

PRESS RELEASE

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KIRKBI marks milestone year with successful generational handover of the family ownership

Billund, Denmark, 2 April 2024 – Today, the KIRKBI Group published its Annual Report for 2023. A milestone year for the family ownership of KIRKBI and the LEGO® brand, as the gradual generational handover from the 3rd to the 4th generation of the Kirk Kristiansen family was successfully completed.

KIRKBI delivered a financial result for 2023 of DKK 11.3 billion, slightly higher than in 2022 with 10.7 billion, comprising a solid performance from the LEGO Group and a positive financial return on KIRKBI's investment activities. The 2023 after-tax cash inflows to KIRKBI were at DKK 7.3 billion, 38% lower than the DKK 11.7 billion realised in 2022 impacted by the significant investments in production capacity in the LEGO Group.

In response to the continued global instability during 2023 and in support of vulnerable children and families, the LEGO Foundation and Ole Kirk's Fond donated a total of DKK 1.3 billion and DKK 0.3 billion, respectively. In addition, KIRKBI granted DKK 0.2 billion to charitable activities.

CEO, Søren Thorup Sørensen, says:

"2023 was a landmark year for KIRKBI and its family ownership of the LEGO brand. In the spring, the gradual handover from the 3rd to the 4th generation of the Kirk Kristiansen family was successfully concluded followed by the introduction of a new long-term vision for KIRKBI. A vision which will shape our activities and impact ambitions over coming years, where we intend to accelerate our efforts and investments within digital play and learning as well as climate, in addition to the continued strong commitment to making significant investments in the continued development of the LEGO brand".

2023 Business Highlights

- **The LEGO Group:** Despite a 7% decline in the global toy market, the LEGO Group delivered a solid financial performance in 2023 with a 4% growth in consumer sales leading to a significant gain of market share and an operating profit before tax of DKK 17 billion. In December 2023, the LEGO Group launched LEGO® Fortnite®, the first release from its long-term partnership with Epic Games, attracting a high number of users.
- **Merlin Entertainments:** In 2023, total number of visitors increased by 12% to 59 million and full-year revenue increased by 6% compared to 2022. Merlin continued its investment to enable a unified LEGO brand experience across LEGOLAND® Parks and other play experiences.
- **BrainPOP:** Acquired by KIRKBI in 2022, BrainPOP continued its development of digital learning solutions for U.S. classrooms throughout the year, among others by investing in expanded assessment capabilities and new solutions. The 2023 financial performance was impacted by lower growth following the end of one-time federal.



funding related to COVID-19. This has led to write-down of the goodwill recognised upon acquisition.

- **Investment Activities:** KIRKBI's Core Capital investment portfolio with a total value of DKK 85 billion end 2023 delivered a return of DKK 3.8 billion in 2023, equal to 4.7% compared to a negative return of -4.1% in 2022. Overall, the portfolio continues to show robustness with a 10-year average annual return of 7.2%. During 2023, the investment portfolio was reduced by DKK 11 billion related to share buy-backs made in connection with the owner family's generational handover.

In the Thematic Capital portfolio, further investments were made into solar energy developer Adapture Renewables Inc. which doubled its development pipeline in 2023 to 4 GW and acquired a 450 MW portfolio of solar projects to commence construction in 2024. Further, investments were made in Circular Plastic solutions and in the ambitious Project Evergreen, where KIRKBI intends to convert up to 10,000 ha of low-yield farmland into forest.

- **Science Based Targets:** By end of 2023, KIRKBI had reduced its Scope 1 and 2 emissions by 60% and its Scope 3 emissions, excluding those from investments, by 76% compared to the baseline year 2019, thereby reaching its current commitments to reducing Scope 1, 2, and 3 emissions by 55% in 2032 well ahead of time. The positive development has been driven by a focused effort across the businesses as well as improved data quality.

For additional information and the KIRKBI 2023 Annual Report in full: www.kirkbi.com.

About KIRKBI

KIRKBI A/S is the Kirk Kristiansen family's private holding and investment company founded to build a sustainable future for the family ownership of the LEGO® brand through generations. KIRKBI is focused on three fundamental tasks all contributing to enabling the Kirk Kristiansen family to succeed with the mission to inspire and develop the builders of tomorrow: Protect, develop, and leverage the LEGO brand across all the LEGO branded entities. Commitment to a long-term and responsible investment strategy to ensure a sound financial foundation for the owner family's activities as well as contributing to a sustainable development in the world. Support the family members as they prepare for future generations to continue the active ownership as well as supporting their private activities, companies, and philanthropic work. KIRKBI's strategic activities include 75% ownership of the LEGO Group and 47.5% ownership of Merlin Entertainments. See www.kirkbi.com.

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