



Illustrative Sustainability Report

IFRS Sustainability Disclosure Standards

Year-ended 31 December 2025



Introduction and assumptions

This sustainability report has been prepared for a fictitious company toy and board game company, A Layout (International) Group Limited (A Layout). A Layout is applying IFRS® Sustainability Disclosure Standards, which includes:

- ▶ IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information*; and
- ▶ IFRS S2 *Climate-related Disclosures*

A Layout is applying IFRS Sustainability Disclosure Standards for the first time for the annual reporting period ending 31 December 2025.

This sustainability report is meant to complement the [illustrative financial statements](#) prepared for A Layout in accordance with IFRS Accounting Standards. In many cases, the facts and circumstances noted in A Layout's illustrative financial statements match those in this sustainability report, however, not all assumptions are consistent, since in certain cases assumptions have been made for purposes of illustrating the requirements of IFRS Sustainability Disclosure Standards.

This sustainability report has been prepared for illustrative purposes only and the disclosures included in this report may not be relevant to other groups or entities. The facts and circumstances applicable to other entities may differ materially, and therefore, this publication is only appropriate for use as a general guide and illustration of how IFRS Sustainability Disclosure Standards may be applied in a hypothetical fact pattern. Alternative methods of presentation and structuring of a sustainability report may also comply with IFRS Sustainability Disclosure Standards.

Organisation of disclosures

The disclosures in this sustainability report relating to governance, strategy and risk management have been prepared on the assumption that A Layout manages these processes together. Entities may identify and manage various sustainability-related risks and opportunities differently, which may change the format and organisation of the sustainability report. Entities may also organise and present their sustainability report differently than this illustration, as IFRS Sustainability Disclosure Standards provide flexibility in the format of reporting.

Sustainability-related risks and opportunities included in sustainability report

This sustainability report includes illustrations of the disclosure requirements of IFRS S1 and S2, however, this publication only addresses sustainability-related risks and opportunities relating to climate change, which are addressed by IFRS S2. Other sustainability-related risks and opportunities, which are required to be disclosed by IFRS S1 are noted in section 3, however, disclosures relating to those risks have not been illustrated in this publication. We will consider expansion of these sections in the future.

Sustainability-related risks and opportunities and interconnectedness with financial statements

Sustainability-related risks and opportunities, such as climate-related risks and opportunities, may also affect the recognition, measurement and disclosure of items in financial statements prepared in accordance with IFRS Accounting Standards. For example, an entity's climate transition plan may result in:

- ▶ Sustainability-related risks and opportunities being disclosed in its sustainability statement; and
- ▶ Changes to the useful life and residual value of its property, plant and equipment.

IFRS S1.21 requires that entities provide information in a manner that enables users of general purpose financial reports to understand various connections in broader corporate reporting, including the connection between sustainability-related financial disclosures and other general purpose financial reports, which would include an entity's financial statements.

On December 2025, the International Accounting Standards Board [issued illustrative examples](#) to various IFRS Accounting Standards to demonstrate how the requirements of those standards may be applied to report various uncertainties, including those related to climate. [These illustrative examples were collectively titled *Disclosures about Uncertainties in the Financial Statements*](#). BDO will issue an IFR Bulletin on these illustrative examples in December 2025.

Various regulators and enforcements worldwide have indicated the importance of ensuring the consistency of assumptions and information in financial statements and sustainability reports. For example, the information about assumptions used for long-term forecasting relating to impairment tests should be consistent (to the extent possible) with the assumptions used in sustainability reporting.

As noted in the introduction to this publication, the facts and circumstances in this sustainability report are intended to align A Layout's financial statements, however, in some cases, not all assumptions are consistent, since in certain cases assumptions have been made for purposes of illustrating the requirements of IFRS Sustainability Disclosure Standards.

Future developments

At the time of publishing (December 2025), the International Sustainability Standards Board has proposed amendments to IFRS S2 – [Amendments to Greenhouse Gas Emissions Disclosures](#). These proposed amendments were not finalised at the time of publishing; therefore, their effects have not been considered. This publication will be updated in the future for amendments made to IFRS Sustainability Disclosure Standards.

Compliance with local jurisdictional requirements

This illustrative sustainability report has been prepared based on the requirements in IFRS Sustainability Disclosure Standards as issued by the International Sustainability Standards Board. Jurisdictions may require different information be disclosed, such as additional jurisdiction-specific information, or modifications to the requirements of IFRS S1 and S2. This publication does not illustrate any such jurisdictional differences. Please refer to your local jurisdictional requirements for more information.

Materiality

IFRS Sustainability Disclosure Standards require entities to disclose all material information about the sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects. Materiality of information is judged based on whether omitting, misstating or obscuring that information could influence the decisions of the stakeholders utilising general purpose financial reports.

IFRS Sustainability Disclosure Standards do not specify thresholds for materiality, instead relying on the entity itself to determine what information is material for each sustainability reporting category. Immaterial information is not required to be disclosed in an entity's sustainability report. Any additional information should only be included if it is necessary to the understanding of the entity's climate-related risk and opportunities.

This illustrative sustainability statement includes all of the disclosure requirements of IFRS S1 and S2 with the exception of those noted in the 'other assumptions made in preparing the sustainability report' section below. This has been done to illustrate how those disclosure requirements may be applied, however, certain disclosure requirements in IFRS S1 and S2 may not be material, meaning that entities need not disclose that information (IFRS S1.B25).

Proportionality mechanisms

When preparing sustainability disclosures at the reporting date, the entity should:

Use all reasonable and supportable information available to it without undue cost or effort

Provide information that is commensurate with its skills, capabilities and resources

IFRS Sustainability Disclosure Standards include proportionality mechanisms to support the application of the standards across varying-sized businesses and jurisdictions.

Proportionality mechanisms do not relieve entities from disclosing sustainability-related information, but instead allow entities to prepare information based on information that is reasonable and supportable and available to the entity without undue cost or effort and is based on the entity's individual circumstances. For example, see section 5.1.1 – *resilience of climate strategy* where A Layout has disclosed information about climate resilience of its strategy and business model using 'an approach that is commensurate with the entity's circumstances' (IFRS S2.22).

A Layout (International) Group Limited has utilised proportionality mechanisms in the preparation of its sustainability report. Where these have been applied, BDO comments explain the effects of their use. Please refer to the following sections:

- ▶ Section 1.1: our value chain (IFRS S1.B6(b) / IFRS S2.B36)
- ▶ Section 5.1.1: current and anticipated financial effects on strategy (IFRS S1.38(a), 39 / IFRS S2.18, S20)
- ▶ Section 5.1.1: resilience of our climate strategy (IFRS S2.B2(b), B6-B7)
- ▶ Section 7.1.7: measurement of Scope 3 emissions (IFRS S2.B36, B39)

Duplication of information

When preparing a sustainability report, IFRS S1.B42(b) states that entities should avoid unnecessary duplication of information (i.e. information required by the IFRS Sustainability Disclosure Standards may already be included in the management discussion and analysis, directors' report, etc). This illustrative sustainability report does not consider this requirement, as we have assumed that A Layout has not made these disclosures in other public documents. Entities should consider this requirement when preparing their own sustainability report, as certain information may be incorporated by reference (see IFRS S1.63 and B45-B47).

Other assumptions made in preparing the sustainability report

Various assumptions have been made in preparing this illustrative sustainability report, including the use of various transitional reliefs provided by IFRS S1 and S2.

General assumptions about A Layout include:

1. A Layout prepares its financial statements in accordance with IFRS Sustainability Disclosure Standards and is a listed entity with public accountability;
2. A Layout is applying IFRS Sustainability Disclosure Standards as issued by the International Sustainability Standards Board with no jurisdictional additions, deletions or modifications to these requirements;
3. A Layout is a medium-sized entity, meaning that it has used numerous proportionality mechanisms in IFRS S1 and S2 in preparing its sustainability report (see 'proportionality mechanism' section above); and
4. A Layout's activities do not include asset management, commercial banking or insurance, therefore, additional disclosures required by IFRS S2.29(a)(vi)(2) and B58-B63 ('financed emissions disclosures') are not applicable.

A Layout has elected to use certain transitional relief in its adoption of IFRS Sustainability Disclosure Standards for the first time:

1. Transitional reliefs applied:
 - ▶ No comparative information has been provided (IFRS S1.E3; IFRS S2.C3)

2. Transitional reliefs not applied:

- ▶ A Layout has published its sustainability report at the same time that it published its financial statements (IFRS S1.E4);
- ▶ A Layout has used the GHG Protocol: A Corporate Accounting and Reporting Standard (2004) when preparing this sustainability report (IFRS S2.C4(a));
- ▶ A Layout has disclosed its Scope 3 emissions (IFRS S2.C4(b)); and
- ▶ A Layout has disclosed information related to all of its sustainability-related risks and opportunities, meaning that the entity has not elected to disclose information related only to climate-related risks and opportunities (IFRS S1.E5); however, disclosures for non-climate sustainability-related risks and opportunities have not been illustrated in this publication.

Tools and resources

Please refer to [BDO's IFRS and Corporate Reporting site](#) for further information on sustainability reporting and IFRS Accounting Standards. Resources include:

- ▶ [Sustainability At a Glance](#): condensed versions of sustainability frameworks summarised into a few pages, including IFRS Sustainability Disclosure Standards and the Greenhouse Gas Protocol.
- ▶ [International Sustainability Reporting Bulletins](#) (ISRBs): the latest news and BDO insights on sustainability reporting, including regular jurisdictional summaries of sustainability requirements.
- ▶ [IFRS and Corporate Reporting News](#): the latest breaking news on IFRS Accounting Standards and sustainability reporting, updated weekly.

Illustrative sustainability report applying IFRS Sustainability Disclosure Standards

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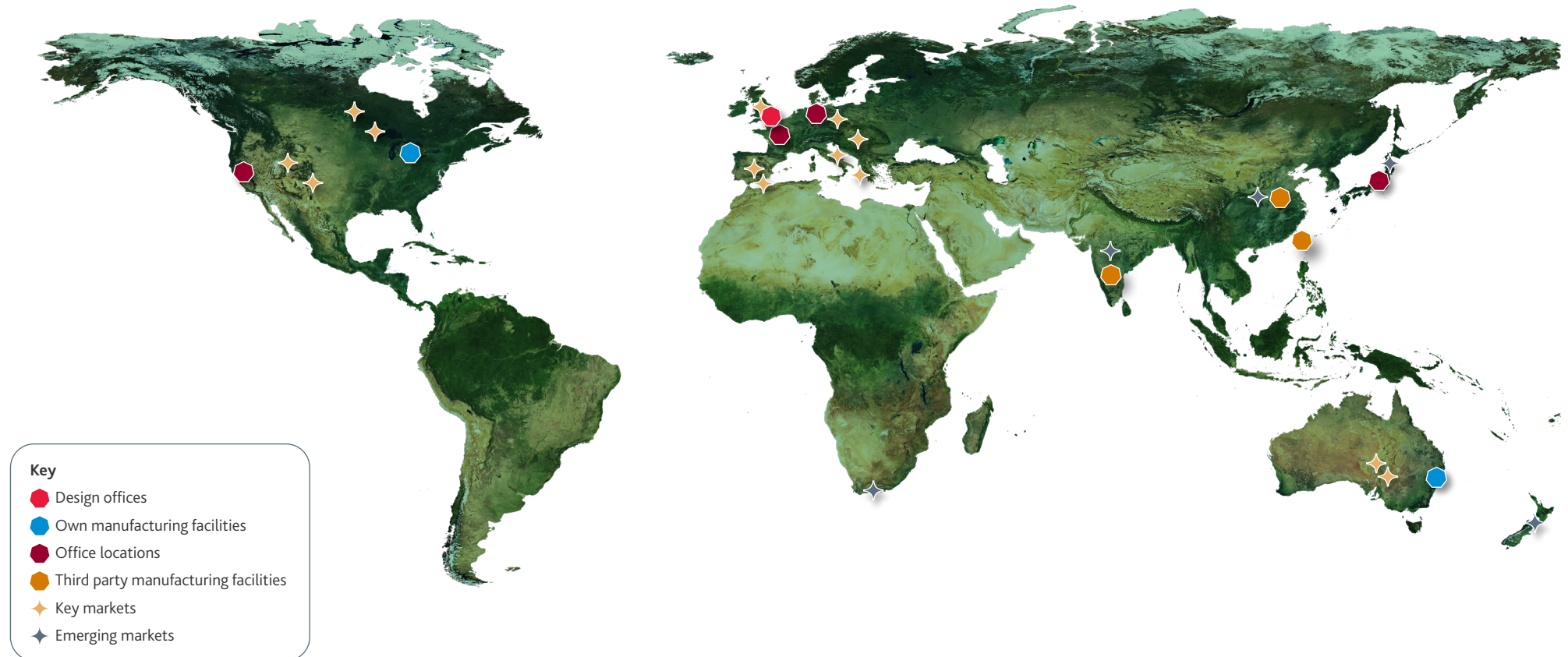
Illustrative sustainability report applying IFRS Sustainability Disclosure Standards

1. Our path to a sustainable future

A Layout (International) Group Ltd (the Group) is pleased to present its sustainability report for the year ended 31 December 2025. This report should be read in conjunction with the Group's 31 December 2025 financial statements.

The Group, headquartered in the United Kingdom, designs, manufactures and distributes premium children's toys, board games, outdoor games and sports equipment. The diagram below provides a snapshot of the location of the Group's operations:

References
IFRS S1.22
IFRS S1.64
IFRS S1.64
& E4



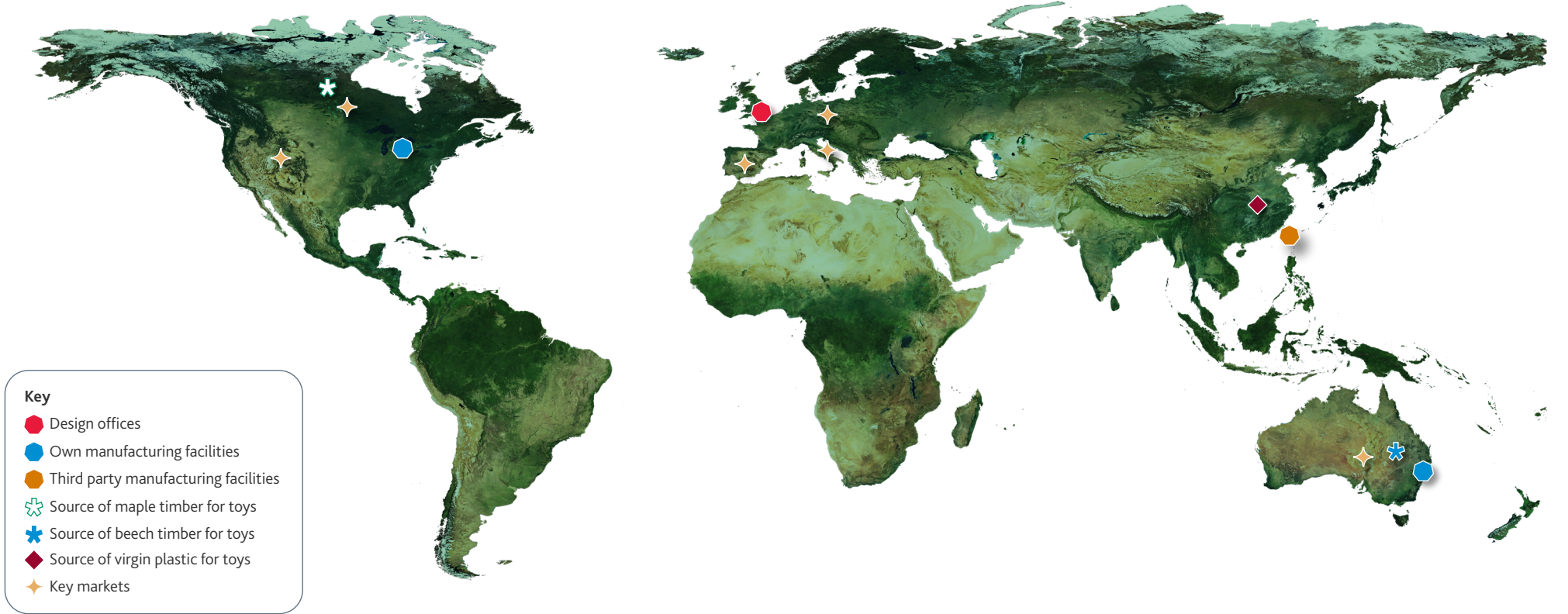
We believe that operating a sustainable business is more than simply ensuring that our toys, board games and sports equipment are made from sustainably sourced materials. We believe that being sustainable extends to how we deal with environmental, social, and other financial issues.

Considering our impact on the environment, broader social issues, and our financial performance will allow us to not only mitigate our business risks, but also unlock new areas of innovation and efficiency, enhancing our position as a market-leading premium manufacturer and distributor of toys and board games. Our commitment to operating our business sustainably will allow us to continue to attract customers and staff who place a high value on environmental and social issues.

1.1. Our value chain

To assist in identifying our sustainability-related risks and opportunities, measure our greenhouse gas (GHG) emissions, and develop our sustainability strategy we have mapped the key elements of our value chain across our three main divisions:

Division	Contribution to group revenue
Toys Designs, manufactures and distributes premium children's toys	74%



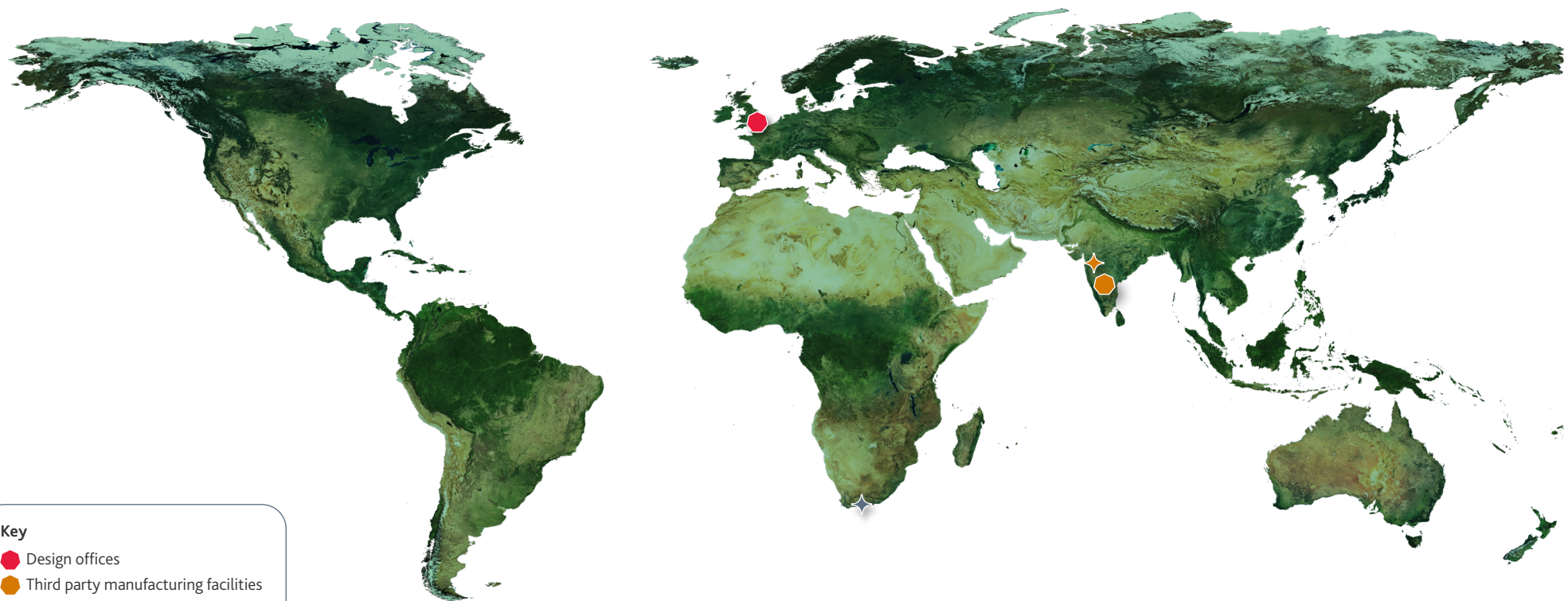
Division	Contribution to group revenue
Board games Designs, manufactures and distributes premium board games and puzzles	21%



Key

- Design offices
- Third party manufacturing facilities
- Key source of pulp paper for games and puzzles
- ◆ Key source of virgin plastic for games
- ★ Key markets

Division	Contribution to group revenue
Outdoor games Designs, manufactures and distributes outdoor games and sports equipment	5%



Key

- Design offices
- Third party manufacturing facilities
- ★ Key markets



References
IFRS
S1.B6(b);
S2.B36

BDO Comment

Reasonable and supportable information available without undue cost or effort

In determining the scope of the value chain, which includes its breadth and composition, IFRS S1.B6(b) requires that an entity use all reasonable and supportable information that is available to the entity at the reporting date without undue cost or effort. IFRS S2 contains a corresponding requirement specific to the measurement of Scope 3 emissions (IFRS S2.B36), which requires an entity to consider its entire value chain.

IFRS S2.B36 is not an optional election; it is a mechanism that is included in IFRS S1 which allows a level of scalability in how requirements are applied.

'Reasonable and supportable information that is available to the entity without undue cost or effort' will vary from entity to entity. For example, a large, multi-national group with complex corporate reporting structures and significant resources will have significantly more information available to it than small and medium-sized entities. IFRS S2.B36 is intended to permit all types of entities to determine the scope of their value chains with appropriately varying levels of capability.

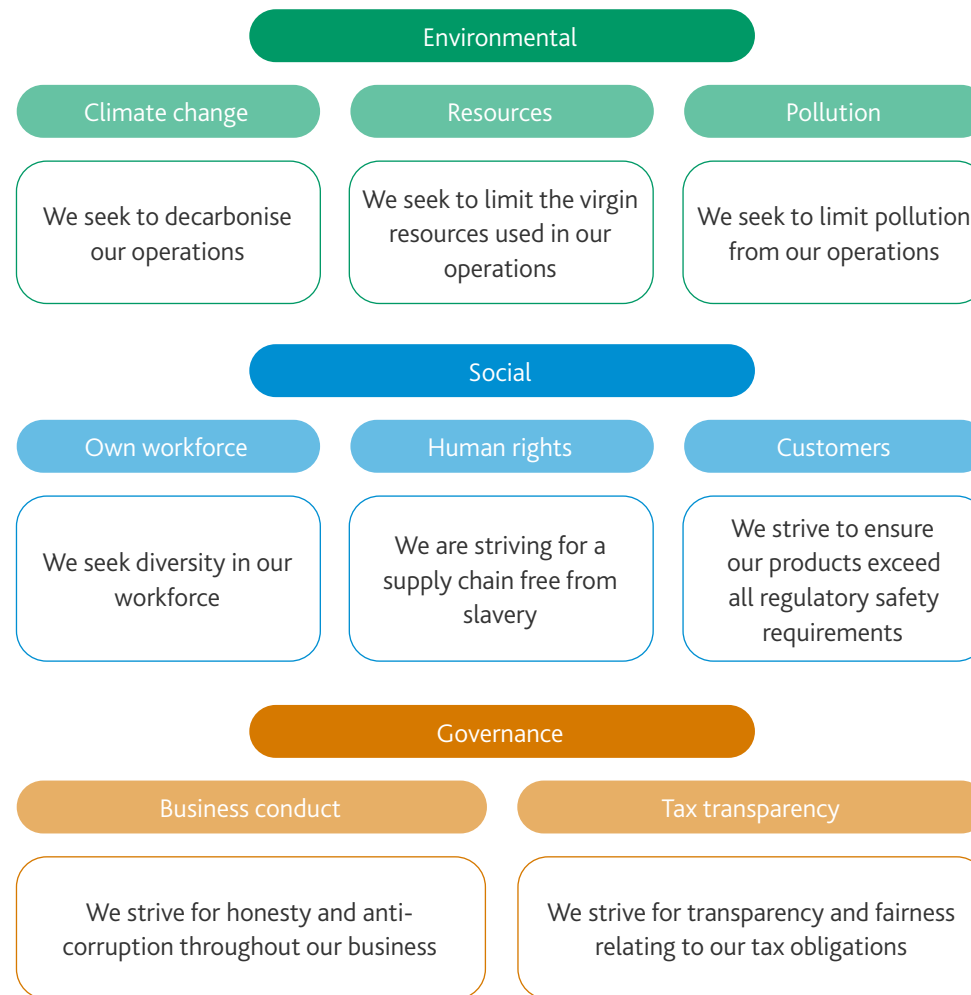
As illustrated in the above mapping of the Group's value chain, the Group has used all reasonable and supportable information available to it to map its value chain, including its suppliers, key markets, etc. IFRS S1.B6(b) has been utilised in that the Group has identified its key sources of pulp paper for games and puzzles, rather than all sources, as the Group may be unable to identify all sources when sub-sub-suppliers are used, and/or intermediate processors supply semi-finished goods.

Larger entities with more complex procurement departments may have more information available about their value chains, meaning that the effect of the application of IFRS S1.B6(b) will vary from entity to entity.

1.2. Identifying key areas to drive our sustainability strategy

The Group has identified the eight sustainability-related topics, which have associated sustainability-related risks and opportunities that are material to the Group. These topics and the Group's approach to each topic is summarised as follows:

Sustainability-related risks and opportunities relating to each of these topics are disclosed in section 3.



BDO Comment

Section 3 of the sustainability report includes placeholders for sustainability-related risks and opportunities for all eight of these material sustainability topics and Sections 4-7 contain placeholders for specific disclosures relating to these topics. This publication only includes disclosures relating to climate as required by IFRS S2. This publication will be updated in the future for other sustainability topics.



2. Basis of preparation

2.1. Statement of compliance

A Layout (International) Group Ltd has prepared its sustainability report for the year-ended 31 December 2025 in accordance with International Sustainability Disclosure Standards (IFRS Sustainability Disclosure Standards) as issued by the International Sustainability Standards Board (ISSB).

References
IFRS S1.72



BDO Comment

An entity may include a statement of compliance with IFRS Sustainability Disclosure Standard even if it uses the relief available in IFRS S1.73 to not disclose sustainability information:

- ▶ That is prohibited from being disclosed by a law or regulation, or
- ▶ That relates to a commercially sensitive sustainability-related opportunity (described in IFRS S1.B34-B37) even if that information is required to be disclosed in accordance with a IFRS Sustainability Disclosure Standard.

This publication does not illustrate the relief provided by IFRS S1.73. In practice, we would expect these reliefs to be applied very rarely.

Additional disclosures may be required in order to comply with local laws, national financial reporting standards and/or stock exchange regulations.

References
IFRS S1.73

This sustainability report was authorised for issue by the board of directors on 1 March 2025 at the same time as the Group's financial statements.



BDO Comment

Entities are required to report their sustainability-related financial disclosures at the same time as the related financial statements. However, IFRS S1 provides transitional relief in the first annual reporting period in which an entity applies IFRS S1, allowing entities to report their sustainability-related financial disclosures after they publish their financial statements, subject to certain restrictions (see IFRS S1.E4). The Group has not elected to utilise this relief.

IFRS S1 does not explicitly require entities to disclose the date of authorisation of the sustainability report, however, many entities do so in practice.

No transactions, other events or conditions have occurred since the end of the reporting period (31 December 2025) up to the date of authorisation of this sustainability report that are required to be disclosed.

References
IFRS S1.68



BDO Comment

IFRS S1.68 requires entities to disclose information about transactions, other events or conditions that occur after the end of the reporting period but before the date on which the sustainability-related financial disclosures are authorised for issue if non-disclosure of that information could reasonably be expected to influence primary users of general purpose financial reports. These requirements are similar to IAS 10 Events After the Reporting Period in IFRS Accounting Standards. Examples of such transactions, other events or conditions could include (but are not limited to):

- ▶ Changes in the entity's stated sustainability strategies and goals;
- ▶ Changes to government law and/or regulation that may affect the entity's business model;
- ▶ Natural disasters, such as heat waves, tsunamis, hurricanes, floods, etc.; and
- ▶ The resolution of uncertainty present at the end of the reporting period, such as approvals of patents on technology that relates to the entity's sustainability-related risks and opportunities.

References
IFRS
S1.55(a)

When preparing this sustainability report, the Group has considered the applicability of the disclosure topics set out in the SASB Standards, and where appropriate, included relevant disclosures in this sustainability report. See sections 7-13 for SASB Standards industry metric disclosures.

IFRS S1.47,
55(b),
57-58



BDO Comment

When preparing a sustainability report in accordance with IFRS Sustainability Disclosure Standards as issued by the ISSB, entities are required to refer to and consider the disclosure topics set out in the SASB Standards. They also have the option to consider the applicability of:

- ▶ The CDSB Framework Application Guidance
- ▶ The most recent pronouncements of other standard-setting bodies
- ▶ Sustainability-related risks and opportunities identified by other entities in the same industry or geographical region.

References
IFRS S1.E3
IFRS S2.C3

2.2. First-time adoption of IFRS Sustainability Disclosure Standards

The Group has adopted IFRS Sustainability Disclosure Standards for the first time in its sustainability report for the year ended 31 December 2025.

A Layout has adopted to apply the relief available on initial adoption of IFRS Sustainability Disclosures to not disclose comparative information.



BDO Comment

IFRS S1 provides the following additional relief in the first annual reporting period:

- ▶ Paragraph E4 provides additional relief (subject to certain restrictions) to first-time adopters, allowing them to publish their first sustainability report after the financial report has been published.
- ▶ Paragraph E5 permits first-time adopters to disclose only climate-related risks and opportunities, allowing the entity to apply IFRS S1 only to the extent that it relates to the disclosure of climate-related information. If an entity uses this transitional relief, it must also disclose information required by IFRS S1.E6.

References
IFRS S1.E4

IFRS S1.E5

IFRS
S2.C4(a)

IFRS S2 provides the following additional relief in the first annual reporting period:

- ▶ If the entity measures its GHG emissions using a method other than the GHG Protocol: A Corporate Accounting and Reporting Standard (2004) in the reporting period immediately preceding the date of initial application of IFRS S2, then it is permitted to continue using that method to measure its GHG emissions. The entity may continue to use this relief for the comparative information in the second annual reporting period.
- ▶ The entity may elect to not disclose its Scope 3 emissions. The entity may continue to use this relief for the comparative information in the second annual reporting period.

IFRS
S2.C4(b)

While IFRS S1 and IFRS S2 contain these elections, entities should be aware that local jurisdictions may impose different transitional reliefs.

- ▶ As noted in the introduction to this publication, this sustainability report is prepared on the assumption that only the transitional relief relating to comparative information has been adopted by the Group.

2.3. Structure of report

The Group manages its sustainability-related risks and opportunities on an integrated basis, therefore, information about the Group's governance and risk management are included in a single section. The Group's strategy and metrics and targets differ by sustainability-related risk and opportunity, therefore, sub-sections are applicable for each sustainability sub-topic.

This sustainability report has been structured as follows:

Topic	Section number
Governance	4 – all sustainability topics
Strategy	5 – overview 5.1 – environmental strategy 5.2 – social strategy 5.3 – governance strategy
Risk management	6 – all sustainability topics
Metrics and targets	7 – overview 7.1 – environmental metrics 7.2 – social metrics 7.3 – governance metrics

2.4. Directors' statement

The Directors of the Group confirm that this sustainability report has been prepared in accordance with IFRS Sustainability Disclosure Standards.

BDO Comment

While a Directors' Statement is not required to comply with the requirements of IFRS Sustainability Disclosure Standards, local jurisdictions may require such disclosure as part of their sustainability report.



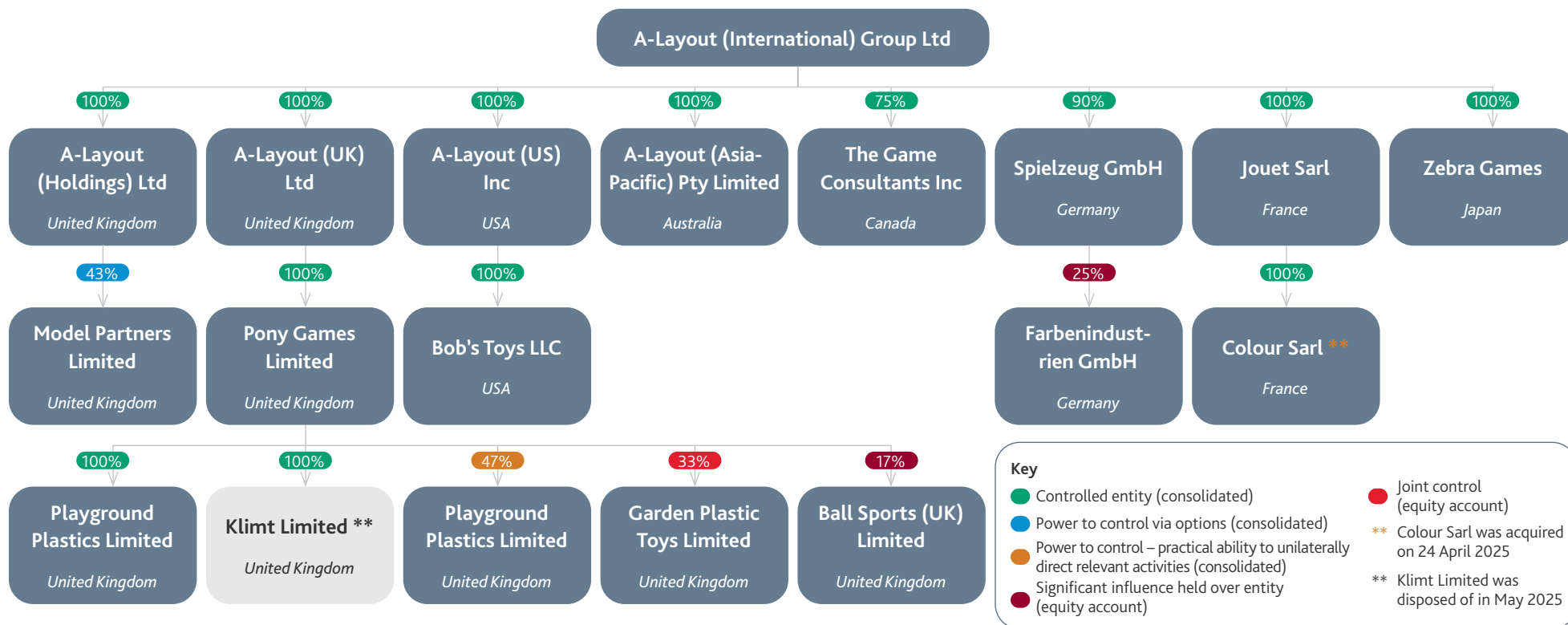
2.5. Composition of the group

This sustainability report has been prepared for the same group reported on in A Layout (International) Group Ltd's financial statements. Details of entities in the group are set out in notes 19, 20, 21 & 22 of the 31 December 2025 financial statements.



BDO Comment

We have shown the group structure below in order to illustrate the difference between the group for financial reporting purposes and the entities that are included within the inventory boundary for the purposes of measuring the Group's GHG emissions. IFRS Sustainability Disclosure Standards do not require entities to provide this information, however, it is being included in this BDO Comment to assist users of this publication in understanding the Group's structure and how its structure affects the preparation of sustainability-related financial information.



2.6. Inventory boundary (organisational boundary & operational boundary) used to measure greenhouse gas (GHG) emissions

The inventory boundary is how the Group determines what is 'in and out' of scope when calculating and reporting its GHG emissions. Two separate elements comprise the inventory boundary, the organisational boundary and the operational boundary.

The Group has used the operational control approach to set its organisational boundary because it believes this method best reflects the GHG emissions that it directly and indirectly controls. While the Group outsources the manufacturing of some items of inventory, it has concluded that it does not operationally control any part of the operations of its third-party manufacturing suppliers. The Group has not made any changes to the measurement approach, inputs or assumptions used as this is the entity's first sustainability report prepared in accordance with IFRS Sustainability Disclosure Standards.

References
IFRS
S2.29(a)(iii)
(1), B27

IFRS
S2.29(a)
(iii) (2)
IFRS
S2.29(a)
(iii)(3)



BDO Comment

How a reporting company sets its organisational boundary to account for its GHG emissions is similar to how it would determine its consolidation approach for financial reporting. However, the GHG Protocol includes choices of different methods for determining the organisational boundary, and the approach selected may change the reporting company's GHG emissions inventory.

The GHG Protocol provides two options available that an entity can use to consolidate GHG emissions, the equity share approach and the control approach. The control approach is defined in terms of either financial control or operational control.

Equity share approach

When an organisation uses the equity share approach to set its organisational boundary, it accounts for its share of GHG emissions from its operations based on its share of equity in the operation.

The GHG Protocol clarifies that the equity share approach only considers the organisation's equity share in the operation when it has either control, joint control or significant influence over the operation.

Financial control approach

An entity has financial control over the operation when it has the ability to direct the financial and operating policies of the operation with a view to gaining economic benefit from its involvement in the entity.

An entity usually has financial control over an organisation when it has the right to the majority of the benefits from its activities, or when it retains the majority of the risks and rewards of ownership.

The GHG Protocol notes that the criteria for determining financial control is consistent with IFRS Accounting Standards. Therefore, if an entity controls another organisation in accordance with IFRS 10, then it would also control the organisation when determining its organisational boundary using the financial control approach.

Operational control approach

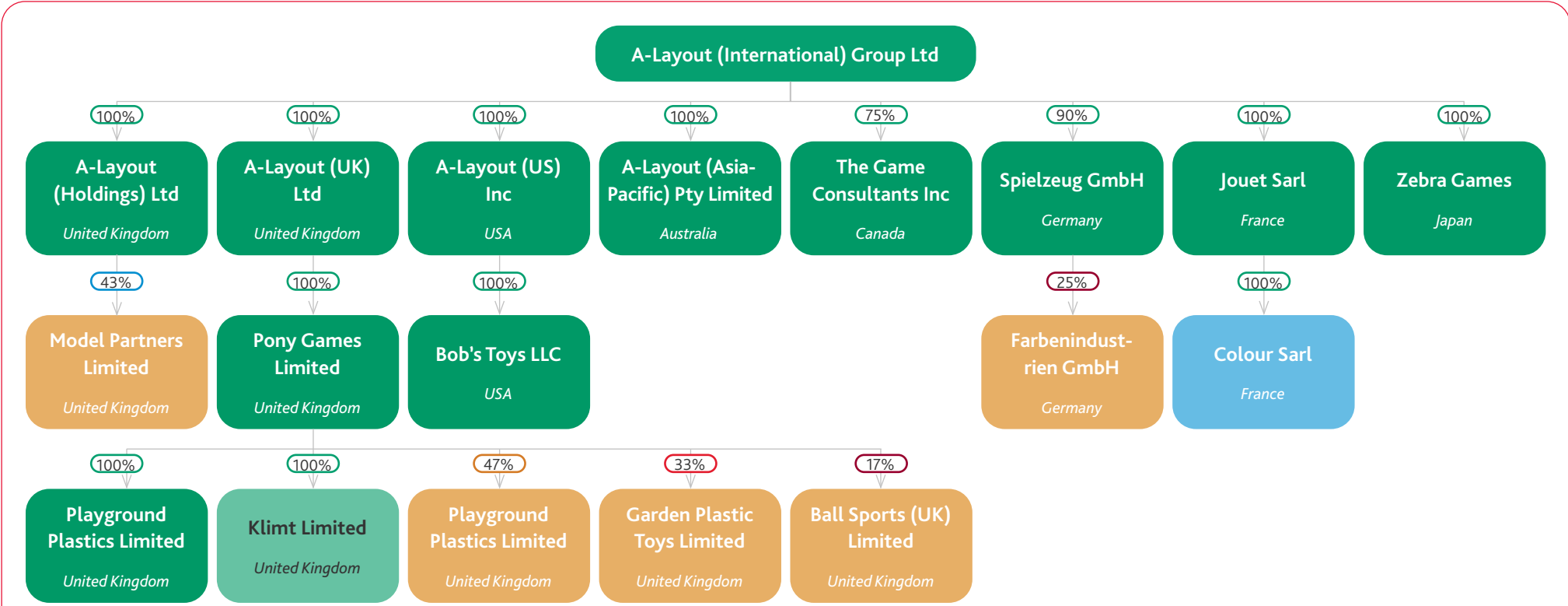
An entity has operational control over an organisation when it (or one of its subsidiaries) has the full authority to introduce and implement its operating policies at the operation.

An entity applying the operational control approach may need to consider carefully whether it controls its joint ventures and joint operations in order to determine if operational control exists. This is because it is possible for an entity to have joint financial control over an organisation or operation for financial reporting purposes, but to at the same time operationally control it for purposes of measuring GHG emissions.

The organisational boundary for calculating GHG emissions may therefore differ for a financial reporting group when it uses the operational control approach.

The Group's approach to setting its organisational boundary

The Group has used the operational control approach. The use of the operational control approach has changed the entities included as part of the consolidated group, as illustrated in the organisation tree below:



Key

- Entities A-Layout (International) Group Ltd has operational control over. All Scope 1, Scope 2 & Scope 3 emissions included
- Colour Sarl was acquired on 24 April 2025. Emissions are included from the date of acquisition, as this is when the Group operationally controls the entity
- Klimt Limited was a wholly owned subsidiary until May 2025. Emissions are included until the point of disposal, when the Group no longer operationally controls the entity
- Entities A-Layout DOES NOT operationally control. Emissions relating to these investments will be included as part of Scope 3 Category 15.

Note: Model Partners Limited is included as a subsidiary in A-Layout's financial report because it has existing rights (options not deeply out of the money) that are currently exercisable, giving it the power to control Model Partners. However, A-Layout has determined that it does not have operational control over the company because it does not currently (i.e. because it has not exercised its options) have the full authority to introduce and implement its operating policies over Model Partners operations.

The Group has included 100% of the GHG emissions from all group entities shown in dark green above within the Scope 1, Scope 2 and Scope 3 emissions disclosed in the climate section of this report because it has determined that it operationally controls all of those entities. The Group's share of GHG emissions from the entities shown in light orange have been included within Scope 3 Category 15 Investments because the Group does not operationally control those entities. The Group included 100% of the GHG emissions from Klimt Limited and Colour Sarl during the period that operationally controlled those entities, prior to sale and after acquisition, respectively.

The Group has included the GHG emissions of Colour Sarl from 24 April 2025 (date of acquisition), and Klimt Limited until May 2025 (date of disposal).



BDO Comment

A Layout has included the GHG emissions of Colour Sarl from the date of acquisition, and Klimt Limited until the date of disposal. This treatment is in line with the discussions at the Transition Implementation Group on IFRS S1 and IFRS S2 in [June 2024](#).

A Layout has set climate-related targets as disclosed in note 7.1.8. The acquisition of an entity, such as Klimt Limited, or the disposal of an entity, may result in entities adjusting their base period. For example, for the acquisition of an entity, to increase the base period GHG emission to take into account the growth in the operations of the group as a result of the acquisition. As disclosed in note 7.1.8, the base year for A Layout is 2025, which already takes into account the acquisition of Klimt Limited. If entities establish a base year for past periods, the acquisition or disposal of entities may result in an adjustment to the base period.

2.7. Materiality assessment

The Group's Risk Evaluation & Monitoring Group (REM Group) and Strategy Group are responsible for performing the materiality assessment to determine which sustainability-related risks and opportunities could reasonably affect the Group's prospects and should therefore be addressed in this report. When determining which information is considered material, the REM Group and Strategy Group identified:

- ▶ The sustainability-related risks and opportunities (refer to sections 3 and 6.1);
- ▶ Which of these risks and opportunities are material by considering both quantitative and qualitative information; and
- ▶ Appropriate disclosures to be made with regards to sustainability-related risks and opportunities. For sustainability-related risks and opportunities other than climate, no IFRS Sustainability Disclosure Standard specifically applies, therefore, the Group has considered the metrics associated with applicable disclosure topics in the SASB Standards.

The materiality assessment described above required key judgements to be made by the REM Group and Strategy Group. These key judgements included assessing:

- ▶ External sources of information such as industry reports and sustainability disclosures from competitors to determine which disclosure topics and disclosures are material;
- ▶ Internal sources of information such as senior management and board of directors reports on risk identification and mitigation activities;
- ▶ The scope of the value chain (see section 1.1), including the identification of significant suppliers and customers;

- ▶ Sustainability-related risks and opportunities within the value chain based on our understanding of the scope of our suppliers' operations and sourcing practices as well as the expected use of our products by customers, including end consumers; and
- ▶ The effect of laws and regulations on the Group's operations, including how future changes may affect the Group and their likelihood of changes occurring.

The Board considered and approved the sustainability-related risks and opportunities considered to be material by the REM and Strategy Group and the associated disclosures. The Board plans to revisit the results of its materiality assessment at least every other year, or upon the occurrence of a significant event or significant change in circumstances.

References
IFRS S1.B11,
B12

BDO Comment

Determining materiality when preparing sustainability-related financial disclosures requires the consideration of quantitative and qualitative factors. For example, when an entity discloses its Scope 1, Scope 2 and Scope 3 emissions in accordance with IFRS S2 Climate-related Disclosures, in assessing the materiality of this information, the amount of those GHG emissions must be considered, however, qualitative factors are also applicable, such as whether an entity is meeting a GHG emissions reduction commitment made publicly and/or whether the entity would face financial penalties if GHG emissions were reported at a certain level.

Sustainability-related risks and opportunities and the materiality of sustainability-related financial disclosures are expected to change over time. Information that may not be considered material in one period may change in the next. For example, new laws and regulations may place additional user attention on compliance with environmental, social or governance targets, which may change whether information would be considered material to primary users.

The Group has set a policy of revisiting its materiality assessment at least every other year, except upon the occurrence of a significant event or significant change in circumstances, as IFRS S1.B11 requires a reassessment of the scope of sustainability-related risks and opportunities throughout the value chain in that case. IFRS S1 does not require this reassessment to occur more frequently than when IFRS S1.B11 is triggered, however, IFRS S1.B12 notes that an entity is permitted to reassess the scope of sustainability-related risks or opportunities throughout the value chain more frequently.

IFRS S1 does not contain specific disclosure requirements about how the materiality assessment is performed, however, given it is a highly judgemental area, entities may consider it appropriate to disclose their judgements made in accordance with IFRS S1.74. The above disclosures relating to materiality illustrate the judgements made by the Group.



References
IFRS S1.B13

IFRS S1.74

IFRS S1.58

References
IFRS
S1.74-75

2.8. Key judgements

The Group has identified the following key judgements (other than those relating to materiality – see 2.7 above) in the preparation of this sustainability report:

Accounting for GHG emissions of an entity acquired during the financial year	Section 2.6
Determining the scope of the value chain	Section 1.1

References
IFRS S1.77-78

2.9. Measurement uncertainty

The Group has identified the following areas of measurement uncertainty when preparing this sustainability report:

Scope 3 emissions – calculation methods selected and activity data	Section 7.1.7
Estimation of anticipated financial effects of climate-related risks and opportunities	Section 5.1.1
[Other entity-specific matters]	

3. Sustainability-related risks and opportunities

The following are the sustainability-related risks (3.1) and opportunities (3.2) identified by the Group that are material.

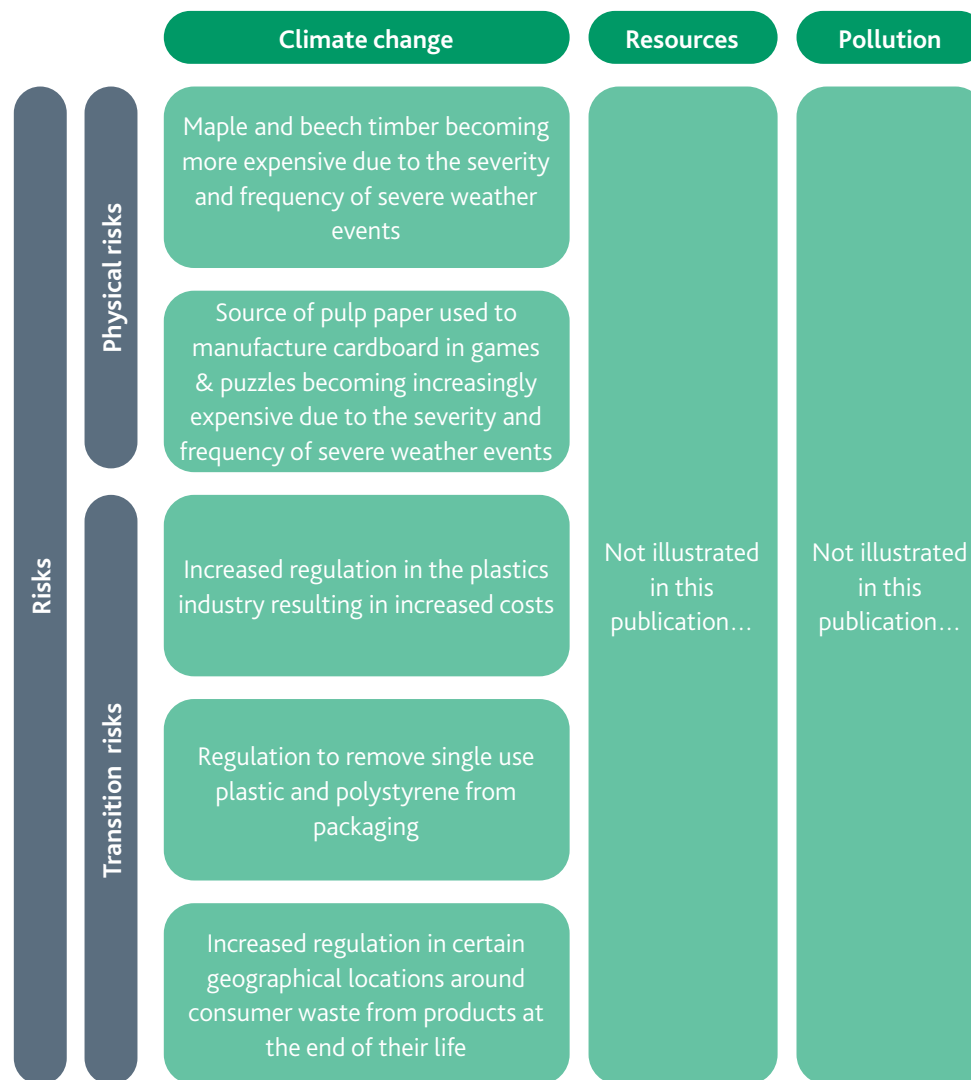
See the following sections:

- ▶ Section 4 for information on governance for all sustainability-related risks and opportunities
- ▶ Section 5 for information on strategy broken down by environmental topics (5.1), social topics (5.2) and governance topics (5.3)
- ▶ Section 6 for information on risk management for all sustainability-related risks and opportunities
- ▶ Section 7 for metrics and targets broken down by environmental topics (7.1), social topics (7.2) and governance topics (7.3).

References
IFRS
S2.10(a)-(b)

3.1. Sustainability-related risks

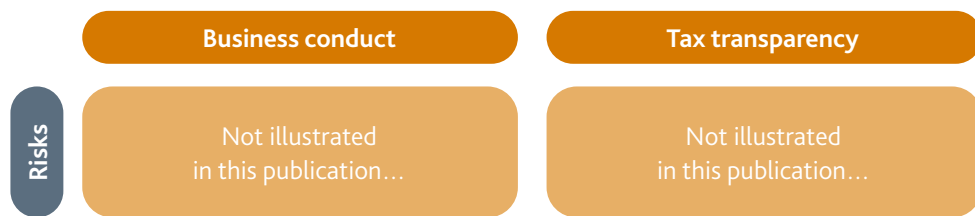
The material **environmental** risks affecting the Group's prospects are:



The material **social** risks affecting the Group's prospects are:



The material **governance** risks affecting the Group's prospects are:



3.2. Sustainability-related opportunities

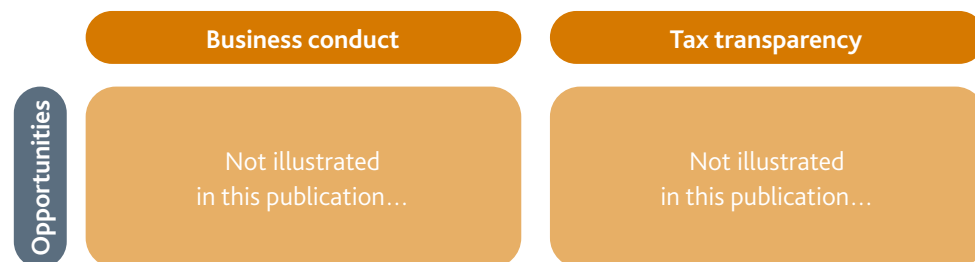
The material **environmental** opportunities affecting the Group's prospects are:



The material **social** opportunities affecting the Group's prospects are:



The material **governance** opportunities affecting the Group's prospects are:



3.3. How we view short, medium and long-term risks and opportunities

When considering our sustainability-related risks and opportunities, we consider whether these risks and opportunities are likely to occur over the short, medium or long term. Our view of each of these time considerations is based on the time horizons used for internal risk management purposes:



Any references throughout this report to short, medium or long term should be read using these time periods.

References
IFRS
S1.30(b)
IFRS
S2.10(d)

**BDO Comment**

IFRS Sustainability Disclosure Standards do not specify how short, medium and long term are to be defined. Entities may specify their own time horizons; however, those time horizons must be disclosed (IFRS S1.30(b)). Entities may use different time horizons for different sustainability-related risks and opportunities, however, in our illustration, the Group has defined a single set of time horizons for all sustainability-related risks and opportunities.

3.4. How we view the likelihood of a particular event occurring

When considering our sustainability-related risks and opportunities and the associated future effects, we define the following terms to mean:

Term	What we mean
Almost certain	Almost certain to occur under any future scenario
Likely	Likely to occur under any future scenario
Possible	Possible that it might occur under any future scenario
Unlikely	Unlikely to occur in any future scenario
Rare	Extremely unlikely to occur in any future scenario

**BDO Comment**

IFRS Sustainability Disclosure Standards do not require entities to use or define these terms relating to the likelihood. Given that sustainability reporting often involves uncertain future events, entities may consider it useful to define terms commonly used when providing the entity's view of the likelihood of future events. This approach allows users to understand management's assessment of future events and conditions in a consistent manner.

4. Governance**BDO Comment**

The objective of sustainability-related financial disclosures on governance is to enable users of general purpose financial reports to understand the governance processes, controls and procedures an entity uses to monitor, manage and oversee sustainability-related risks and opportunities (IFRS S1.26).

The disclosures in relation to governance are similar in IFRS S1 and IFRS S2. In preparing disclosures to fulfil the requirements in paragraph 6 of IFRS S2, an entity shall avoid unnecessary duplication in accordance with IFRS S1 (IFRS S2.7).

The governance disclosures in this model have been presented on an integrated basis because we have assumed that the Group manages sustainability-related risks and opportunities together. However, if an entity managed its sustainability-related risks and opportunities separately (e.g. one governance process for climate risks and another for social risks), then it would be required to provide separate governance disclosures for each of its material sustainability-related risks and opportunities with different governance policies and procedures.

**4.1. Board of directors**

The board of directors is responsible for governance and overseeing the Group's strategic direction. The primary responsibility of the board includes setting the overall strategic direction and long-term goals, monitoring risks, ensuring compliance with laws and regulations, ensuring the business remains financially accountable, driving sustainability strategy, monitoring and responding to sustainability risks and opportunities, monitoring organisational performance, and safeguarding the interests of investors. The board is responsible for appointing the chief executive officer and monitoring their performance.

The board is comprised of the following ten non-executive directors:

Director	Skills & competencies	Sub committee member
James Smith (Chairman)	James has over 20 years of experience managing various manufacturing businesses. For the past 10 years he served as a non-executive director for four different listed manufacturing companies. <i>Bachelor of Business, CPA</i>	Risk Committee Strategy Committee Remuneration & Nominations Committee Audit Committee
Alistar Chen	Alistar has served as a non-executive director on the boards of more than ten companies. He has 30 years experience as an audit partner, currently working as an audit partner in accounting firm Numbers R Us <i>Bachelor of Business, Chartered Accountant</i>	Audit Committee (chair) Remuneration & Nominations Committee
Declan O'Connell	Declan has 25 years experience in commercial law. <i>Bachelor of Law, Bachelor of Business, SC</i>	Risk Committee (chair) Strategy Committee
Silas Petrovich	Silas has 15 years experience working with many businesses to develop and implement ESG strategies. <i>Bachelor of Science, Bachelor of Business, Chartered Accountant</i>	Risk Committee Strategy Committee (chair)
Isobel Holmes	Isobel has 20 years experience managing HR departments. <i>Bachelor of Business</i>	Remuneration & Nominations Committee (chair)
Eliza Montgomery	Eliza is an accountant for an AIM listed technology company. <i>Bachelor of Business, CPA</i>	Audit Committee

Eleanor Vance	Eleanor has 15 years experience working with businesses to change product design and manufacturing processes to lower impact on the environment. <i>Bachelor of Environmental Science</i>	Audit Committee
Andrew Grenfell	Andrew has 15 years experience as a human rights lawyer. <i>Bachelor of Law, Bachelor of Business</i>	Risk Committee
Jasmine Milthorpe	Jasmine has ten years experience working as a mechanical engineer. <i>Bachelor of Engineering</i>	
Arthur McDougall	Arthur has 28 years experience working for a large sports equipment manufacturing business as product line manager.	

BDO Comment

IFRS Sustainability Disclosure Standards do not require entities to disclose the identifies and individual experience of an entity's governance body. For many publicly accountable enterprises, this information will be disclosed elsewhere, such as the entity's website and/or other regulatory filings. Entities may consider incorporating information about governance bodies, individual members and their qualifications by reference to other publicly available information.

In order to ensure Board composition is appropriate, the Board has a competency matrix that it uses to fill all positions on both the Board and Board sub-committees. The remunerations and nominations committee is responsible for reviewing this competency matrix, and it provides recommendations to the board on an annual basis for potential changes to the matrix, based on current economic conditions. The remunerations and nominations committee also seeks to fill any board or sub-committee vacancies based on needs identified in the competency matrix.

The Board seeks to integrate sustainability-related risks and opportunities into the oversight of its corporate strategy, major transactions, and risk management frameworks. When evaluating strategic initiatives and the Group's risk management processes, the Board

References
IFRS
S1.27(a)(ii)

IFRS 2.6(a)
(ii)

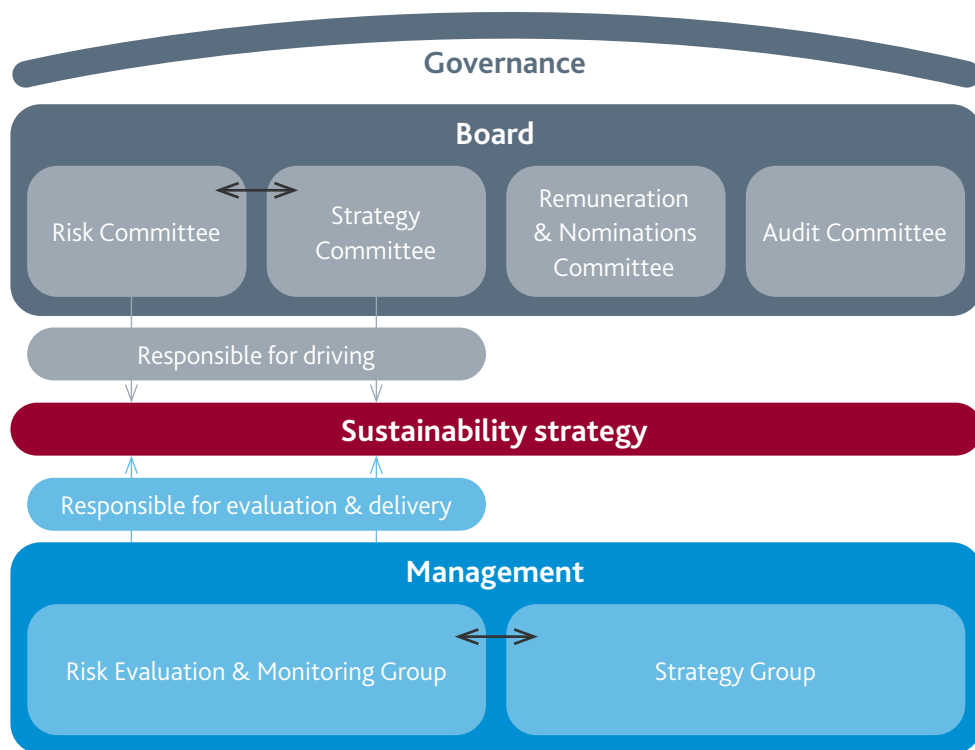
References
IFRS
S1.27(a)(iv)
IFRS S2.6(a)
(iv)



ensures that management assesses the environmental and social impacts alongside financial outcomes. Before approval, it seeks to ensure that management has carefully considered any trade-offs associated with its risk management processes and strategic initiatives.

References IFRS 51.27(a)(i)
IFRS 52.6(a)(i)

To effectively manage the Board's sustainability priorities, the Board has established two sub-committees: a Risk Committee and a Strategy Committee. These committees are responsible for driving the group's sustainability strategy and provide recommendations to the Board for consideration and approval. These committees also oversee the Risk Evaluation & Monitoring Group and the Strategy Group, which are components of senior management.



References IFRS 51.27(a)(i)
IFRS 52.6(a)(i)

The Risk committee and Strategy Committee operate under mandates that explicitly incorporate sustainability-related risks and opportunities into their governance frameworks. Both committees are supported by policies that require regular reporting to the Board. The Risk Committee and Strategy Committee provide formal reports to the Board each quarter. The Board is currently considering integrating sustainability metrics into performance evaluations for senior management, which is comprised of C-suite level executives.

BDO Comment

IFRS Sustainability Disclosure Standards do not require entities to disclose information the entity's expected changes to governance structures, such as the Board's plan to consider integrating sustainability metrics into performance evaluations. However, entities may consider that the entity's plans to consider changing existing governance policies relevant. Entities should consider revisiting these disclosures in subsequent periods and revising as appropriate (e.g. noting the entity's decisions concerning previously disclosed plans to consider changes to governance policies and structures).



4.1.1. Risk Committee

The four members of the Risk Committee oversee the Group's risk management framework and provide independent oversight of current and potential business risks, including risks associated with environmental and social issues. The Risk Committee's terms of reference include oversight of environmental, social, and governance (ESG) risks specific to the toy, game and sports equipment industry.

References IFRS 51.27(a)(i)
IFRS 52.6(a)(i)

The Risk Committee is responsible for identifying and mitigating risks related to climate change, resource scarcity, and reputational concerns arising from stakeholder expectations. It oversees identifying risks, developing strategies (in conjunction with the Strategy Group), and monitoring risks by management via the Risk Evaluation & Monitoring Group. It assists the Board in fulfilling its responsibilities relating to risk, ensuring that management effectively identifies, assesses, and mitigates its risks.

References IFRS 51.27(b)
IFRS 52.6(b)

The Risk Committee meets bi-monthly and is responsible for approving and overseeing the identified risks and the proposed risk mitigation strategies. Members of the Risk Evaluation & Monitoring Group present key information on risk identification and monitoring activities to the Risk Committee at each of these meetings.

References IFRS 51.27(a)(iii)
IFRS 52.6(a)(ii)

4.1.2. Strategy Committee

The four members of the Strategy Committee work closely with the Risk Committee to support the Board in its oversight of the development and execution of the Group's strategic direction. The Strategy Committee's terms of reference include steering the company's long-term sustainability strategy, with a focus on eco-friendly product design, responsible sourcing, circular economy initiatives, and community engagement.

References IFRS 51.27(a)(i)
IFRS 52.6(a)(i)

The Strategy Committee oversees the activities of the Strategy Group, the management group responsible for identifying and driving business opportunities and initiatives within the Group (this includes identifying and driving sustainability strategy).

References IFRS 51.27(b)
IFRS 52.6(b)


References
IFRS S1.27
(a)(iii)
IFRS S2.6
(a)(iii)

The Strategy Committee meets four times per year to review, provide input on, and recommend to the full Board for approval of management's strategic sustainability plans and initiatives. The Strategy Group presents key information to the Strategy Committee during these meetings so appropriate action can be decided. The Strategy Committee is also responsible for ensuring sufficient resources can be made available to achieve approved sustainability strategies.

References
IFRS
S1.27(a)(v)
IFRS
S2.6(a)(v)
IFRS
S2.29(g)

4.2. Remuneration

The Remuneration and Nominations Committee determines remuneration for senior management. Remuneration is not currently tied to its sustainability transition plan or climate targets; however, the Board is considering changing the remuneration structure to tie elements of remuneration to sustainability targets.

 **BDO Comment**

The Group does not presently incorporate sustainability-related performance metrics into remuneration policy. IFRS S1.27(a)(v) requires an entity's policy to be disclosed; however, it does not mandate that an entity have any such policies. If entities have no such policies, that fact should be disclosed.

References
IFRS
S1.27(b)(i)
IFRS
S2.6(b)(i)

4.3. Management's role in sustainability governance

The CEO oversees the Group's sustainability strategy and the mitigation of significant sustainability-related risks. The CEO provides management oversight of the Risk Evaluation & Monitoring Group and the Strategy Group.

The Risk Evaluation & Monitoring Group is responsible for:

Product safety	Environmental and sustainability risk assessment and monitoring
Supply chain risk assessment and monitoring	Regulatory compliance
Workplace health and safety	Risk reporting

The Strategy Group is responsible for the detailed development and implementation of the Group's sustainability strategy, such as incorporating sustainability considerations in product design and development. The Group is mandated to ensure that the key ESG transitional and physical risks identified by the Risk Evaluation & Monitoring Group are mitigated, to the extent possible, when developing the Group's sustainability strategy.

Refer to Section 5 for further information on management's role in managing sustainability-related risks and opportunities within the business.

5. Strategy

BDO Comment

The objective of sustainability-related financial disclosures on strategy is to enable the users of an entity's general purpose financial reports to understand the entity's strategy for managing sustainability-related risks and opportunities (IFRS S1.28).



This section sets out the Group's strategy for managing material sustainability-related risks and opportunities. The Group's strategy is organised by environmental, social and governance topics.

5.1. Environmental strategy

5.1.1. Climate strategy

Current and anticipated financial effects and effects on strategy

Climate change poses significant risks to the Group's global value chain, the availability of resources, and our customers' expectations that we operate in a climate-responsible manner. Our climate strategy is to build climate resilience in our business, innovate with sustainable materials, and to take advantage of new business opportunities presented by climate adaptation, including new product lines. Our strategy for managing our climate-related risks and opportunities is set out below, and includes:

- a) Climate-related risks and opportunities and an explanation of each risk and opportunity;
- b) Current and anticipated financial effects of those climate-related risks and opportunities on the entity's business model and value chain;
- c) The effects of those climate-related risks and opportunities on the entity's strategy and decision-making; and
- d) The effect of those climate-related risks and opportunities on the entity's financial position, financial performance and cash flows in the reporting period and their anticipated effects in the future.

See numbered notes following the table where further explanation is provided for certain items).

The Group has set an internal climate target to reduce absolute GHG emissions. The target and the entity's strategy to achieving that target are disclosed in section 7.1.

References
IFRS
S2.14(a)(v)

Risk or opportunity	Type of risk or opportunity	Likelihood & expected time horizon		Potential impact on business model and value chain	Current financial effect	Our response	Anticipated financial effects after considering our response		
Maple timber becoming more expensive due to the severity and frequency of severe weather events	Physical risk (weather)	Likely	Long-term	<ul style="list-style-type: none"> ▶ Significant input in toys division ▶ All maple timber is sourced in Canada ▶ Maple timber is used solely in the Toronto manufacturing plant 	<ul style="list-style-type: none"> ▶ 0.5% decrease in profit margin ▶ 0.1% decrease in operating cash flows 	<ul style="list-style-type: none"> ▶ During 2025 we entered into 3 forward contracts for the next 5 years for the supply of maple timber (see note 1) ▶ We plan to work with our key suppliers to look at alternatives to maple timber ▶ We plan to change certain parts of the manufacturing equipment in Toronto to be able to use alternative timbers (see note 2) 	<ul style="list-style-type: none"> ▶ Potential decrease in revenue if the price of toys increased to offset manufacturing costs resulting in reduced demand ▶ Potential decrease in profit margin ▶ Capital cost to retrofit production line (see note 2) 	Short-term	0% - 1% decrease in revenue 0% - 2% decrease in profit margin
								Medium-term	0% - 5% decrease in revenue 0% - 9% decrease in profit margin
								Long-term	5% - 10% decrease in revenue 0% - 9% decrease in profit margin
Beech timber becoming more expensive due to the severity and frequency of severe weather events	Physical risk (weather)	Almost certain	Long-term	<ul style="list-style-type: none"> ▶ Significant input in toys division ▶ All beech timber is sourced in Australia ▶ Beech timber is used solely in the Sydney manufacturing plant 	<ul style="list-style-type: none"> ▶ 0.3% decrease in profit margin ▶ 0.05% decrease in operating cash flows 	<ul style="list-style-type: none"> ▶ During 2025 we entered into forward contracts for the next 3 years with suppliers of beech timber (see note 1) ▶ We have been looking at alternative suppliers of timber that could be used in production ▶ We plan to change certain components of our manufacturing line in Sydney to be able to use alternative timbers (see note 2) 	<ul style="list-style-type: none"> ▶ Potential decrease in revenue if the price of toys increased to offset manufacturing costs resulting in reduced demand ▶ Potential decrease in profit margin ▶ Capital cost to retrofit production line (see note 2) 	Short-term	0% - 1% decrease in revenue 0% - 2% decrease in profit margin
								Medium-term	0% - 3% decrease in revenue 0% - 5% decrease in profit margin
								Long-term	3% - 5% decrease in revenue 5% - 8% decrease in profit margin
Source of pulp paper used to manufacture cardboard in games & puzzles becoming increasingly expensive due to the severity and frequency of severe weather events	Physical risk (weather)	Likely	Long-term	▶ Significant input in all products in board games division	<ul style="list-style-type: none"> ▶ 0.3% decrease in profit margin ▶ 0.06% decrease in operating cash flows 	<ul style="list-style-type: none"> ▶ Over the short-term we are working with an additional third-party manufacturer in Mumbai to explore the manufacture of certain board games and puzzles ▶ Plans to expand manufacturing in the Toronto plant to manufacture puzzles and board games due to new Government policy to increase recycling of paper and cardboard within Canada, allowing for good supply of recycled paper pulp for manufacturing (see note 3) 	<ul style="list-style-type: none"> ▶ Potential decrease in revenue if the price of puzzles and board games increased to offset manufacturing costs ▶ Potential decrease in profit margin 	Short-term	0% - 1% decrease in revenue 0% - 2% decrease in profit margin
								Medium-term	0% - 3% decrease in revenue 0% - 5% decrease in profit margin
								Long-term	3% - 10% decrease in revenue 5% - 13% decrease in profit margin
Increased regulation in the plastics industry	Transition risk (regulation)	Almost certain	Short-term	<ul style="list-style-type: none"> ▶ Input in in board games division (components) ▶ All divisions – plastic packaging 	▶ No current financial effect	<ul style="list-style-type: none"> ▶ We plan to remove plastic packaging from all products within 3 years and replace it with recyclable paper packaging 	<ul style="list-style-type: none"> ▶ Significant potential decrease in revenue if products are no longer able to be sold in key markets due to the effects of regulation (Europe), though we plan to modify packaging, resulting in increased costs 	Short-term	Potential impairment of current inventory (see note 4)
								Medium-term	0% - 5% decrease in profit margin
Regulation to remove single use plastic and polystyrene from packaging	Transition risk (regulation)	Almost certain	Medium-term	<ul style="list-style-type: none"> ▶ Initial impact for sales into a key market – Europe ▶ Expected other jurisdictions to follow (United Kingdom, Canada, Japan, Australia) 		<ul style="list-style-type: none"> ▶ We are in the process of ensuring our third-party manufacturers will use recyclable plastic for all board game pieces within the next 12 months ▶ We expect the additional cost of new packaging to decrease over time 	<ul style="list-style-type: none"> ▶ Potential impairment of existing inventory (see note 4) 	Long-term	0% - 3% decrease in profit margin
IFRS S1.30(a)	IFRS S2.10(b)		IFRS S1.30(b)	IFRS S1.32(a),(b)	IFRS S1.34(a) IFRS S1.35(a)	IFRS S1.33(a)	IFRS S1.34(b) IFRS S1.35(c)		
IFRS S2.10(a)			IFRS S2.10(c)	IFRS S2.13(a),(b)	IFRS S2.15(a) IFRS S2.16(a)	IFRS S2.14(a)(i),(ii),(iii)	IFRS S2.15(b) IFRS S2.16(c) IFRS S2.15(d) IFRS S2.17		

Risk or opportunity	Type of risk or opportunity	Likelihood & expected time horizon		Potential impact on business model and value chain	Current financial effect	Our response	Anticipated financial effects after considering our response		
Increased regulation in certain jurisdictions concerning consumer waste from products at the end of their life ▶ Europe plans to introduce legislation around the end-of-life treatment of products to ensure that a minimum of 70% of products are either wholly recyclable or compostable	Transition risk (regulation)	Almost certain	Long-term	▶ Initial impact for sales into a key market - Europe ▶ Expected other jurisdictions to follow (Japan, United Kingdom, Canada, Japan, Australia)	▶ No current financial effect	▶ We plan to change the paint and varnish used in wooden toy production so that wooden toys break down more quickly in compost at the end of their useful life ▶ All plastic parts to be made from 100% recyclable plastic within next 12 months ▶ No capital investment is expected as the above noted changes to production processes will be achieved by changing suppliers	▶ Significant potential decrease in revenue if certain toys or board games can no longer be sold in key markets (Europe), though we plan to modify our products to comply with the regulations	Short-term	No anticipated impact
			Medium-term					No anticipated impact	
			Long-term					1% -2% decrease in profit margin	
Use of 'green' electricity in manufacturing plants in Toronto and Sydney resulting in improved margins	Opportunity (reduced cost and marketability of products)	Almost certain	Short-term	▶ Reduce inventory costs in both manufacturing plants in Sydney & Toronto (Sydney expected to have greatest benefit) ▶ Improve the marketability of products due to reduced carbon intensity	▶ No current financial effect	▶ We plan to install solar panels on the Sydney and Toronto manufacturing plants within the next 12 months ▶ Sydney – panels expected to reduce electricity use from the grid by 90% ▶ Toronto – panels expected to reduce electricity use from the grid by 50%	▶ Initial outlay for Solar Panels expected (see note 5) ▶ Decrease in electricity costs (see note 5) ▶ Increase in profit margin due to marketability of product (see note 5)	Short-term	CU1,000,000 decrease – cash flows 3% - 7% - increase in profit
			Medium-term					5% - 8% - increase in profit CU200,000 of financing cash flows	
			Long-term					7% - 15% - increase in profit CU700,000 of financing cash flows	
Develop 'low carbon' product lines ▶ Initial product to develop – monkey bars for home and commercial use	Opportunity (new product)	Likely	Medium-term	▶ Potential increase in market share of the outdoor games division ▶ Improved margins on a more premium product offering	▶ CU250,000 (see note 6)	▶ We plan to explore increasing our market share of outdoor games with the introduction of fully customisable monkey bars for home and commercial use. The planned product would be to be made from reclaimed metal, and would be easily repaired, customised and recyclable at end-of-life. ▶ This product is early in the development stage (see note 6).	▶ Research and development expenses to design and develop the product (see note 6) ▶ Future marketing expenses ▶ Manufacturing plant and equipment will need to be leased or acquired	Short-term	CU300,000 (see note 6)
			Medium-term					Unknown (see note 6)	
			Long-term					Unknown (see note 6)	
IFRS S1.30(a)	IFRS S2.10(b)	IFRS S1.30(b)	IFRS S1.32(a),(b)	IFRS S1.34(a) IFRS S1.35(a)	IFRS S1.33(a)	IFRS S1.34(b) IFRS S1.35(c) IFRS S1.36			
IFRS S2.10(a)		IFRS S2.10(c)	IFRS S2.13(a),(b)	IFRS S2.15(a) IFRS S2.16(a)	IFRS S2.14(a)(i),(ii),(iii)	IFRS S2.15(b) IFRS S2.16(c) IFRS S2.15(d) IFRS S2.17			

Climate strategy - explanatory notes

References
IFRS S1.63

- See note 29 in the Group's financial statements for information about these forward contracts, including their contractual terms and fair value as at 31 December 2025.



BDO Comment

IFRS S1.21 requires entities to provide information in a manner that enables users of general purpose financial reports to understand connections, including connections between sustainability-related financial disclosures and financial statements. The Group has cross-referenced information about forward contracts to associated information in its financial statements, which includes information about the forward contracts, rather than duplicating that information in its sustainability report.

- The retrofitting of the Toronto and Sydney manufacturing plants is in the preliminary planning stages and no capital commitments have been made, though the project is expected to be completed in the next 5-6 years. The expected capital cost is between CU2,000,000 – CU2,500,000. The Group expects to finalise plans for the retrofitting by the end of 2026. The equipment that is to be replaced has a net book value as at 31 December 2025 of CU200,000. The Group has revised the useful life of the equipment in the 2025 financial statements to reflect its expected disposal in the next 5-6 years. The retrofitting is expected to be financed via the Group's existing excess capital.
- The addition of a new production line in Toronto manufacturing plant will take advantage of new Canadian requirements for entities to produce post-consumer paper that may be used in the production of puzzles and other cardboard products. The new production line is expected to cost CU4,000,000. The Group expects to finalise plans for the expansion by the end of 2027. The new production line is expected to be financed via new term debt (60% of the total cost – no facility has yet to be agreed to) and lease finance for certain equipment (40%).
- The Group holds certain finished goods that would not be expected to comply with the changes to plastic regulations in Europe. There is a significant risk that a material amount of inventories may become unsaleable if regulations in Europe are fast-tracked. The amount of inventories that would become unsaleable are CU1,250,000 as at 31 December 2025.
- The Group has committed to a contract with a leasing company for solar panels to be placed in Sydney and Toronto in 2025. The contract requires an upfront lease payment of CU1,000,000 and CU50,000 thereafter over a lease term of 20 years. The solar panels

References
IFRS S2.16(c)
(i), (ii)

IFRS S2.16(c)
(i), (ii)

IFRS S2.16(b)

IFRS S2.16(c)
(i), (ii), (d)

are expected to reduce the Group's reliance on grid electricity substantially – 90% in Sydney and 50% in Toronto. Depending on the spot price for electricity over the next 20 years, cost savings may be substantial, resulting in improved profitability ranging from 3-15% over the short, medium and long term using 2025 as a benchmark.

- The Group has begun research and development on a new 'low carbon' product line, including how it may label the product in accordance with relevant 'greenwashing' regulations. The Group spent CU250,000 on research in 2025, which consisted primarily of staff costs. The research budget for 2025 is CU300,000. The project is still in the initial research stages; therefore, the medium and long-term financial effects have not been provided because the measurement uncertainty about potential revenue and profits that may be derived from the new product line in the future is so high that any quantitative information would not be useful. If the project is successful, revenue, cost of sales and profit may increase materially. If the project is not successful, research expenditures and/or impairment of intangible assets may increase materially.

References
IFRS
S2.19(b),
21(b)

BDO Comment

IFRS S2 does not require an entity to disclose every climate-related risk and opportunity that may exist. It instead requires the entity to disclose those risks and opportunities that could **reasonably be expected to affect the entity's prospects**. This means that an entity needs to apply judgement when deciding which climate-related risks and opportunities it should disclose.

When the entity identifies the climate-related risks and opportunities that could reasonably be expected to affect its prospects at the reporting date, it **shall** use all reasonable and supportable information that it has available to it at the reporting date **without undue cost of effort** (IFRS S2.18(b)). The concept of 'without undue cost or effort' does not mean that an entity can avoid these disclosures by not incurring any cost or applying any effort to identify the entity's climate-related risks and opportunities. However, the amount of effort and cost the entity incurs to prepare this information should be **commensurate with the resources that the entity has available to it**.

In other words, there is an expectation that a large, complex multinational with significant resources would be capable of preparing more complex information about how it is addressing its climate-related risks and opportunities and it should therefore include detailed quantitative and qualitative disclosures about how the identified climate-related risks and opportunities have impacted in the current financial year,



References
IFRS S2.11
IFRS S2.18

IFRS S2.17
IFRS S2.19
IFRS S2.20
IFRS S2.21

and will effect in the future, the entity's financial position, financial performance and cash flows. Conversely, a small entity with few resources would be expected to provide less detailed information about its strategy to address its climate-related risks and to exploit its climate-related opportunities and therefore the disclosures would be likely to include fewer details.

Quantitative or qualitative information?

While entities are expected to provide quantitative disclosures about the anticipated financial effects of their identified climate-related risks and opportunities, the standard provides relief in the following circumstances:

1. If the effects are not separately identifiable (IFRS S1.38(a) / IFRS S2.19(a));
2. If the amount of measurement uncertainty is so high that quantitative disclosures would not be useful to users (IFRS S1.38(b) / IFRS S2.19(b)); or
3. If entities do not have the skills, capabilities, or resources to determine the anticipated future quantitative effect of climate-related risks and opportunities (IFRS S1.39 / IFRS S2.20)

Small and medium-sized entities would generally be more likely to qualify under one or more of the above exceptions in IFRS S2.

Entities that do not provide quantitative disclosures for one of the above reasons must disclose why (a) they have not included quantitative information; (b) qualitative information about the financial effects; and (c) quantitative information about the combined financial effects of that sustainability-related risk or opportunity with other sustainability-related risk or opportunities and other factors unless the entity determines that quantitative information about the combined financial effects would not be useful (IFRS S1.40 / IFRS S2.21).

This publication illustrates the disclosure requirements of IFRS S1.40 / IFRS S2.21 in explanatory note 6 above relating to a potential new product being developed by the Group.

BDO Comment

IFRS S2.13(b) requires entities to disclose a description of where the entity's business model and value chain climate-related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets). The Group has met this disclosure requirement in the tables above, which disclose climate-related risks and opportunities in a sufficiently granular level for users of general purpose financial reports to be able to understand these concentrations. For example, the climate-related opportunity related to the use of green electricity in manufacturing is concentrated in Toronto and Sydney, where the Group plans to transition to the use of solar panels to generate electricity.

Resilience of our climate strategy – basis of preparation of scenario analysis

The Group has considered the resilience of its strategy and business model to climate-related changes, developments and uncertainties using scenario analysis. The Group's climate-related risks and opportunities relate to physical and transition matters, therefore, the scenarios considered by the Group consider different assumptions about these matters.

This is the first time the Group has performed scenario analysis, and in doing so, the Group has considered its exposure to climate-related risks and opportunities and its skills, capability and resources available. The Group has not used technically sophisticated approaches to scenario analysis, and therefore, most of the analysis set out below is qualitative in nature. The Group believes this is appropriate to the entity's circumstances given its exposure to climate-related risks and opportunities. The Group will consider the approach, inputs and assumptions used in its scenario analysis in the future and consider revisions.





BDO Comment

IFRS S2.22 requires the use of scenario analysis when an entity discloses information about the resilience of its strategy and business model to climate-related changes, developments and uncertainties, however, IFRS S2 permits entities to make judgements about how the scenario analysis is performed, including the methodology and assumptions. The illustration set out below is an illustration of how scenario analysis might be prepared for an entity with the Group's level of sophistication and exposure to climate-related risks and opportunities. Alternative formats and methodologies may be more appropriate to other entities based on their specific facts and circumstances.

IFRS S2.B2(b) and B6-B7 state that entities shall consider the 'available skills, capabilities and resources when determining an appropriate approach to use for its climate-related scenario analysis'. Therefore, it is acknowledged that larger, more complex entities may perform a more complex scenario analysis, which may consider a larger number of scenarios and technically sophisticated approaches to estimating the effects of those scenarios on the entity. In this illustration, the Group is performing a scenario analysis for the first time, and is a moderate-sized entity with limited exposure to climate-related risks and opportunities. The level of sophistication and complexity appropriate for an entity will depend on a number of factors, including its size, resource availability, sophistication and level of exposure to climate-related risks and opportunities.

The approach taken by entities will also inform the extent to which disclosures of key assumptions are made in accordance with IFRS S2.22(b)(ii). Entities that utilise a less sophisticated approach may make few explicit assumptions about climate-related policies, macroeconomic trends, etc., which will affect the disclosure of this information.

The Group considered three different scenarios, which are based around whether the goals of the Paris Agreement (the latest international agreement on climate change) are met (scenario 1) or not, and if not, the severity of the effects (scenarios 2 and 3). The Group chose these scenarios as they represent whether the global community achieves broad goals, which would mitigate the worst effects of climate change if achieved.

The Group considered the following other inputs into the scenario analysis:

1. The time horizon used in the scenario analysis is to 2050, which is the time horizon used for the Paris Agreement.
2. The scope of the operations considered are the composition of the Group (see section 2.5) and its value chain (see section 1.1).

The three scenarios considered are:

Scenario	Physical risks – assumptions	Transition risks – assumptions
1 – mitigation of 'worst case': global temperature increase is limited to 1.5°C, consistent with the Paris Agreement	Worst effects of climate-change are mitigated; some increases in cost of raw materials	Robust policies are introduced by world governments, resulting in significant increases in the cost of production due to shift towards 'low carbon' inputs and materials containing high quantities of recycled materials
2 – partial mitigation: global temperatures increase by 2.0°C; goal of Paris Agreement is only partially met	Moderate increases in cost of raw materials; necessary to consider changes in sources of raw materials due to pulp paper becoming more expensive to produce	Moderate policies are introduced by world governments, with limited effects on the production of inventories
3 – low mitigation: global temperatures increase by 3.0°C; goal of Paris Agreement is not met	Significant increases in cost of raw materials; high likelihood that sources of raw materials will need to be revised and/or types of raw materials will need to be adjusted due to economic unfeasibility of obtaining low-cost pulp paper	Very limited policies are introduced by world governments with low effect on the production of inventories, however, shifts in sourcing are necessary as a result of physical risks

The scenario analysis was carried out for the 31 December 2025 reporting period. The Group expects to re-perform the scenario analysis every 3 years, unless a significant change in circumstance occurs, which might warrant updating the scenario analysis more quickly.

References
IFRS
S2.22(b)
(i)(3)

IFRS
S2.22(b)
(i)(4)

References
IFRS
S2.22(b)

References
IFRS
S2.22(b)
(i)(1)
IFRS
S2.22
(b)(i)(2)
IFRS
S2.22
(b)(i)(5)

IFRS
S2.22(b)
(i)(6)

IFRS
S2.22(b)
(i)(7)

The significant areas of uncertainty considered in the Group's assessment of its climate resilience are:

- References
IFRS
S2.22(b)(iii);
B18
1. The quantified financial effect on revenue, expenses, assets and liabilities as quantifying estimates of expected costs and changes to operations over the next 25+ years is highly uncertain.
 2. The effect of climate-related physical risks (e.g. severe weather, drought, etc.) on specific geographies. While different scenarios contemplate an assumed global increase in average temperatures, the precise effect of changing weather patterns and natural disasters is inherently uncertain.
 3. Expected changes in government policy and the associated effect on the Group's operations. Government policy can shift rapidly and unexpectedly; therefore, it is challenging to estimate the types of policies that will be put in force over the next 25 years and their effect on the Group's business model and strategy.
- IFRS
S2.22(a)(ii)

Resilience of our climate strategy – scenario 1 (mitigation of 'worst case')

In scenario 1, the most severe physical effects of climate change on the Group (e.g. weather-related disruptions to the value chain) are mitigated. Beech timber and pulp paper are still capable of being sourced, however, robust policies introduced by various governments, as well as consumer sentiment result in the Group shifting more of its product mix to 'low carbon'.

References
IFRS
S2.22(a),
(b)(ii)

The Group is developing a 'low carbon' product line, as discussed in the current and anticipated financial effects section of this document. In scenario 1, the Group would more quickly shift its product mix to the 'low carbon' product line, resulting in a more aggressive shift to new production facilities, and enhanced research and development into alternatives raw materials to be used in the 'low carbon' product line. This would require the Group to retire current production facilities more quickly than currently planned (see scenario 2) and obtain finance to retrofit its production facilities in the short to medium term, rather than the long term.

The Group would need to obtain new, currently uncommitted sources of finance to accommodate the capital needs of this scenario.

The Group would also be likely to expand its planned use of green electricity in its manufacturing facilities, because in this scenario, the Group expects more stringent requirement to reduce Scope 1 and Scope 2 emissions than the internal targets currently established (see section 7).

Resilience of our climate strategy – scenario 2 (partial mitigation)

Scenario 2 represents the scenario used by the Group in setting its strategy – see section 5. Refer to that section of the report for more detailed explanations of the anticipated financial effects of this scenario on the Group's strategy and business model.

In scenario 2, the most severe physical effects of climate change on the Group (e.g. weather-related disruptions to the value chain) are only partially mitigated. Beech timber and pulp paper are still capable of being sourced from most suppliers; however, certain suppliers will no longer be able to produce pulp paper at economically viable prices, resulting in the shifting of production to different suppliers. The Group would expect this shift to occur from suppliers in southeast Asia to North American suppliers.

Changes in government policy are moderate, but do result in adjustments to the Group's product line, including packaging.

The Group is developing a 'low carbon' product line, as discussed in the current and anticipated financial effects section of this document. In scenario 2, the Group plans to shift its product mix to the 'low carbon' product line gradually, meaning that current production equipment does not need to be phased out and retired earlier than the expected remaining useful life of the equipment.

The Group would need to obtain sources of finance to accommodate the capital needs of this scenario, which are discussed in notes 2-3 of the explanatory notes to the Group's climate strategy.

The Group plans to enhance its use of green electricity in this scenario using solar panels, as discussed in note 5 of the explanatory notes to the Group's climate strategy.

Resilience of our climate strategy – scenario 3 (low mitigation)

In scenario 3, the most severe physical effects of climate change on the Group (e.g. weather-related disruptions to the value chain) occur. Beech timber and pulp paper become increasingly difficult to source due to changes in weather patterns and costs increase significantly. Governments introduce very limited policies concerning sourcing and GHG emissions; however, the Group would be required to revise its sourcing of raw materials regardless.

The necessary adjustments to the Group's sourcing of raw materials and the associated effects are beyond those contemplated in the Group's current climate strategy, though they could include:

- ▶ Accelerating the shift to the Group's planned 'low carbon' product line;
- ▶ Exploring alternative raw materials, including a higher component of domestically recycled post-consumer content; and
- ▶ Adjusting the price of the Group's goods.

The lack of government-imposed policies would shift the Group's prioritisation of revisions to its production process, with less focus on reducing plastics in packaging and a higher focus on reducing the core cost of production via the strategies discussed above.

The Group would need to obtain new, currently uncommitted sources of finance to accommodate the capital needs of this scenario, however, the cost of capital would likely increase in this scenario due to a larger number of entities requiring significant additional capital to adapt their operations for the most severe effects of climate change.

The Group may need to limit its expansion of its planned use of green electricity in its manufacturing facilities in this scenario because it may not be able to obtain the necessary capital to do so. Instead, the Group would prioritise limiting disruptions to its sourcing of raw materials and its transition to a 'low carbon' product line as discussed above.

This scenario would be the most difficult to adapt to for the Group because of the combination of multiple, simultaneous financial effects occurring at the same time as the cost and availability of capital increasing for the Group.

5.1.2. Resources strategy

[Not illustrated in this publication...]

5.1.3. Pollution strategy

[Not illustrated in this publication...]

5.2. Social strategy

[Not illustrated in this publication...]

5.3. Governance strategy

[Not illustrated in this publication...]

6. Risk management

BDO Comment

The objective of sustainability-related risk management disclosures is to enable users of general purpose financial reports to understand the entity's process to identify, assess, prioritise and monitor sustainability-related risks and opportunities and to assess the entity's risk profile and risk management process (IFRS S1.43).

The disclosures in relation to risk management are similar in IFRS S1 and IFRS S2. In preparing disclosures to fulfil the requirements in paragraphs 24-25 of IFRS S2, an entity shall avoid unnecessary duplication in accordance with IFRS S1 (IFRS S2.26).

The risk management disclosures in this model have been presented on an integrated basis because we have assumed that the Group's oversight of its sustainability-related risks and opportunities is performed on an integrated basis. However, entities that do not provide oversight of their sustainability-related risks on an integrated basis would be required to provide separate risk management disclosures for each of their identified sustainability-related risks and opportunities that are managed separately. For example, if the entity managed its climate-related risks and opportunities separately, it would need to provide separate disclosures for its climate-related risks and opportunities from other sustainability-related risks and opportunities managed separately.

This section sets out the Group's approach to managing its sustainability-related risks and identifying its sustainability-related opportunities.

6.1. Approach to risk management

The Board has the overall responsibility for identifying and mitigating risks, including sustainability-related risks, within the business (refer to section 4.1 for more information). The Board has established a Risk Committee comprised of four board members to oversee the risk identification and mitigation process within the business (refer to section 4.1.1 for more information about the Risk Committee).

The REM Group prioritises all risks (i.e. it manages its sustainability-related risks in the same way as all business risks), including sustainability-related risks, based on their nature, the likelihood of the risk occurring, the potential impact of the risk to the business as well as the likely timeframe (i.e. short, medium or long term risk) of when the risk will impact the business. The process for assessing and prioritising sustainability opportunities is consistent with that of sustainability risks. This prioritisation framework is summarised in the following diagram:

References
IFRS S2.26



References
IFRS S1.43

IFRS S2.24

References

IFRS

S1.44(a)

(iv)

IFRS

S1.44(c)

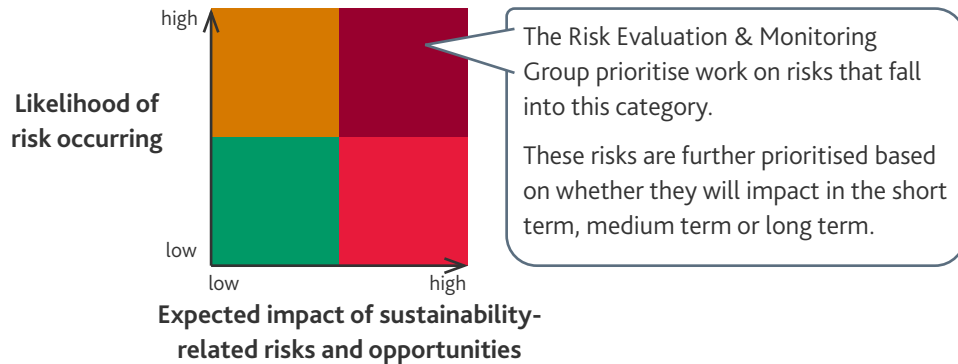
IFRS

S2.25(a)

(iv)

IFRS

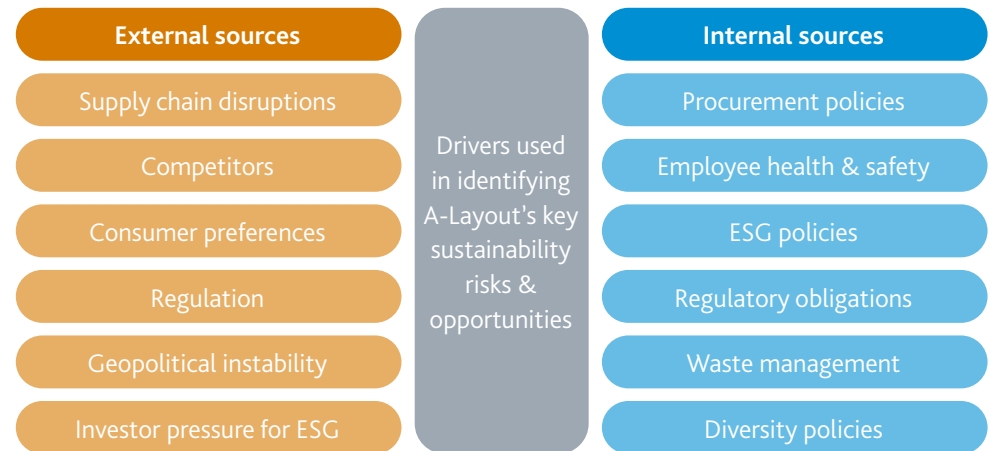
S2.25(c)



- ▶ Opportunities within the value chain to change the mix of products / services so they are more sustainable;
- ▶ New markets to sell sustainable toys, board games and sports equipment; and
- ▶ Potential new products.

The Group's Risk Evaluation and Monitoring Group (REM Group) is responsible for identifying sustainability-related risks within the business. It identifies, assesses, and manages its sustainability-related risks using its own risk management framework, which is consistent with the framework it uses to assess all business risks. To identify sustainability-related risks, the REM Group considers both internal and external sources.

References
IFRS
S1.44(a)(i)
IFRS
S2.25(a)(i)



The REM Group uses scenario analysis to inform its identification of any sustainability-related risks, as described in section 5.1.1. Currently, the REM Group only uses scenario analysis to identify sustainability-related risks relating to climate-related risks.

References
IFRS S1.44
(a)(ii)
IFRS
S2.25(a)(ii)

The Strategy Group works closely with the REM Group. The Strategy Group may assist the REM Group with mitigating certain risks, including sustainability-related risks by developing new business opportunities. For example, the Strategy Group oversees the development of new product lines, which may be developed in part to respond to sustainability-related risks identified.

The Group's approach to identifying sustainability-related risks and opportunities is integrated with its overall risk management process as the remit of the REM Group is not limited only to sustainability-related matters.

IFRS
S1.44(c)
IFRS
S2.25(c)

References
IFRS S1.44
(a)(iii)
IFRS
S2.25(a)(iii)

When determining the likelihood of the risk occurring as well as the expected impact, the REM Group considers both qualitative and quantitative factors to determine where to plot the risk. While quantitative factors are considered, the REM Group has not set any definitive quantitative threshold.

IFRS S1.44
(a)(v)
IFRS
S2.25(a)(v)

All risks within the business, including sustainability risks, that require monitoring are allocated to managers within the REM Group. Each manager is responsible for monitoring their portfolio of risks as well as for identifying ways to mitigate those risks (when deemed appropriate by the Board's Risk Committee). Each manager reports on their portfolio of risks to the Risk Committee on a bi-monthly basis.

IFRS S1.44
(a)(vi)
IFRS
S2.25(a)(vi)

The REM Group has not changed the way that it reports to the Risk Committee during the financial year.

6.2. Approach to identifying sustainability-related risks and opportunities

IFRS
S1.44(b)
IFRS
S2.25(b)

The Group believes that the global trend towards operating in a sustainable manner presents it with many opportunities, not just opportunities to mitigate its sustainability-related risks, but also opportunities to develop new products and enter new markets. As discussed in Section 4.1.2, the board has a Strategy Committee (subcommittee of the board) that is tasked with driving the Group's business strategy, including its sustainability strategy. The Strategy Committee oversees the work of the Strategy Group.

The Strategy Group identifies business opportunities (including sustainability-related opportunities) and turns those potential opportunities into a feasible plan, which includes identifying how to integrate the change into the operations of the business. The Strategy Group is currently focused on identifying:

7. Metrics and targets

7.1. Environmental metrics

7.1.1. Greenhouse gases

The Group's total greenhouse gas emissions, measured in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (to the extent that this standard does not conflict with IFRS Sustainability Disclosure Standards), for the year are as follows:

Scope and category	Description	2025 financial year	
		Tonnes of CO ₂ e	% of total
Scope 1		1,198	1.8%
Category 1-1	Mobile combustion	750	1.1%
Category 1-2	Stationary combustion	205	0.3%
Category 1-3	Process emissions	-	-
Category 1-4	Fugitive emissions	243	0.4%
Scope 2		11,592	17.2%
Purchased electricity	Location-based	11,592	17.2%
Scope 3		54,362	81.0%
Category 1	Purchased goods and services	49,973	74.4%

Category 2	Capital goods	739	1.1%
Category 3	Fuel-and energy-related activities	1,464	2.2%
Category 4	Upstream transportation and distribution	521	0.8%
Category 5	Waste generated in operations	45	0.1%
Category 6	Business travel	150	0.2%
Category 7	Employee commuting	454	0.6%
Category 8	Upstream leased assets	-	-
Category 9	Downstream transportation and distribution	459	0.7%
Category 10	Processing of sold products	-	-
Category 11	Use of sold products	-	-
Category 12	End-of-life treatment of sold products	39	0.1%
Category 13	Downstream leased assets	401	0.6%
Category 14	Franchises	-	-
Category 15	Investments	117	0.2%
Total		67,152	100%

References
IFRS
S2.29(a)(i)

IFRS
S2.29(a)(ii),
B23

References
IFRS
S2.29(a)(v)

**BDO Comment**

IFRS S2 does not require an entity to disclose the GHG emissions for each of the sub-categories within each scope. The standard only requires disclosure of:

- ▶ The total GHG emissions for each scope
- ▶ The categories included within an entity's measure of Scope 3 emissions, and
- ▶ Certain additional information on Scope 3 Category 15 emissions (financed emissions) for entities with activities that include asset management, commercial banking or insurance.

However, IFRS S1.B29 requires entities to consider all facts and circumstances and decide how to aggregate and disaggregate information in its sustainability-related financial disclosures. The Group has concluded that it would provide useful information to disaggregate its GHG emissions disclosures, and therefore it has provided information beyond the minimum requirements of IFRS S2. Entities should also consider jurisdictional disclosure requirements, which may mandate disaggregation of GHG emissions metrics.

The Group has opted to not present comparative information in its first sustainability report (refer Section 2.2. First-time Adoption of Sustainability Standards) in accordance with the transitional relief elected. However, if A Layout did present comparative information the table above should include the following columns:

Scope & category	Description	2025 Financial Year		2024 Financial Year		% change from FY 24 to FY 25
		Tonnes of CO2e	% of total	Tonnes of CO2e	% of total	

7.1.2. Disaggregated Scope 1 and Scope 2 emissions

References
IFRS
S2.29(a)(iv)

The Group's disaggregated Scope 1 and Scope 2 emissions are as follows:

2025 Financial Year

	Scope 1 (Tonnes of CO2e)	Scope 2 (Tonnes of CO2e)
Consolidated group	1,198	11,592
Other investees	-	-
Total	1,198	11,592

BDO Comment

Paragraph 29(a)(iv) requires an entity to disaggregate its Scope 1 and Scope 2 emissions for entities that are within the consolidated group for financial reporting purposes (i.e. entities consolidated in accordance with IFRS 10 Consolidated Financial Statements), and other investees that are not within the consolidated group for financial reporting purposes (e.g. associates, joint ventures etc).

The Group has not disclosed any GHG emissions for other investees because it does not operationally control any entities that it did not consolidate for financial reporting purposes (e.g. associates and joint ventures). All GHG emissions for associates and joint ventures have been included within Scope 3 - Category 15.

**7.1.3. Measurement of greenhouse gas emissions****7.1.4. Inventory boundary**

The Group has used the operational control approach to measure its greenhouse gas emissions. For more information on the selection of the inventory boundary used to determine the GHG emissions, refer to Section 2.6. Inventory boundary (organisational boundary & operational boundary).

References
IFRS
S2.29(iii)(1)

References
IFRS
S2.29(a)
(iii)(2)

7.1.5. Measurement of Scope 1 emissions

The Group measures its Scope 1 emissions using both internal and external data sources. Key assumptions used to measure Scope 1 emissions are as follows:

Category	Emission source	Measurement methodology	Activity data	Emissions factor source
Mobile combustion	Combustion of petrol	Fuel-based	litres purchased * emissions factor	Published by fuel type on the jurisdictional government website
	Combustion of diesel	Fuel-based		
Stationary combustion	Combustion of diesel	Fuel-based	litres purchased * emissions factor	Published by fuel type on the jurisdictional government website
Fugitive emissions	Air conditioning refrigerant	Manufacturer leakage rates	Number of operating hours	Published by refrigerant gas on the jurisdictional government website
	Other Refrigerants	Manufacturer leakage rates	Number of operating hours	Published by refrigerant gas on the jurisdictional government website

References
IFRS
S2.29(a)
(iii)(1)

The Group has measured the use of fuel for mobile and stationary combustion using a primary data source because this will provide the most accurate measure of its Scope 1 emissions. The Group has estimated its fugitive emission leakage rates because it does not have the resources available to directly measure leakage rates.

BDO Comment

If the entity has changed its measurement approach, inputs or assumptions used to calculate its Scope 1 emissions, it must disclose the changes. However, given that this is the first year that the Group has disclosed its GHG emissions, there are no changes to disclose.

References
IFRS
S2.29(a)
(iii)(3)

7.1.6. Measurement of Scope 2 emissions

The Group measures its Scope 2 greenhouse gas emissions using a location-based method. Key assumptions used to measure emissions are as follows:

Category	Emission source	Measurement of emission	Emissions factor
Purchased electricity	Purchased electricity	Electricity meter readings	Published factors by region on the jurisdictional government website

References
IFRS
S2.29(a)(iii),
29(a)(v)

The Group has not entered into any contractual instruments (e.g. virtual power purchase agreements with accompanying renewable energy certificates) to reduce its purchased electricity emissions. However, the Group may consider such instruments in the long term.

References
IFRS
S2.29(v),
B30-B31

BDO Comment

If the entity has changed its measurement approach, inputs or assumptions used to calculate its Scope 2 emissions, it must disclose the changes. However, given that this is the first year that the Group has disclosed its GHG emissions, there are no changes to disclose.

References
IFRS
S2.29(a)
(iii)(3)

7.1.7. Measurement of Scope 3 emissions

References
IFRS S2.29(a)
(iii)

IFRS S2.29(a)
(vi), B32-B33

	Category	Emission source	Calculation method	Data sources	Emissions factor	Additional explanatory information
1	Purchased goods and services	Emissions arising from upstream purchased goods and services, including outsourced manufacturing purchases	Spend-based method	Spend-based data extracted from the general ledger	Emission factors are sourced from XYZ Emissions Database. This database is denominated in EUR, but has been translated into the functional currency of each entity within the Group using rates sourced from the Reserve Bank of each country.	Tier 1 suppliers cannot provide the Group with product-level cradle-to-gate GHG data for the purchased goods or services
2	Capital goods	Emissions from the construction and transportation of capital goods purchased (or otherwise acquired) by the Group during the period	Spend-based method	Spend-based information on capital purchases, extracted from the general ledger	Emission factors are adjusted for inflation between the base year (2019) and the reporting period (2025), using inflation rates sourced from the Office of National Statistics of each country.	The Group does not have data available on the physical quantity of the capital goods purchased Tier 1 suppliers cannot provide product-level cradle-to-gate GHG data for the capital goods purchased
3	Fuel-and energy-related activities	Upstream emissions of purchased fuel and electricity as well as emissions associated with transmission and distribution losses of purchased electricity	Average data method	Estimation of upstream emissions and transmission and distribution losses based on total electricity consumption (refer Scope 1 for data source). Estimation of upstream emission of purchased fuel based on fuel consumed (refer Scope 1 for data source)	Published factors by region on the jurisdictional government website	Average data method used because the Group only has access to primary data of fuel and electricity consumed

Category	Emission source	Calculation method	Data sources	Emissions factor	Additional explanatory information	
4	Upstream transportation and distribution	Emissions arising from third-party transportation and distribution when the Group pays for the transportation costs	Spend-based method	Spend-based data extracted from the general ledger	Emission factors are sourced from XYZ Emissions Database. This database is denominated in EUR, but has been translated into the functional currency of each entity within the Group using rates sourced from the Reserve Bank of each country. Emission factors are adjusted for inflation between the base year (2019) and the reporting period (2025), using inflation rates sourced from the Office of National Statistics of each country.	<p>The Group does not have data available on the types and quantities/costs of fuels consumed during transportation by third party; and</p> <p>The Group does not have data available on the mass, distance and mode of each shipment delivered by transport providers</p>
5	Waste generated in operations	Emissions arising from the disposal and treatment of waste generated by the Group (where we own or control the operations)	Average data method	<p>Tonnes of waste sent to landfill</p> <p>Tonnes of waste sent to recycling</p>	Emission factors are adjusted for inflation between the base year (2019) and the reporting period (2025), using inflation rates sourced from the Office of National Statistics of each country.	<p>The waste treatment company is unable to provide waste-specific scope 1 and scope 2 data</p> <p>The Group is able to differentiate its waste streams between waste sent to recycling and waste sent to landfill</p>
6	Business travel	Emissions arising from air, car and rail travel and hotel stays for business purposes	<p>Distance-based method for air, car and rail travel</p> <p>Spend-based method for hotel stays</p>	<p>A Layout collects information about the mode of transport used and the distance travelled for each business trip</p> <p>Spend-based data for hotel stays extracted from the general ledger</p>	Emissions factors are sourced from government published databases based on kilometre travelled via each mode of transportation.	<p>The Group collects information about the mode of transport used and the distance travelled for each business trip</p> <p>The Group does not collect data on the number of nights stayed in hotels, nor the hotel's luxury rating</p> <p>The Group is planning to collect information on nights stayed in hotels and the hotel rating for inclusion in future sustainability reports</p>

Category	Emission source	Calculation method	Data sources	Emissions factor	Additional explanatory information	
7	Employee commuting	Emissions arising from employees commuting to and from work at their own expense Emissions associated with employees working from home	Distance-based method for employee commuting Average-data method for employees working from home	Employee survey – commuting and working from home	Emissions factors are sourced from government published databases based on kilometre travelled via each mode of transportation	The Group conducts an annual survey for all employees to estimate: Number of days working at home per month Number of days commuting for work per month, including information on: Mode of transport Distance travelled
8	Upstream leased assets	-	-	-	-	Emissions from leased assets are classified in Scope 1 as the Group recognised substantially all leases on balance sheet, therefore, classification is consistent with owned assets
9	Downstream transportation and distribution	Emissions associated with the transportation and distribution of products sold by the Group where the Group does not pay for transportation	Distance-based method	Customer surveys on the average distance travelled to retailers and the mode of transportation used	Emissions factors are sourced from government published databases based on kilometre travelled via each mode of transportation	None
10	Processing of sold products	-	-	-	-	Category is not material, the toys as board games and sports equipment sold by A Layout are a final product
11	Use of sold products	-	-	-	-	Category is not material; toys, board games or sports equipment do not result in direct or indirect emissions from use

Category	Emission source	Calculation method	Data sources	Emissions factor	Additional explanatory information	
12	End-of-life treatment of sold products	Emissions arising from the disposal and treatment of products sold by the Group	Average data method	Tonnes of toys, outdoor equipment and packing sold during year	Emission factors are sourced from XYZ Emissions Database. This database is denominated in EUR, but has been translated into the functional currency of each entity within the Group using rates sourced from the Reserve Bank of each country. Emission factors are adjusted for inflation between the base year (2019) and the reporting period (2025), using inflation rates sourced from the Office of National Statistics of each country.	All board games are made of cardboard and are fully recyclable, therefore emissions from recycling processes are excluded, though an estimate is made of recyclable materials that are not recycled Toys, outdoor equipment and packaging expected to be sent to landfill at the end of its life
13	Downstream leased assets	Emissions arising from lessee's use of investment properties	Average-data method	Floor space (m2) for each sub-leased office space	Government published emission factors for electricity generated	None
14	Franchises	-	-	-	-	Not applicable, the Group does not have any franchises
15	Investments	The Group's share of emissions from the operation of associates as well as emissions associated with other equity investments held	Attribution factor (estimated % of equity held) * estimated entity emissions	Share registry of investees; estimated emissions based on simplified overall spend-based methodology	Emission factors are sourced from XYZ Emissions Database	Emissions from investments are not significant for the Group, therefore, a highly simplified methodology has been used where the Group estimates the total emissions from the investee using a simplified spend-based methodology and applies an attribution factor based on the % of equity held by the Group



BDO Comment

Reasonable and supportable information available without undue cost or effort

In measuring Scope 3 emissions, IFRS S2 contains two proportionality mechanisms:

- ▶ IFRS S2.B36: to determine the scope of the value chain, which includes its breadth and composition, an entity shall use all reasonable and supportable information that is available to the entity at the reporting date without undue cost or effort; and
- ▶ IFRS S2.B39: an entity is required to use all reasonable and supportable information that is available at the reporting date without undue cost or effort when the entity selects the measurement approach, inputs and assumptions it uses in measuring Scope 3 emissions.

IFRS S2.B36 and B39 are not optional elections; they are mechanisms that are included in IFRS S2 which allow a level of scalability in how requirements are applied.

'Reasonable and supportable information that is available to the entity without undue cost or effort' will vary from entity to entity. For example, a large, multi-national group with complex corporate reporting structures and significant resources will have significantly more information available to it than small and medium-sized entities. IFRS S2.B36 and B39 are intended to permit all types of entities to measure Scope 3 emissions with appropriately varying levels of capability.

As illustrated in the above Scope 3 disclosures, the Group, which is a medium-sized entity, has considered the requirements of IFRS S2.B36 and B39 in measuring Scope 3 emissions, including, but not limited to the following:

- ▶ Using a spend-based method to estimate its Scope 3 – Category 1 emissions relating to purchased goods and services, as the Group is not able to obtain product-level cradle-to-gate emission data from tier 1 suppliers.
- ▶ Using information that is available to the entity to determine the breadth and composition of its value chain (see section 1.1), which is a key assumption when measuring Scope 3 emissions.

References
IFRS S2.B36,
B39

BDO Comment

Changes to the measurement approach

If the entity has changed its measurement approach, inputs or assumptions used to calculate its Scope 3 emissions, it needs to disclose the changes. However, given that this is the first year that A Layout has calculated its emissions, there are no changes to disclose.

Additional disclosures required for financed emissions

If an entity's activities include asset management, commercial banking or insurance, IFRS S2.29(a)(vi)(2) and B58-B63 require the entity to provide additional disclosures in relation to its financed emissions (Category 15 emissions). The Group has not provided such disclosures because it does not have any such activities.



References
IFRS
S2.29(a)
(iii)(3)

IFRS
S2.29(a)
(vi)(2)

7.1.8. Climate-related targets

The Group has set an internal climate-related target for its absolute gross greenhouse gas emissions in total, as well as a specific target for its Scope 2 emissions. These targets are not required by law or regulation.

References
IFRS
S2.28(c);
33-37

Information	Target 1 – reduction in absolute gross greenhouse gas emissions	Target 2 – reduction in gross Scope 2 greenhouse gas emissions
Metric used to set target	Total Scope 1, Scope 2 and Scope 3 greenhouse gas emissions (see section 7.1.1)	Total Scope 2 greenhouse gas emissions (see section 7.1.1)
Objective of the target	To conform with science-based initiatives, including international commitments to reduce emissions, such as the Paris Agreement	

References
IFRS S2.B36,
B39

Part of the entity to which the target applies	Consolidated group – see section 2.5.	
Period over which the target applies	2026-2041	2026-2051
Target	Reduce total emissions by 45%	Reduce Scope 2 emissions by 35%
Base period from which progress is measured	2025	
Interim targets	None	
How the Paris Agreement has informed the target	The Group is not bound to a target being imposed by a level of government; however, the board of directors has decided to set this target to contribute towards the international commitment set out in the Paris Agreement.	
Third-party validation of target	No	
Process for reviewing target	Reviewed annually by the board of directors as part of its approval of the sustainability report.	
Metric used to monitor progress towards target	Total Scope 1, Scope 2 and Scope 3 greenhouse gas emissions (see section 7.1.1)	Total Scope 2 greenhouse gas emissions (see section 7.1.1)

Revision to the target

None

Performance against target

Not applicable as the Group set the target in the current period, as 2025 is the base year for the target

The Group developed its transition plan in conjunction with its climate strategy (see 5.1.1). In order to meet these targets, the Group must achieve its plans as disclosed in its summary of climate-related risks and opportunities. The most significant dependencies on which achieving the transition plan relies are the Group's plan to transition its electricity consumption primarily to solar power in Sydney and Toronto, and the planned changes to the Group's packaging and product raw materials sourcing.

References
IFRS
S2.14(a)(iv)

Neither target was derived using a sectoral decarbonisation strategy. The Group does not plan to use carbon credits in reaching its goal as the targets are based on gross GHG emissions.

IFRS
S2.36(d)-(e)**BDO Comment**

IFRS S2 does not require an entity to set targets, therefore, if an entity has not set a target, then it would simply disclose that fact.

**7.1.9. Climate-related transition risks**References
IFRS
S2.29(b)

Certain assets of the Group are exposed to transition risk, which arises from efforts to transition to a lower-carbon economy. As described in section 5.1.1, the Group is exposed to transition risk relating to increased regulations. Government regulations may require the Group to transition to revised production methods, which could result in the need to retire property, plant and equipment earlier than expected.

The assets most vulnerable to transition risk are the Group's packaging equipment, as governments are beginning to impose strict new requirements on use of non-recyclable plastics and packaging. The Group's packaging equipment exposed to this transition risk has a carrying amount of CU450,000 and comprises 4% of total property, plant and equipment.



7.1.10. Climate-related physical risks

References
IFRS
S2.29(c)

The assets held by the group are not directly exposed to significant physical climate-related risks because the Group's operations are not in locations exposed to significant severe weather events that could result in their destruction or impairment.

The Group's business activities most vulnerable to physical risks are its procurement of pulp paper and wood for board games, which comprises 21% of the Group's total revenue. As discussed in section 5.1.1, the Group's supply chain is vulnerable to extreme weather events and changes in long-term temperature as those might affect the Group's suppliers' ability to produce raw materials.

7.1.11. Climate-related opportunities

References
IFRS
S2.29(d)

As discussed in section 5.1.1, the Group is currently developing a 'low carbon' product line, however, no assets have been recognised relating to this new product as it is in the research phase. All research relating to the product line have been recognised in profit or loss. No revenues have been recognised.

7.1.12. Capital deployment

References
IFRS
S2.29(e)

The Group has yet to make significant capital expenditures relating to its climate-related risks and opportunities, however, as discussed in section 5.1.1, the Group is planning to make capital expenditures in the near term relating to new production equipment, solar panels and other initiatives.

7.1.13. Internal carbon prices

References
IFRS
S2.29(f)

The Group does not apply a carbon price explicitly in decision making, however, in accordance with its internal climate-related targets (see section 7.1.8), the Group is committed to reducing its absolute GHG emissions.

7.1.14. Industry-based metrics

References
IFRS S2.32

[Not illustrated in this publication...]

BDO Comment

IFRS S2.33 requires entities to disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterise participation in an industry. IFRS S2 requires entities to refer to and consider the applicability of industry-based metrics associated with disclosure topics described in the Industry-based Guidance on Implementing IFRS S2, which accompanies IFRS S2 and is based on the SASB Standards.

In certain jurisdictions, sustainability reporting based on the requirements of IFRS Sustainability Disclosure Standards do not incorporate the requirement to disclose industry-based metrics.

This publication does not illustrate industry-based metrics.

7.2. Social metrics

[Not illustrated in this publication...]

7.3. Governance metrics

[Not illustrated in this publication...]

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