between total scope 1 and 2 emissions in tCO_2e and total floor space of Salling Group in square metres.

Scope 1

Scope 1 emissions relate to activities within Salling Group's control. This includes heating (natural gas) of stores, head offices and warehouses, fuel consumption for using Salling Group's vehicles, and other direct emissions from stores, warehouses and head offices.

Salling Group is using the emission factors from the Department for Environment, Food & Rural Affairs (DEFRA) updated in November 2024 for calculating scope 1 emissions.

The KPIs are calculated based on the following data:

Heating (Natural gas)

Consumption of gas for heating is measured in KWh. Data for reporting for Denmark are based on the energy management system Omega which includes both automated and manual readings. Data for Poland are based on invoices from suppliers, while data for Germany are based on manual readings.

Heating (Oil)

Consumption of oil is measured in KWh. Data are received in litres, based on invoices and manual readings in Germany and Poland, and digital readings in Denmark, and converted to KWh.

Refrigerants

Refrigerants are measured in kilos, and are registered by our suppliers when they are refilling due to leaks. Salling Group includes emissions from all refrigerants, and not only the ones included in the Kyoto Protocol.

Scope 2

Scope 2 emissions are related to Salling Group's consumption of electricity and district heating excluding own production from solar panels.

Electricity

In accordance with the GHG Protocol, Salling Group calculates emissions using both the location-based and the market-based method.

The total scope 2 includes emissions calculated by the market-based method.

Electricity for Denmark is measured in KWh multiplied by Energinet's individual electricity declaration (2023) for the location-based and the general electricity declaration (2023) for the market-based.

Consumption in Germany and Poland is measured in KWh multiplied by the International Energy Agency's (IEA) relevant emission factor (2024) for the location-based and the Association of Issuing Bodies's (AIB) European Residual Mix (2023) for the market-based.

Heating (District heating)

District heating for Denmark is measured in KWh and divided into West and East regions. The West region is multiplied by Kredsløb´s general district heating emission factor (2023) and the East region is multiplied by HOFORs general district heating emission factor (2023). For Germany and Poland it is measured in KWh and multiplied by the IEA's relevant emission factor (2024).

Environment

GHG inventory, scope 3 and total emissions

Environment	KPI	Unit	2024	2023	Dev. to LY	2021 (baseline)	Dev. to base	Target
GHG Inventory	**Scope 3*** **		**6,026,381**	**6,004,740**	**0.4%**	**6,433,116**	**-6.3%**	***Δ -90% (2050)**
	GHG intensity ratio (revenue tdkk)***	tCO_2e/thousand DKK	8.3	8.5	-2.3%			
	1 - Purchased Goods and Services***	tCO_2e	5,320,219	5,263,257	1.1%	**5,716,619	-6.9%	*75% (2027)
	2 - Capital Goods***	tCO_2e	101,164	100,147	1.0%			
	3 - Fuel - and Energy Related Activities	tCO_2e	40,757	47,554	-14.3%			
	4 - Upstream Transport	tCO_2e	63,296	50,344	25.7%	**29,605	113.8%	*75% (2027)
	5 - Waste Generated in Operations	tCO_2e	3,915	219	1,687.7%			
	6 - Business Travel	tCO_2e	1,293	339	281.4%			
	7 - Employee Commuting	tCO_2e	61,502	57,120	7.7%			
	11 - Use of Sold Products***	tCO_2e	115,694	165,433	-30.1%	**181,029	-36.1%	*Δ -42% (2030)
	12 - End-of-Life Treatment of Sold Products***	tCO_2e	301,549	305,230	-1.2%			
	13 - Downstream Leased Assets	tCO_2e	16,992	15,097	12.6%			
	Total emissions (scope 1, 2 and 3)* **	**tCO_2e**	**6,363,177**	**6,336,020**	**0.4%**	**6,799,949**	**-6.4%**	

Scope 3

In 2024, emissions from scope 3 have increased by 0.4% to 6,026,381 tCO_2e (2023: 6,004,740 tCO_2e). Compared to baseline year 2021 the total scope 3 emissions have decreased by 6.3%.

The increase in scope 3 is primarily driven by higher emissions in category 1 (Purchased Goods and Services) which have increased by 1.1% in 2024 as a result of changes in the mix and weight of products and services purchased compared to 2023.

Category 2 (Capital Goods) has increased slightly as a result of investments in equipment, such as electronic shelf labels, and facilities in 2024.

Category 4 (Upstream Transport) has increased in 2024 due to improved data quality through the use of GPS tracking for outbound transportation in Poland. Furthermore, improvements of assumptions in the estimates of return transportation data in Denmark have been incorporated.

Category 5 (Waste Generated in Operations) has increased in 2024 due to the inclusion of landfill data in Poland and Germany.

Category 6 (Business Travel) has increased in 2024 due to the inclusion of road travel data in Denmark and the inclusion of data on air travel from our expense system in Denmark and Germany.

Category 7 (Employee Commuting) has increased in 2024 due to new emission factors even though the average commuting distance in kilometres to and from work has decreased.

Category 11 (Use of Sold Products) has decreased in 2024 primarily as a result of lower emission factors, as well as a change in the mix of products sold. Compared to baseline year 2021 the emissions have decreased by 36.1%.

Category 12 (End-of-Life Treatment of Sold Products) has decreased in 2024 as a result of change in the mix and weight of products sold compared to 2023.

* Description of SBTi targets see page 18.
** Baseline only shows KPIs with a SBTI target.
*** Restatement in 2024 for scope 3, category 1, 2, 11 and 12 for 2021 - 2023 see explanations on page 110.

ESG Statements Accounting Policies

Scope 3

Scope 3 emissions relate to all other indirect emissions that occur in Salling Group's value chain.

Scope 3 GHG Intensity Ratio

The ratio shows the percentage between total scope 3 emissions in tCO_2e and total revenue in thousand DKK.

Category 1 - Purchased Goods and Services

Method: Average-data
Delimitation: The category includes all goods for resale and smaller goods not for resale, that are used in our stores, which are not included in category 2. The category also includes services from data centres and cloud solutions.

Salling Group's total purchase of goods in the financial period in kilos or pieces is multiplied by relevant emission factors from Ecoinvent, Carbon Trust and other product specific LCA's.

The activity data (primary data) used for the calculation are extracted from Salling Group's SAP BI platform. The applied emission factors cover emissions from cradle-to-gate, including upstream transportation.

Data from data centres and cloud solutions are received directly from suppliers.

Category 2 - Capital Goods

Method: Average spend-based
The category adheres to the financial accounting policy for tangible and right-of-use assets, with data sourced from the asset register. The calculation is based on aggregate amounts for each asset category multiplied by relevant supply chain emission factors from DEFRA. The amounts are adjusted for inflation. The emission factors also take technological improvements into account by using the IEA "elec. & heat" (2024) world average.

Environment

GHG inventory, scope 3 and total emissions

ESG Statements Accounting Policies – continued

Category 3 – Fuel and Energy-Related Activities not covered by scope 1 and 2

Method: Average-data
Upstream emissions from fuel, gas, oil, heating and electricity, as well as transmission and distribution losses for all units that are not included in scope 1 and 2. The calculation is based on activity data from consumption (primary data) and emission factors from DEFRA (2024) and IEA (2024).

Category 4 – Upstream Transport and Distribution

Method: Distance-based (transportation) and site-specific (distribution)
Outbound transport for Denmark and Poland covers the transport of goods from Salling Group's distribution centres to the stores and back. The emissions are calculated on the basis of the number of kilometres driven and fuel consumption per kilometre. The CO_2e emission factor is calculated on the basis of DEFRA per litre of fuel (2024).

For Germany the outbound transport is the transport of goods from our distribution centres to our stores. The transport is handled by third parties, who calculate the CO_2e footprint.

Distribution activities are defined as activities related to rented storages. The data are based on electricity consumption from third party suppliers multiplied with Energinet's (2023) emission factor in Denmark and IEA (2024) emission factor in Poland.

From 2024 WTT and T&D emissions are included for all countries.

Category 5 – Waste Generated in Operations

Method: Waste type-specific
Delimination: The category includes waste data from landfill and waste water emissions.

The calculation is based on primary supplier data on waste quantities multiplied by relevant DEFRA emission factors. For Netto DK the emissions include the supplier´s transport handling of our waste and the calculations are done by our supplier.

Category 6 – Business Travel

Method: Distance-based
Delimination: The category includes travel by air for all countries and rail for Poland. From 2024 available data for road travels are included for Denmark (cars) and Poland (bus).

Flight carbon footprints for the entities in Denmark and Germany are primarily based on emission reports from American Express Global Business Travel. Emissions from flights booked through other travel agencies are calculated based on reports from our expense system. The road travels for Denmark are based on kilometre numbers from the official driving statement sent to the tax authorities.

For Poland the flight, rail and road carbon footprint are based on reports from E-travel's database. The CO_2e footprint for flights is based on the number of kilometres flown and fuel consumption from the respective airlines. The rail and road travel are based on number of kilometres.

Category 7 – Employee Commuting

Method: Distance-based
The calculation in Denmark is based on a survey conducted in 2024, to get more accurate data on format level. The calculation in Poland and Germany is based on a 2023 questionnaire survey of employee commuting to and from work. Relevant emission factors for different modes of transport are derived from DEFRA emission factors 2024.

Category 8 – Upstream Leased Assets

The leased cars and properties are included in scope 1 and 2.

Category 11 – Use of Sold Products and Category 12 – End-of-Life Treatment of Sold Products

Method: Average-data
Salling Group's total sale of goods in the financial period measured in kilos or pieces is multiplied by relevant emission factors from Ecoinvent, Carbon Trust and other product specific LCA's. The activity data (primary data) used for the calculation are extracted from Salling Group's SAP BI platform. The applied emission factors covers emissions from the use-phase of a product (cat. 11) and waste treatment of a sold product (cat. 12).

Category 13 – Downstream Leased Assets

Method: Average data (Denmark) and asset-specific (Germany and Poland).
For Denmark the calculation is based on the square metre area of the properties that Salling Group leases to others. Consumption is estimated based on data from Ejendom Danmark. The energy data are multiplied with relevant emission factors from Energinet, HOFOR and Kredsløb. For Germany and Poland, the energy data are either based on meter readings, invoices or estimated if there are no separate meters. If there are no separate meters, the consumption is estimated based on square metre data and average consumption for other subleases. The energy data are multiplied by the IEA's relevant emission factor (2024).

Category 14 – Franchise

The stand-alone stores are included in scope 1 and 2.

Not applicable scope 3 categories

The following categories are excluded from the GHG Inventory as they are not applicable to Salling Group:

- Category 9 – Downstream Transportation and Distribution
- Category 10 – Processing of Sold Products
- Category 15 – Investments

Social

People and products

Social	KPI	Unit	2024	2023	Dev. to LY	Target
People	Headcounts all	No.	56,669	58,903	-3.8%	
	Diversity*: Executive committee**	%	18.2	15.4	18.2%	40% (2030)
	Diversity: Vice presidents	%	17.1	16.2	5.7%	40% (2030)
	Diversity: Directors+	%	24.2	22.3	8.4%	40% (2030)
	Diversity: Managers+	%	54.0	53.9	0.1%	40% (constant)
	Diversity: All employees	%	55.4	55.1	0.7%	40% (constant)
	Safety (LTIF)	No.	100	99	1.7%	
	Sickness absence	%	4.1	4.2	-2.2%	
	Employee turnover	%	29.9	27.1	10.4%	
	People in job training (DK only)	No.	1,019	1,049	-2.9%	
Products	Risk screening activated	%	100.0	100.0	0.0%	100% (constant)
	Risk screening completed	%	92.1	86.7	6.2%	
	- Green	%	94.5	94.1	0.4%	
	- Yellow	%	0.9	2.9	-69.0%	
	- Red	%	4.6	3.0	55.0%	
	- Suspended	%	0.0	0.0		
	Food safety (DK only)	%	91.5	89.2	2.6%	100% (constant)

* Diversity expresses the share of women. We work to achieve and maintain gender balance and increase the percentage of the underrepresented gender.
** Includes the Executive Board and people managers employed by Salling Group A/S reporting to the Executive Board including country directors in Germany and Poland.

Diversity
The focus on gender diversity has continued in 2024 as a part of our strategy and our corporate priorities (5K). In 2024, 55.4% of all employees in Salling Group are women (2023: 55.1%). For the group of Managers+ there is a strong share of women in the pipeline for future enhancements at higher managerial level. We will continue to develop our pipeline going forward.

Sickness absence
Sickness absence has decreased by 2.2% (0.1% points) to 4.1% in 2024 (2023: 4.2%) maintaining a level similar to last year.

Employee turnover
Employee turnover increased by 10.4% to 29.9% in 2024 (2023: 27.1%). Employee turnover is affected by increased competition in the labour market characterised by low unemployment. The increase in Denmark is also influenced by a cleanup of employees who previously transitioned to on-call positions with no fixed working hours instead of terminating their employment, and who are no longer available for such roles.

Risk screening of vendors
Risk screening completed has increased by 6.2% (5.4% points) to 92.1% in 2024 (2023: 86.7%). The increase is due to an enhanced effort on getting vendors onboard. The completion rate represents the individual vendors´ duly registration of their producers, and further uploaded required documentation regarding code of conduct compliance. A completed profile is related to several due diligence procedures such as monitoring, preventive measures, and remediation.

Vendor scores with green status is at a similar level in 2024 compared to 2023, while the distribution between yellow and red status is dominated by expired documentation. Many factories have an audit cycle that ends in December. If documentation expires, it can be replaced by a valid audit report the following month.

Food safety
In general Salling Group received a high number of reports without remarks. Food safety has increased by 2.6% to 91.5% in 2024 (2023: 89.2%). It is of high priority in Salling Group that continuous follow-up regarding food safety is performed, since food safety is an important KPI for a food retailer.

Social

ESG Statements Accounting Policies

Headcounts
Average headcount through the year is the total number of people employed. These include all employees: full-time, part-time and temporary workers.

The headcount is calculated by the average end of month headcount for each format.

Diversity
Diversity is expressed in percentage and defined as the share of female employees relative to male employees. The share of women at different levels in the company is reported - from executive, vice president, director, manager to all employees. The data are based on records from SAP BI.

Diversity is reported by end of month December.

Safety
Includes the number of work related accidents recorded during the reporting period as the lost time injury frequency (LTIF). LTIF is the number of reported injuries resulting in more than one day of absence per 10,000 average headcount. The injury data are registered in InsuBiz and headcounts drawn from SAP BI.

Sickness absence
Employee sickness absence is expressed as a percentage and measured as hours of sickness divided by the number of paid working hours (including paid overtime). The data are derived from HR systems.

Employee turnover
Employee turnover rate is expressed as a percentage of the total number of average headcount. The voluntary departure of employees is reported for all countries. The data are derived from HR systems.

People in job training
People outside the labour market who are in unpaid internships to determine their job readiness. This applies only to the Danish labour market. The number is an annual average based on data from SAP BI.

Risk screening of suppliers
Screening is carried out using our Responsible Procurement System to obtain documentation from our private label suppliers and selected non-private label suppliers, as well as tertiary brand suppliers and products sent directly from production sites in risk countries. The system records information about manufacturers and documentation for social and environmental audits and/or supplier certificates. The system uses a colour code to indicate status of obtained documentation, where green means that all the necessary audit documentation is in place, yellow means that documentation is in progress, and red means that documentation has not been provided by the supplier within the given deadline. No colour means that the supplier has yet to complete its profile within deadline.

Food safety (DK)
Food safety is only reported for Denmark and calculates 'happy smiley' share of total food inspections in the Danish stores.

The Danish Veterinary and Food Authorities (DVFA) are continuously controlling compliance of all food business establishments with regard to the food and feed legislation. The DVFA checks the stores with different frequency according to the level of food handling (risk based), consumer complaints, campaigns etc. Every DVFA inspection results in a report and an assigned result of the inspection.

The result of the inspection is followed by a smiley symbol corresponding to the result.

Governance

Governance*	KPI	Unit	2024	2023	Dev. to LY	Target
	Diversity: Board	%	0.0	20.0	-100.0%	40% (2026)
	Buyers trained in responsible procurement	%	80.0	64.0	25.0%	80% (constant)
	Vendor satisfaction score	Score	4.3	4.4	-1.4%	
	Tax	DKK mio.	8,970	8,580	4.6%	

* Removal of one KPI: Employees trained in responsible products.

Diversity board

The Board of Directors underwent changes in 2024 as one female member resigned from the Board. As of 2024, the Board consists of five individuals, all of whom are males. Salling Group is working towards achieving the target figure and recognises the benefits of a diverse board, but we also believe that the members should always be chosen based on their overall competencies.

Buyers trained in responsible procurement

All buyers in Salling Group must attend a training course covering the concept of responsible procurement including Code of Conduct, due diligence, human rights, ILO guiding principles, and responsible buying practices. The participation rate in 2024 increased to 80%, which is the result of more focus on buyers attending the training and holding more sessions both online and physically.

Vendor satisfaction

The vendor satisfaction score decreased by 1.4% to 4.3 in 2024 (2023: 4.4) on a score from 1 to 5. Upon request from Salling Group, Rambøll has performed a supplier satisfaction survey. 585 suppliers were invited, of which 392 participated in the survey. Strong collaboration with the suppliers is important to Salling Group.

ESG statements accounting policies

Diversity Board

Diversity is expressed in percentage and defined as the share of female board members relative to male board members, excluding employee representatives. The diversity of board members is reported end of month December.

Buyers trained in responsible procurement

Mandatory course in responsible procurement practices. The course was developed in collaboration with Ethical Trade Denmark and was aimed at employees with procurement responsibilities. Expressed as a percentage (number completed relative to the number in scope). Data are derived from SAP-HR and are limited to active employees as of 31 December 2024.

Vendor satisfaction score

The survey is conducted in collaboration with Rambøll Management Consulting ApS. The participants in the survey are the largest suppliers by spend (excluding suppliers to Salling department stores). The respondents give Salling Group a rating on a scale of 1 to 5 based on the question 'How satisfied are you with your cooperation with Salling Group?'

Tax

The reported annual taxes include both taxes paid indirectly (taxes collected), such as VAT and employee income tax, and taxes paid directly (taxes born), such as corporate income tax and property taxes.

The VAT amount included is calculated as the net VAT payment, i.e., VAT on sales less VAT payable. Collected excise duties in Denmark (for example on chocolate and alcohol etc.) are only included for imported goods, as excise duties on locally produced products are paid to the authorities by the manufacturers.

Restatements

In accordance with our restatement policy, restatements are made due to structural changes, methodological adjustments, changes in the GHG inventory, and errors.

As part of our ongoing efforts to improve our data, we have decided to improve the method to achieve a more detailed level for calculating emissions in categories 1 (Purchased Goods and Services), 11 (Use of Sold Products), and 12 (End-of-Life Treatment of Sold Products) in scope 3. Adjustments due to the methodological change is above the 5% threshold for Category 11, thus triggering a restatement. To ensure transparency, Category 1, 11 and 12 have been recalculated.

Scope 3, Category 2 (Capital Goods) has historically only included investments from property, plant and equipment. From 2024 the definition of assets included in Category 2 will follow the financial accounting policy for tangible and right-of-use assets. As a consequence, right-of-use assets is included in the restated numbers. To ensure transparency Category 2 has been recalculated.

		Previously reported numbers			Restated numbers			Changes		
	Unit	2023	2022	2021	New 2023	New 2022	New 2021	2023	2022	2021
Total emissions (scope 1, 2 and 3)	tCO_2e	6,584,999	6,669,126	6,779,207	6,336,020	6,551,776	6,799,949	-248,979	-117,350	20,742
Scope 3 total	tCO_2e	6,253,719	6,330,752	6,412,374	6,004,740	6,213,402	6,433,116	-248,979	-117,350	20,742
GHG intensity ratio (revenue tdkk)	tCO_2e/thousand DKK	8.9	9.6	9.7	8.5	9.4	9.7	-0.4	-0.2	0.0
1 - Purchased Goods and Services	tCO_2e	5,452,230	5,561,321	5,510,428	5,263,257	5,563,050	5,716,619	-188,973	1,729	206,191
2 - Capital Goods	tCO_2e	68,719	69,208	152,509	100,147	80,548	107,994	31,428	11,340	-44,515
11 - Use of Sold Products	tCO_2e	250,729	260,733	323,301	165,433	139,757	181,029	-85,296	-120,976	-142,272
12 - End-of-Life Treatment of Sold Products	tCO_2e	311,368	316,883	300,698	305,230	307,441	302,036	-6,138	-9,442	1,338

Statements

Fresh and colourful ingredients
Inspiring to spice up your everyday cooking, you can find Danish-produced organic yellow carrots from Princip exclusively in Bilka and føtex. Their bright yellow colour sets them apart from ordinary carrots, which makes them ideal to add to colourful cooking.

Management's Statements

The Board of Directors and the Executive Board have today discussed and approved the annual report of Salling Group A/S for the financial year 1 January – 31 December 2024.

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

It is our opinion that the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the company's assets, liabilities and financial position at 31 December 2024 and of the results of the Group's and the company's operations and cash flows for the financial year 1 January – 31 December 2024.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the company's operations and financial conditions, the results of the Group's and the company's operations, cash flows and financial position as well as a description of the most significant risks and uncertainty factors that the Group and the company faces.

We recommend that the annual report be approved at the annual general meeting.

Brabrand, 23 April 2025

Executive Board

Anders Hagh
CEO

Board of Directors

Bjørn Gulden
Chairman

Jens Bjerg Sørensen

Freddy Mikael Sobin

Thomas Carsten Alexander Tochtermann

Samuel Dam Rützou
Employee representative

Jonas-Tobias Andersen
Employee representative

Lars Lippert Laursen
Employee representative

Statements

Independent auditor's report

To the shareholders of Salling Group A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Salling Group A/S for the financial year 1 January – 31 December 2024, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including material accounting policy information, for the Group and the Parent Company pages 33-99. The consolidated financial statements and the parent company financial statements are prepared in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2024 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January – 31 December 2024 in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review pages 3-32 and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements, or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on our procedures, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Management's responsibilities for the financial statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Aarhus, 23 April 2025

EY Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28

Morten Østergaard Koch State Authorised Public Accountant mne35420	**Jonas Busk** State Authorised Public Accountant mne42771

Statements

Independent Auditor's Assurance Report on the 'ESG Statements' Sections of the Annual Report

To the stakeholders of Salling Group A/S

As agreed, we have performed an examination with a limited assurance, as defined by the International Standards on Assurance Engagements, on Salling Group A/S' ('Salling Group') 'ESG Statements' sections on pages 100-110 in the Annual Report for the period from January 1st to December 31st 2024.

In preparing the 'ESG Statements', Salling Group applied the ESG statements accounting policies described on pages 100-110. The 'ESG Statements' needs to be read and understood together with the ESG statements accounting policies, which Management is solely responsible for selecting and applying. The absence of an established practice on which to derive, evaluate, and measure the 'ESG Statements' allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time.

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Annual Report, and accordingly, we do not express an opinion on this information.

Management's responsibilities

Salling Group's Management is responsible for selecting the ESG statements accounting policies, and for presenting the 'ESG Statements' in accordance with the ESG statements accounting policies, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records, and making estimates that are relevant to the preparation of the 'ESG Statements', such that it is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities

Our responsibility is to express a conclusion based on our examinations on the presentation of the 'ESG Statements' in accordance with the scope defined above.

We conducted our examinations in accordance with ISAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information and additional requirements under Danish audit regulation to obtain limited assurance for the purposes of our conclusion.

EY Godkendt Revisionspartnerselskab applies International Standard on Quality Management 1, ISQM1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour as well as ethical requirements applicable in Denmark.

Description of procedures performed

In obtaining limited assurance over the 'ESG Statements' on pages 100-110, our objective was to perform such procedures as to obtain information and explanations which we consider necessary in order to provide us with sufficient appropriate evidence to express a conclusion with limited assurance.

The procedures performed in connection with our examination are less than those performed in connection with a reasonable assurance engagement. Consequently, the degree of assurance for our conclusion is substantially less than the assurance which would be obtained had we performed a reasonable assurance engagement.

As part of our examinations, we performed the below procedures:

- nterviewed those in charge of 'ESG Statements' to develop an understanding of the process for the preparation of the [Subject Matter] and for carrying out internal control procedures.
- Performed analytical review of the data and trends to identify areas of the 'ESG Statements' with a significant risk of misleading or unbalanced information or material misstatements and obtained an understanding of any explanations provided for significant variances.
- Based on inquiries we evaluated the appropriateness of ESG statements accounting policies used, their consistent application and related disclosures in the 'ESG Statements'. This includes the reasonableness of estimates made by management.
- Designed and performed further procedures responsive to those risks and obtained evidence that is sufficient and appropriate to provide a basis for our conclusion.
- In connection with our procedures, we read the other sustainability information in the 'Sustainability', 'Environment', 'Social', and 'Governance' sections of Salling Group's Annual Report for the period January 1st to December 31st 2024 and, in doing so, considered whether the other sustainability information is materially inconsistent with the 'ESG Statements' or our knowledge obtained in the review or otherwise appear to be materially misstated.

In our opinion, the examinations performed provide a sufficient basis for our conclusion.

Conclusion

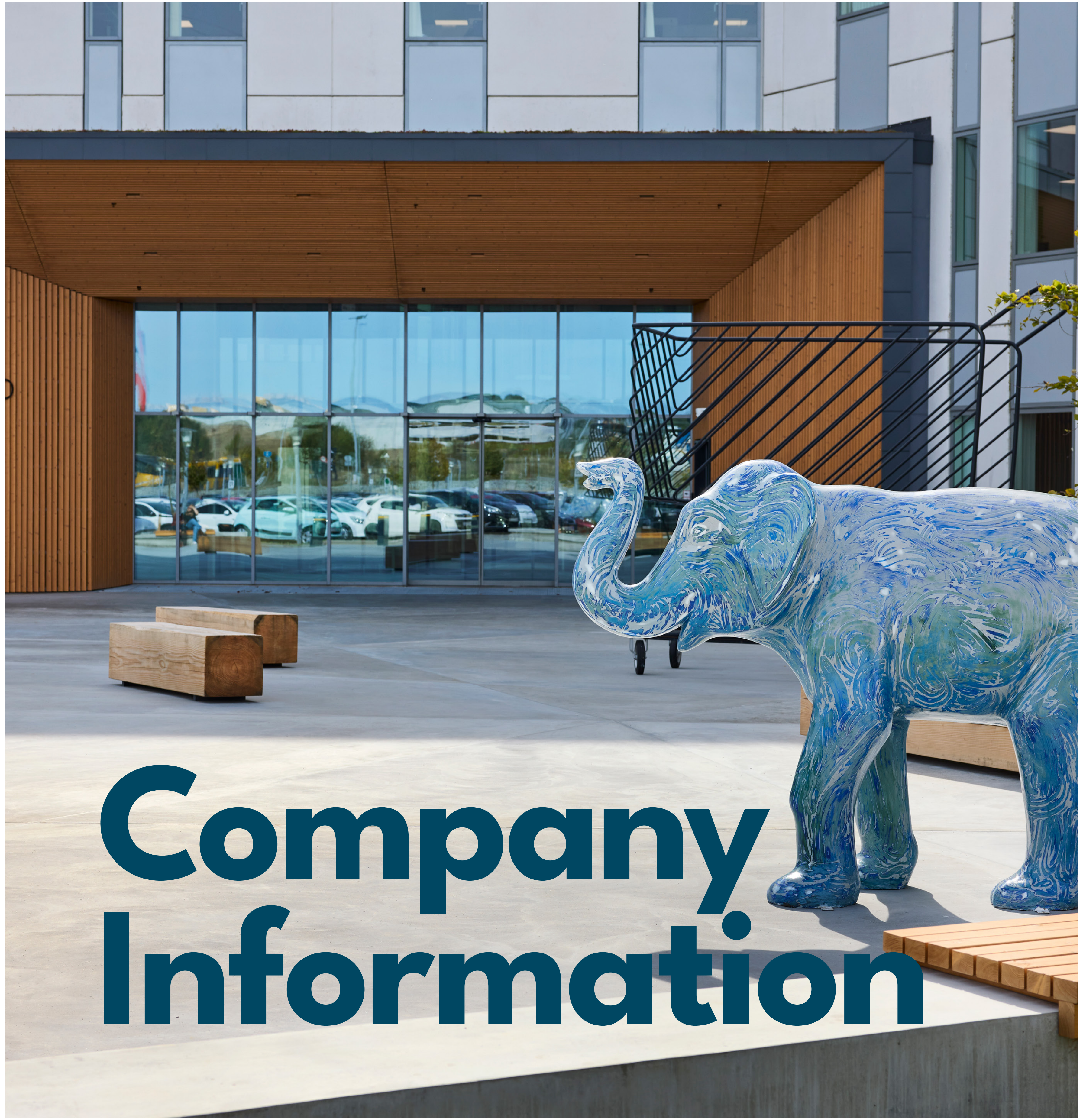
Based on our examinations and the evidence obtained, nothing has come to our attention that causes us to believe that the 'ESG Statements' on pages 100-110 in Salling Group's Annual Report for the period from January 1st to December 31st 2024 has not been prepared, in all material respects, in accordance with ESG statements accounting policies described on pages 100-110 .

Aarhus, 23 April 2025

EY Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28

Morten Østergaard Koch	**Jonas Busk**
State Authorised	State Authorised
Public Accountant	Public Accountant
mne35420	mne42771



Company Information

Company name	Salling Group A/S
Website	www.sallinggroup.com
Head office	Rosbjergvej 33, DK-8220 Brabrand
Primary brands	Salling, føtex, Bilka, Netto, BR and Skagenfood
Ownership and corporate form	Privately owned / non-listed
Total number of employees	56,669
Significant change in size, structure, ownership or supply chain during the reported period	No significant changes
Externally developed charters, principles or initiatives signed or endorsed by Salling Group	UN Global Compact
Membership of associations and support organisations	• Amfori BSCI • Amfori BEPI • AMS Sourcing • Carbon Disclosure Project • Danish Chamber of Commerce • Ethical Trade Denmark • FSC Denmark • Global G.A.P. • Science Based Targets Initiative (SBTi) • The International Accord
Tax policy	Our tax policy is available on our website www.sallinggroup.com
Reporting period	1st of January – 31st of December 2024
Reporting principles	Consistent with IFRS and additional requirements (including sections 99a and 99d) of the Danish Financial Statements Act
Date of the most recent report	29th April 2024
Contact for enquiries about the report or its contents	Henrik Vinther Olesen, Group Vice President, Sustainability, Communication and Public Affairs

salling group

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