Ellab SBTi Disclosure – 2024

At Ellab, we are genuinely committed to sustainability, and carbon reduction is one of our highest environmental priorities. For us it is not just about compliance requirements, but core principles that align with our long-term vision. We believe that building a low-carbon business is the only viable path toward a resilient and prosperous future for Ellab, our stakeholders, and the planet we all live in. We are firmly convinced that sustainability is a powerful driver for innovation and operational efficiency, but also a long-term value creation.

Ellab's SBTi (Science Based Target initiative) commitments:

Submitted

Scope	GHG Emissions (tCO2e)	Base Year	Target Year	Absolute target	Boundary
1+ 2	683	2020	2030	-79,6%	100%
3	10,484	2020	2030	-25%	93,1%

1. Emissions Tracking Journey

Since 2020, Ellab has been systematically collecting and reporting our greenhouse gas emissions. Aware of the inherent complexity of emissions accounting, we have continuously invested in improving our methodology, processes, and systems to ensure that the data we report is increasingly robust and actionable. With this in mind, we believe it is of paramount importance to highlight few substantial changes we have identified during our last data collection and disclosure in 2024. The following section and the disclaimers at the end of the document aims at clarifying these differences.

IMPORTANT: Overall comparison with previous reports* – SBTi Submitted vs. Recalculated

The base year data originally submitted as part of Ellab's SBTi validation (see table 'Submitted') differs significantly from the figures reported in this disclosure. After transitioning to a new sustainability advisor, we identified several methodological inconsistencies in the initial calculations, developed with external consultancy support, including the use of inaccurate or overly generic emission factors.

Recalculated

Scope	GHG Emissions (tCO2e)	Base Year	Target Year	Absolute target	Boundary
1+ 2	423	2020	2030	-79,6%	100%
3	6,371	2020	2030	-25%	93,1%

These issues have since been addressed through the application of sector-specific and geographically relevant emission factors, in alignment with GHG Protocol guidance. As a result, the revised emissions figures (see table 'Recalculated') are significantly lower than the original baseline, with a consistent discrepancy observed across subsequent years. The data presented in this disclosure reflects these methodological improvements.

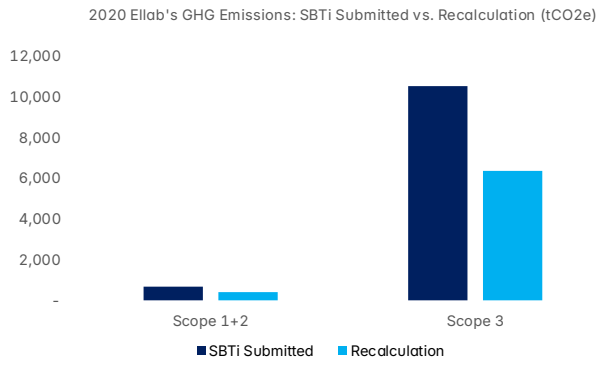

Chart 1: Ellab's GHG emissions – SBTi Submitted values vs. Recalculated values

* See "Disclaimer on Baseline Data and Methodological Changes" at the end of the document for further details

2. Total GHG Emissions

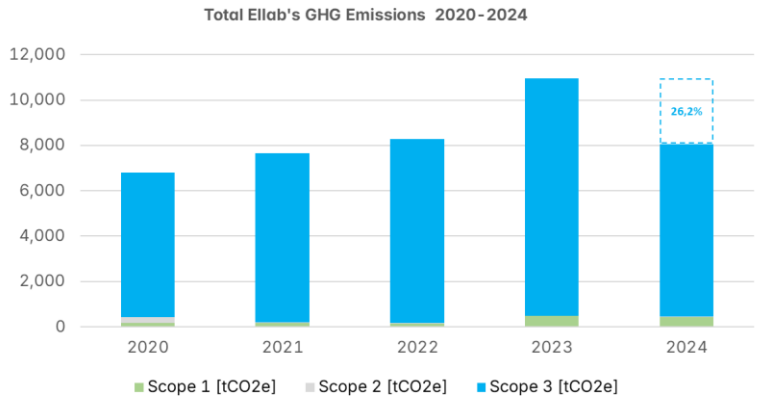

Chart 2: Ellab's GHG emissions from 2020 to 2024

Over the past five years, Ellab has experienced a remarkable double-digit economic growth. However, this growth has come at the expense of our absolute emissions reduction commitments. Since 2023 though, when we formally adopted mid-term targets under the Science Based Targets initiative, we have worked to implement a systemic approach to reducing our emissions. Total GHG Emissions in 2024 (see Chart 2 on the left) decreased approximately of 26% compared to year 2023. Our current GHG profile is dominated by Scope 3 emissions, which account for ca. 90% of our total carbon footprint. In contrast, Scope 1 and 2 combined represent about 10%.

3. Scope 1 Emissions

As part of our data improvement efforts, previously untracked emissions since 2022 from our global vehicle fleet were identified and accounted for. This adjustment led to an expected 23% increase in reported Scope 1 emissions. However, in parallel, we made significant progress by reaching 16% our fully electric powered fleet. Recently a company-wide policy to transition to a 100% electric fleet by 2030 was also approved and implemented. This long-term commitment ensures our trajectory is aligned with our Scope 1 SBTi targets.

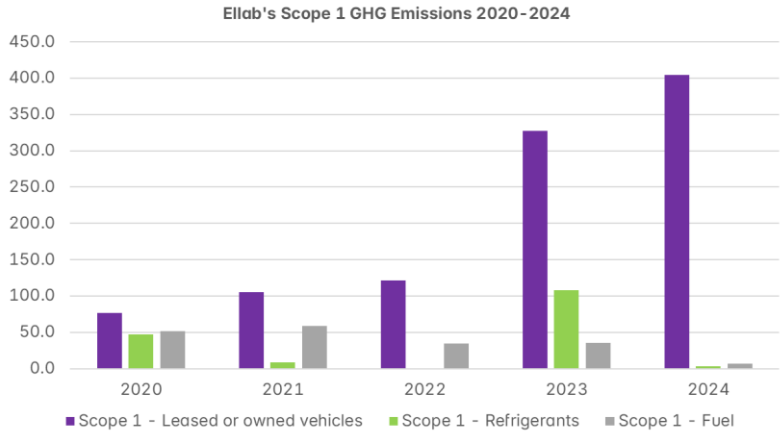

Chart 3: Ellab's Scope 1 Emissions 2020 - 2024

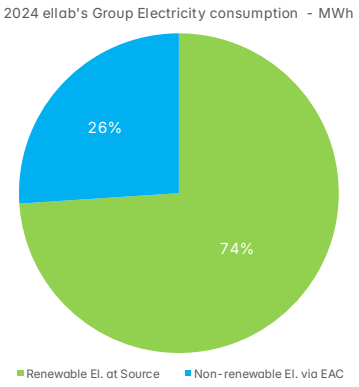

Chart 4: Ellab's Electricity Consumption (Scope 2) - 2024

4. Scope 2 Emissions

We are keen to report that 74% of the electricity we consumed in 2024 (which represents 95% of our Scope 2 emissions) was renewable at the source. For the remaining 26%, which comes mainly from leased office spaces where energy procurement is out of our control, we purchase and retire Energy Attribute Certificates (EACs) to ensure these emissions are compensated. This approach allows us to meet already and fully five years in advance the SBTi criteria for renewable electricity under the market-based accounting method.

5. Scope 3 Emissions

Within Scope 3, the vast majority, approximately 80%, is attributed to Category 1: Purchased Goods and Services (see Chart 5). Nearly 70% of this stems from subcategories such as materials and electrical/optical components used in our manufacturing processes, underscoring the critical role of supply chain and material sourcing in our decarbonization strategy. It is also important to note that, in line with business growth, Categories 6 (Business Travel) and 7 (Employee Commuting) are becoming increasingly significant and warrant greater attention moving forward.

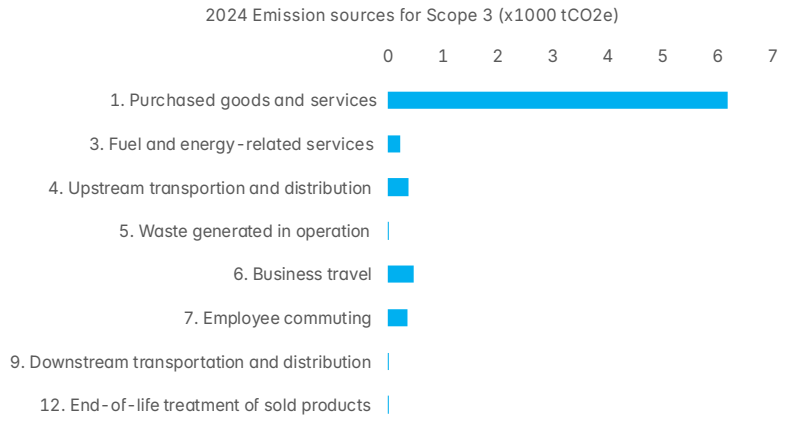

Chart 5: Ellab's distribution of emissions source - 2024

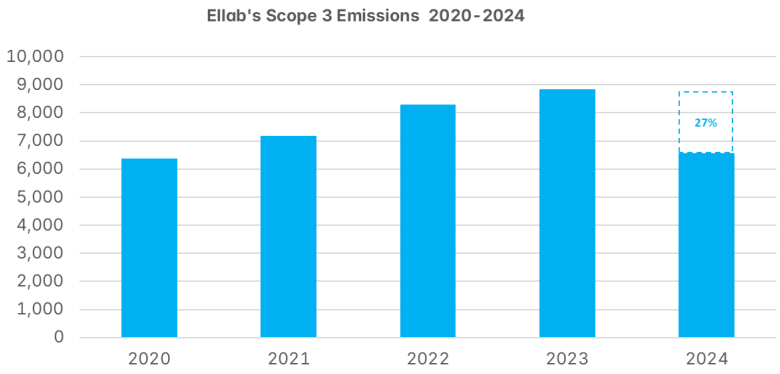

Chart 6: Ellab's Scope 3 emissions 2020 - 2024

In 2024, our Scope 3 emissions saw a notable decrease of approximately 27% compared to years 2022 and 2023 (see Chart 6). Our spend-based analysis of purchased materials and associated emissions reveals a downward trend in absolute emissions, despite growing revenue. This indicates a structural improvement in carbon efficiency across our operations. This is confirmed by our analysis of emission intensity (tCO2e per million DKK revenue), where it is evident also a significant decrease (see Chart 7 below). The following four key drivers were identified as the root cause for the downward trend:

- Production Consolidation: Centralizing all manufacturing at our HQ led to better material and waste efficiency.
- Raw Material Inventory Reduction: Streamlining our inventory management reduced excess stock and waste.
- Product Design Changes: Redesigning of one of our bestselling products resulting in, large reduction in aluminum use, reduced milling process and waste from processing.
- SMT Line Implementation: Bringing PCB manufacturing in-house contributed to emissions savings through localized control and reduced external sourcing.

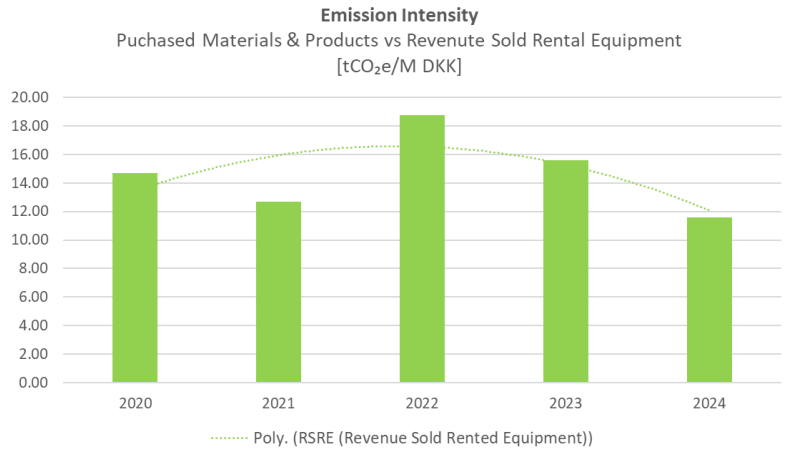

Chart 7: Emissions Intensity (Purchased Materials/Products vs Revenue from Sold and Rental Equipment 2020 - 2024

6. Future Initiatives and Strategic Direction

At Ellab, we are implementing several initiatives aimed at achieving systemic reductions in Scope 3 emissions.

One of our key strategies for 2024 has been the full integration of Life Cycle Assessment (LCA) into our product design process. This has helped us identify emissions hotspots and has begun to influence both our existing portfolio and the development of new, lower-impact products.

Simultaneously, we are on the process of transitioning from spend-based to activity-based Scope 3 accounting, particularly within Category 1 (Purchased Good and Service). Our goal is to enable more accurate comparisons over time and to better isolate the impact of product and material innovations.

Conclusions

Our journey so far has laid the foundation for meaningful change in the years to come. Through this process, we've gained a deeper understanding of the complexity involved in driving systemic transformations, which has already led to significant absolute emissions reductions.

- Sope 1: 23% increase in 2024 (due to improved accounting); 16% of Ellab's fleet is now fully electric-powered.
- Scope 2: 74% of total electricity consumption from renewable sources; 26% covered by Energy Attribute Certificates (EACs)
- Scope 3: 27% decrease compared to 2023 due to 1. Production Consolidation, 2. Raw Material Inventory Reduction, 3. Product Design Changes, 4. PCBs in-house production.

Our commitment on Sustainability is genuine and grounded in transparency. We view sustainability not only as a responsibility, but as a catalyst for resilience, innovation, and long-term trust. At Ellab, we remain committed to advancing our science-based targets and ensuring our business contributes meaningfully to the global climate agenda.

Disclaimer on Baseline Data and Methodological Changes

Details about main differences

The climate accounting reported by the initial consultancy generally resulted in larger emissions, especially in scope 3. For scope 1 in 2020, for scope 1 and scope 2 in 2021 and for scope 2 in 2022 no significant difference has been found between first reporting and the recalculations subsequently performed. For 2020 uncertainties were identified on how the scope 2 emissions have been calculated for both marked-based and location-based electricity emissions. Furthermore, it seems that the emission factor for district heating is not country-specific but is an average of multiple countries. Our recalculation has used the emission factor for Denmark, as the Hillerød site is the only site to report a district heating consumption. For scope 1 emissions in 2022 the distribution of emissions from vehicles, refrigerants and fuel is not transparent. The large difference in emissions reported is assumed to be because of a large refrigerant usage reported in 2022 included in the CA's reporting. This large amount of refrigerant is assumed to be reported as an error. For scope 3 the SBTi reported data has accounted for much larger emissions in almost all categories. This is most likely due to the use of emission factors, that are higher than the once used during recalculation. It is however not transparent where the emission factors originate or the quality of the emission factors.

Revalidation process

Due to these improvements, as well as a broader effort to enhance the quality and accuracy of our data collection, Ellab plans to revalidate its science-based targets with SBTi in the coming year. This step will ensure our climate commitments are based on the most reliable and transparent information available