# VELUX A/S

Ådalsvej 99, 2970 Hørsholm

CVR no. 30 00 35 19

## Annual report
for the year 1 January - 31 December 2023

Approved at the Company's annual general meeting on 21 March 2024

Chair of the meeting:

...................................................
Teodora Anda Grosu

## Contents

## Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of VELUX A/S for the financial year 1 January - 31 December 2023.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023.

We recommend that the annual report be approved at the annual general meeting.

Hørsholm, 1 March 2024
Executive Board:

| | |
|---|---|
| Lars Johan Petersson<br>CEO | Anders Götzsche<br>CFO |

Board of Directors:

| | | |
|---|---|---|
| Jørgen Jensen<br>Chair | Nils Gunnar Henrik Lange<br>Vice chair | Mads Kann-Rasmussen |
| Karina Kjær Deacon | Eva Birgitte Bisgaard | Jean-Marc Denis Lechene |
| Hans Jürgen Kalmbach | Jimmy Bendorf Laursen | Kurt Emil Eriksen |
| Finn Westergaard Christiansen | | |

# Independent auditor's report

## To the shareholders of VELUX A/S

### Opinion

We have audited the financial statements of VELUX A/S for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

### Basis for opinion

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

*Independence*

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

### Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

## Independent auditor's report

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

### Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

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

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

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 1 March 2024
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

| | |
|---|---|
| Torben Bender<br>State Authorised Public Accountant<br>mne21332 | Morten Østergaard Koch<br>State Authorised Public Accountant<br>mne35420 |

# Management's review

## Company details

| | |
|---|---|
| Name | VELUX A/S |
| Address, Postal code, City | Ådalsvej 99, 2970 Hørsholm |
| | |
| CVR no. | 30 00 35 19 |
| Established | 26 June 1970 |
| Registered office | Hørsholm |
| Financial year | 1 January - 31 December |
| | |
| Website | www.velux.com |
| | |
| Telephone | +45 45 16 40 00 |
| | |
| Board of Directors | Jørgen Jensen, Chair<br>Nils Gunnar Henrik Lange, Vice chair<br>Mads Kann-Rasmussen<br>Karina Kjær Deacon<br>Eva Birgitte Bisgaard<br>Jean-Marc Denis Lechene<br>Hans Jürgen Kalmbach<br>Jimmy Bendorf Laursen<br>Kurt Emil Eriksen<br>Finn Westergaard Christiansen |
| | |
| Executive Board | Lars Johan Petersson, CEO<br>Anders Götzsche, CFO |
| | |
| Auditors | EY Godkendt Revisionspartnerselskab<br>Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark |

# Management's review

## Financial highlights

| DKKm | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|
| **Key figures** | | | | | |
| Revenue | 17,929 | 18,184 | 16,372 | 14,618 | 13,213 |
| Profit before interest and tax (EBIT) | -36 | 1 | 120 | 274 | 52 |
| Investments in tangible fixed assets (net) | 179 | 119 | 25 | 18 | 17 |
| Net financials | 560 | 617 | 569 | 707 | 494 |
| Profit before tax | 524 | 618 | 689 | 981 | 546 |
| Profit for the year | 618 | 639 | 691 | 903 | 538 |
| Total assets | 11,551 | 10,916 | 9,101 | 7,811 | 7,943 |
| Equity | 2,141 | 2,143 | 2,013 | 2,146 | 2,070 |
| **Financial ratios** | | | | | |
| Equity ratio | 18.5% | 19.6% | 22.1% | 27.5% | 26.1% |
| EBIT-Margin | -0.2% | 0.0% | 0.7% | 1.9% | 0.4% |
| Return on invested capital | -1.0% | 0.1% | 6.1% | 18.0% | 3.1% |
| Average number of full-time employees | 1,311 | 1,299 | 1,241 | 1,185 | 1,193 |

## Management's review

### Business review

VELUX A/S is a 100% owned subsidiary of VKR Holding A/S and the main activity is to produce, market and sell roof windows and accessories hereto.

### Financial review

The income statement for 2023 shows a profit of DKK 618 million against a profit of DKK 639 million last year, and the balance sheet at 31 December 2023 shows equity of DKK 2,141 million.

In the annual report for 2022, Management forecasted revenue and profit for 2023 at approximately the same level as in 2022. The financial year 2023 end slightly below the expectations expressed in the annual report for 2022, but the realised results are considered satisfactory in the light of the macro-economic turbulence during 2023.

### Knowledge resources

The Company regularly reviews the need to attract, develop and retain employees with an appropriate level of competence.

### Financial risks

The Company's main risk concerns the ability of continuing as a leading supplier of roof windows for the markets where the Company is represented. The Company is also affected by the construction business cyclical conditions.

The Company's currency risks are handled according to the currency policy approved by the Board of directors.

The Company does not have any significant risks regarding individual customers or collaborators beyond what is usual for the industry as well as common customer/supplier relationship.

### Impact on the external environment

The VELUX Group 2030 Sustainability Strategy contains 15 targets covering material social and environmental topics. The Group Strategy have been updated in 2023 and includes now the Sustainability Strategy. The strategy and targets have been approved by the VELUX Executive Group Management and Board of Directors and the Company has defined roadmaps and KPIs to drive implementation and enable follow up. During 2023 the company continued working towards having the same level of governance and scrutiny around our sustainability data (ESG) as there is around the financial data.

The VELUX Group 2030 Sustainability Strategy includes targets to reduce CO2 emissions from the company and value chain in line with most ambitious pathway of the Paris Agreement. During 2021, the company made a Purchasing Power Agreement for 100% renewable electricity to replace energy sourced from fossil fuels. The first Solar plant is expected to become operational in Q1, 2024.

### Corporate social responsibility and diversity goals

For information about the Company's corporate social responsibility (CSR), pursuant to section 99a of the Danish Financial Statements Act, please refer to the consolidated financial statements of VKR Holding A/S, company reg. no. (CVR) 30 83 04 15, that includes a CSR report for the entire VKR Group.

## Management's review

### Report on the gender composition of Management

The Company acknowledge the value of equality and diversity, which has resulted in a target of diversity for the Board of Directors and at other management levels. Information is provided pursuant to section 99b of the Danish Financial Statements Act.

### *5 years overview*

| | 2023 |
|---|---|
| *Supreme governing body* | |
| Total number of members | 7 |
| Underrepresented gender in % | 29 |
| Target figure in % | 40 |
| Year in which the target figure is expected to be met | 2030 |
| *Other levels of management* | |
| Total number of members | 48 |
| Underrepresented gender in % | 31 |
| Target figure in % | 40 |
| Year in which the target figure is expected to be met | 2030 |

*Supreme governing body*

In 2023, our Board of Directors included 2 assembly selected women and 5 assembly selected men, which is considered to be an equal gender distribution by the Danish Business Authority. During 2023 there have been 7 assembly selected board members compared to 2022 with 6 assembly selected board members. Target is to have 40 % of the Board of Directors being women by 2030.

### Other levels of management

In 2023, 15 women and 33 men occupied senior management positions (31/69%), which is not considered to be an equal gender distribution by the Danish Business Authority (percentage closest to 40/60%). Efforts were made to recruit diverse candidates, including women, for senior management positions. Despite these initiatives, there were limited applications or suitable candidates from the underrepresented gender for the available management positions. The ambition is to increase number of women in senior management positions by 2030 to 40%. Senior management positions include personnel with employee responsibilities in VELUX Executive Group Management and in the organizational level below.

In 2023 we have continued to reinforce gender diversity in talent programs, built a structure for Employee Resource Groups, implemented a Hiring manager guide to reduce bias when recruiting, and had more than 97% of people managers in VELUX complete an unconscious bias training. In 2024, to mention a few of the planned activities, we will pilot and scale-up Employee Resources program, build a reinforcement mechanism into the recruitment process to increase diversity in candidate pools and roll-out Unconscious Bias training for all employees.

### Data ethics

For information about the company's policy for data ethics, cf. section 99d of the Danish Financial Statements Act, please refer to the consolidated financial statements of VKR Holding A/S. The consolidated financial statements 2023 for VKR Holding A/S, CVR no. 30 83 04 15, are published on the Company's website.

### Outlook

Management expects a general market decline in the construction industry which will have a negative impact on the demand in 2024.

Management forecasts however that revenue and profit for 2024 will be maintained at approximately the same level as in 2023.

## Financial statements 1 January - 31 December

### Income statement

| Note | DKKm | 2023 | 2022 |
|---|---|---|---|
| 2 | **Revenue** | 17,929 | 18,184 |
| | Cost of goods | -10,713 | -11,569 |
| | Change in inventories of finished goods | -5 | 601 |
| | Other operating income | 141 | 150 |
| 3 | Other external expenses | -6,142 | -6,031 |
| | **Gross profit** | 1,210 | 1,335 |
| 4 | Employee costs | -1,181 | -1,260 |
| | Depreciation, amortisation and impairment losses | -65 | -74 |
| | **Profit/loss before net financials** | -36 | 1 |
| | Profit/loss from investments in subsidiaries | 960 | 725 |
| 5 | Financial income | 161 | 61 |
| 6 | Financial expenses | -561 | -169 |
| | **Profit before tax** | 524 | 618 |
| | Tax | 94 | 21 |
| | **Profit for the year** | 618 | 639 |

# Financial statements 1 January - 31 December

## Balance sheet

| Note | DKKm | 2023 | 2022 |
|---|---|---|---|
| | **ASSETS** | | |
| | **Fixed assets** | | |
| 8 | **Intangible assets** | | |
| | Completed development projects | 0 | 0 |
| | Acquired intangible assets | 65 | 43 |
| | Development projects in progress and prepayments for intangible assets | 10 | 7 |
| | | 75 | 50 |
| 9 | **Property, plant and equipment** | | |
| | Land and buildings | 13 | 0 |
| | Other fixtures and fittings, tools and equipment | 216 | 59 |
| | Prepayments and assets under construction | 70 | 98 |
| | | 299 | 157 |
| 10 | **Investments** | | |
| | Investments in subsidiaries | 6,869 | 6,455 |
| | Receivables from affiliated companies | 780 | 883 |
| | Other receivables | 28 | 24 |
| | | 7,677 | 7,362 |
| | **Total fixed assets** | 8,051 | 7,569 |
| | **Non-fixed assets** | | |
| | **Inventories** | | |
| | Finished goods | 1,707 | 1,712 |
| | Prepayments for goods | 22 | 26 |
| | | 1,729 | 1,738 |
| | **Receivables** | | |
| | Trade receivables | 16 | 11 |
| | Receivables from affiliated companies | 1,026 | 820 |
| 13 | Deferred tax assets | 0 | 33 |
| | Other receivables | 514 | 598 |
| 11 | Prepayments | 160 | 115 |
| | | 1,716 | 1,577 |
| | **Cash** | 55 | 32 |
| | **Total non-fixed assets** | 3,500 | 3,347 |
| | **TOTAL ASSETS** | 11,551 | 10,916 |

# Financial statements 1 January - 31 December

## Balance sheet

| Note | DKKm | 2023 | 2022 |
|---|---|---|---|
| | **EQUITY AND LIABILITIES** | | |
| | **Equity** | | |
| 12 | Share capital | 110 | 110 |
| | Reserve for net revaluation according to the equity method | 493 | 0 |
| | Retained earnings | 1,538 | 1,394 |
| | Proposed dividend | 0 | 639 |
| | **Total equity** | 2,141 | 2,143 |
| | **Provisions** | | |
| 13 | Deferred tax liabilities | 23 | 0 |
| 14 | Other provisions | 334 | 328 |
| | **Total provisions** | 357 | 328 |
| | **Liabilities other than provisions** | | |
| 15 | **Non-current liabilities other than provisions** | | |
| | Payables to affiliated companies | 192 | 191 |
| | | 192 | 191 |
| | **Current liabilities other than provisions** | | |
| | Trade payables | 448 | 347 |
| | Payables to affiliated companies | 8,145 | 7,688 |
| | Other current liabilities | 268 | 219 |
| | | 8,861 | 8,254 |
| | **Total liabilities other than provisions** | 9,053 | 8,445 |
| | **TOTAL EQUITY AND LIABILITIES** | 11,551 | 10,916 |

1 Accounting policies
7 Appropriation of profit
17 Disclosure of fair values
16 Derivative financial instruments
18 Contractual obligations and contingencies, etc.
19 Related parties

## Financial statements 1 January - 31 December

### Statement of changes in equity

| Note | DKKm | Share capital | Reserve for net revaluation according to the equity method | Retained earnings | Proposed dividend | Total |
|---|---|---|---|---|---|---|
| | **Equity at 1 January 2023** | 110 | 0 | 1,394 | 639 | 2,143 |
| | Capital increase | 0 | 0 | 0 | 0 | 0 |
| 7 | Transfer, see "Appropriation of profit" | 0 | 474 | 144 | 0 | 618 |
| | Exchange rate adjustments | 0 | 17 | 0 | 0 | 17 |
| | Other value adjustments of equity | 0 | 2 | 0 | 0 | 2 |
| | Dividend paid | 0 | 0 | 0 | -639 | -639 |
| | **Equity at 31 December 2023** | 110 | 493 | 1,538 | 0 | 2,141 |

# Financial statements 1 January - 31 December

## Notes to the financial statements

### 1 Accounting policies

The annual report of VELUX A/S for 2023 is presented in accordance with the provisions of the Danish Financial Statements Act applying for class C (large) companies.

The Company is included in the consolidated financial statements for VKR Holding A/S, Hørsholm, CVR no. 30 83 04 15. Pursuant to section 112(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

#### Omission of a cash flow statement

Pursuant to section 86 (4) of the Danish Financial Statements Act, the Company presents no cash flow statement. The Company's cash flows are included in the cash flow statement in the consolidated financial statements of VKR Holding A/S.

#### Reporting currency

The financial statements are presented in Danish kroner (DKKm).

#### External business combinations

Recently acquired enterprises are recognised in the financial statements from the date of acquisition. Enterprises sold or otherwise disposed of are recognised up to the date of disposal. Comparative figures are not restated to reflect newly acquired enterprises. Discontinued operations are presented separately, see below.

The date of acquisition is the date when the Company actually obtains control of the acquiree.

Acquisitions of enterprises are accounted for by using the purchase method, if controlling influence is achieved upon acquisition. The acquirees' identifiable assets, liabilities and contingent liabilities are measured at fair value at the date of acquisition. Identifiable intangible assets are recognised if they are separable or arise from a contractual right. Deferred tax related to the revaluations is recognised.

Positive differences (goodwill) between, on the one hand, the consideration for the acquiree, the value of non-controlling interests in the acquired enterprise and the fair value of any previously acquired equity investments and, on the other hand, the fair value of the assets, liabilities and contingent liabilities acquired are recognised as goodwill under "Intangible assets". Goodwill is amortised on a straight-line basis in the income statement based on an individual assessment of the economic life of the asset.

Negative differences (negative goodwill) are recognised in the income statement at the acquisition date.

Upon acquisition, goodwill is allocated to the cash-generating units, which subsequently form the basis for impairment testing. Goodwill and fair value adjustments regarding the acquisition of a foreign enterprise with a functional currency different from the presentation currency used in the financial statements are accounted for as assets and liabilities belonging to the foreign enterprise and are, on initial recognition, translated into the foreign enterprise's functional currency using the exchange rate at the transaction date.

The consideration paid for an enterprise consists of the fair value of the agreed consideration in the form of assets transferred, liabilities assumed and equity instruments issued. If part of the consideration is contingent on future events or compliance with agreed terms, such part of the consideration is recognised at fair value at the date of acquisition. Subsequent adjustments of contingent considerations are recognised in the income statement.

Transactions costs incurred as part of the acquisition are recognised in the income statement as incurred.

## Financial statements 1 January - 31 December

### Notes to the financial statements

**1 Accounting policies (continued)**

If determination of the consideration transferred or measurement of the identifiable assets, liabilities or contingent liabilities is uncertain at the date of acquisition, initial recognition is made at provisional fair values. Adjustments to the provisional amounts (including change of goodwill) may be made retrospectively for up to 12 months following the date of acquisition and comparative figures are restated.

Gains or losses from disposal of subsidiaries which result in loss of control are calculated as the difference between the fair value of the selling price less transaction costs and the carrying amount of net assets.

#### Intra-group business combinations

The book value method is applied to business combinations such as acquisition and disposal of investments, mergers, demergers, contributions of assets and share conversions, etc. in which companies controlled by the parent company are involved, provided that the combination is considered completed at the time of acquisition without any restatement of comparative figures. Differences between the agreed consideration and the carrying amount of the acquiree are recognised directly in equity.

#### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

#### Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are presented as separate items in the balance sheet.

Fair value adjustments of derivative financial instruments designated as and qualifying for recognition as a hedges of the fair value of a recognised asset or liability are recognised in the income statement along with changes in the fair value of the hedged asset or liability.

Fair value adjustments of derivative financial instruments designated and qualifying as hedges of future assets or liabilities are recognised as separate items in the balance sheet and in the hedging reserve under equity. If the forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the forecast transaction results in income or expenses, amounts previously recognised in equity are transferred to the income statement in the period in which the hedged item affects the income statement.

Fair value adjustments of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement on an ongoing basis.

# Financial statements 1 January - 31 December

## Notes to the financial statements

1 Accounting policies (continued)

### Income statement

#### Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Income from the sale of goods, is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received.

Income from construction contracts involving a high degree of customisation is recognised as revenue by reference to the stage of completion. Accordingly, revenue corresponds to the market value of the contract work performed during the year (percentage-of-completion method). This method is used where the total income and costs and the degree of completion of the contract can be measured reliably.

Where income from a construction contract cannot be estimated reliably, contract revenue corresponding to the costs incurred is recognised only in so far as it is probable that such costs will be recoverable from the counterparty.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

#### Other operating income

Other operating income and costs comprise items of a secondary nature relative to the Company's core activities, including gains and losses on the sale of fixed assets.

#### Cost of goods

Cost of goods includes the cost of goods used in generating the year's revenue.

#### Other external expenses

Other external expenses comprise the year's expenses relating to the Company's core activities, including distribution costs and costs relating to sale, advertising, administration, premises, bad debts losses, operating leases, etc.

#### Employee costs

Employee costs include wages and salaries and pension to the Company's employees, as well as other social security contributions, etc.

# Financial statements 1 January - 31 December

## Notes to the financial statements

### 1 Accounting policies (continued)

#### Amortisation/depreciation and impairment

Amortisation and depreciation is provided on a straight line basis over the expected useful life.

The expected useful lives of the assets are as follows:

| | |
|---|---|
| Completed development projects | 3-5 years |
| Acquired patents | 3-5 years |
| Goodwill | 5-15 years |
| Land and buildings | 30-40 years |
| Plant and machinery | 5-10 years |
| Other fixtures and fittings, tools and equipment | 3-5 years |

Depreciation is calculated taking into account any residual value after useful life and impairment losses. The depreciation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, depreciation is discontinued.

#### Profit/loss from investments in subsidiaries

The proportionate share of the results after tax of the individual subsidiaries is recognised in the income statement after full elimination of intra-group profit/loss according to the equity method.

#### Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Financial items include interest income and expenses, financing costs of finance leases, realised and unrealised gains and losses on securities, debt and transactions in foreign currencies, etc.

#### Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The Company is jointly taxed with other group entities in the VKR Holding Group. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by VKR Holding A/S as the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

# Financial statements 1 January - 31 December

## Notes to the financial statements

### 1 Accounting policies (continued)

### Balance sheet

#### Intangible assets

Goodwill is amortised over the expected economic life of the asset, measured by reference to Management's experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period, which is between 5 and 15 years. The amortisation period is based on the expected repayment period, and this is longest for strategic acquisitions with strong market positions and a long-term earnings profile.

Other intangible assets include development projects and other acquired intangible rights, including software licences, distribution rights and development projects.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

Gains and losses on sale of intangible assets are recognised in the income statement as "Other operating income" or "Other operating expenses", respectively.

#### Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

The cost of assets manufactured by the company comprises the acquisition cost, costs directly related to the acquisition, engineering hours, including indirect production costs and borrowing costs.

Gains and losses on sale or disposals of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

#### Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

On initial recognition, leases for assets that transfer substantially all the risks and rewards incident to the ownership to the Company (finance leases) are measured in the balance sheet at the lower of fair value and the present value of the future lease payments. In calculating the net present value, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently accounted for in the same way as the Company's other assets.

The capitalised residual lease liability is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

## Financial statements 1 January - 31 December

### Notes to the financial statements

### 1 Accounting policies (continued)

#### Investments in subsidiaries

Investments in subsidiaries are measured according to the equity method. The Company has chosen to consider the equity method a consolidation method.

On initial recognition, investments in subsidiaries are measured at cost corresponding to the fair value of the purchase consideration excluding costs of acquisition. The cost is allocated in accordance with the acquisition method; see the accounting policies regarding business combinations.

The cost is adjusted by shares of profit/loss after tax calculated in accordance with the Company's accounting policies eliminated for unrealised intra-group profits/losses.

Identified increases in value and goodwill, if any, compared to the underlying company's net asset value are amortised in accordance with the accounting policies for the assets and liabilities to which they can be attributed. Negative goodwill is recognised in the income statement.

Dividend received is reduced from the carrying amount.

#### Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

#### Inventories

Inventories are recognised at cost in accordance with the FIFO method. If the net realisable value is lower than cost, inventories are written down to this lower value. The cost price for finished goods and raw materials and consumables comprises the purchase price plus delivery costs. The cost price for manufactured goods and work in progress comprises direct and indirect production overheads.

Indirect production overheads include the indirect cost of material and labour as well as maintenance and depreciation of production machinery, buildings and equipment and expenses relating to plant administration and management. Borrowing costs are not recognised in the sales price.

# Financial statements 1 January - 31 December

## Notes to the financial statements

### 1 Accounting policies (continued)

#### Receivables

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables.

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows.

#### Prepayments

Prepayments relate to goods and services not yet received and expenses incurred for goods and services, which will not to be used until the subsequent financial year.

#### Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Given the nature of the VKR Group's cash pool arrangement, cash pool balances are not considered cash, but are recognised under "Receivables from affiliated companies".

#### Equity

*Reserve for net revaluation according to the equity method*

The net revaluation reserve according to the equity method includes net revaluations of investments in subsidiaries and participating interests compared to cost. The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised as a negative amount.

*Proposed dividends*

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

#### Provisions

Other provisions comprise anticipated costs related to warranties, losses on work in progress, restructurings, pension obligations, etc.

Provisions are measured at net realisable value or at fair value if the obligation is expected to be settled far into the future.

Warranty commitments include expenses for remedial action in respect of the contract work within the warranty period. Provisions for warranty commitments are measured at net realisable value and recognised based on past experience. Provisions that are expected to mature more than one year after the balance sheet date are discounted at average bond yields.

Restructuring provisions comprise severance pay to employees, losses incurred due to the termination of contracts, etc. following Management's decision to restructure the Company. Restructuring provisions are recognised when it has been decided to restructure the Company and the restructuring process has been initiated.

## Financial statements 1 January - 31 December

### Notes to the financial statements

### 1 Accounting policies (continued)

#### Income taxes

Current joint taxaxation contribution payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured by the balance sheet liability method of all temporary differences between the accounting and taxable value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation. That will be either by elimination in tax on future earnings or against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of tax rules and at rates in the respective countries at the balance sheet date when the deferred tax is expected to become current tax. Changes in deferred tax due to changes in tax rates are recognised in the income statement except for items recognised directly in equity.

#### Liabilities

The Company has chosen IAS 39 as interpretation for liabilities.

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

#### Deferred income

Deferred income recognised as a liability comprises payments received relating to income in subsequent financial years.

#### Fair value

The fair value measurement is based on the principal market. If no principal market exists, the measurement is based on the most advantageous market, i.e. the market that maximises the price of the asset or liability less transaction and/or transport costs.

All assets and liabilities which are measured at fair value, or whose fair value is disclosed, are classified based on the fair value hierarchy, see below:

Level 1: Value in an active market for similar assets/liabilities

Level 2: Value based on recognised valuation methods on the basis of observable market information

Level 3: Value based on recognised valuation methods and reasonable estimates (non-observable market information).

If a reliable fair value cannot be stated according to the above levels, the asset or liability is measured at cost.

## Financial statements 1 January - 31 December

### Notes to the financial statements

### 1 Accounting policies (continued)

#### Financial ratios

The financial ratios stated under "Financial highlights" have been calculated as follows:

Equity ratio $$\frac{\text{Equity, year-end x 100}}{\text{Total equity and liabilities, year-end}}$$

EBIT-margin $$\frac{\text{EBIT x 100}}{\text{Revenue}}$$

Return on invested capital $$\frac{\text{EBIT x 100}}{\text{Average invested capital}}$$

Invested capital:
Intangible assets + property, plant and equipment + other receivables + working capital

### 2 Segment information

The Company has not disclosed the breakdown of revenue by geographical and business segments, see section 96(1) of the Danish Financial Statements Act, as Management is of the opinion that such disclosure could be highly detrimental to the Company. The reason is that competitors can derive significant information about market shares and development in the business. It is considered to cause significant damage to the company if competitors can obtain this information, which is otherwise not publicly available.

### 3 Fee to the auditors appointed in general meeting

Pursuant to section 96 (3) of the Danish Financial Statements Act, the fee to auditors is disclosed only in the consolidated financial statements of the parent company, VKR Holding A/S.

## Financial statements 1 January - 31 December

### Notes to the financial statements

| | DKKm | 2023 | 2022 |
|---|---|---|---|
| 4 | **Employee costs** | | |
| | Wages/salaries | 1,070 | 1,166 |
| | Pensions | 95 | 83 |
| | Other social security costs | 16 | 11 |
| | | 1,181 | 1,260 |
| | Average number of full-time employees | 1,311 | 1,299 |
| | Remuneration to members of Management: | | |
| | Executive Board | 0 | 66 |
| | Board of Directors | 6 | 6 |
| | | 6 | 72 |
| 5 | **Financial income** | | |
| | Included interest income from affiliated companies | 129 | 61 |
| | Other financial income | 32 | 0 |
| | | 161 | 61 |
| 6 | **Financial expenses** | | |
| | Included interest expenses from affiliated companies | 548 | 118 |
| | Other financial expenses | 13 | 51 |
| | | 561 | 169 |
| 7 | **Appropriation of profit** | | |
| | **Recommended appropriation of profit** | | |
| | Proposed dividend | 0 | 639 |
| | Net revaluation reserve according to the equity method | 474 | -31 |
| | Retained earnings | 144 | 31 |
| | | 618 | 639 |

# Financial statements 1 January - 31 December

## Notes to the financial statements

## 8 Intangible assets

| DKKm | Completed development projects | Acquired intangible assets | Development projects in progress and prepayments for intangible assets | Total |
|---|---|---|---|---|
| Cost at 1 January 2023 | 440 | 383 | 7 | 830 |
| Additions | 0 | 52 | 3 | 55 |
| Disposals | 0 | -11 | 0 | -11 |
| Cost at 31 December 2023 | 440 | 424 | 10 | 874 |
| Impairment losses and amortisation at 1 January 2023 | 440 | 340 | 0 | 780 |
| Amortisation | 0 | 30 | 0 | 30 |
| Disposals | 0 | -11 | 0 | -11 |
| Impairment losses and amortisation at 31 December 2023 | 440 | 359 | 0 | 799 |
| **Carrying amount at 31 December 2023** | 0 | 65 | 10 | 75 |

## 9 Property, plant and equipment

| DKKm | Land and buildings | Other fixtures and fittings, tools and equipment | Prepayments and assets under construction | Total |
|---|---|---|---|---|
| Cost at 1 January 2023 | 0 | 377 | 98 | 475 |
| Additions | 8 | 104 | 67 | 179 |
| Disposals | 0 | -29 | 0 | -29 |
| Transferred | 13 | 82 | -95 | 0 |
| Cost at 31 December 2023 | 21 | 534 | 70 | 625 |
| Impairment losses and depreciation at 1 January 2023 | 0 | 318 | 0 | 318 |
| Depreciation | 8 | 27 | 0 | 35 |
| Disposals | 0 | -27 | 0 | -27 |
| Impairment losses and depreciation at 31 December 2023 | 8 | 318 | 0 | 326 |
| **Carrying amount at 31 December 2023** | 13 | 216 | 70 | 299 |

# Financial statements 1 January - 31 December

## Notes to the financial statements

### 10 Investments

| DKKm | Investments in subsidiaries | Receivables from affiliated companies | Other receivables | Total |
|---|---|---|---|---|
| Cost at 1 January 2023 | 6,466 | 885 | 4 | 7,355 |
| Additions | 0 | 0 | 5 | 5 |
| Disposals | -90 | -105 | 0 | -195 |
| Cost at 31 December 2023 | 6,376 | 780 | 9 | 7,165 |
| Value adjustments at 1 January 2023 | -11 | -2 | 20 | 7 |
| Exchange rate and other adjustments | 17 | 2 | -1 | 18 |
| Dividends received | -527 | 0 | 0 | -527 |
| Profit/loss for the year | 960 | 0 | 0 | 960 |
| Changes in equity | 2 | 0 | 0 | 2 |
| Disposals | 52 | 0 | 0 | 52 |
| Value adjustments at 31 December 2023 | 493 | 0 | 19 | 512 |
| **Carrying amount at 31 December 2023** | 6,869 | 780 | 28 | 7,677 |

**Investments in subsidiaries**

| Name | Domicile |
|---|---|
| DENMARK | |
| A/S Østbirk Bygningsindustri | Denmark |
| Gåsdal Bygningsindustri A/S | Denmark |
| Homecontrol A/S | Denmark |
| Thyregod Bygningsindustri A/S | Denmark |
| VELUX Commercial Danmark A/S | Denmark |
| VELUX Danmark A/S | Denmark |
| VELUX NewCo A/S | Denmark |
| Vitral A/S | Denmark |
| SCANDINAVIA | |
| VELUX Suomi Oy | Finland |
| VELUX Commercial Bramo AS | Norway |
| VELUX Norge AS | Norway |
| VELUX Svenska AB | Sweden |
| REST OF EUROPE | |
| VELUX Commercial Österreich GmbH | Austria |
| VELUX Österreich GmbH | Austria |
| VELUX Belgium S. A. | Belgium |
| VELUX Bosna i Hercegovina d. o. o. | Bosnia and Herzegovina |
| VELUX Bulgaria EOOD | Bulgaria |
| VELUX Hrvatska d. o. o. | Croatia |
| BKR CR, s.r.o. | Czech Republic |
| VELUX Ceská republika, s. r. o. | Czech Republic |
| VELUX Eesti OÜ | Estonia |
| KH-SK France S.A.S. | France |
| Velsol France S.A.S. | France |
| VELUX France S.A.S. | France |
| VKR France S.A.S. | France |
| JET Schaumstoff-Formteile GmbH | Germany |
| JTJ Sonneborn Industrie GmbH | Germany |
| VELUX Commercial Deutschland GmbH | Germany |
| VELUX Commercial GmbH & Co. KG | Germany |
| VELUX Commercial Grundbesitz GmbH & Co. KG | Germany |
| VELUX Commercial Grundbesitz Holding GmbH | Germany |
| VELUX Commercial Holding GmbH | Germany |
| VELUX Commercial Production DE Hüllhorst GmbH | Germany |
| VELUX Commercial Production DE Voerde GmbH | Germany |
| VELUX Commercial Vermögensverwaltungsgesellschaft mbH | Germany |
| VELUX Deutschland GmbH | Germany |
| Altaterra Kft. | Hungary |
| VELUX Magyarország LKR Korlátolt Felelősségü Társaság | Hungary |
| VELUX Italia s.p.a. | Italy |
| VELUX Latvia SIA | Latvia |

## Financial statements 1 January - 31 December

### Notes to the financial statements

### 10 Investments (continued)

| Name | Domicile |
|---|---|
| "VELUX Lietuva", UAB | Lithuania |
| UAB "Vitral" | Lithuania |
| Altaterra Polska Sp. z o.o. | Poland |
| NB Polska Sp. z.o.o. | Poland |
| NM Polska Sp. z.o.o. | Poland |
| VELUX Commercial Polska Sp. z. o.o | Poland |
| VELUX Polska Sp. z. o. o. | Poland |
| VELUX Portugal, Unipessoal Lda | Portugal |
| S.C. VELUX România S.R.L. | Romania |
| VELUX Srbija d.o.o. | Serbia |
| Partizánske Building Components-SK s.r.o. | Slovakia |
| VELUX Slovensko spol. s.r.o. | Slovakia |
| VELUX Slovenija d.o.o. | Slovenia |
| VELUX Spain, S.A. | Spain |
| VELUX Commercial Schweiz AG | Switzerland |
| VELUX Schweiz AG | Switzerland |
| Dakvenster.com B.V. | The Netherlands |
| JET BIK Producten B.V. | The Netherlands |
| JET BIK Projecten B.V. | The Netherlands |
| JET Group B.V. | The Netherlands |
| JET Group Holding B.V. | The Netherlands |
| JET Group International B.V. | The Netherlands |
| VELUX Nederland B.V. | The Netherlands |
| Daylighttechnics B.V. | The Netherlands |
| VELUX Ukraina TOV | Ukraine |
| JET Cox Ltd. | United Kingdom |
| V.U.K. HOLDINGS LIMITED | United Kingdom |
| VELUX Commercial Xtralite Ltd. | United Kingdom |
| VELUX Company Ltd. | United Kingdom |
| **REST OF THE WORLD** | |
| VELUX Argentina S.A. | Argentina |
| VELUX Australia Pty. Ltd. | Australia |
| VELUX Canada Inc. | Canada |
| VELUX Chile SpA | Chile |
| VELUX (CHINA) CO., Ltd. | China |
| VELUX-Japan Ltd. | Japan |
| VELUX New Zealand Ltd. | New Zealand |
| VELUX Cati Pencereleri Ticaret Limited Sirketi | Türkiye |
| TVC Holdings LLC | USA |
| VELUX America LLC | USA |
| VELUX Design and Development USA LLC | USA |
| VELUX Greenwood LLC | USA |
| VELUX Group USA Inc. | USA |
| VELUX Sky Forwarding LLC | USA |
| VELUX Solutions LLC | USA |

Information in the company overview is provided pursuant to section 97a, (3) of the Danish Financial Statements Act. The companies are 100% owned by VELUX A/S.

### 11 Prepayments

Prepayments comprise prepaid costs regarding rent, insurance premiums, marketing and subscriptions.

# Financial statements 1 January - 31 December

## Notes to the financial statements

### 12 Share capital

31 December 2023, the share capital comprises 110,000 shares of DKK 1,000 each.

| DKKm | 2023 | 2022 |
|---|---|---|
| **13 Deferred tax** | | |
| Deferred tax at 1 January | -33 | -18 |
| Deferred tax adjustments for the year recognised in the income statement | 53 | -24 |
| Prior year adjustment | 5 | 9 |
| Other deferred tax | -2 | 0 |
| **Deferred tax at 31 December** | 23 | -33 |

### 14 Other provisions

The provisions mainly relate to warranty and restructuring provisions, of which DKKm 139 is expected to fall due within one year after the end of the financial year (2022: DKKm 164).

### 15 Non-current liabilities other than provisions

| DKKm | Total debt at 31/12 2023 | Short-term portion | Long-term portion | Outstanding debt after 5 years |
|---|---|---|---|---|
| Payables to affiliated companies | 192 | 0 | 192 | 0 |
| | 192 | 0 | 192 | 0 |

### 16 Derivative financial instruments

The Company has entered into power purchase agreements with sellers of electricity arising from solar renewable electric generating facilities. In these agreements the Company has an obligation from the implementation date to purchase electricity from these facilities for 10 years after the first delivery of electricity. The facilities deliver electricity directly to the grid and no physical exchange of energy or sale of energy will occur between the Company and the generating facilities.

The Company will settle a net amount with the generating facilities based on the difference between the spot price and an agreed minimum price. If the spot price is below the minimum price, then the Company shall pay the difference. If the spot price exceeds the minimum price, then the Company shall receive the difference up to an agreed maximum price.

# Financial statements 1 January - 31 December

## Notes to the financial statements

### 17 Disclosure of fair values

The Company has the following assets and liabilities measured at fair value:

| DKKm | Derivative financial instruments |
|---|---|
| Fair value at year end | 19 |
| Unrealised fair value adjustments for the year, recognised in the income statement | -1 |
| Fair value level | 3 |

The fair value of the derivative financial instruments (level 3 in the fair value hierarchy) open on the balance sheet date is calculated by using the contracted minimum price, maximum price, and observable rates as of the balance sheet date combined with forward projections of the spot price for electricity. In the fair value assessment it is assumed that the spot price is above the maximum price for the remaining duration of the contract.

### 18 Contingent liabilities and other contractual obligations

#### Contractual obligations

The Company has entered into lease agreements with total contractual cash flows of DKKm 1,236, that falls due withing 14 years (2022: DKKm 1,078).

The Company has issued bank guarantees for a total of DKKm 43 (2022: DKKm 43).

#### Contractual obligations against affiliated companies

The rental commitment on agreements with affiliated companies for premises amounts to DKKm 201, that falls due within 7 years (2022: DKKm 185).

The Company is jointly taxed with other Danish companies in the VKR Group. The Company has unlimited joint and several liabilities with the other jointly Danish taxed companies for company taxes, interest thereon etc. and for Danish tax withheld at source for dividend, interest and royalties within the joint taxation group.

### 19 Related parties

#### Related party transactions

Transactions between the Company and its related parties are settled on an arm's length basis. Pursuant to section 98c of the Danish Financial Statements Act, the Company has chosen to disclose transactions not conducted on an arm's length basis. The Company has not had any of this type of transactions during the year.

#### Significant influence and information about consolidated financial statements

VKR Holding A/S ultimately exercise a controlling interest in the Company. The ultimate parent company, VKR Holding A/S, Breeltevej 18, 2970 Hørsholm, prepares the consolidated financial statements for the VKR group in which the Company is included as a subsidiary. The consolidated financials statements can be found at www.vkr-holding.com.