



Baby Dan A/S

Niels Bohrs Vej 14
8670 Låsby
CVR No. 16092045

Annual report 2024

The Annual General Meeting adopted the
annual report on 09.07.2025

Torben Stærkær Frandsen
Chairman of the General Meeting

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Entity details

Entity

Baby Dan A/S
Niels Bohrs Vej 14
8670 Låsby

Business Registration No.: 16092045
Registered office: Skanderborg
Financial year: 01.01.2024 - 31.12.2024

Board of Directors

Torben Stærkær Frandsen
Klas Boris Erik Cleasson

Executive Board

Søren Pjengaard

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
City Tower, Værkmestergade 2
8000 Aarhus C

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Baby Dan A/S for the financial year 01.01.2024 - 31.12.2024.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2024 and of the results of its operations for the financial year 01.01.2024 - 31.12.2024.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Skanderborg, 09.07.2025

Executive Board

Søren Pjengaard

Board of Directors

Torben Stærkær Frandsen

Klas Boris Erik Cleasson

Independent auditor's report

To the shareholders of Baby Dan A/S

Report on the audit of the financial statements

Qualified opinion

We have audited the financial statements of Baby Dan A/S for the financial year 01.01.2024 - 31.12.2024, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, except for the possible effect of the matter described in the "Basis for qualified opinion" section, the financial statements give a true and fair view of the Entity's financial position at 31.12.2024 and of the results of its operations for the financial year 01.01.2024 - 31.12.2024 in accordance with the Danish Financial Statements Act.

Basis for qualified opinion

Reference is made to note 3 in the financial statements where Management describe that the company has recognised a receivable from group enterprises amounting to DKK 62 mio. The receivable is from the parent company, Aika Invest ApS, whose sole activity is to own shares in Baby Dan A/S.

As a result, the value of the receivable depends on Baby Dan A/S's own ability to generate sufficient results and liquidity to make distributions to settle the intercompany balance. Alternatively, Aika Invest ApS must sell shares in Baby Dan A/S to finance the loan.

In connection with our audit, it has not been possible to obtain sufficient audit evidence for the value of the receivable from group enterprises, and as a result, we qualify our opinion regarding the carrying amount of receivable from group enterprises.

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Entity 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 qualified opinion.

Material uncertainty related to going concern

Without modifying our conclusion, we refer to note 1, which states that continued operations are contingent upon the company's ability to adhere to its budgets. Provided that the budgets are not significantly deviated from, the company's financial institution has given an indicative positive commitment to maintaining the credit facilities.

If this is not possible, there will be a need for additional liquidity, for which no agreements have been made.

Management expects that the company will be able to adhere to the budget or obtain additional financing and has prepared the annual report with continued operations in mind. Our conclusion is not modified regarding this matter, but we highlight the uncertainty related to the company's ability to continue operations.

Management's responsibilities for the financial statements

Management is responsible for the preparation of 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 audit of the financial statements to obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business units as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed. 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.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required by relevant law and regulations.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Report on other legal and regulatory requirements and other reporting responsibilities

Violation of criminal law or tax, duty and subsidy legislation

During the financial year, the company has failed to report payroll data to the Danish tax authorities in due time, and Management may therefore incur liability.

We can confirm that the delayed reports have not resulted in any residual tax or additional tax payments for the company. The matter solely concerned late reporting, and the issues have been rectified with the Danish Tax Authorities.

Aarhus, 09.07.2025

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Morten Gade Steinmetz

State Authorised Public Accountant
Identification No (MNE) mne34145

Management commentary

Financial highlights

	2024	2023	2022	2021	2020
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Gross profit/loss	27,854	39,715	46,615	58,131	44,799
Operating profit/loss	(9,832)	(185)	5,445	14,185	14,572
Net financials	(3,991)	(3,907)	(1,206)	(1,271)	(3,244)
Profit/loss for the year	(6,631)	(2,834)	2,816	12,262	9,783
Total assets	138,002	138,096	143,658	160,985	152,716
Investments in property, plant and equipment	2,090	1,527	1,770	470	3,325
Equity	32,753	39,336	42,156	58,800	46,509
Average number of employees	55	67	74	85	86
Ratios					
Return on equity (%)	(18.40)	(6.96)	5.58	23.29	42.04
Equity ratio (%)	23.73	28.48	29.34	36.53	30.45

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Return on equity (%):

$\frac{\text{Profit/loss for the year} * 100}{\text{Average equity}}$

Equity ratio (%):

$\frac{\text{Equity} * 100}{\text{Total assets}}$

Primary activities

The Group's primary activities consist of the development, production, and sale of safety products for children, primarily aged 0–3 years. Additionally, the Group develops and markets a wide range of high-quality products within children's furniture, textiles, and accessories, and distributes select third-party quality brands in certain markets.

Approximately 85% of the Company's turnover derives from exports, and products are sold worldwide. The company has a subsidiary in the UK with sales staff and in addition to our in-house sales staff we have sales representatives in Germany and Austria. Furthermore, the Company has entered into agreements with selected distributors in all markets where its products are sold.

The Group's main production facility is located at its headquarters in Denmark. Furthermore, key safety components to the production is sourced through selected business partners and subcontractors—primarily in Denmark and Eastern Europe.

During the year, continuous investments were made in various production-optimization initiatives and in new IT systems across Baby Dan A/S and its subsidiaries.

These IT initiatives aim to reduce manual processes, minimize errors, and improve overall efficiency in order processing, invoicing, and supply chain coordination. Furthermore, our reporting structures have also been improved, including the implementation of Power BI solutions.

Development in activities and finances

The Company's income statement for 2024 shows a loss of DKK 6,630,624, and at 31.12.2024 equity amounted to DKK 32,752,586.

Profit/loss for the year in relation to expected developments

In the financial statement of 2023 the managements expected a gross profit for 2024 at the same level as 2023, around 46 mio. DKK.

However the gross profit has been negatively affected by the declining demand due to reduced disposable income in all key markets. Management has initiated major adjustments to align cost structures with current market conditions. These major adjustments are ongoing and are expected to take time before their full effect is realized.

Uncertainty relating to recognition and measurement

Reference is made to note 1 in the financial statements where the significant uncertainty related to going concern is described.

Reference is made to note 3 in the financial statements where the significant uncertainty related to the carrying amount of receivables from group enterprises is described.

Unusual circumstances affecting recognition and measurement

Macroeconomic challenges due to significant uncertainties, such as the war in Ukraine and Middle East, inflation, energy costs, and interest rates, have adversely impacted consumer purchasing willingness and affected our customers broadly, being the retail sector.

Correction of material errors in previous years consists of a transaction involving the sale of sales- and trademark rights to a related party. The transaction has been reversed in the new financial year and therefore should not have been carried out in the 2023 annual report. The error has been corrected and has a material impact on the comparative figures for 2023, which is why the error has been corrected as a significant error in the present annual report. The correction has the following effect

Income statement:

Gross profit = -6,100 KDKK

Tax on profit/loss for the year = +1,342 KDKK

Balance sheet:

Other receivables = -7,625 KDKK

Other payables = +1,525 KDKK

Deferred tax (liability) = +1,342 KDKK

Equity = -4,758 KDKK

Outlook

Moving forward, the Group will place strong emphasis on safety, environmental responsibility, and sustainability, alongside a continued focus on in-house production. The product portfolio will be refined to include a carefully selected range of nursery items that complement the Group's values.

Wherever possible, both self-produced goods and nursery products—as well as packaging—must comply with high sustainability standards.

Management anticipates a substantial improvement in EBITDA for the year 2025 compared to 2024 due to efficiency gains, on-going adjustment of cost structure as well as a reduction in capacity-related expenses. The company expects a result for 2025 before tax of around DKK 1.2 million, and a positive EBITDA of approximately DKK 8 million, with positive cash flows in connection herewith.

In line with the Group's strategic growth initiatives, significant investment has been made in building a new brand targeting the pet sector, which is expected to support future earnings.

Use of financial instruments

The company's currency cash flow is managed through an internal risk management model combined with the option of entering forward exchange contracts if considered advantageous.

Environmental performance

Baby Dan A/S is environmentally certified according to DS/EN 14001.

The Company's procedures and action plans are based on this certification. This, together with the Company's fundamental attitude towards and respect for the environment and environmentally correct behavior in all the Company's processes, means that Baby Dan A/S is one of the industry's leading companies within sustainable environmental impact.

Events after the balance sheet date

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

However, payment related to the sale of a subsidiary has been received subsequent after the year-end.

Income statement for 2024

	Notes	2024 DKK	2023 DKK
Gross profit/loss		27,853,791	39,715,265
Staff costs	4	(28,791,223)	(33,835,878)
Depreciation, amortisation and impairment losses	5	(8,894,511)	(6,064,044)
Operating profit/loss		(9,831,943)	(184,657)
Income from investments in group enterprises		4,360,892	397,263
Other financial income	6	2,787,413	2,451,682
Other financial expenses	7	(6,777,986)	(6,359,117)
Profit/loss before tax		(9,461,624)	(3,694,829)
Tax on profit/loss for the year	8	2,831,000	861,000
Profit/loss for the year	9	(6,630,624)	(2,833,829)

Balance sheet at 31.12.2024

Assets

	Notes	2024 DKK	2023 DKK
Completed development projects	11	17,315,536	12,572,382
Acquired intangible assets		118,968	876,724
Development projects in progress	11	0	8,475,000
Intangible assets	10	17,434,504	21,924,106
Plant and machinery		5,697,752	5,015,310
Other fixtures and fittings, tools and equipment		238,227	275,743
Property, plant and equipment	12	5,935,979	5,291,053
Investments in group enterprises		1,751,985	3,344,244
Deposits		1,558,826	1,785,802
Financial assets	13	3,310,811	5,130,046
Fixed assets		26,681,294	32,345,205
Raw materials and consumables		16,308,734	18,233,163
Work in progress		59,757	8,047
Manufactured goods and goods for resale		5,558,042	9,964,553
Prepayments for goods		1,319,298	876,749
Inventories		23,245,831	29,082,512
Trade receivables		12,046,520	7,928,163
Receivables from group enterprises		62,709,301	59,066,797
Other receivables		12,981,092	9,129,533
Prepayments	14	290,597	299,452
Receivables		88,027,510	76,423,945
Cash		47,167	244,019
Current assets		111,320,508	105,750,476
Assets		138,001,802	138,095,681

Equity and liabilities

	Notes	2024 DKK	2023 DKK
Contributed capital		1,670,448	1,670,448
Reserve for net revaluation according to the equity method		1,751,985	1,280,830
Reserve for development expenditure		13,506,118	16,416,998
Retained earnings		15,824,035	19,968,085
Equity		32,752,586	39,336,361
Deferred tax	15	0	2,831,000
Provisions		0	2,831,000
Bank loans		16,849,999	24,333,332
Lease liabilities		2,448,156	2,984,917
Other payables		3,806,349	3,773,798
Non-current liabilities other than provisions	16	23,104,504	31,092,047
Current portion of non-current liabilities other than provisions	16	6,088,764	5,393,014
Bank loans		51,153,243	42,464,079
Prepayments received from customers		4,003,781	212,633
Trade payables		14,026,809	11,242,287
Tax payable		18,826	31,126
Other payables		6,853,289	5,493,134
Current liabilities other than provisions		82,144,712	64,836,273
Liabilities other than provisions		105,249,216	95,928,320
Equity and liabilities		138,001,802	138,095,681
Material uncertainty related to going concern	1		
Events after the balance sheet date	2		
Uncertainty relating to recognition and measurement	3		
Unrecognised rental and lease commitments	17		
Contingent liabilities	18		
Assets charged and collateral	19		
Non-arm's length related party transactions	20		
Group relations	21		

Statement of changes in equity for 2024

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	1,670,448	1,280,830	16,416,998	24,726,085	44,094,361
Corrections of material errors	0	0	0	(4,758,000)	(4,758,000)
Adjusted equity, beginning of year	1,670,448	1,280,830	16,416,998	19,968,085	39,336,361
Exchange rate adjustments	0	46,849	0	0	46,849
Transfer to reserves	0	0	(2,910,880)	2,910,880	0
Profit/loss for the year	0	424,306	0	(7,054,930)	(6,630,624)
Equity end of year	1,670,448	1,751,985	13,506,118	15,824,035	32,752,586

Notes

1 Material uncertainty related to going concern

The company achieved a positive primary operating result (EBITDA) year-to-date 2025 in line with the budget and has experienced a substantially improved liquidity position in 2025 as a result of specific activities.

The company has budgeted for the same revenue level in 2025 as realised in 2024. Capacity and personnel costs have been adjusted significantly to reflect the current activity level. These adjustments are expected to take full effect from autumn 2025. At the time of signing this annual report, the company is experiencing significant positive developments in new orders.

The company's liquidity is limited, and therefore, continued operation is contingent upon the company's ability to achieve the expected growth in revenue, the budgeted earnings, and the realisation of inventories, etc. The company expects a result for 2025 before tax of around DKK 1.2 million, and a positive EBITDA of approximately DKK 8 million, with positive cash flows in connection herewith. The company expects a positive cash flow for the second half of 2025 of 2,9 mio. DKK.

Provided that the company does not deviate significantly from the budget, the company's financial institution has positively indicated that the credit line will be maintained beyond 30th November 2025.

In the event of negative deviations from the budget, additional liquidity may be required, for which no binding agreements have been made at the time of this report's submission.

The company budgets for a revenue increase of approximately 10% in 2026, and management assesses that the increased activity does not require increased capacity and wage costs. Thus, a profit of 6 million DKK before tax is budgeted for 2026. The budgeted profit is expected to contribute positive cash flows of 2,5 million DKK.

Management believes that it will be possible to meet the 2025 budget and has therefore prepared the annual report based on the going concern. However, in this context, attention is drawn to the general uncertainties prevailing in the different retail markets.

2 Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

However, payment related to the sale of a subsidiary has been received subsequent after the year-end.

3 Uncertainty relating to recognition and measurement

In the balance sheet a receivable from group companies is recognised with a carrying amount of DKK 62.7 million. The receivable is from the parent company, Aika Invest ApS, whose sole activity is to own shares in Baby Dan A/S.

As a result, the value of the receivable depends on Baby Dan A/S's own ability to generate sufficient results and liquidity to make distributions to settle the intercompany balance. Alternatively, Aika Invest ApS must sell shares in Baby Dan A/S to finance the loan.

As described in note 1 Management is of the opinion that it is possible to achieve the budgets for 2025 and subsequently the longer plans for the business. Consequently no impairment loss is recognised in the annual report.

There is inherently a significant uncertainty related to this assessment. If it is not possible to realise the expected budgets the following financial years may be impacted by writedowns for impairment, which may be significant.

4 Staff costs

	2024	2023
	DKK	DKK
Wages and salaries	24,796,951	29,026,257
Pension costs	3,779,104	4,287,178
Other social security costs	215,168	522,443
	28,791,223	33,835,878
Average number of full-time employees	55	67

Information on the total remuneration to management is not provided with reference to the Danish Financial Statements Act §98b, section. 3, No. 2.

5 Depreciation, amortisation and impairment losses

	2024	2023
	DKK	DKK
Amortisation of intangible assets	7,449,479	4,996,572
Depreciation of property, plant and equipment	1,445,032	1,067,472
	8,894,511	6,064,044

6 Other financial income

	2024	2023
	DKK	DKK
Financial income from group enterprises	2,783,894	2,140,501
Other interest income	0	307,875
Other financial income	3,519	3,306
	2,787,413	2,451,682

7 Other financial expenses

	2024	2023
	DKK	DKK
Other interest expenses	6,281,793	5,537,666
Exchange rate adjustments	147,932	304,648
Other financial expenses	348,261	516,803
	6,777,986	6,359,117

8 Tax on profit/loss for the year

	2024	2023
	DKK	DKK
Change in deferred tax	(2,831,000)	(861,000)
	(2,831,000)	(861,000)

9 Proposed distribution of profit and loss

	2024	2023
	DKK	DKK
Retained earnings	(6,630,624)	(2,833,829)
	(6,630,624)	(2,833,829)

10 Intangible assets

	Completed development projects DKK	Acquired intangible assets DKK	Development projects in progress DKK
Cost beginning of year	55,265,245	6,737,409	8,475,000
Transfers	8,475,000	0	(8,475,000)
Additions	2,959,877	0	0
Cost end of year	66,700,122	6,737,409	0
Amortisation and impairment losses beginning of year	(42,692,863)	(5,860,685)	0
Amortisation for the year	(6,691,723)	(757,756)	0
Amortisation and impairment losses end of year	(49,384,586)	(6,618,441)	0
Carrying amount end of year	17,315,536	118,968	0
Recognised assets not owned by entity	5,647,782	0	0

11 Development projects

Development projects relate to the development of new baby safety equipment with particular focus on safety and sustainability. Some projects have been initiated and are being amortised whereas other projects are expected to be completed within one to three years. All projects progress as planned.

12 Property, plant and equipment

	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	48,722,288	3,039,790
Additions	2,029,477	60,481
Cost end of year	50,751,765	3,100,271
Depreciation and impairment losses beginning of year	(43,706,978)	(2,764,047)
Depreciation for the year	(1,347,035)	(97,997)
Depreciation and impairment losses end of year	(45,054,013)	(2,862,044)
Carrying amount end of year	5,697,752	238,227
Recognised assets not owned by entity	2,568,484	0

13 Financial assets

	Investments in group enterprises DKK	Deposits DKK
Cost beginning of year	2,063,414	1,785,802
Additions	0	43,290
Disposals	(2,063,414)	(270,266)
Cost end of year	0	1,558,826
Revaluations beginning of year	1,280,830	0
Exchange rate adjustments	46,849	0
Share of profit/loss for the year	1,098,986	0
Reversal regarding disposals	(674,680)	0
Revaluations end of year	1,751,985	0
Carrying amount end of year	1,751,985	1,558,826
Goodwill or negative goodwill recognised during the financial year	205,013	

Investments in subsidiaries	Registered in	Equity interest %
BD Plast ApS	Låsby, Danmark	0.00
Baby Dan UK Ltd.	United Kingdom	100.00

14 Prepayments

Prepayments consists of prepaid expenses concerning insurance premiums and subscriptions.

15 Deferred tax

	2024	2023
	DKK	DKK
Intangible assets	3,835,591	4,823,000
Property, plant and equipment	(327,503)	(441,000)
Tax losses carried forward	(3,508,088)	(1,551,000)
Deferred tax	0	2,831,000

	2024	2023
	DKK	DKK
Changes during the year		
Beginning of year	2,831,000	3,692,000
Recognised in the income statement	(2,831,000)	(861,000)
End of year	0	2,831,000

16 Non-current liabilities other than provisions

	Due within 12	Due within 12	Due after	Outstanding
	months	months	more than 12	after 5 years
	2024	2023	months	2024
	DKK	DKK	DKK	DKK
Bank loans	3,483,334	3,483,334	16,849,999	4,800,000
Lease liabilities	2,605,430	1,909,680	2,448,156	0
Other payables	0	0	3,806,349	0
	6,088,764	5,393,014	23,104,504	4,800,000

Non-current Other payables consists of frozen holiday pay in accordance with the Danish Holiday Act. It is currently not possible to determinate the short-term part of the frozen holiday debt, nor the outstanding debt after 5 years.

There are no other non-current liabilities which are outstanding after 5 years.

17 Unrecognised rental and lease commitments

	2024	2023
	DKK	DKK
Liabilities under rental or lease agreements until maturity in total	32,388,461	28,237,276

18 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where Aika Invest ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

19 Assets charged and collateral

The company has issued a mortgage deed letter to the company's bank capped at MDKK 4.3 in other fixtures, fittings, tools and equipment and goodwill.

The company has issued a letter of indemnity to the company's bank capped at MDKK 6 in in other fixtures, fittings, tools and equipment and goodwill.

The company has issued a letter of indemnity to the company's bank capped at MDKK 87 with floating charge in unsecured claims, inventories, machinery, goodwill, etc.

The booked value of Property, plant and equipment, Raw materials and consumables, Manufactured goods and goods for resale and Trade receivables is KDKK 34,053

20 Non-arm's length related party transactions

Only related party transactions not conducted on an arm's length basis are disclosed in the annual report. No such transactions have been conducted in the financial year.

21 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest and largest group: Aika Invest ApS, Vejle

Accounting policies

Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The accounting policies applied to these financial statements are consistent with those applied last year.

Consolidated financial statements

Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Material errors in previous years

Correction of material errors in previous years consists of a transaction involving the sale of sales- and trademark rights to a related party. The transaction has been reversed in the new financial year and therefore should not have been carried out in the 2023 annual report. The error has been corrected and has a material impact on the comparative figures for 2023, which is why the error has been corrected as a significant error in the present annual report. The correction has the following effect

Income statement:

Gross profit = -6,100 KDKK

Tax on profit/loss for the year = +1,342 KDKK

Balance sheet:

Other receivables = -7,625 KDKK

Other payables = +1,525 KDKK

Deferred tax (liability) = +1,342 KDKK

Equity = -4,758 KDKK

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, cost of raw materials and consumables and external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer.

Own work capitalised

Own work capitalised comprises staff costs and other costs incurred in the financial year and recognised in cost for proprietary intangible assets and inventory.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including profit from the sale of intangible assets and property, plant and equipment, and salary refunds.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for normal inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies,

amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet

Intellectual property rights etc

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity in the reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 5 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised over the term of the agreement.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Land and buildings, plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

	Useful life
Plant and machinery	3-8 years
Other fixtures and fittings, tools and equipment	3-5 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits or losses

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to the reserve for net revaluation according to the equity method in equity.

Goodwill is the positive difference between cost of investments and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. The amortisation periods used are 10 years. Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation of machinery, factory buildings and equipment used in the manufacturing process, and costs of factory administration and management. Finance costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Lease liabilities

Lease liabilities relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease liabilities are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Tax receivable or payable

Current tax receivable or payable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Cash flow statement

Referring to section 86(4) of the Danish Financial Statements Act, no cash flow statement have been made for the company. The cash flow statement is included in the group financial statements in Aika Invest ApS.