BIBS®
SINCE 1978

2024 Annual Report

1 January - 31 December 2024

AH License ApS
Høgevej 19, 3400 Hillerød
CVR No 29 53 11 29

Adopted at the Company's Annual General Meeting on 11 June 2025

Henrik Juul Hansen, Chairman

Content

Management Review

Letter from Management

2024: A Year of Strategic Progress and Resilience

2024 was shaped by a complex and fast-moving global landscape. Macroeconomic volatility, inflationary pressures, and shifting consumer behavior presented challenges across industries. Meanwhile, geopolitical tensions and disruptions to critical maritime routes further stressed global supply chains. For BIBS, these conditions underscored the importance of agility, strategic execution, and long-term thinking.

Against this backdrop, BIBS made decisive, future-oriented investments to strengthen our commercial foundation and reinforce our scalable growth model. Thanks to the strength of our brand and the effectiveness of our commercial strategy, we delivered revenue growth compared to 2023-driven in particular by robust performance in our Direct-to-Consumer (D2C) channels and key international markets.

We took important steps to strengthen our operational platform: expanding production capacity at our site in Hillerød, Denmark, transitioning to a 3PL warehouse model, and launching new operational systems to support operational scalability. While these initiatives required upfront investments and impacted short-term earnings relative to 2023, they are expected to unlock greater efficiency and resilience going forward. These factors, combined with macroeconomic headwinds and a comprehensive turnaround of our supply chain organization—including the replacement of the supply chain management team—contributed to our inability to meet the targets set for 2024 of EBITDA growth of +20-25 %. However, we are already beginning to see positive results from these changes in early 2025.

Product innovation remained a strategic focus. We continued to expand our product assortment and launched the new BIBS baby bottle—a lightweight, durable, and stylish complement to our award-winning glass variant. Early feedback has been overwhelmingly positive, and we see strong potential in this significantly larger product segment.

Consolidation and Strategic Investment for Long-Term Value

2024 was also a year of purposeful consolidation. We focused on building a stronger, leaner, and more future-proof organization—investing strategically in operations, digital infrastructure, and sustainability.

At our Hillerød facility, we upgraded production machinery and equipment to boost local capacity and increase flexibility. Simultaneously, we advanced initiatives to enhance supply chain independence and to optimize our environmental footprint.

On the digital front, the successful Q4 launch of our upgraded D2C/B2B webshop has already begun to improve customer experience and direct revenue capture. Our new Warehouse Management System, set for full rollout in H1 2025, will further support scalable logistics, cost control, and transparency across the value chain.

These investments have required significant resources in 2024—but they are essential enablers of future growth, designed to increase both operational leverage and strategic agility with effect from early 2025.

Letter from Management

Continued

Strategic Execution in a Changing World

We strengthened our international presence in 2024, including the transitions of Poland and Germany into an Own Market structure—enabling tighter local execution and deeper customer engagement. Our global revenue growth was led by the U.S. market, which continues to be a stronghold and key growth driver as well as strong performance in our distributor markets.

Our digital commerce capabilities also expanded significantly. We entered new marketplaces, and strengthened our positions on Amazon across both Europe and the U.S. These achievements underline our ability to execute across geographies and digital platforms, while maintaining a premium brand position.

Creating the Platform for the Future

Looking ahead, BIBS remains focused on scaling with purpose and are confident in our strategic direction. With disciplined cost control, continued investments in innovation, and targeted resource allocation, BIBS is well-positioned to drive sustainable and profitable growth in the years to come.

Product innovation will remain at the heart of our growth strategy. We will continue to develop and expand our core categories while maintaining our commitment to high quality, design-led solutions that meet the evolving needs of modern families.

A Strong Team with a Shared Purpose

None of our progress in 2024 would have been possible without the dedication, energy, and professionalism of our team. Across all functions, our people have shown the ability to navigate complexity while continuing to execute at a high level. This is the true strength behind the BIBS brand.

To our employees, customers, and partners—thank you for your continued commitment and support.

Strategy and Business

Group Structure and Ownership

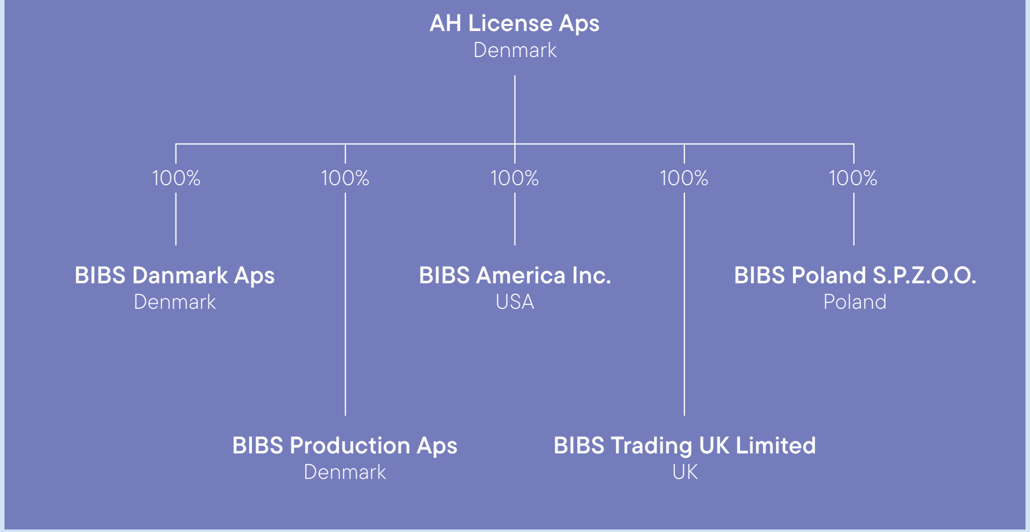
AH License ApS holds 100% ownership of all subsidiaries within the BIBS Group and retains full rights to the Group's production and intellectual property. The subsidiaries include BIBS Production ApS ("BIBS Production"), BIBS Danmark ApS ("BIBS Denmark"), BIBS Poland SP.Z.O.O. ("BIBS Poland"), BIBS Trading UK Limited ("BIBS UK"), and BIBS America Inc. ("BIBS US") (together referred to as the "BIBS Group").

As part of our strategic expansion, BIBS is in the process of registering a new legal entity in France. The French entity, once established, will also be fully owned by AH License ApS and aligned with the ownership structure of the other subsidiaries. It is not included in the 2024 group overview.

Manufacturing and product development are primarily managed by BIBS Production, while commercial activities are handled by BIBS Denmark, BIBS Poland, BIBS UK, and BIBS US. Our main production site is located in Hillerød, Denmark, with an in-house packing facility in Farum. To support scalable logistics and localized delivery, BIBS operates third-party logistics (3PL) solutions in Denmark, the U.S., and the UK. BIBS Denmark manages and supports a global network of more than 40 global distributors, many of whom have maintained long-standing partnerships with BIBS.

BIBS products are distributed globally across more than 100 markets, supported by a diversified distribution model that ensures reach, flexibility, and market responsiveness.

Group Structure per December 2024



Strategy and Business
Continued

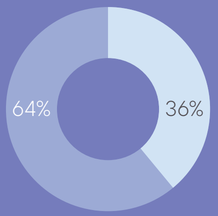
A Legacy of Design, A Future of Innovation

BIBS is a premium Danish baby brand established in 1978. Our iconic round Colour pacifier, first created over 40 years ago, has been continuously refined and updated to help meet all the different preferences on the market. While still focusing on our popular pacifiers, we are rapidly expanding our product categories to offer a full range of baby essentials. Our ambition has always been to produce high-quality products in the best possible materials, delivered in an aesthetically pleasing design. With a strong focus on functionality, safety, and the environment, our wide range of products gives little ones a colorful beginning to life.

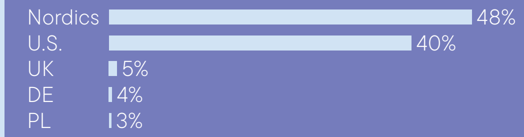
Today, BIBS is present in over 100 markets worldwide and is sold via more than 20,000 points of sale. Our products are trusted and loved by customers worldwide. Our story is one of passion and dedication, and we are proud to have grown into the international brand we are today.

Data Graphic

Total number of employees
148
Male
Female



Own markets
Share of revenue

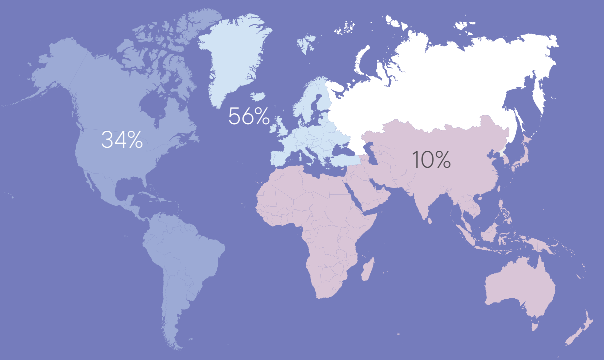


Regions
Share of revenue
EMEA
Americas
APAC

100+
Markets

20,000
Point of sales

1,700
Retailer channels



Strategy and Business
Continued

How BIBS operates

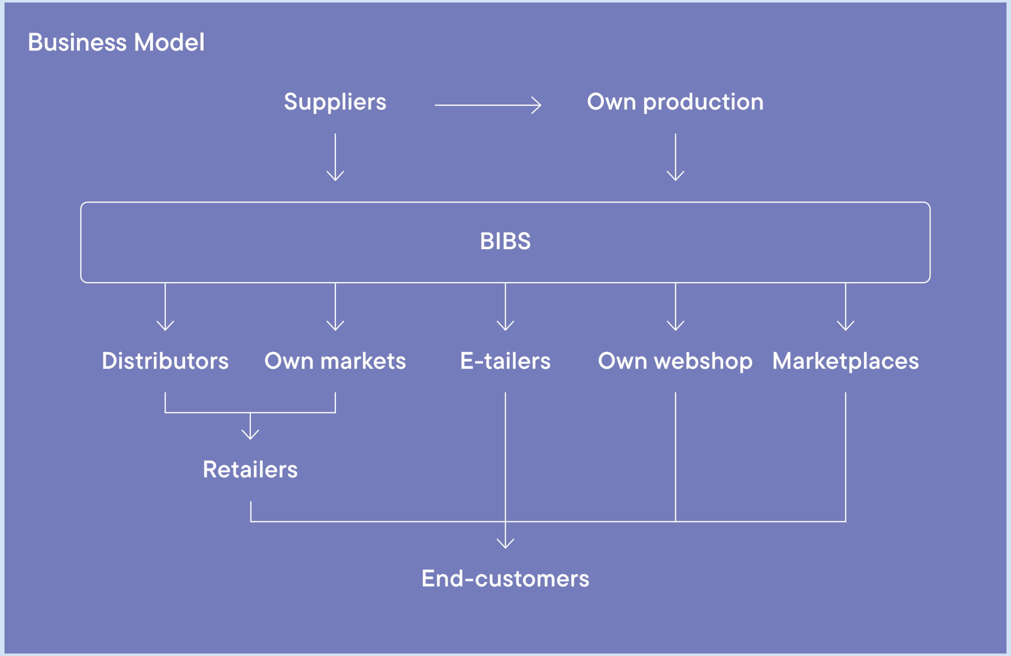
BIBS designs, manufactures, sources, markets, and sells a premium range of pacifiers, baby bottles, and related accessories. All product development is conducted in-house, ensuring full control over quality, innovation, and brand consistency. Our hybrid production model includes sourcing raw materials for in-house manufacturing in Denmark, as well as procuring finished goods from trusted suppliers—enabling both flexibility and efficiency.

Our business model is built to maximize market reach and ensure global accessibility of our products. We operate through a multi-channel, multi-market strategy that combines direct control in key regions with carefully selected distribution partnerships elsewhere.

We manage operations in the Nordics, the U.S., the UK, Germany, Poland, and France (soon to be). These markets are supported by dedicated local teams, enabling close customer proximity and strong execution. In other geographies, we work with select distributors who align with our premium positioning and growth ambitions.

Our digital footprint includes a strong D2C presence through our own brand store (BIBSworld.com), as well as established marketplaces like Amazon and Allegro. This diversified channel mix strengthens our brand visibility, enhances customer engagement, and allows us to adapt to regional buying preferences.

By combining global reach with local agility, BIBS is well-positioned to scale efficiently while maintaining the flexibility to respond to evolving consumer demands across diverse markets.



Strategy and Business
Continued

Branches Abroad

All international activities are either conducted via wholly controlled subsidiaries or local distributors.

Future Expectations

Despite uncertainties in macro environment and consumer goods management expects sales growth driven by especially direct to consumer channel as well as own markets. Together with margin improvement projects EBITDA is expected to increase between 20% and 30% in 2025 compared to 2024.

Trade Policy and Import Tariffs

Changes in U.S. trade policy, including the introduction of increased import tariffs on goods manufactured in Europe, represent a potential risk to BIBS. As BIBS produces a significant share of its assortment in Denmark and other European countries, such tariffs could result in higher landed costs on exports to the U.S., thereby putting short-term pressure on margins.

While core BIBS products are often seen as high-quality and design-driven, and thus less price-sensitive, material cost increases may require pricing adjustments.

Subsequent Events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Uncertainty Connected with Recognition and Measurement

The BIBS Group has a normal level of outstanding receivables from debtors. BIBS has made the strategic decision to establish a legal entity in France, enabling direct management of commercial activities and closer engagement with the local market.

BIBS Danmark has filed a claim for damages against a competitor regarding product replica. The case is expected to be settled in 2025. Management expects a favorable ruling in the case. The Danish Maritime and Commercial Court has granted BIBS Danmark an injunction against the competitor. In relation to the injunction, BIBS Danmark has reserved a security deposit of DKK 10m.

Financial Highlights

DKK'000	2024	2023	2022	2021	2020
Income statement					
Gross profit	121,359	154,098	103,355	136,774	63,248
Profit/loss from primary activities	33,759	70,372	39,933	104,509	53,355
Net financials	-99	-3,249	-410	-778	-525
Profit/loss for the year	23,024	42,447	30,860	81,173	42,372
Balance sheet					
Total assets	254,772	210,753	172,559	177,278	88,060
Investments in property, plant and equipment	5,863	1,936	3,729	23,378	10,249
Invested capital	64,996	59,162	61,223	69,107	25,652
Equity	24,828	30,503	27,556	81,697	41,525
Cash flow statement					
Cash flows from operating activities	24,826	42,178	24,897	44,682	23,065
Cash flows from investing activities	-9,913	-5,088	-7,632	-35,855	-9,150
Cash flows from financing activities	-7,957	-25,240	-12,232	-21,334	899
Changes for the year in cash and cash equivalents	6,956	11,851	5,033	-7,865	14,814
Average number of full-time employees	143	122	98	52	17
Ratios					
Return on invested capital %	54	117	61	221	397
Solvency ratio %	10	14	16	46	47
Return on equity %	83	146	56	132	127

Corporate Governance

Governance Framework

The company's overall supervisory body is anchored by a board of directors and the executive management team at BIBS.

Board of Directors & Executive Management Team

Henrik Juul Hansen
Non-executive member, Chairman of the Board of Directors

Henrik Juel Larsen
Executive member, Vice Chairman of the Board of Directors
Owner, Chief Executive Officer of the Executive Management Team

Rasmus Emil Andersen
Executive member of the Board of Directors
Chief Financial Officer/Chief Operating Officer of the Executive Management Team

Michael Bisgaard Christensen
Executive member of the Board of Directors
Chief Product Officer/Chief Marketing Officer of the Executive Management Team

Bjerke Hviid
Chief Sales Officer of the Executive Management Team

Corporate Governance

Continued

Directorships or management roles in other companies

Name	Role in Group	Name of Company	CVR no	Role
Henrik Juul Hansen	Chairman	BIBESIA INVEST ApS	35257888	Managing director
		Centaflow Holding A/S	40091653	Chairman
		Goodyear Danmark A/S	54037317	Chairman
		EDESIA INVEST ApS	35257845	Managing director
Henrik Juel Larsen	Board of Directors Managing Director	AH Group Holding ApS	40476725	Managing director
		Danmould Production ApS	43601687	Managing director
		Ejendomsselskabet Høgevej ApS	37446319	Managing director
		LARSEN & ERIKSEN ApS	38021877	Managing director
		ZO24 ApS	40928707	Chairman
Michael Bisgaard Christensen	Board of Directors	Kintobe Holding ApS	41102233	Managing director
		Kintobe ApS	41107057	Chairman
Rasmus Emil Andersen	Board of Directors	ANDERSEN INVEST ODENSE ApS	29794855	Board of Directors
		CapHold T ApS	40255923	Board of Directors
		MidCap T ApS	40238581	Board of Directors

Corporate Governance

Continued

The Role of the Administrative, Management, and Supervisory Bodies

As this is our first year incorporating elements of the European Sustainability Reporting Standard (ESRS) 2 General Disclosures, we are in the process of establishing the necessary processes to fully comply with the Corporate Sustainability Reporting Directive (CSRD) in the future[1].

The Board of Directors and the Executive Management Team hold ultimate responsibility for overseeing material impacts, risks, and opportunities (IROs). In 2024, the Executive Management Team participated in a series of focused sessions, during which they were first introduced to the CSRD framework, marking a significant step in aligning the organization with evolving sustainability disclosure requirements.

In addition, the team was provided with a preliminary double materiality assessment and an initial identification of material IRO topics. These insights were developed by a dedicated internal cross-functional project team comprising subject-matter experts who conducted a thorough analysis throughout the year. This collaborative effort ensured a well-rounded perspective on BIBS's sustainability priorities, equipping the management team with the foundational knowledge to navigate the CSRD framework effectively.

Looking ahead, the team will receive annual updates on IROs to report progress on material topics and maintain alignment with the company's strategic objectives. These updates will support informed decision-making and guide oversight processes, reinforcing the organization's commitment to sustainable and responsible business practices.

The governance structure, reporting lines, and responsibilities for overseeing, monitoring, and reporting on sustainability matters have been formally outlined in our Environmental & Sustainability Policy. This policy serves as a foundational process document and guide, providing a clear framework to ensure alignment with regulatory requirements and compliance with sustainability standards. It also describes the processes that ensure effective oversight, accountability, and transparency in our sustainability efforts.

	2024
Gender diversity BoD (rate in %)	
Males	100%
Females	0%
Gender diversity EMT (rate in %)	
Males	100%
Females	0%
Independent board members	
Non-executive board members	25%
Executive board members	75%

BoD = Board of Directors
EMT = Executive Management Team

Method for counting:

The scope and reporting period for the data presented above align with the scope of the Financial Statements. All data covers the period from January 1, 2024, to December 31, 2024. Data has been recorded as of December 31.

1 This text was prepared before the European Commission's Omnibus proposal. During 2025 we will discussed the potential implications of the Omnibus Act on CSRD requirements, particularly how it might adjust the reporting scope and timeline for implementation.

Corporate Governance

Continued

Sustainability-related Skills and Expertise

The supervisory bodies in BIBS, comprising the Board of Directors and Executive Management Team, bring a diverse range of competencies and experience in strategic management and business conduct. These skills are critical to advancing BIBS's sustainability goals and ensuring effective oversight of ESG-related matters. Key areas of expertise include:

- **Corporate Governance and Compliance:** Members bring extensive experience in corporate governance and compliance with backgrounds in legal, finance, and operations. Several members are serving on multiple boards, providing strategic decision-making and oversight.
- **Strategic Leadership and Risk Management:** Members bring experience in business leadership, with proven capabilities in managing complex operations, driving organizational transformation, and steering companies through periods of growth and change. This broad business expertise forms a foundation for effective oversight and governance, ensuring a varied approach to addressing challenges and seizing opportunities.
- **Global Perspective and Market Expertise:** With previous leadership experience at companies such as Pandora and Orkla, members offer insights into international business operations, global market strategies, and localized retail strategies. Their expertise strengthens BIBS's ability to navigate diverse markets, adapt to regional demands, and implement strategies that drive global growth while maintaining a local focus. This ensures the company remains competitive, agile, and aligned with the expectations of customers and stakeholders worldwide.
- **Production Efficiency:** Members bring expertise in production, with previous experience in plastic manufacturing, while three members are actively involved in other production-related companies alongside their roles at BIBS. This diverse background offers a robust foundation for overseeing and optimizing operations across various production areas.

To ensure continuous development, members have access to external sustainability consultants and have actively invested in personnel within BIBS to enhance their skills and expertise in emerging sustainability trends and regulatory frameworks.

Integration of Sustainability-related Performance in Remuneration

BIBS does not incorporate sustainability-related criteria into the remuneration of members of the administrative, management, and supervisory bodies. This means that no portion of remuneration is linked to GHG emission reduction targets or other climate considerations.

Risk Management

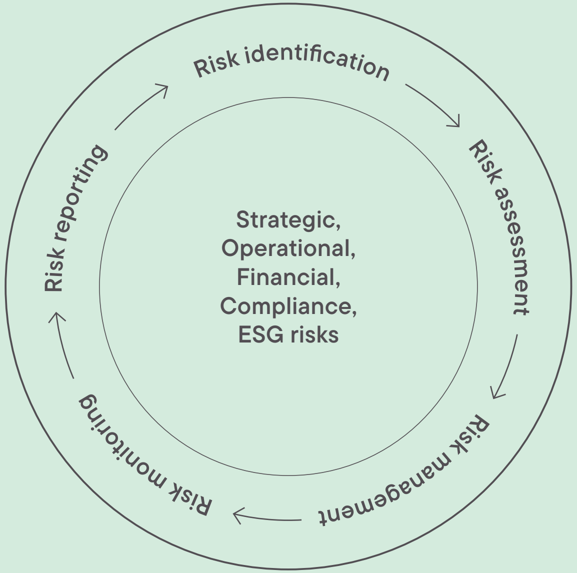
As a global company with the ambition to positively impact our customers' lives, BIBS encounters a variety of risks. Effective risk management is essential for creating and safeguarding value, ensuring the continuity of our operations, and achieving our strategic objectives – all while contributing meaningfully to the well-being of our customers.

At BIBS, the primary objective of our risk management approach is to identify, assess, and mitigate risks across all areas of the business. Our process includes ongoing identification, assessment, management, monitoring, and reporting of risks.

Risks are formally evaluated each year as part of the management review. If significant risks arise outside of this cycle or if existing risks escalate, they are immediately discussed with management to evaluate potential impacts and decide on appropriate mitigating actions. This ensures that financial, operational, sustainability, and compliance risks are consistently integrated into strategic planning and decision-making.

For this report, we have included all high-impact risks identified during our risk assessment process, providing transparency on the key challenges we face and how we plan to address them.

Risk Management Process



Risk Management
Continued

External risks			
BIBS's high-impact risk areas	**Risk description**	**Potential impact**	**Mitigating actions**
Supply shortage	Shortages in critical raw materials.	Disruptions in production may increase costs and hinder organic growth.	• Continuously update our supply chain network to improve resilience and flexibility. • Assess climate change impacts on operations, suppliers, and logistics, and develop mitigation plans.
Black PR/reputation	Negative publicity or reputational damage due to deliberate misinformation, actual scandals, or adverse public perception.	Loss of brand trust, customer loyalty, stakeholder confidence, operational disruptions (through boycotts and protests), market positions, and financial loss.	• Continuously update our crisis management plan. • Promote dialogue with key stakeholders to sustain trust and transparency. • Maintain high quality and ESG standards to avoid controversies.
Legal/compliance	As we expand our presence into diverse markets, maintaining awareness of local regulatory requirements is paramount. Further, new regulations are continuously introduced, leading to increasing costs and operational adjustments.	Legal penalties, brand reputation damage, operational disruptions (through a ban on sales), market access restrictions, and financial loss.	• Monitor local regulations. • Consult legal experts as needed. • Track new ESG regulations continuously.
Cybersecurity	Cyber-attacks can take various forms, including malware, phishing, ransomware, etc.	Loss of sensitive information, intellectual property, financial assets, disrupting operations, and damaging brand reputation.	• BIBS is exposed to various IT risks that may impact operations, financial performance, and brand reputation. As we continue to expand our digital infrastructure and strategic online presence, we recognize the importance of robust IT risk management to ensure business continuity and safeguard critical systems and data. • In 2024, we initiated a series of actions to strengthen our IT landscape. This included engaging external consultants to review and improve our IT infrastructure and internal controls. In parallel, we intensified internal guidelines and awareness campaigns aimed at promoting secure digital behavior and reducing the risk of human error. • Cybersecurity and IT stability remain a strategic priority to support continued growth and protect BIBS' digital assets in an increasingly complex threat environment.
Increased competition	The emergence or intensification of competition from both new entrants and established players.	Damage to market position, decreased market share, increased pricing pressures, and potential impacts on revenue growth.	• Monitor competitor activities and market trends. • Conduct annual brand research. • Continuously refine marketing strategy and toolkit.

Risk Management
Continued

External risks			
BIBS's high-impact risk areas	**Risk description**	**Potential impact**	**Mitigating actions**
Macroeconomics		Reduced customer demand, currency devaluation, cash flow problems, elevated inflation rates, and decline in both volume and margins.	• Maintain internal financial discipline. • Reduce operational costs by streamlining processes and managing complexity. • Leverage supply chain control. • The BIBS Group uses no external financial sources and uses no financial instruments to counter fluctuations in exchange rates. Management expects production costs to be more stable in the coming years.
Critical suppliers	Critical suppliers may face delivery challenges.	Reduction of market share, hindering the ability to secure new business opportunities, and negative impact on revenue growth.	• BIBS Group has solid control over the supply chain via its own production site and long-term relationships with key suppliers. • BIBS maintains strong and long-standing relationships with key suppliers across our core product categories. • Forecasting and supply planning are continuously updated throughout the year to ensure reliable and timely access to raw materials, components, and packaging. • The majority of BIBS' suppliers are located within the European Union, supplemented by selected partners in Asia. To manage risks associated with an international supplier base, BIBS conducts supplier audits and distributes an annual supplier questionnaire to evaluate compliance with our quality, ethical, and sustainability standards. • To further reduce dependency on third-party providers and strengthen supply chain control, BIBS is also insourcing an increasing number of operational processes, including assembly and packing of selected products. This initiative supports improved flexibility, cost-efficiency, and ensures consistency in product presentation and quality.

Risk Management
Continued

Internal and business process risks			
BIBS's high-impact risk areas	**Risk description**	**Potential impact**	**Mitigating actions**
Human Capital	A fast-paced environment can result in a stressful work environment, as well as the fact that growth in employee count can jeopardize corporate culture and engagement.	Higher turnover rates, increased absenteeism, lack of motivation, loss of tacit knowledge, hindering organizational performance and efficiency.	• Conduct weekly employee satisfaction surveys. • Maintain thorough recruitment processes. • Improve internal workflows, governance, and communication.
Failing to Deliver	The risk of not meeting expected launch deadlines due to inadequate planning.	Reduction of market share, hindering the ability to secure new business opportunities, and negative impact on revenue growth.	• Simplify product portfolio and supply chain. • Streamline go-to-market (GTM) and new product development (NPD) processes. • Monitor progress and drive continuous improvement.
Obsolete stock	Challenges in stock management result in a significant amount of waste.	Negative impact on profitability and increasing disposal expenses.	• Refine forecasting and sales processes. • Implement a new batch management system. • Improve coordination between sales and operations.
R&D	Failure to invest in R&D or follow market trends.	Missing out on R&D can limit innovation, weaken competitiveness, and reduce our ability to meet evolving customer needs and market demands.	• During the year, the Group has initiated several development projects for new products. These projects are designed to support the company's long-term strategy and are expected to contribute positively to both liquidity and revenue in the coming years. • The projects include the development of new products within the same product categories that the company currently markets. These projects have been assessed for their technical feasibility and their ability to generate economic returns before capitalization, in accordance with IAS 38 (Intangible Assets). • Amortization of intangible assets occurs linearly over their useful life, which is estimated to be 7 years based on the expected obsolescence of the products' designs. Investments in new development projects are crucial to ensuring the company's competitiveness and growth. • In BIBS Denmark, the development of proprietary webshops has been initiated to support the Group's strategic focus on online commerce. In BIBS Production, the implementation of a production-batch management system has been initiated to support improved product and inventory management.

Sustainability Statements

ESG Strategy and Governance

The Sustainability Statement of BIBS is prepared on a consolidated basis. The scope and reporting period of the consolidation is equal to the scope of the Financial Statement.

In preparing this sustainability statement, BIBS has been inspired by the European Sustainability Reporting Standards (ESRS) and has drawn on their principles to guide the disclosure of sustainability-related impacts, risks, and opportunities throughout our value chain. While not yet fully applying all ESRS requirements, we have incorporated key elements such as the double materiality assessment and are progressing toward broader alignment. In addition, as a company certified in ISO 9001 and ISO 14001, BIBS ensures that the processes described in this sustainability statement are aligned with the requirements and practices of these internationally recognized standards.

ESG Strategy

At BIBS, we recognize the significant environmental challenges facing the world today, and we are committed to addressing them in ways that make sense for the environment, people, and our business.

Our ESG strategy is founded on three interconnected pillars: **Combat Climate Change, Reducing Waste,** and **Treating Each Other Fairly.** Each pillar reinforces the others, creating a framework for addressing the three impact areas we have assessed as strategically important based on our company's values and management's assessment of where BIBS could make the most positive changes and deliver a meaningful impact.

To build a more comprehensive understanding of these impact areas, in 2024, we conducted a Double Materiality Assessment (DMA), aligning our efforts with the Corporate Sustainability Reporting Directive (CSRD) methodology. For more details about the CSRD, read the section about *'Preparing for the Corporate Sustainability Reporting Directive'* on page 20.

How the ESG Work is Governed

All roles in ESG governance are formally documented in our Environmental & Sustainability Policy.

Overview of our strategic sustainability focus areas

Combat Climate Change

We are dedicated to combating climate change by reducing our Scope 1 and 2 emissions through focused initiatives in energy efficiency and water management.

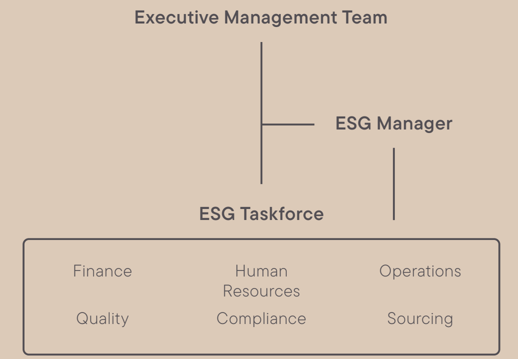
Reducing Waste

We aim to reduce waste across own operations, upstream and downstream value chains by enhancing embracing a responsible design approach, recycling, minimizing packaging, and enhancing waste management practices.

Treating Each Other Fairly

We are committed creating a healthy working environment, and aim to build a culture of respect, collaboration, and ethical responsibility.

ESG Governance Model



Preparing for the Corporate Sustainability Reporting Directive

In 2024, BIBS took significant steps toward preparing to meet the requirements outlined in the Corporate Sustainability Reporting Directive (CSRD). A key element of CSRD reporting is conducting a double materiality assessment (DMA) using the European Sustainability Reporting Standards (ESRS) as a methodology.

Our aim has been to start implementing the fundamental structure from the ESRS 2 General disclosures to provide clarity and consistency in our disclosures, making it easier for stakeholders to understand and compare our sustainability efforts with those of other organizations while also ensuring alignment and facilitating a smoother transition toward compliance in the future.

Our CSRD reporting timeline[2]

2023	2024	2025	2026<
First ESG report published	Initial DMA prepared	DMA finalization + CSRD preparation	CSRD implementation

2 This timeline was prepared before the European Commission's Omnibus proposal. During 2025 we will discussed the potential implications of the Omnibus Act on CSRD requirements, particularly how it might adjust the reporting scope and timeline for implementation.

Double Materiality Assessment

Our DMA identifies and evaluates the Impacts, Risks, and Opportunities (IROs) related to sustainability, covering both BIBS's own operations and our upstream and downstream value chain.

As an ISO 14001-certified company, we already have a structured approach to assessing and managing environmental risks and impacts. Building on this strong foundation, the DMA was conducted, and upon its completion, we integrated its key findings into our Environmental Management System (EMS). This ensures a systematic approach to managing environmental materiality, compliance obligations, and continuous improvement.

By embedding CSRD-aligned materiality insights into our ISO 14001 framework, we ensure that our sustainability strategy is regulatory-compliant and fully operationalized within our existing environmental governance processes. This integrated approach enhances our ability to proactively manage environmental risks, drive meaningful sustainability improvements, and maintain a high level of compliance and accountability - both under ISO 14001 and the evolving CSRD framework.

The DMA will provide important input for shaping BIBS's sustainability strategy for the coming years. Our work with the results of the double materiality analysis ensures that our sustainability efforts focus on areas that are not only relevant to the company but also have significant importance for our stakeholders and surroundings.

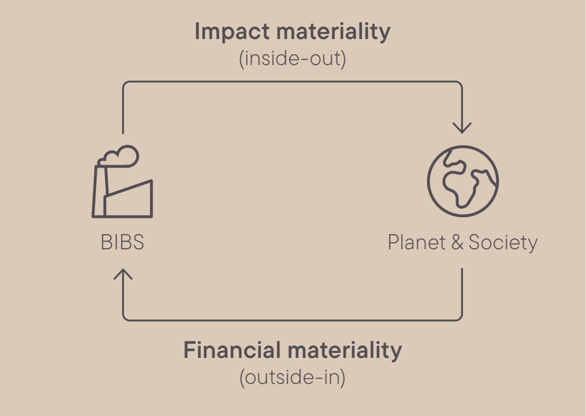
Methodology

The process of our DMA followed the requirements of the European Sustainability Reporting Standards (ESRS), guided by the EFRAG Implementation Guidance Materiality Assessment (May 2024), including the EFRAG Implementation Guide Value Chain (May 2024).

Approach

The double materiality is an assessment of mutual influence between the company and its surroundings. The dual perspective comprises:

- **Impact materiality:** The impact of BIBS on society.
- **Financial materiality:** The impact of society on BIBS.



Double Materiality Assessment

Continued

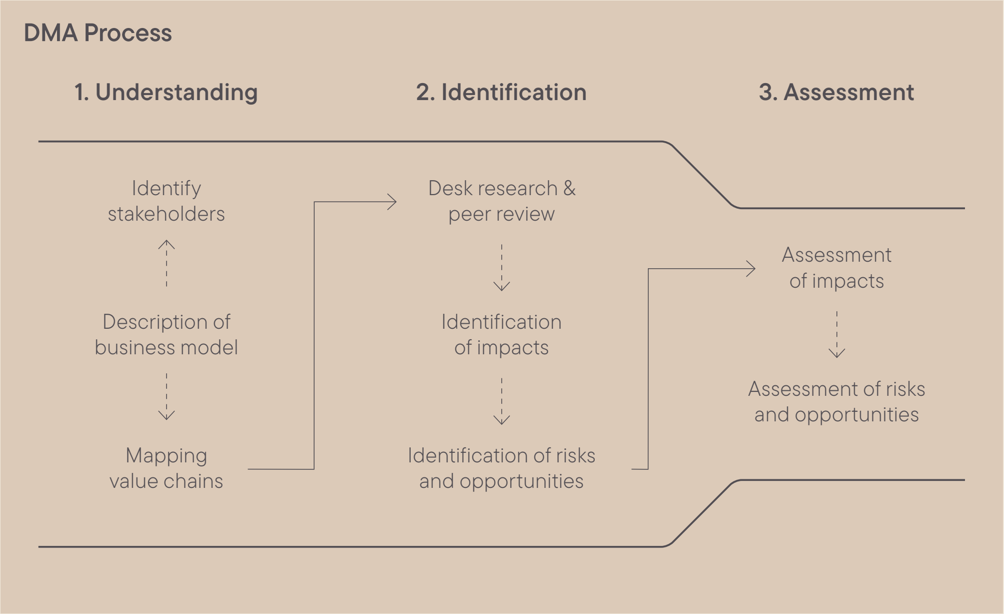
Process

We followed a structured approach consisting of three key steps to identify our material Impacts, Risks, and Opportunities (IROs). However, the process was not strictly linear; we moved back and forth between steps, particularly during the stakeholder engagement phase of the identification stage.

Throughout this process, we encountered several challenges that required deeper insights from stakeholders, particularly suppliers. One key learning was that engaging with stakeholders is a time-intensive process, as gathering critical input is essential for accurately assessing the relevance of specific IROs. While we maintain effective communication channels with our Tier 1 suppliers, obtaining reliable data from Tier 2 and Tier 3 suppliers has proven significantly more difficult.

We currently rely on information provided by Tier 1 suppliers, but we recognize that the lack of transparency further down the supply chain presents challenges in addressing critical negative impacts, such as environmental degradation and labor rights violations, which often occur deeper in the value chain.

As a result, enhancing supply chain visibility and strengthening due diligence processes will be a key focus in 2025 to ensure more effective risk mitigation and responsible sourcing practices.



Double Materiality Assessment

Continued

Step 1: Understanding

1.1 Value Chain Mapping

As part of our DMA, we mapped out our value chains. Our product portfolio encompasses a variety of value chains, with many products and services having distinct upstream value chains due to sourcing from different suppliers and geographical locations. Therefore, the value chain presented on page 29 is a consolidated overview, representing the overall structure at a high level.

1.2 Identify stakeholders

Another key objective of the DMA is to understand how our most important stakeholders see BIBS's sustainability-related impacts, risks, and opportunities.

The stakeholders can be divided into two groups: affected stakeholders and users of sustainability statements. The first group mainly consists of suppliers, employees, local communities, society in general, etc. Users of sustainability statements are often customers, investors, and authorities.

8 prioritized stakeholder groups have been identified. Understanding their needs and concerns has been crucial to assessing the significance of impacts and guiding our strategic planning and prioritization of sustainability initiatives.

The prioritized stakeholders are shown in the figure to the right:

Key Stakeholders

Double Materiality Assessment

Continued

Step 2: Identification

Step 2 involved identifying material impacts across our operations and value chain.

An internal cross-functional project team consisting of subject-matter experts conducted a preliminary identification of material IROs from the ESRS list (ESRS1 AR16) of sustainability topics, sub-topics, and sub-sub-topics as a starting point.

Then, we engaged with relevant stakeholder groups to answer questions that arose through the preliminary identification of IROs and getting their input, needs, and concerns about the ESRS topics. The process for stakeholder engagement was as follows:

Depending on the stakeholder group, the specific method of collecting data consisted of a mix of interviews, workshops, and questionnaires. See below overview:

Finally, the list of IROs was finalized after input from stakeholders was incorporated.

Stakeholder Engagement Process

Double Materiality Assessment

Continued

Stakeholder group	How we engage with stakeholder group	Involvement in DMA	Stakeholder expectations on ESG (expectations to us)	Examples of outcomes from the engagement/involvement
Employees	• Personal development dialogues • Surveys and workplace assessments • Regular email updates and team meetings	We identified subject-matter experts in BIBS with insights into the topics and deep knowledge of our day-to-day work in each area. Several onboarding sessions and workshops were held to get a common understanding of the new regulations and objectives of the double materiality assessment.	• Fair treatment and compensation • Development opportunities • Diversion and Inclusion • Safe working conditions • Job security • Fair working hours • Comply with legislation	• Internal policy updates • Improvements and action plans • Training programs • Regular feedback
Suppliers	• Through emails, phone, and meeting • On-site audits	Through value chain mapping, we identified key suppliers whose input is critical to understanding the impacts, risks, and opportunities within our upstream value chain.	• Fair contracts and negotiations • Responsible business practices • Fair and timely payments • Feasible deadlines • Comply with forecasts • Streamlined communication	• Partnership development • Updates to Supplier Code of Conduct • Supplier Risk Assessments
Authorities	• Company visits • Through emails	Authorities have been involved through the integration of legislative data. This approach ensures compliance and alignment with regulatory standards across our operations without the necessity for constant direct engagement.	• Regular compliance reviews • Responsible business practices • Human rights • Community impact • Anti-corruption • Comply with legislation • Willingness to cooperate • Working conditions	• Transparent reporting on social and environmental impact • Business and product compliance • Safety courses for own production personnel • Updates to policies • Setting environmental targets
Financial institutes	• Through emails, phone, and meetings	*We did not include data from this stakeholder group in our DMA. The expectations and outcomes are, therefore, based on assumptions.*	• Comply with legislation • Responsible business practices	• Transparent financial and sustainability reporting
B2B customers: retailers/distributors	• Regular email updates and meetings • Newsletters • Events	Through value chain mapping, we identified key retailers and distributors whose input is critical to understanding the impacts, risks, and opportunities within our downstream value chain.	• Transparency around ESG data • Products that comply with applicable legislation • Actively works with ESG goals • Responsible business practices • Waste management in relation to packaging	• Updates to Communication Deck • Updates to packaging size and in-store displays

Double Materiality Assessment

Continued

Stakeholder group	How we engage with stakeholder group	Involvement in DMA	Stakeholder expectations on ESG (expectations to us)	Examples of outcomes from the engagement/involvement
Consumers/users	• Customer support and guidance • Social media interactions • Newsletters • Own webshop • Packaging and leaflets • Retailers and e-tailers • Marketing	Input from our products' users is important for understanding the impacts, risks, and opportunities within our downstream value chain. Annual consumer research is performed and included in the DMA. We have also included input from our customer service in relation to environmental questions customers inquire about.	• High-quality/safe products that not only comply with applicable safety legislation – but go beyond • Products that do not harm the environment • Packaging waste • Attractive pricing • Transparency around ESG communication • Actively works with ESG goals • Good working conditions in the upstream value chain • Charity work	• Updates to Communication Deck • Updates to Customer Service Platform • Product guides
Local communities	• We do not interact directly with local communities.	Recognizing local communities (with a focus on the areas where raw materials are extracted and production is performed), we approach its involvement by consulting environmental reports, reports about human rights, and anti-corruption.	• Responsible business practices • Human rights • Community impact • Safe working conditions • Sustainable Resource Management • Biodiversity Preservation • Climate Actions • Charity work	• Insights into environmental data • Setting environmental targets
Society/media	• Marketing	*We did not include data from this stakeholder group in our DMA. The expectations and outcomes are, therefore, based on assumptions.*	• Responsible business practices • High-quality/safe products that comply with applicable safety legislation • Products that do not harm the environment • Transparency in the value chain • Transparency around ESG communication • Good working conditions in the value chain • Charity work	• Transparent financial and sustainability reporting

Double Materiality Assessment

Continued

Step 3: Assessment

Impact materiality

In line with the ESRS guidance, the methodology for assessing impact materiality is based on two key criteria: Severity and Likelihood.

For negative impacts, we used three parameters: 'scale,' 'scope,' and 'irremediable character', to assess the severity of our actual/potential impacts:

- **Scale:** How grave is the impact on the environment or people (1-5 scale)
- **Scope:** How widespread is the impact (1-5 scale)
- **Irremediable Character:** How difficult it is to reverse the damage (1-5 scale)

For positive impacts, we used two of the parameters: scale, and scope:

- **Scale:** How beneficial is the impact on the environment or people (1-5 scale)
- **Scope:** How widespread is the impact (1-5 scale)

Severity measures the impact on people or the environment, with higher scores indicating more severe impacts. Scores of 1-2 reflect minor impacts, while scores of 3-5 represent moderate to severe impacts that could lead to significant harm.

Likelihood assesses the probability of an impact occurring, with lower scores representing rare occurrences and higher scores indicating a greater probability of occurrence. Likelihood is assessed based on a 0-100% scale.

Financial materiality

The methodology for assessing financial materiality is based on two key criteria: Magnitude of Potential Financial Effect and Likelihood.

The magnitude of potential financial effect measures the financial risk or opportunities for BIBS on a 1-5 scale, with higher scores indicating more significant risks/opportunities. Scores of 1-2 represent minor risks/opportunities, while scores of 3-5 reflect moderate to severe risks/opportunities.

Likelihood assesses the probability of a risk/opportunity occurring, with lower scores representing rare occurrences and higher scores indicating a greater probability of occurrence. Likelihood is assessed based on a 0-100% scale.

Scoring

Impacts: The scoring was calculated as impact (avg.) × Likelihood (0-5) and placed into a matrix.

Risk/opportunities: The scoring was calculated as risk/opportunity × Likelihood (0-5) and placed into a matrix.

Thresholds

To ensure a structured assessment, thresholds were applied for both financial and impact materiality assessments. The evaluation considers the severity and likelihood of identifying and prioritizing material issues consistently.

For negative human rights impacts, severity takes precedence over likelihood, in line with ESRS requirements. As a result, a lower severity threshold was applied to ensure that even low likelihood but highly severe impacts are captured as material. This approach

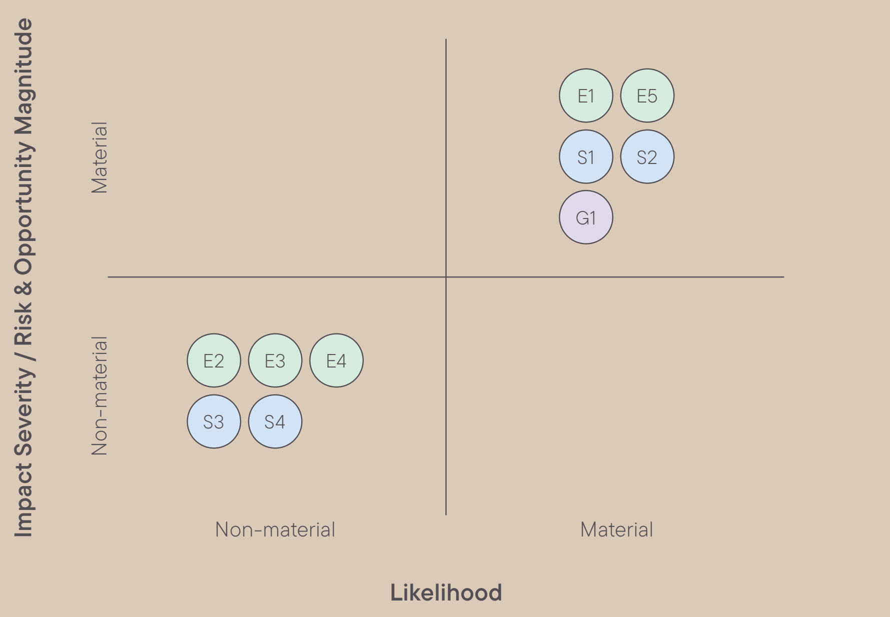
Double Materiality Assessment
Continued

ensures that our sustainability disclosures align with regulatory expectations and stakeholder concerns.

Double Materiality Assessment Outcome

The DMA outcome presented is aggregated by ESRS topics, providing a clear overview of the areas identified as most material to our sustainability efforts. This aggregation highlights that E1 (Climate Change), E5 (Circular Economy), S1 (Own Workforce), S2 (Workers in the Value Chain), and G1 (Business Conduct) are the key sustainability matters most relevant to our operations and stakeholders.

DMA Outcome Overview



Environment
E1 Climate Change
E2 Pollution
E3 Water and marine resources
E4 Biodiversity and ecosystems
E5 Resource use and circular economy

Social
S1 Own workforce
S2 Workers in the value chain
S3 Affected communities
S4 Consumers and users

Governance
G1 Business Conduct

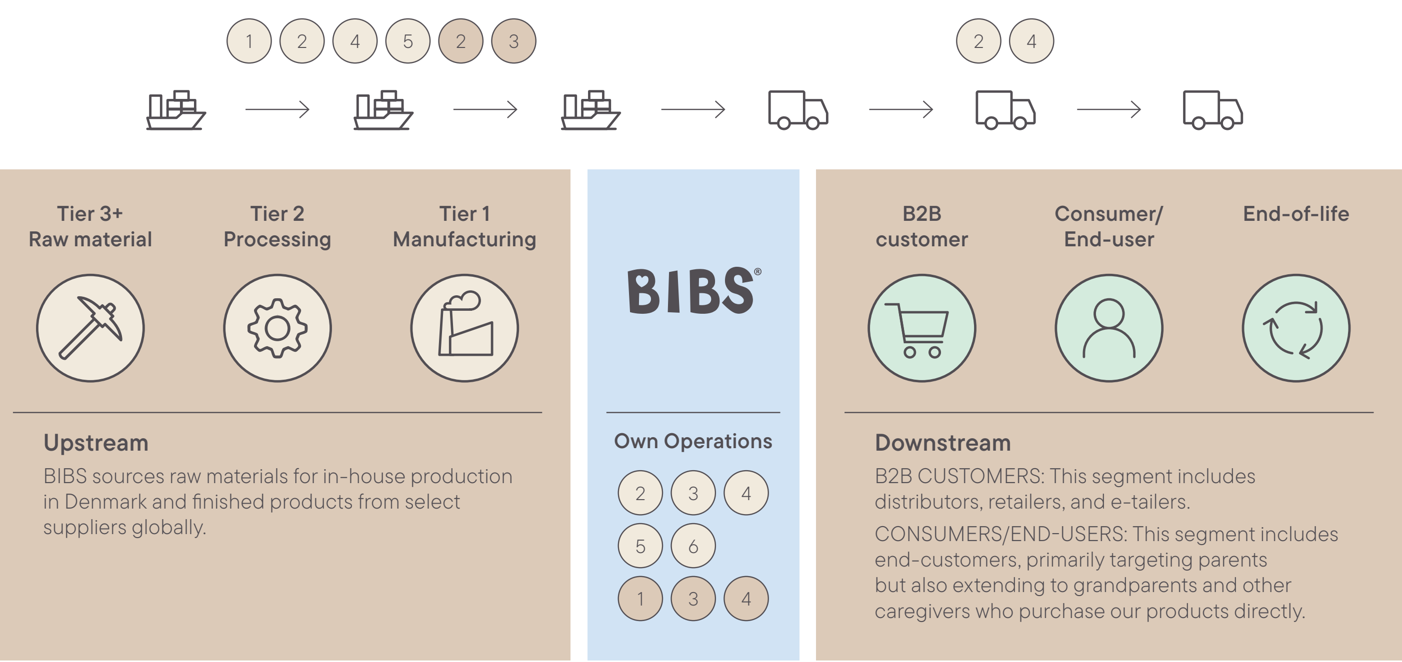
Double Materiality Assessment

Continued

Value Chain Overview

The value chain below provides a consolidated, high-level overview of our overall structure. Additionally, the overview highlights where our material-sustainability-related impacts and material-sustainability-related risks occur throughout the full value chain. These insights are also presented at a consolidated level, ensuring a clear and accessible view of key sustainability considerations across our operations and extended value chain.

Value Chain



Negative impacts

1. Use of virgin materials
2. Transportation/distribution relying on fossil fuels
3. Energy consumption
4. Waste
5. Working conditions for workers
6. Ethical business conduct

Sustainability-related risks

1. Transition climate-related risks
2. Physical climate-related risks
3. Working conditions for workers
4. Ethical business conduct

Double Materiality Assessment

Continued

Material Sustainability-related IROs

The following tables list the sustainability-related Impacts, Risks, and Opportunities (IROs) that we have identified and assessed as material through our Double Materiality Assessment (DMA). As shown in the 'DMA Outcome Overview' graphic, five out of the ten ESRS topical areas have been deemed material to BIBS. Each material ESRS topic is presented in the tables, along with the relevant sub-topics and a note on whether the related IROs stem from our own operations (OO) or our extended value chain (VC). Brief descriptions of each material IRO are included for context.

The preliminary DMA was prepared in Q4 2024, and as such, its integration into our ways of working is still ongoing. Implementing the DMA outcomes is a key focus for 2025, but as of 2024, our actions and reporting structures have not yet been aligned with the IROs identified through this process.

As a result, the initiatives and activities described in the topical sections under Environment, Social, and Governance reflect our 2024 ESG Strategy and broader sustainability ambitions - not direct responses to the materiality assessment. These actions represent our ongoing efforts to advance responsible business practices and sustainability, independent of the DMA results.

Note: No positive impacts or financial opportunities were assessed as material in this first DMA. This is due to the definition applied under CSRD/ESRS, where a positive impact refers to an outcome that significantly exceeds legal requirements or standard industry practices.

For example, in Denmark - where we are located - ensuring a safe, fair, and supportive working environment is not only a legal requirement but also standard practice for companies of our size. Benefits such as healthcare, paid maternity leave, and personal development programs, while important, are widely expected and therefore not considered "additional" positive impacts in this context.

In contrast, such initiatives might be considered positive impacts in other regions, industries, or company sizes. This nuanced approach reflects our commitment to applying the concept of positive impact in a meaningful and contextually appropriate way.

Double Materiality Assessment

Continued

Environment

E1 Climate Change		Material impact or risk	Short description
Climate change mitigation	Negative impact (VC) (OO)	Transportation/ distribution relying on fossil fuels	Scope 1 and 3 GHG emissions from transportation of goods.
	Negative impact (VC)	Use of virgin materials	The use of virgin wood products reduces CO_2 absorption by deforestation, increasing GHG emissions.
	Negative impact (VC)	Use of virgin materials	Continuous raw material extraction and processing increases GHG emissions.
	Negative risk (VC)	Transition climate-related risk	Climate-related transition risks may lead to significant compliance and operational costs.
Climate change adaption	Negative risk (VC)	Physical climate-related risk	Availability and pricing of raw materials.
Energy	Negative impact (OO)	Energy consumption	Scope 2 GHG emissions from our operations.

E5 Resource use and circular economy		Material impact or risk	Short description
Resource inflows, including resource use	Negative impact (VC) (OO)	Use of virgin materials	Use and depletion of virgin materials.
Resource outflows related to product and services	Negative impact (VC)	Waste	Short-lived products result in rapid accumulation of waste.
	Negative impact (VC)	Waste	Ineffective packaging design increases waste burdens.
Waste	Negative impact (OO)	Waste	Inefficient operations contribute to unnecessary resource waste.
	Negative risk (OO)	Waste	Inefficient warehouse management contributes to unnecessary resource waste.

Double Materiality Assessment

Continued

Social

S1 Own workforce		Material impact or risk	Short description
Working conditions	Negative impact (OO)	Working conditions for workers	Possible work-induced stress.
	Negative impact (OO)	Working conditions for workers	Possible work-related injuries and fatalities.
	Negative risk (OO)	Working conditions for workers	Increased voluntary turnover, due to perceived internal negative impacts, risks, or uncertainties.
Equal treatment and opportunities for all	Negative impact (OO)	Working conditions for workers	A lack of upskilling employees may lower morale by making employees feel undervalued and unprepared for career growth.
	Negative impact (OO)	Working conditions for workers	Unequal gender distribution in management.
	Negative impact (OO)	Working conditions for workers	Cultural differences may create subcultures, causing communication challenges and reducing team cohesion.
	Negative risk (OO)	Working conditions for workers	Neglecting upskilling may cause workforce skill stagnation, reducing productivity, innovation, and adaptability.
	Negative risk (OO)	Working conditions for workers	If subcultures go unaddressed, they may fragment the work environment, leading to miscommunication and lower productivity.

S2 Workers in the value chain		Material impact or risk	Short description
Working conditions	Negative impact (VC)	Working conditions for workers	Temporary or absent contracts may create uncertainty about rights, increase exploitation risks, and undermine employees' sense of security.
	Negative impact (VC)	Working conditions for workers	Possible excessive working hours for supply chain workers.
	Negative impact (VC)	Working conditions for workers	Possible work-induced stress for supply chain workers.
	Negative risk (OO)	Working conditions for workers	Poor planning on our side may strain suppliers, leading to financial risks like missed deadlines, lost sales, and delayed product launches.

Double Materiality Assessment

Continued

Governance

G1 Business conduct		Material impact or risk	Short description
Corporate culture	Negative impact (OO)	Ethical business conduct	Failure to establish a strong corporate culture may foster subcultures and value confusion, leading to fragmentation, miscommunication, and reduced collaboration.
	Negative impact (OO)	Ethical business conduct	Failure to establish clear governance structures, role accountability, and process clarity may cause confusion, inefficiencies, and a negative work environment.
	Negative risk (OO)	Ethical business conduct	Increased voluntary turnover due to the lack of clear governance structures, role accountability, and process clarity may hinder organizational performance.
	Negative risk (OO)	Bribery and corruption	Inadequate education about corruption and bribery may result in employees unknowingly engaging in or failing to report corrupt practices.

Environment

Climate Change

The sections below will elaborate on our strategic focus areas within Environment: Climate Change and Circular Economy.

Energy Efficiency

Our approach

For years, our priority has been optimizing energy usage in our production. By focusing on energy efficiency measures, we can directly impact our environmental footprint. Previously, we have implemented energy-saving initiatives such as shutting down machines that are not in operation and replacing old machinery with more energy-efficient alternatives. Additionally, all electricity used in our production is covered by Guarantees of Origin (GO) from Ørsted, which certifies and documents that it is sourced from renewable energy.

As BIBS continues to grow, we anticipate a natural increase in energy consumption. This is not only due to increased production volumes but also driven by our strategic shift to bring more processes in-house. By insourcing, automating, and streamlining production, we have strengthened quality control and reduced waste - key steps toward a more efficient and responsible operation. However, these efforts inherently lead to higher electricity usage.

Actions

- In 2024, we installed SMART meters on our main electricity line to monitor energy consumption on a minute-by-minute basis. This advanced metering system allows us to track real-time energy usage and analyze how our consumption patterns evolve over time. By collecting detailed energy data, we can identify opportunities for future efficiency improvements and implement more targeted energy-saving initiatives. This step aligns with our commitment to sustainability and operational optimization, enabling us to reduce our environmental impact while improving resource management. Initial data insights are limited; however, ongoing monitoring is expected to inform strategic decision-making from 2025 onward.
- Continued replacing legacy light sources with LED.

Water Conservation

Our approach

The primary sources of water use in our Danish facilities are toilets, kitchens, and cooling systems in production. Previously, we have already focused on reducing consumption, secured a closed-end cooling system, and changed broken toilets.

Actions

- In 2024, we installed a more energy-efficient pump equipped with a retrofitted frequency converter for our cooling water system. This upgrade allows the pump to adjust its speed based on demand, reducing energy consumption and improving overall efficiency.
- We have invested in a 178kW Dry Cooler, which will allow us to operate without a cooling compressor when outdoor temperatures are below 15°C. Expected implementation will be in Q2 2025.

Environment

Continued

Energy consumption and mix	2024	2023
Consumption from natural gas (MWh)	134,5	142,6
Consumption of purchased or acquired electricity, heat, steam, and cooling from non-renewable sources (MWh)	254,4	243,3
Total non-renewable energy consumption (MWh)	**388,9**	**386,0**
Share of non-renewable sources in total energy consumption (%)	**29,0%**	**33,7%**
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	950,0	760,0
Total renewable energy consumption (MWh)	**950,0**	**760,0**
Share of renewable sources in total energy consumption (%)	**71,0%**	**66,3%**
Total energy consumption (MWh)	**1.338,9**	**1.146,0**

	2024	2023	%
Scope 1 HGH emissions			
Gross Scope 1 HGH emissions (tCO2e)	19,39	9,73	99
Scope 2 HGH emissions			
Gross location-based Scope 2 HGH emissions (tCO2e)	36,1	28,9	25
Gross market-based Scope 2 HGH emissions (tCO2e)	51,6	51,9	-1

Method for counting:

The scope and reporting period for the data presented above align with the scope of the Financial Statements. All data covers the period from January 1, 2024, to December 31, 2024.

***Energy:** Data on energy consumption comes directly from our electricity providers. Both location-based and market-based calculation methods have been applied. Electricity consumed in production is calculated using the market-based method, whereas consumption for the warehouse and headquarters is calculated using the location-based method. For the market-based emission calculation, the CO_2 emission factor from Ørsted, our electricity supplier for production, has been used. For the location-based emission calculation, the emission factor from the EU database for Denmark has been applied, with the most recent data available from 2021.*

***Water:** Water consumption is reported based on data from our supplier. This consumption is measured in m^3 and can be converted to MWh using the conversion factor provided by the industry association Dansk Vand- og Spildevandsbrancheforening. This association also provides the emission factor used in the above-mentioned calculation, which is location-based for production, warehouse, and headquarters.*

***Heating:** Heating consumption is based on data from our suppliers. Heating for production and the headquarter is measured in MWh, while the warehouse is heated with natural gas, with consumption recorded in m^3. Natural gas consumption can be converted to MWh to be included in the above-mentioned overview, using the conversion factor from Equinor. For natural gas emissions, Energinet's emission factor is applied. Emissions from production and the headquarter are calculated using the EU emission factor, which was last updated in 2021.*

***Scope 1:** In BIBS, the source of Scope 1 emissions comes from our company cars, which rely on fuel combustion for operation. Data is collected from the electronic logbooks, and CO_2 emission calculations are based on the specific CO_2 emission factors of each car model. We have a total of four vehicles in our fleet: three sales cars used by our sales personnel for visiting customers and a truck primarily used for transporting goods between our production facility and warehouses. In 2024, we introduced a company car in Germany, which accounts for the significant increase compared to 2023.*

Circular Economy

Resource Outflows

Our approach
Our efforts are centered around three key areas: product design, packaging design, and in-store display design.

Product design
At BIBS, our product design approach is guided by three key principles:

1. **Better Materials:** With 'better,' we mean to prioritize using materials that are safe and durable, and we are committed to continuously researching and exploring environmentally friendly materials to integrate into our products and processes.
2. **Circularity:** Circular design plays a central role in our approach, considering the entire lifecycle of our products and packaging, including what happens at the end of their use.
3. **Longevity:** Longevity is a key principle in our design strategy. By ensuring our products are durable and maintain high quality throughout their lifecycle, we reduce waste and support the growing resale market for baby products. This allows items like bottles, accessories, and textiles to be passed on between families, promoting a more responsible and circular approach to baby essentials. (Pacifiers and bottle nipples are excluded from reuse due to hygiene and safety considerations.)

We strive to ensure that every new product we design adheres to at least one of these principles. This approach applies to packaging design, product design, and in-store display design.

Actions:

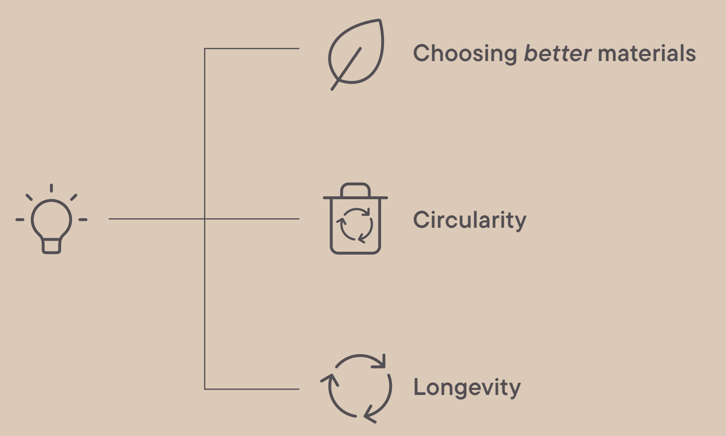
- In 2024, we streamlined our processes for certain products produced externally to enhance efficiency and thereby reduce environmental impact. The new approach consolidates centralizing production to minimize the need for shipping product components back and forth between suppliers and our facilities. By centralizing production steps with our external partners, we not only reduce transportation but also improve lead times and coordination.

Packaging Design

Within packaging design, our focus areas are:

1. **Minimizing design:** We have previously redesigned our consumer packaging to reduce material types, sizes, and thickness. The project resulted in minimizing the packaging for our Bandana Bib by 90%. 69% for our Pacifier Box and 33% for our Baby Swaddles. When designing packaging for new products, we likewise try to minimize the packaging while ensuring the product's safety and consumer experience.
2. **Recyclable packaging:** Our commitment to having 100% recyclable consumer packaging has been a priority for many years. We have specifically designed our consumer packaging to be easy to take apart, making the different materials easy to separate and sort. We only use cardboard and clear mono-plastic materials, both recyclable materials.
3. **Recycled materials:** We are dedicated to increasing the share of recycled materials in our packaging. Ongoing and long-term key objectives are: 1. Exploring the technical

Design Approach



Circular Economy

Continued

possibility of integrating recycled materials into our packaging. 2. Establishing a baseline to quantify the current proportion of recycled materials used across all packaging. 3. In a dialog with our suppliers, we want to establish requirements regarding the proportion of recycled materials they provide. Progress on this objective has been deferred to 2025, with foundational work such as supplier dialogue and baseline planning underway.

4. **Sustainable sourcing:** We strive to ensure that all consumer packaging is FSC-certified. The Forest Stewardship Council (FSC) is a global, non-profit organization promoting responsible forest management worldwide. FSC sets certain high specifics to ensure that forestry is practiced in an environmentally responsible and socially beneficial manner. Looking ahead, we want to maintain our commitment to using FSC-certified.

Actions

- In 2024, we successfully fulfilled our commitment to ensuring that all consumer packaging produced was FSC-certified. However, our warehouse inventory still contains some non-FSC-certified packaging produced in prior years. At present, we do not have an exact timeline for when this remaining non-FSC-certified packaging will be fully utilized. As a result, some non-FSC-certified consumer packaging may still enter the market until the older stock is depleted.
- We invested in a new blister machine for in-house production, enabling us to produce the plastic blisters for our pacifier 2-packs internally. This strategic move not only improves production efficiency but also aligns with our commitment to reducing waste. Through our testing of the machine, we have decided to transition from a thickness of 0.5 mm to 0.4 mm, resulting in a 25% reduction in plastic usage going forward. The machine is currently being tested, and the new blisters have not yet been rolled out to the market. The plan is to achieve 100% internal blister production during 2025.
- In 2024, we redesigned the pacifier clip packaging for our **Loop Pacifier Clip** launching in SS25, transitioning to a thinner and narrower design compared to our general pacifier clip packaging. This update allowed us to reduce the overall packaging material by 14%. This initiative reflects our dedication to continuously optimizing our packaging solutions to reduce environmental impact while maintaining the quality and functionality our customers expect.
- We developed the packaging for our new **Ice Tray**, set to launch in SS25. The packaging was thoughtfully designed as a thin sleeve, focusing solely on providing space for regulatory compliance texts. This approach minimizes material usage, ensuring the packaging is as compact and efficient as possible while still meeting all legal requirements.

Plastic blister
for pacifier 2-pack

Pacifier Clip packaging

Loop Clip packaging

Circular Economy

Continued

In-store display design

In 2024, we focused on strengthening our in-store visual presence by creating a dedicated In-Store Visual and Space Optimization Team. As part of this effort, we underwent an internal reorganization mid-year to establish the team, ensuring a more targeted approach to in-store branding, visual materials, and space optimization.

To maintain continuity during this transition, in 2024, we have worked with existing materials and suppliers for both current product lines and new product development. A key priority has been increasing the use of cardboard displays while minimizing metal displays, reflecting our commitment to more sustainable in-store solutions.

We currently use three different materials for displays: wood, cardboard, and metal.

All cardboard and wood displays come from FSC-certified wood.

Waste

Our approach
We have decided to focus on two areas with our waste management: 1. increasing the amount of waste being recycled and 2. decreasing the total amount of waste from our own facilities in Denmark.

1. **Recycled waste**
   Most of the plastic waste from our production is sent to the Danish company AVL – the largest recycler of high-quality plastic in the Nordics – where it is processed and reused in other product types. As such, the recycling process follows an open-loop system, meaning the recovered plastic is not reintroduced into our own production but instead contributes to the broader circular economy by being repurposed for alternative applications. According to AVL[3], every kilo of recycled plastic saves the environment up to 4 kg of CO_2 compared to incineration.

2. Amount of waste

We are committed to minimizing the overall waste generated by our Danish facilities. The different types of waste include:

- Plastic waste from production.
- Products or product parts being scrapped due to quality issues in production.
- Products being scrapped due to exceeded shelf life.
- Packaging waste for internal transportation between BIBS facilities.
- General waste (includes typical workplace-generated waste such as household-like waste, food waste, cardboard waste, and plastic waste from various everyday activities across our facilities).

New in-store cardboard displays

3 https://avl.dk/salg-af-genvanvendt-plast/

Circular Economy

Continued

Actions

- In 2024, we initiated a project to implement an enhanced batch management system in our warehouse, with an expected launch in Q2 2025. This new system aims to address the issue of products being scrapped due to exceeded shelf life in own warehouse. By providing better oversight and control of product batches, the system will help us reduce waste generated from this issue and contribute to more efficient inventory management. This initiative aligns with our commitment to minimizing waste and optimizing operational processes.
- In 2024, we began installing hot runners on our molding machines. A hot runner is a system used in plastic injection molding that allows molten plastic to flow directly into the mold cavities through heated channels, rather than using a traditional cold sprue system that creates excess material. By keeping the plastic in a molten state as it moves through the mold, hot runner systems eliminate or significantly reduce plastic waste generated during production.

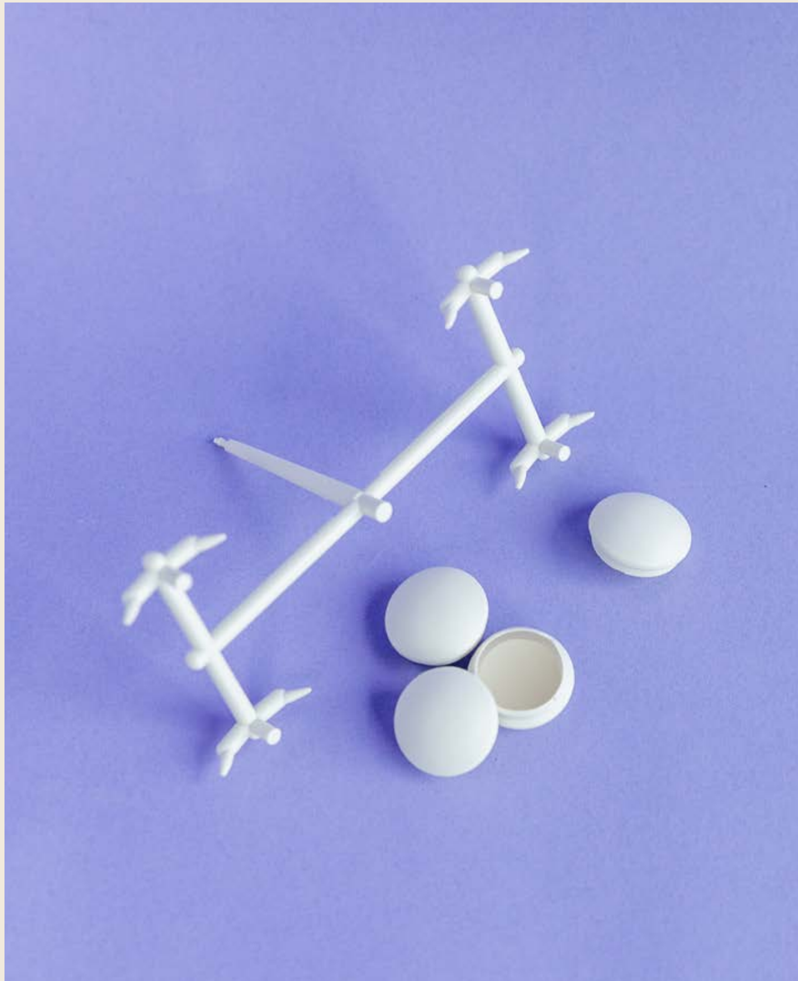
  By the end of 2024, most of our machines have been fitted with hot runners. In 2025, we will continue this effort by installing hot runners on the remaining applicable machinery, contributing to both environmental and cost-saving benefits.

Waste data	Unit	2024	2023
Waste total			
Inceniration	Tons	69.3	63.7
Recycled (plastic to AVL)	Tons	79	70.5
Recycled (mixed)	Tons	4.6	1.5
Hazardous	Tons	1.25	-
Recycled waste of total (HQ)	%	62.2	52.7

Method for counting:

The scope and reporting period for the data presented above align with the scope of the Financial Statements. All data covers the period from January 1, 2024, to December 31, 2024.

Data includes three BIBS locations in Denmark: Production, Warehouse, and HQ, unless specified. Data is collected from waste providers.



The image shows what plastic runners look like in one of our injection molding processes prior to the installation of hot runner systems. These "runners" are the solidified channels that guide molten plastic into the mold cavities and are discarded after each cycle, contributing to plastic waste. Once hot runners are installed, these plastic runners will be eliminated. The image is from one of the remaining machines where hot runners have not yet been installed — a focus area for 2025.

Own Workforce

Working Conditions

Our approach and policies

At BIBS, our employees are at the core of our success. We are committed to creating a workplace that reflects the highest standards of integrity, professionalism, and respect, making BIBS a place where people feel valued and motivated to contribute.

Our commitment to upholding labor rights is outlined in our Employee Manual, Anti-harassment, Inappropriate Behavior and Discrimination Policy, and Ethical Code of Conduct for Employees. Our Executive Management Team has approved all policies, which cover all employees. For an overview of all corporate policies, please refer to the table on page 77.

Further, BIBS complies with two ISO standards, ISO 9001 (quality management system) and 14001 (environmental management system), to maintain a robust management system that aligns with international best practices.

Actions

- Our Employee Manuals describe working hours, pension schemes, health insurance, parental leave, and much more. In 2024, we updated the Employee Manuals to also include more specifics on BIBS's stand on diversity and inclusion, our whistleblower scheme, how to avoid conflict of interest, and more. The rollout of the updated policies is currently proceeding. However, not all employees have been introduced to the updated sections of the manuals yet. Full implementation is expected to take place in 2025.
- Our Anti-harassment, Inappropriate Behavior, and Discrimination Policy outlines the prevention and handling of harassment, bullying, intimidation, discrimination, and inappropriate behavior. We maintain a zero-tolerance policy for such behavior, and in 2024, the current policy was updated to include more specific details on unacceptable conduct.
- In 2024, we transitioned to a new pension provider to ensure better conditions for our employees. This change reflects our commitment to supporting the long-term financial security and well-being of our workforce, providing enhanced benefits tailored to their needs.

Health and Safety

Our approach and policies

At BIBS, the health, safety, and well-being of our employees are of utmost importance. We are committed to fostering a safe, secure, and supportive workplace where everyone can thrive.

We actively encourage all employees to contribute to a culture of safety by adhering to established guidelines and promptly reporting any unsafe conditions or incidents. By taking a proactive and collaborative approach, we aim to prevent accidents, protect our colleagues, and promote a workplace where safety and well-being are integral to everything we do.

Additionally, we provide a range of support systems for our employees, including comprehensive health insurance that grants access to physical health professionals such as chiropractors, physiotherapists, and occupational therapists, as

Own Workforce

Continued

well as mental health professionals, including psychologists, that offer support for topics such as stress management, relationships, family issues, and more.

Actions

- We remain committed to maintaining strong health and safety records as we expand our business activities. This includes ongoing preventive and mitigating measures such as internal audits and inspections, personal risk dialogues, emergency drills, and safety training sessions.
- To minimize workplace noise, we have in 2024 installed noise-reducing barriers and applied sound-absorbing materials to walls in one of our production areas. These measures effectively limit noise levels, creating a quieter and more comfortable environment while ensuring compliance with safety standards and supporting employee well-being.
- To streamline our work with health and safety, we have been working on a comprehensive Health & Safety Policy that consolidates all other relevant policies within this area. This unified policy, with links to associated guidelines and procedures, will make it easier for employees to stay informed about updates and follow the correct protocols in their daily work. Further, the policy outlines clear roles and responsibilities within the topic, and it will serve as a cornerstone for our efforts to ensure a safe and secure environment for everyone at BIBS. Parts of the policy are still under development; therefore, its full implementation is expected to take place in 2025.

Training and Development

Our approach and policies

BIBS emphasizes our employees' development and education because it is important that they are professional and competent in relation to the changing tasks they need to handle. Personal development happens constantly as we encounter new challenges and gain new experiences. Education and development at BIBS primarily take place internally through on-the-job learning, new tasks, increased responsibilities, sparring with leaders and colleagues, and the opportunity to change departments. In addition, education and development may take place externally to a lesser extent through external courses or education programs.

Our commitment to employee education and development is outlined in our Employee Manual.

Actions

- Once a year, we conduct employee development interviews to identify areas for professional development and growth for our employees, facilitate career progression, and align employee goals with company goals. These conversations nurture a continually growing and thriving workforce, paramount to our organization's success. With the development conversations, we strive to foster a positive work environment, enhance productivity, and ensure employee satisfaction. This aligns individual career aspirations with our organizational goals and contributes significantly to talent retention and overall company performance.
- Several employees have participated in various educational programs and training sessions during the year that aligned with their specific development targets. However, as a strategic corporate initiative, selected middle managers have participated in a dedicated coaching and management course focused on enhancing leadership skills. This initiative underscores our commitment to fostering strong leadership and ensuring that our managers are equipped to guide their teams effectively and contribute to the company's success.
- In 2024, we strengthened our commitment to ESG by investing in a project with an external consultancy, focusing on key aspects of the CSRD. This project has allowed us to gain valuable insights into specific requirements of the CSRD, helping us start up with the alignment of practices with the directive and ensuring that we are well-prepared for future reporting obligations. This initiative deepens our understanding and integration of sustainability practices.

Own Workforce

Continued

Diversity and Collaboration

Our approach and policies

As a company having offices in 5 countries and having more than 20 different nationalities across our Danish facilities alone, needless to say, our colleagues have different cultural backgrounds. We believe that this promotes diversity, strong values, and great collaboration.

Diversity and inclusion are fundamental to who we are. We believe diversity is a powerful asset that enhances our quality, results, and values. Together, we aim to create a culture that supports kindness, fostering inclusivity and mutual respect.

We outline our commitment and guide employees within diversity in our Employee Manual and Ethical Code of Conduct for Employees. These two policies outline our commitment to fostering an inclusive workplace that reflects the diverse marketplace we serve and celebrates differences such as (but not limited to) age, ethnicity, nationality, gender, disability, pregnancy and maternity, sexual orientation, and religion.

Employee Engagement

Our approach and policies

Employee engagement is a top priority at BIBS, as we believe it is the foundation of a thriving and productive workplace. We foster engagement by encouraging open communication, providing opportunities for growth and development, recognizing and appreciating employee contributions, and promoting well-being through policies and practices. Our goal is to create a positive and inclusive culture where every employee feels valued, motivated, and empowered to contribute their best every day.

We use the platform Winningtemp, an employee engagement platform designed to gain accurate, detailed, and up-to-date insight into how your organization is feeling. Weekly questions aim to enhance our understanding of the ongoing dynamics within BIBS, assess employee satisfaction, and identify any potential signs of unhealthy habits or sentiments. It takes weekly "temperature checks" through anonymous surveys, which give valuable insight and feedback that can be used to improve employee engagement and retention, identify areas for improvement, improve communication, and help us benchmark our performance.

We outline our commitment to employee engagement in our Employee Manual and Ethical Code of Conduct for Employees.

Actions

- Continues assessment through Winningtemp to guide the continuous work on employee well-being. Leaders and middle managers are required to respond to answers and any feedback received.

Own Workforce

Continued

Social data	2024
Total number of employees	**148**
Total female employees	64 %
Total male employees	36 %
Total non-binary	0 %
Employees by country	
DK	
Total female employees	60 %
Total male employees	40 %
UK	
Total female employees	50 %
Total male employees	50 %
US	
Total female employees	100 %
Total male employees	0 %
DE	
Total female employees	0 %
Total male employees	100 %
PL	
Total female employees	50 %
Total male employees	50 %

Social data	2024
Gender balance middle management	
Female middle managers	56 %
Male middle managers	44 %
Employee Satisfaction (Scale 0-10)	7.5 (index 7.7)
Employee Engagement	78 %
Employee Safety (number of (injuries)	1
Employee Safety (number of fatal incidents)	0

Method for counting:

The scope and reporting period for the data presented above align with the scope of the Financial Statements. All data covers the period from January 1, 2024, to December 31, 2024.

Employee data is based on records from our registration system and has been drawn as of December 31, 2024.

Employee satisfaction and engagement data is collected through Winning Temp and has been drawn as of December 31, 2024.

Workers in the Value Chain

Human Rights and Labor Rights

Our approach and policies

BIBS recognizes our responsibility to ensure fair and safe working conditions for all workers involved in producing our products and services, whether directly employed by BIBS or part of our extended supply chain. We view human rights as fundamental principles for safeguarding human dignity and ensuring freedom and respect. This commitment extends across our operations, the companies we collaborate with, and the communities we engage with, reflecting our dedication to fostering fairness, inclusivity, and accountability throughout our value chain.

Our commitment to upholding human and labor rights is outlined in our Supplier Manual, Human Rights Policy, and Ethical Code of Conduct for Employees.

We respect key international human and labor rights standards in the UN Guiding Principles on Business and Human Rights, the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work, OECD Guidelines for Multinational Enterprises, and the International Bill of Human Rights.

Our human rights policy explicitly highlights our commitment to key principles, including ensuring freedom of association, the right to collective bargaining, the elimination of forced labor and child labor, and the provision of living wages, among other essential priorities.

Actions

- In 2024, we updated our Supplier Manual and separated the Human Rights section into a standalone Human Rights Policy to establish clearer and more specific requirements for our suppliers. Parts of the policy are still under development; therefore, its full implementation is expected to take place in 2025.
- We are committed to ensuring ethical and socially responsible practices throughout our supply chain. As part of this effort, in 2024, we have focused on obtaining Amfori BSCI social certifications for new non-European suppliers, as well as ensuring recertification for existing suppliers already holding these certifications. These certifications help us verify that our suppliers adhere to high standards for working conditions, fair treatment of employees, and compliance with international social responsibility principles.

Workers in the Value Chain

Continued

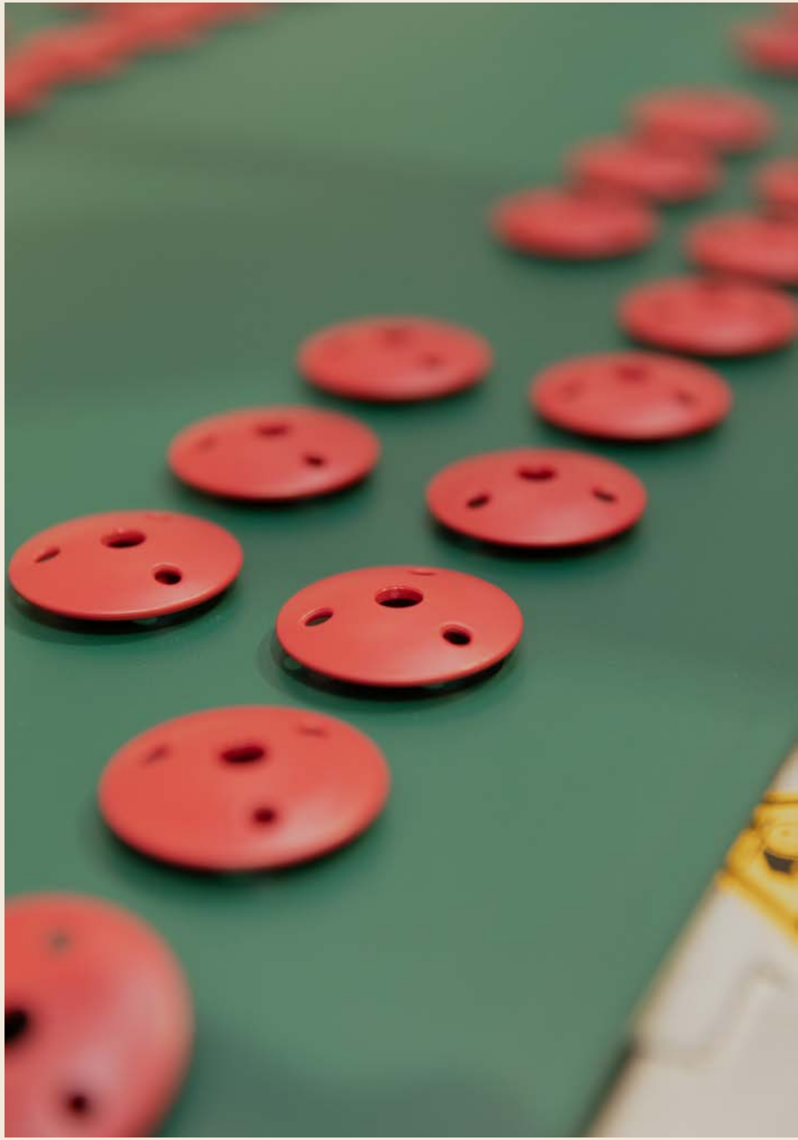
Supplier Transparency

Our approach and policies
To uphold human rights and achieve sustainable sourcing, supplier transparency is essential. At BIBS, we actively work to ensure transparency by maintaining close personal contact with key suppliers. Building strong, open relationships allows us to better understand their practices and align them with our values and expectations.

As part of our efforts, we distribute an annual voluntary supplier questionnaire to gather insights into our suppliers' operations and supply chains. This practice helps us monitor human rights, quality, and compliance standards, ensuring transparency remains a cornerstone of our supplier partnerships. By continuously fostering transparency, we aim to create a more responsible and sustainable supply chain.

Actions

- One key addition to our updated Supplier Manual is the formal requirement for suppliers to complete an annual questionnaire addressing aspects of their supply chain. As mentioned, we already send out voluntary questionnaires, which will now be a formal supplier requirement. Further, has the questionnaire been updated with more specific questions about topics taken directly from the ESRS framework to ensure alignment? This initiative is designed to provide greater visibility into supplier practices and ensure alignment with our expectations for ethical and sustainable operations.
- In 2024, we engaged with a third-party QC (Quality Control) and inspector to evaluate selected Chinese suppliers on-site. These audits focus on assessing quality control and compliance with our standards and responsible practices, product and factory inspections, product testing, and pre-shipment inspection. This initiative reflects our commitment to ensuring that our suppliers align with our expectations for quality, compliance, and transparency. By leveraging external expertise in China, we aim to strengthen oversight, improve accountability, and maintain the high standards our customers and stakeholders expect.
- Our quality department conducted follow-up audits for two key suppliers within Europe. The primary focus of these audits was on quality and compliance to ensure alignment with our standards. These audits help us build a better understanding of our suppliers' practices and reinforce our commitment to establishing strong and transparent supplier relationships.



Business Conduct

Corporate Culture

Our approach and policies

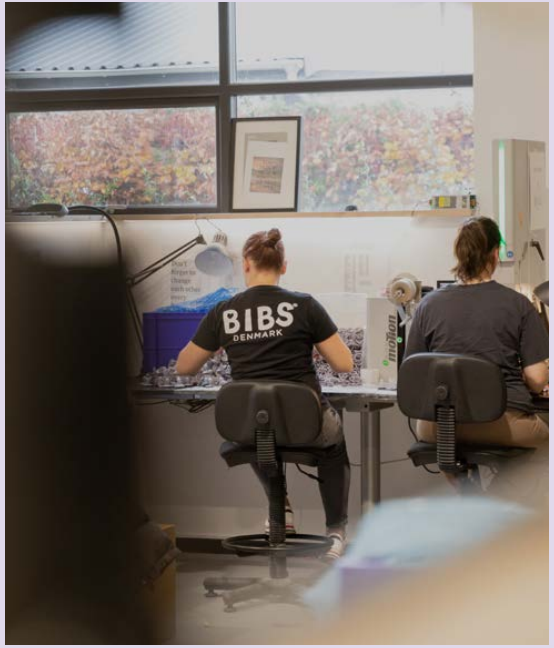
At BIBS, we are committed to upholding the highest standards of business conduct across our organization. Our governance framework is designed to ensure accountability, align with regulatory requirements, foster trust with stakeholders, and promote a healthy corporate culture.

Our commitment to upholding our corporate culture is outlined in our Employee Manual and Ethical Code of Conduct for Employees. Both policies serve as a guiding framework for employees, reflecting the values we strive to uphold as an organization, and provide guidance to all employees on the expected behavior at BIBS and in interactions with stakeholders.

By adhering to these policies, employees contribute to fostering a workplace culture of integrity, respect, and accountability. It supports our commitment to maintaining high standards across all aspects of our operations and helps us build trust with colleagues, customers, and stakeholders. Our Human Resources Department is responsible for establishing, developing, and promoting our corporate culture continuously and reports back to our Executive Management Team for them to evaluate performance. The Executive Management Team has approved all policies and holds ultimate responsibility for overseeing governance and business conduct matters.

Actions

- To foster a good, safe, inclusive working environment and corporate culture where employees can thrive, we developed a new format for our Ethical Code of Conduct for Employees. The purpose of this policy is to provide clear guidance to all employees of BIBS on maintaining the highest standards of integrity and professionalism in our work. It outlines the principles and behaviors expected from employees to ensure that our actions align with BIBS's values, protect our reputation, and promote trust with colleagues, customers, partners, and stakeholders. With the development of the new Ethical Code of Conduct for Employees in 2024, the focus for 2025 will be its implementation across the organization. To ensure that employees are familiar with the new policies and adhere to them, we plan to roll out a series of initiatives aimed at integrating the Code of Conduct effectively into our daily operations. Further, going forward, all new employees will be onboarded in our Code of Conduct (as well as other relevant policies) as a part of the onboarding program. This process is described in our On- and off-boarding Policy.
- During 2024, we have been developing a company intranet, launching in Q1 2025. This platform will serve as a centralized hub for all internal documents, including policies, guidelines, and procedures, ensuring they are easily accessible to employees. The intranet will streamline communication, enhance collaboration, and save time by providing quick access to essential information. It will also ensure consistency by hosting the most up-to-date versions of documents, supporting an efficient and well-informed workplace.



Business Conduct

Continued

Whistleblower System

Our approach and policies

Our commitment to business integrity is carried through the whistleblower system, which serves internal and external stakeholders. Our promise to protect whistleblowers against retaliation is outlined in our Whistleblower policy. The system is hosted by an external company, ensuring confidentiality as well as anonymity if the whistleblower prefers, in accordance with the EU Whistleblower Directive (2019/1937). Further, Winningtemp also serves as an internal whistleblower system, where employees can anonymously raise concerns or address misconduct or other violations of company policies or regulations.

Corruption and Bribery

Our approach and policies

In our organization, certain functions pose elevated risks for corruption and bribery due to their involvement in critical financial transactions and interactions with external stakeholders.

Our commitment to combating corruption and bribery is outlined in our Anti-Corruption and Bribery Policy, which establishes a zero-tolerance stance on such practices. This policy reflects our commitment to acting professionally, fairly, and with integrity in all business dealings and relationships, regardless of where we operate. To ensure compliance, we have implemented and continue to enforce effective IT systems designed to prevent, detect, and address bribery and corruption in financial transactions.

BIBS had no incidents relating to corruption or bribery during the reporting period.

	2024
Incidents relating to corruption or bribery	**0 %**

Method for counting:

The scope and reporting period for the data presented above align with the scope of the Financial Statements. All data covers the period from January 1, 2024, to December 31, 2024. Data is collected through the Finance department.

Financial Statements

Management's Statement on Annual Report

The Board of Directors and Board of Executives have today discussed and approved the Annual Report for the financial year 1 January - 31 December 2024 of AH License ApS.

The Annual Report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion the Consolidated Financial Statements and the Parent Company's Financial Statements give a true and fair view of the Group's and the Parent Company's financial position on 31 December 2024 and of the result of the Group and the Parent Company's operations and the Group's cash flow for the financial year 1 January - 31 December 2024.

In our opinion, the Management's Review includes a fair review of the matters the review deals with. We recommend that the Annual Report be approved at the Annual General Meeting.

Copenhagen, June 11 2025.

Board of Executives

Henrik Juel Larsen
CEO

Board of Directors

Henrik Juul Hansen
Chairman of the Board of Directors

Henrik Juel Larsen
Member of the Board of Directors

Michael Bisgaard Christensen
Member of the Board of Directors

Rasmus Emil Andersen
Member of the Board of Directors

Company Details

Company

AH License ApS
Høgevej 19, 3400 Hillerød

CVR No 29 53 11 29
Registered in: Copenhagen

Company Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionsaktieselskab
CVR No 33 77 12 31

Independent Auditor's Reports

To the Shareholder of AH License ApS

Opinion

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 as well as the consolidated cash flows for the financial year 1 January – 31 December 2024 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of AH License ApS for the financial year 1 January – 31 December 2024, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on the Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements and Parent Company Financial Statements that give a true and fair view in accordance with 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 about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material

Independent Auditor's Reports

Continued

misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting 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 disclosures, and whether the Financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the Consolidated Financial Statements and the Parent Company Financial Statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, 11 June 2025

PricewaterhouseCoopers
Statsautoriseret Revisionsaktieselskab
CVR No 33 77 12 31

Henrik Kyhnauv
State Authorized Public Accountant
mne40028

Sune Christensen Bjerre
State Authorized Public Accountant
mne47832

Consolidated Financial Statements

Income Statement

	GROUP		PARENT		
DKK	**31/12 2024**	**31/12 2023**	**31/12 2024**	**31/12 2023**	**Note**
Gross profit	**121,359,276**	**154,098,241**	**31,314,799**	**90,350,439**	
Staff costs	-81,175,178	-77,905,496	0	0	1
Profit before depreciation, interest and tax	**40,184,098**	**76,192,745**	**31,314,799**	**90,350,439**	
Amortization, depreciation, and impairment for loss of intangible and tangible fixed assets	-6,425,258	-5,821,125	-4,911,161	-4,444,048	6,7
Operating profit	**33,758,840**	**70,371,620**	**26,403,638**	**85,906,391**	
Income from investments in group enterprises	0	0	13,946,696	-2,411,496	7,8,9
Other financial income	2,568,179	765,892	9,635,118	3,107,864	2
Other financial expenses	-2,666,951	-4,015,378	-6,797,953	-280,589	3
Profit before tax	**33,660,068**	**67,122,134**	**43,187,499**	**86,322,170**	
Tax on profit for the year	-10,636,171	-24,674,835	-6,068,460	-20,143,828	4
Profit for the year	**23,023,897**	**42,447,300**	**37,119,039**	**66,178,342**	**5**

Assets

	GROUP		PARENT		
DKK	**31/12 2024**	**31/12 2023**	**31/12 2024**	**31/12 2023**	**Note**
Rights	2,113,018	3,110,185	2,113,018	3,110,185	
Completed development projects	2,157,657	1,072,135	0	0	
Development projects in progress	4,350,851	1,893,057	4,350,851	1,277,400	
Intangible assets	**8,621,526**	**6,075,377**	**6,463,869**	**4,387,585**	**6**
Leasehold improvements	1,282,889	1,734,926	0	0	
Plant and machinery	18,101,016	22,513,558	17,495,207	21,290,147	
Asset under construction	5,915,247	0	5,914,715	0	
Property, plant and equipment	**25,299,152**	**24,248,484**	**23,409,922**	**21,290,147**	**7,8**
Investments in group enterprises	0	0	5,607,354	660,658	
Other receivables	11,762,938	11,714,698	10,000,000	10,000,000	
Fixed asset investments	**11,762,938**	**11,714,698**	**15,607,354**	**10,660,658**	
Fixed assets	**45,683,615**	**42,038,559**	**45,481,145**	**36,338,390**	
Finished goods and goods for resale	65,038,463	45,793,661	0	0	
Work in progress	14,941,138	13,386,942	0	0	
Raw materials and consumables	9,451,386	5,604,048	0	0	
Inventories	**89,430,987**	**64,784,651**	**0**	**0**	
Trade receivables	47,516,924	37,899,581	0	0	
Receivables from group enterprises	5,562,427	708,830	309,640,331	181,601,240	
Other receivables	11,841,223	19,776,839	0	2,834,865	
Prepayments	3,542,863	1,474,763	0	0	9
Joint tax contribution receivables	0	0	-800	0	
Receivables	**68,463,437**	**59,860,013**	**309,639,531**	**184,436,105**	
Cash	**51,194,427**	**44,069,381**	**49,056**	**6,680,992**	
Current assets	**209,088,851**	**168,714,045**	**309,688,587**	**191,117,097**	
Total assets	**254,772,466**	**210,752,605**	**355,169,732**	**227,455,487**	

Equity and Liabilities

	GROUP		PARENT		
DKK	**31/12 2024**	**31/12 2023**	**31/12 2024**	**31/12 2023**	**Note**
Share capital	125,200	125,200	125,200	125,200	10
Reserve for development costs	0	0	3,393,663	996,372	
Retained earnings	2,702,488	2,378,249	48,281,825	35,560,077	
Proposed dividends for the financial year	22,000,000	28,000,000	22,000,000	28,000,000	
Equity	**24,827,688**	**30,503,449**	**73,800,689**	**64,681,649**	
Provision for deferred tax	1,715,339	1,992,361	1,217,429	1,572,025	4
Provisions	**1,715,339**	**1,992,361**	**1,217,429**	**1,572,025**	
Current portion of long-term liabilities other than provisions	107,150	483,942	0	0	
Other credit institutions	189,118	20,213	0	0	
Trade payables	25,115,946	14,735,423	4,267,045	800,883	
Payables to group enterprises	152,604,654	126,739,231	248,619,712	140,667,791	
Joint tax contribution payables	29,685,385	20,700,461	26,154,486	19,731,430	4
Other payables	20,527,186	15,577,525	1,110,371	1,709	
Short-term liabilities other than provisions	**228,229,439**	**178,256,795**	**280,151,614**	**161,201,813**	
Liabilities other than provisions	**228,229,439**	**178,256,795**	**280,151,614**	**161,201,813**	
Total equity and liabilities	**254,772,466**	**210,752,605**	**355,169,732**	**227,455,487**	

Additional notes:

10 Share capital
11 Contractual obligations
12 Contingent assets
13 Contingent liabilities
14 Related parties
15 Group structure
16 Adjustments (cash flow)
17 Subsequent event

Statement of Changes in Equity

GROUP

DKK	Share capital	Retained earnings	Proposed dividends	Total
Equity at 1/1 2023	**125,200**	**-12,069,052**	**39,500,000**	**27,556,148**
Dividends paid	0	0	-39,500,000	-39,500,000
Transferred from distribution of profit/loss	0	14,447,300	28,000,000	42,447,300
Equity at 1/1 2024	**125,200**	**2,378,249**	**28,000,000**	**30,503,449**
Dividends paid	0	0	-28,000,000	-28,000,000
Transferred from distribution of profit/loss	0	1,023,897	22,000,000	23,023,897
Currency	0	-699,658	0	-699,658
Equity at 31/12 2024	**125,200**	**2,702,488**	**22,000,000**	**24,827,688**

PARENT

DKK	Share capital	Reserve for development costs	Retained earnings	Proposed dividends	Total
Equity at 1/1 2023	**125,200**	**0**	**-1,621,893**	**39,500,000**	**38,003,307**
Dividends paid	0	0	0	-39,500,000	-39,500,000
Transferred from distribution of profit/loss	0	996,372	37,181,970	28,000,000	66,178,342
Equity at 1/1 2024	**125,200**	**996,372**	**35,560,077**	**28,000,000**	**64,681,649**
Dividends paid	0	0	0	-28,000,000	-28,000,000
Transferred from distribution of profit/loss	0	2,397,291	12,721,748	22,000,000	37,119,039
Equity at 31/12 2024	**125,200**	**3,393,663**	**48,281,825**	**22,000,000**	**73,800,689**

The total share capital consists of 125,200 shares of each 1 DKK.

The company has issued a total of 8,863 warrants to key employees, management, employees in group companies, consultants and board members. The issued warrants may be exercised in case of an exit on ageres terms. If no exit has occurred by 31 December 2028, the warrant holders may exercise their warrants during the month of January 2029

Cash Flow Statement

	GROUP		
DKK	**2024**	**2023**	**Note**
Profit for the year	23,023,897	42,447,300	
Amortization, depreciation, and impairment loss of intangible and tangible fixed assets	6,425,258	5,821,125	
Adjustments	9,877,899	27,924,290	16
Change in trade receivables	-9,617,343	-1,041,205	
Change in trade payables	10,380,523	1,759,820	
Change in other working capital items	-14,205,951	-20,818,811	
Cash from operating profit/loss	**25,884,283**	**56,092,519**	
Financial income	2,568,179	765,892	
Financial expenses	-2,666,951	-4,015,378	
Income tax paid	-959,239	-10,664,597	
Cash flows from operating activities	**24,826,273**	**42,178,436**	
Acquisition of intangible assets	-4,001,739	-2,624,054	
Acquisition of property, plant and equipment	-5,862,949	-1,935,704	
Acquisition of fixed asset investments	-48,240	-528,403	
Cash flows from investing activities	**-9,912,928**	**-5,088,161**	
Dividends paid	-28,000,000	-39,500,000	
Transactions with group	20,042,795	14,260,497	
Cash flows from financing activities	**-7,957,205**	**-25,239,503**	
Changes for the year in cash and cash equivalents	**6,956,140**	**11,850,772**	
Cash and cash equivalents at 1/1	44,049,168	32,198,396	
Cash and cash equivalents at 31/12	**51,005,309**	**44,049,168**	
That can be specified as:			
Cash	51,194,427	44,069,381	
Other credit institutions (short term)	-189,118	-20,213	
Cash and cash equivalents at 31/12	**51,005,309**	**44,049,168**	

Notes

1. Staff Costs

	GROUP		PARENT	
DKK	**2024**	**2023**	**2024**	**2023**
Wages and salaries	72,071,965	65,069,943	0	0
Pensions	7,400,124	6,146,887	0	0
Other social security costs	1,470,706	990,128	0	0
Other staff costs	232,383	5,698,538	0	0
Total	**81,175,178**	**77,905,496**	**0**	**0**
Average number of full-time employees	**143**	**122**	**1**	**1**
Remuneration:				
Including remuneration to the Executive Board and Board of Directors	4,609,355	4,369,174	100,000	150,000
Total	**4,609,355**	**4,369,174**	**100,000**	**150,000**

Referring to section 98 b(3) of the Danish Financial Statements Act, remuneration of the Executive Board and the Board of Directors have been disclosed on aggregated level. In late 2023, the Group made some organisational changes including replacing the CMO and CPO. The severance cost effects salary level for 2023. Wage costs for parent are incurred by the subsidiaries.

2. Other Financial Income

	GROUP		PARENT	
DKK	**2024**	**2023**	**2024**	**2023**
Financial income from group companies	0	0	8,923,501	2,996,748
Other financial income	2,568,179	765,892	711,617	111,116
Total	**2,568,179**	**765,892**	**9,635,118**	**3,107,864**

3. Other Financial Expenses

	GROUP		PARENT	
DKK	**2024**	**2023**	**2024**	**2023**
Financial expenses from group companies	0	0	6,160,602	92,059
Other financial expenses	2,666,951	4,015,378	637,351	188,530
Total	**2,666,951**	**4,015,378**	**6,797,953**	**280,589**

4. Tax on Profit/Loss for the Year, Corporation Tax and Deferred Tax

	GROUP		PARENT	
DKK	**2024**	**2023**	**2024**	**2023**
Tax on profit/loss for the year:				
Tax on taxable income for the year	10,913,193	24,211,340	6,423,056	19,731,430
Deferred tax	-277,022	463,495	-354,596	412,398
Total	**10,636,171**	**24,674,835**	**6,068,460**	**20,143,828**
Deferred tax				
Deferred tax at 1/1	1,992,361	1.528.866	1,572,025	1,159,627
Deferred tax of the year in the income statement	-277,022	463,495	-354,596	412,398
Deferred tax at 31/12	**1,715,339**	**1,992,361**	**1,217,429**	**1,572,025**
Deferred tax is incumbent upon the following assets and liabilities				
Property, plant and equipment	1,426,683	1,743,477	1,404,789	1,695,331
Finance lease	1,332	806	0	0
Intangible assets	424,722	183,771	0	-123,306
Acquired rights	-137,399	64,237	-187,361	0
Operating equipment including rental activities and art	0	69	0	0
Deferred tax liabilities at 1 January	420,377	0	0	0
Tax loss carry-forward	-420,377	1	0	0
Total	**1,715,338**	**1,992,361**	**1,217,428**	**1,572,025**

5. Distribution of Profit/Loss

	GROUP		PARENT	
DKK	**2024**	**2023**	**2024**	**2023**
Retained earnings	1,023,897	14,447,300	16,286,482	38,178,342
Proposed dividends for the financial year	22,000,000	28,000,000	22,000,000	28,000,000
Profit/loss for the year	**23,023,897**	**42,447,300**	**39,282,854**	**66,178,342**

6. Fixed Assets, Amortization and Impairment, Intangible Assets

GROUP				
DKK	Rights	Development projects in progress	Completed development projects	Total
Cost at 1/1 2024	5,774,257	1,893,057	1,498,957	9,166,271
Additions for the year	119,053	3,073,450	1,424,893	4,617,396
Disposals for the year	0	-615,657	0	-615,657
Cost at 31/12 2024	**5,893,310**	**4,350,851**	**2,923,850**	**13,168,010**
Amortization and impairment at 1/1 2024	2,664,072	0	426,822	3,090,894
Amortization and depreciation for the year	1,116,220	0	339,371	1,455,591
Amortization and impairment at 31/12	**3,780,292**	**0**	**766,193**	**4,546,485**
Carrying amount at 31/12 2024	**2,113,018**	**4,350,851**	**2,157,657**	**8,621,525**

PARENT			
DKK	Rights	Development projects in progress	Total
Cost at 1/1 2024	5,774,257	1,277,400	7,051,657
Additions for the year	119,053	3,073,450	3,192,502
Cost at 31/12 2024	**5,893,310**	**4,350,851**	**10,244,160**
Amortization and impairment at 1/1 2024	2,664,072	0	2,664,072
Amortization and depreciation for the year	1,116,220	0	1,116,220
Amortization and impairment at 31/12	**3,780,292**	**0**	**3,780,292**
Carrying amount at 31/12 2024	**2,113,018**	**4,350,851**	**6,463,868**

During the current year, the Group has initiated several new product development projects. These projects are designed to support the Group's longterm strategy and are expected to contribute positively to both cash flow and revenue in the coming years. The projects include the development of new products within the same product categories that the Group currently markets.

These projects are assessed for their technical feasibility and their ability to generate economic returns before capitalization, in accordance with IAS 38 (intangible assets). Intangible assets are amortized on a straight-line basis over their useful life, which is estimated to be 7 years based on the expected design obsolescence of the products. Investments in new development projects are essential to ensure the Group's competitiveness and growth.

In the subsidiary BIBS Danmark ApS, development of own webshops has been initiated to support the Group's strategic focus on online trading. BIBS Production ApS has initiated the implementation of a production batch management system to support improved product and inventory management.

7. Fixed Assets, Amortization, Depreciation and Impairment, Property, Plant and Equipment

	GROUP			
DKK	**Leasehold improvements**	**Plant and machinery**	**Asset under construction**	**Total**
Cost at 1/1 2024	2,674,459	40,856,242	0	43,530,701
Additions for the year	156,015	0	5,915,247	6,071,262
Disposals for the year	-208,313	0	0	-208,313
Cost at 31/12 2024	**2,622,161**	**40,856,242**	**5,915,247**	**49,393,650**
Amortization, depreciation and impairment at 1/1 2024	932,386	18,341,220	0	19,273,606
Amortization and depreciation for the year	555,661	4,414,006	0	4,969,667
Amortization, depreciation and disposals for the year	-148,775	0	0	-148,775
Amortization, depreciation and impairment at 31/12 2024	**1,339,272**	**22,755,226**	**0**	**24,094,498**
Carrying amount at 31/12 2024	**1,282,889**	**18,101,016**	**5,915,247**	**25,299,152**

	PARENT		
DKK	**Plant and machinery**	**Asset under construction**	**Total**
Cost at 1/1 2024	37,583,851	0	37,583,851
Additions for the year	0	5,914,715	5,914,715
Cost at 31/12 2024	**37,583,851**	**5,914,715**	**43,498,566**
Amortization, depreciation and impairment at 1/1 2024	16,293,704	0	16,293,704
Amortization, depreciation and impairment for the year	3,794,941	0	3,794,941
Amortization, depreciation and impairment at 31/12 2024	**20,088,645**	**0**	**20,088,645**
Carrying amount at 31/12 2024	**17,495,207**	**5,914,715**	**23,409,922**

8. Investments in Group Enterprises

DKK	31/12 2024	31/12 2023
Cost 1/1 2024	7,140,871	2,140,871
Additions for the year	0	5,000,000
Disposals for the year	0	0
Cost at 31/12 2024	**7,140,871**	**7,140,871**
Revaluation at 1/1 2024	-6,480,213	26,060,471
Profit or loss for the year	13,946,696	-2,411,496
Provisions for investments in Group enterprises, liabilities	0	-2,829,188
Dividend received during the year	-9,000,000	-27,300,000
Revaluation at 31/12 2024	**-1,533,517**	**-6,480,213**
Carrying amount at 31/12 2024	**5,607,354**	**660,658**

Group Enterprises	Ownership share	Profit or loss for the year	Equity
Bibs Danmark ApS, Hillerød	**100%**	**9,630,896**	**1,921,743**
Internal margins on inventory		1,290,847	0
BIBS Production ApS, Hillerød	**100%**	**2,906,281**	**3,685,611**
Internal margins on inventory		44,191	0
BIBS America Inc,, USA	**100%**	**12,763,713**	**0**
Internal margins on inventory		-12,763,713	0
BIBS Trading UK Limited, United Kingdom	**100%**	**612,360**	**0**
Internal margins on inventory		-530,491	0
BIBS Poland Sp,Zo,o,	**100%**	**-405,469**	**0**
Internal margins on inventory		398,081	0
Total		**13,946,696**	**5,607,354**

9. Prepayments

	GROUP		PARENT	
DKK	**2024**	**2023**	**2024**	**2023**
Software	349,038	132,317	0	0
Trade goods	2,593,801	1,333,489	0	0
External costs	600,024	8,957	0	0
Total	**3,542,863**	**1,474,763**	**0**	**0**

10. Share Capital

The share capital consists of 1,252 certificates of DKK 100. The shares have not been divided into classes.

11. Contractual Obligations

Group

The Group has entered into rent for lease of improvements, with 3 months notice. The total rent commitment represents thousand DKK 60 and distributed evenly over the period. The lease is interminable with different notice until 1st. January 2026. The total lease commitment represents thousand DKK. 3,242 and distributed evenly over the period.

The Group has entered obligations on rented premises, with 6 moths notice.

12. Contingent Assets

Group and Parent Company
The Company has filed a claim for damages against a competitor for damages regarding product replica. The case is expected finalised during the next financial year. Management expects to win the case.

The Danish Maritime and Commercial Court have granted the company an injunction against the competitor. In relation to the injuction, the company have paid a security on thousand DKK 10,000. The amount is presented under long-term other receivables in the balance sheet

13. Contingent Liabilities

Parent Company
The company is jointly taxed with other group companies and is jointly liable with the other group companies for payable and settled corporation and withholding taxes.The total amount for payable corporate tax is shown in the annual report for AH Group Holding ApS. Any subsequent corrections to the corporate tax and withtholding taxes can lead to a higher liability for the Company..

14. Related Parties

The Company's related parties comprise the following:

Controlling influence:	**Basis of controlling influence:**
AH Group Holding ApS Gøgevænget 12, Gadevang Hillerød, 3400, Denmark	Main shareholder
AH Group Holding ApS Gøgevænget 12, Gadevang Hillerød, 3400, Denmark	Owner of AH License ApS with 100%
Henrik Juel Larsen	Owner of AH Group Holding ApS with 50%
Ann-Cathrine Juel Lythcke	Owner of AH Group Holding ApS with 50%

No disclosures of transactions with related parties as Management believes that all trancations with related parties have been carried out on arms length basis.

15. Group Structure

Consolidated Financial Statements The Company is included in the Group Annual Reports of the Parent Companies of the largest group:

Largest Group company:

AH Group Holding ApS
Gøgevænget 12, Gadevang
Hillerød, 3400, Denmark

16. Adjustments (cash flow)

	GROUP	
DKK	**2024**	**2023**
Other financial income	-2,574,457	-765,892
Other financial expenses	2,673,229	4,015,378
Tax on profit/loss for the year	10,913,193	24,211,340
Adjustment deferred tax	-277,022	463,495
Other adjustments	-857,043	-30
Total	**9,877,899**	**27,924,290**

17. Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Summary of Significant Accounting Policies

Summary of Significant Accounting Policies

The Annual Report has been prepared in accordance with Danish Financial Statements Act, as well as generally accepted accounting principles. The Annual Report has been prepared in accordance with the reporting requirements of the Danish Financial Statements Act of class C enterprises for medium-sized enterprises.

The accounting policies have not been changed from last year.

The Financial Statements for 2024 are presented in DKK.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the Consolidated financial statements, the Parent Company has not prepared a cash flow statement.

Recognition and Measurement

The financial statements have been prepared based on historical cost.

The income is recognized in the income statement as earned. Value adjustments of financial assets and liabilities measured at fair value or amortized cost are recognized. Furthermore, all costs incurred to earn the profit or loss for the year have been recognized in the income statement, including amortization, depreciation, write-down and provisions, as well as reversals as a consequence of changed accounting estimates of amounts previously recognized in the income statement.

Assets are recognized in the balance sheet when it is probable that future economic benefits will flow into the Company, and the value of the asset can be measured reliably.

Liabilities are recognized in the balance sheet when it is probable that future economic benefits will flow out of the Company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each financial statement item.

Certain financial assets and liabilities are measured at amortized cost, by which a constant redemption yield is recognized over the term. Amortized cost is calculated as original cost less instalments and addition/deduction of the accumulated amortization of the difference between cost and the nominal amount. Thereby, capital and exchange losses or gains are allocated over the term.

On recognition and measurement, anticipated losses and risks that appear before presentation of the Annual Report and which confirm or invalidate affairs or conditions existing at the balance sheet date are considered.

The functional currency is Danish kroner, DKK. All other currencies are considered foreign currencies.

Summary of Significant Accounting Policies

Foreign Currency Translation

During the year, transactions in foreign currencies have been translated by applying the exchange rate at the transaction date. If currency positions are considered a hedge of future cash flows, the value adjustments are recognized directly in equity. Receivables and debt denominated in foreign currencies have been recognized at the exchange rate of the balance sheet date. Realized and unrealised exchange gains and losses have been recognized in the income statement under other financial income and expenses.

Consolidated Financial Statement

The Consolidated Financial Statements comprise the Parent Company and the enterprises (Group enterprises) controlled by the parent company. The Parent Company is deemed to be controlling an enterprise when it directly or indirectly controls more than 50% of the voting rights or is otherwise able to exercise control or de facto control with respect to the economic and operational decisions in the enterprise.

The Consolidated Financial Statements are prepared on the basis of the audited financial statements of the Parent Company and the Group enterprises by the adding together of items of a uniform nature.

In the preparation of the Consolidated Financial Statements, all intercompany balances, income and expenses, as well as gains and losses arising from transactions between the Group enterprises have been eliminated.

Equity investments in the Group enterprises have been eliminated by the Group enterprises' proportionate shares of the equity value. The financial statements used for the purpose of consolidation have been prepared in accordance with the consolidated accounting policies. The net profit or loss for the year and the equity of foreign enterprises have been expressed in DKK (Danish kroner).

Where Group enterprises have been acquired, the balance resulting from the elimination has to the extent possible been distributed on the assets and liabilities of the Group enterprises whose value is above or below the amount at which they were booked when the Group relation was established. Any remaining positive balance is treated as consolidated goodwill and stated under intangible assets. A negative difference reflecting an expected cost or an unfavourable development is recognized as income in the income statement in the year of acquisition.

Income Statement

The income statement has been classified by nature.

Gross Profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income, expenses for raw materials and consumables and other external expenses.

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Other Operating Income

Other operating income comprises income of a secondary nature, as viewed in relation to the company's primary activities, including payments received from public authorities, as well as profit on sale of fixed assets.

Expenses for Raw Materials and Consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

External Expenses

External expenses comprise cost of raw materials and consumables, as well as selling costs, office costs and administrative expenses.

Staff Costs

Staff costs include among others wages and salaries (including holiday pay and pensions, and other social security costs etc.) to the Company's employees. Staff costs are reduced with payments received from public authorities.

Income From Investments in Group Enterprises

Income from investments in Group enterprises comprises the pro rata share of the Group enterprises' operating profit/loss adjusted for internal profits and losses less annual amortization of goodwill on consolidation.

Other Financial Income

Financial income is recognised with amounts concerning the the financial year. Financial income comprise interest, as well as realized and unrealized exchange gains.

Other Financial Expenses

Financial expenses are recognized with amounts concerning the financial year. Financial items comprise interest, realized and unrealized exchange gains and losses, as well as interest surcharge and interest reimbursements under the Danish Tax Prepayment Scheme.

Tax on Profit or Loss for the Year Income Taxes

Tax on profit or loss for the year represents 22% of the book profit or loss adjusted for nontaxable and non-deductible items.

Tax on profit or loss for the year consists of the anticipated tax portion of the taxable income for the year adjusted for the changes for the year in deferred tax. Changes in deferred taxes due to the adjustment of tax rates are recognized in the income statement.

The Company is jointly taxed with other Danish Group enterprises, with AH Group Holding ApS as management company. The tax effect of the joint taxation is allocated among the Group enterprises in ratio to their taxable income according to the rules on full allocation, with a refund for tax losses of the Danish Corporation Tax Act.

Corporation tax relating to the financial year, which has not been settled at the balance sheet date, is to be classified as corporation tax in receivables or liabilities other than provisions.

Joint tax contributions between the jointly taxed companies, which have not been settled at the balance sheet date are classified as joint tax contributions in receivables or liabilities. The Company is subject to the Danish Tax Prepayment Scheme. Interest reimbursement and interest surcharge have been recognized in financial income and expenses.

Balance Sheet

The balance sheet has been presented in account form.

Assets

Intangible assets
Intangible assets are measured at cost less accumulated amortization. Assets are amortized on a straight-line basis over their estimated useful lives:

Rights	7 yrs.
Completed development projects	7 yrs.

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item 'Reserve for development costs'.

Property, plant and equipment
Property, plant, and equipment are measured at cost less accumulated amortization and depreciation. The basis of amortization and depreciation is cost less estimated residual value after the end of useful life. Cost comprises the acquisition price, as well as costs directly related to the acquisition until the time when the asset is ready to be put into operation. For self-produced property, plant, and equipment, indirect production costs are also included. Indirect production costs include indirect materials and payroll, as well as maintenance and depreciation of production equipment applied for the production of the assets. The cost price for an asset is divided into separate components that are depreciated separately if the useful life of the individual components is significantly different.

Depreciation is initiated when the assets are ready to be taken into operation. Assets are depreciated on a straight-line basis over their estimated useful lives with following residual values: Useful lives Residual value.

Leasehold improvements	5 – 10 yrs.
Plant and machinery	5 – 10 yrs.
Other fixtures	5 – 10 yrs.

Balance Sheet

Continued

Minor purchases with useful lives below one year have been recognized as expenses in the income statement in external expenses.

Profit/loss on sale or retirement has been included in the income statement under other operating income and other operating expenses.

Leasing

Property, plant and equipment that are assets held under lease, and meet the conditions for financial leasing, are accounted for according to the same guidelines as owned assets. Assets held under lease are recognized in the balance sheet at the lower of fair value and present value of the future lease payments. On calculation of the present value, the internal interest rate of the lease is applied as discount factor or an approximate value thereof. Assets held under finance lease are depreciated and written down according to the same policies as are determined for the Company's remaining fixed assets.

The capitalized remaining lease commitment is recognized in the balance sheet as a liability other than provisions, and the interest portion of lease payments is recognized over the term of the lease in the income statement.

Remaining leases are considered operating leases. Payments in relation to operating leases are recognized on a straight-line basis in the income statement over the term of the lease.

Impairment of intangible assets and property, plant, and equipment

The carrying amount of intangible assets and property plant and equipment is reviewed annually for indication of impairment for loss, apart from what is expressed by usual amortization and depreciation. If this applies, impairment for loss is made of each asset or group of assets, respectively, to lower recoverable amount.

As recoverable amount, the higher of expected net selling price and net present value is applied. The net present value is calculated as the present value of the anticipated cash flows from the use of the asset or the group of assets.

Impairment for loss for the year is recognized in the income statement as amortization, depreciation and impairment for loss of property, plant, and equipment and intangible assets.

Investments in Group enterprises

Investments in Group enterprises have been recognised according to the equity method, so that the investment is measured at the pro rata share of the Group enterprises' net asset value adjusted for internal dividends and gains.

Distributable reserves in Group enterprises, which are distributed as dividends to the Parent at the balance sheet date are included in the value of investments.

Group enterprises with negative net asset values are measured at zero, and any receivable from such enterprises is written down by the Parent's share of the negative net asset value to the extend deemed irrecoverable. If the negative net asset value exceeds the amount receivable, the remaining amount is recognized in provisions to the extent the Parent has a legal or constructive obligation to cover therelevant enterprise's liabilities.

Acquisition of Group enterprises are recognized at cost. The difference between the cost price and the net asset value of the

Balance Sheet

Continued

acquired company, which appears at the time of establishing the consolidation, is as far as possible allocated to the assets and liabilities whose value is higher or lower than the carrying amount. A remaining positive difference is treated as goodwill and included in the value of investments, which is amortized in the income statement. A negative difference, reflecting an expected cost or an unfavourable development, is recognized as income in the income statement in the year of acquistion.

The total net revaluation of investments in Group enterprises is allocated via the profit distribution to "reserve for net revaluation according to the equity method" under equity. The reserve is reduced by dividend distributions to the Parent and is adjusted by changes in equity in the Group enterprises.

Other receivables (fixed assets)

Other receivables recognized under fixed assets comprise rental deposits measured at amortized cost, which usually correspond to a nominal amount. In events when the carrying amount exceeds the recoverable amount, impairment for loss is made to such lower value. Impairment for loss for the year is recognized in the income statement as impairment for loss of financial assets.

Inventories

Inventories are measured at cost according to the FIFO method. In the event of cost exceeding net realisable value, write-down is made to this lower value.

Cost of goods for resale, as well as raw materials and consumables, comprises purchase price plus landing costs.

Cost of own-produced finished goods, as well as work-in-progress comprises cost of raw materials, consumables and plus indirect production costs. Indirect production costs include indirect materials and wages, as well as maintenance and depreciation of the production equipment applied or the production. The net realizable value of inventories is alculated at the amount expected to begenerated by sale in the process of normal operations with deduction of selling expensesand costsof completion. The net realizable value is determined allowing for marketability, obsolescence and development in expected sales sum.

Receivables

Receivables are measured at amortized cost, which usually correspond to a nominal value. The value is reduced by write-down for bad debt according to an individual assessment. Prepayments Prepayments comprise costs incurred relating to subsequent financial years.

Equity and Liabilities

Equity

Management's proposed dividends for the financial year are disclosed as a separate item in equity.

Reserve for net revaluation according to equity method comprises net revaluation in Group enterprises. The reserve is reduced by dividend distributed to the Parent and adjusted for other equity movements in the Group enterprises. The reverse may be eliminated with negative retained earnings. The reserve is reduced or dissolved when divesting the Group Enterprises.

Balance Sheet

Continued

Provision for deferred tax

Deferred tax is measured according to the liability method. A 22 % deferred tax provision has been made on all temporary differences between carrying amount and tax-based value of assets and liabilities.

Deferred tax is also measured with respect to the planned use of the asset and the settlement of the liability. The tax value of the tax losses to be carried forward is included in the calculation of deferred taxes if it is probable that the losses can be utilised.

Deferred tax assets which are not expected to be utilised within a few years have been disclosed in notes under contingent assets.

Financial debts

Short-term debts are measured at amortized cost, substantially corresponding to nominal value.

Financial liabilities are recognized when raising the loan at the proceeds received after deduction of borrowing costs, directly addressed by the loan. In subsequent periods, financial liabilities are measured at amortized cost equal to the capitalized value using the effective interest rate, so the difference between the proceeds and the nominal value is recognized in the income statement over the loan period.

Financial debts also include the capitalized residual obligation on finance leases.

Cash Flow Statement

The cash flow statement shows the Group's and the Company's cash flows for the year, as well as the Group's and the Company's cash and cash equivalents at year-end.

Cash flows from acquisitions and divestments are shown separately under cash flows from investing activities. In the cash flow statement, cash flows regarding acquired companies are recognized from the date of acquisition and cash flows from divested companies are recognized until the transfer date.

Cash flows from operating activities have been calculated as profit or loss adjusted for noncash operating items, financial income and expenses paid, corporation taxes, as well as increase and decrease in inventories, trade receivables, trade payables, and other changes in assets and liabilities other than provisions derived from operations.

Cash flows from investing activities comprise payments in connection with acquisition and sale of fixed assets.

Cash flows from financing activities comprise payments from inception and repayment of long-term liabilities other than provisions, as well as payments made to and received from shareholders. Cash and cash equivalents comprise cash funds, as well as operating credits at credit institutions included in the Group and the Company's cash management. In accordance with the Danish Financial Statements Act §86,4 the Parent Company has not prepared a cash flow statement.

Financial Highlights

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark. Financial highlights are calculated on basis of the financial statements, and no adjustments nor normalisations for analysis purposes have been made unless expressed in the section of the financial highlights.

The ratios have been calculated as follows:

$$\text{Return on invested capital} = \frac{\text{Operating profit * 100}}{\text{Average invested capital}}$$

$$\text{Solvency} = \frac{\text{Equity at year-end * 100}}{\text{Total assets}}$$

$$\text{Return on equity} = \frac{\text{Profit or loss for the year * 100}}{\text{Average equity}}$$

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