



Connecting buildings with nature

VKR Holding A/S
Annual Report 2023

Approved at the Annual General Meeting on March 21, 2024

Chair of the meeting: Henrik Dahl, Bruun & Hjejle

Annual Report for the year January 1 – December 31, 2023
VKR Holding A/S, Breettevej 18, 2970 Hørsholm, CVR no. 30 83 04 15

We have set a goal to restore the connection between buildings and nature.

We strive to achieve this by producing and developing building components that:

- Contribute to a lower carbon footprint
- Enable a healthy indoor climate
- Bring the outside in
- Are increasingly recyclable

Within this report, we present our progress towards achieving our ambitious goal.

The Houtloods – VELUX Modular Skylights transform a former Dutch railway warehouse into a modern multi-level office.

Photo: Adam Mørk, 2016

Content

IN BRIEF

- 5 The VKR Group in brief
- 6 Performance 2023
- 7 Highlights 2023
- 8 Letter to our stakeholders

OUR BUSINESS

- 12 How we create value in the VKR Group
- 13 VKR Holding's activities
- 14 Roof windows & skylights
- 16 Vertical windows
- 18 Financial review
- 19 Consolidated financial highlights
- 23 Outlook 2024

SUSTAINABILITY

- 25 We see sustainability as part of our value creation
- 26 Sustainability at the VKR Group
- 30 VKR Holding A/S
- 35 Roof windows & skylights
- 40 Vertical windows
- 45 VKR Group policies
- 46 ESG data
- 48 ESG reporting principles

GOVERNANCE & RISK

- 50 Risk management
- 53 Corporate governance
- 57 The Board of Directors
- 60 The VKR Group

FINANCIAL STATEMENTS

- 63 Income statement
- 64 Balance sheet
- 66 Statement of changes in equity
- 67 Cash flow statement
- 68 Notes
- 82 Accounting policies
- 88 Management's statement
- 89 Independent auditor's report
- 91 Independent auditor's Assurance Report on the ESG Key Figures for VKR Holding
- 93 Company overview

Front page: Large panoramic windows from VELFAC connect a building with nature in Norway.

Lars Schneider, 2021

IN BRIEF

2023 was another year where the business areas demonstrated exemplary Model Company behaviour in terms of ongoing, necessary adjustments, which led to a very satisfactory result.

8 Letter to our stakeholders



OUR BUSINESS



14 Roof windows & skylights



16 Vertical windows

In Brief

- 5 The VKR Group in brief
- 6 Performance 2023
- 7 Highlights 2023
- 8 Letter to our stakeholders

MODEL COMPANY OBJECTIVE

The purpose of the VKR Group is to establish a number of model companies which cooperate in an **exemplary manner**.

A model company works with products **useful to society** and treats its customers, suppliers, employees of all categories and shareholders better than most other companies.

A model company makes a profit which can finance growth and **maintain financial independence**.

Villum Kann Rasmussen, 1965

Large oak windows from Krone in a beach house by Jesper Kusk Arkitekter, Denmark.

Hampus Berndtson, 2023

The VKR Group in brief



VKR Holding is a holding and investment company with a mission of **creating value through the ownership of companies** that bring daylight, fresh air and **a better environment into people's everyday lives**

TWO BUSINESS AREAS WITH LEADING POSITIONS



Roof windows & skylights




Vertical windows

RESPONSIBLE INVESTMENT POLICY



Portfolio of financial investments



Cornerstone investor of KOMPAS, an independent venture capital fund

17,200
Employees worldwide

38
Countries with company representation

37
Production sites in 14 countries

Performance 2023

FINANCIAL

NON-FINANCIAL



REVENUE

29.5 DKK billion



EBITA MARGIN (%)
14.3 2022 13.6

PROFIT FOR THE YEAR (EAT)
4.2 DKK billion
2022 1.6

93%

Renewable electricity

18%

Reduction in absence following an accident per 1,000 work hours

16%

Reduction in Scope 1 & 2 market-based CO2e emissions

35%

Reduction in accidents per one million work hours



REVENUE

21.7 DKK billion



16%

Reduction in Scope 1 & 2 market-based CO2e emissions

13%

Reduction in absence following an accident per 1,000 work hours



REVENUE

7.9 DKK billion



17%

Reduction in Scope 1 & 2 market-based CO2e emissions

17%

Reduction in absence following an accident per 1,000 work hours

Highlights 2023

Validation of sustainability ambitions

In 2023, the DOVISTA Group had its science-based targets application approved by the Science Based Targets initiative. This means that DOVISTA's planned journey is aligned with the Paris Agreement's goals of limiting the harmful consequences of global temperature rises.



VELFAC window in private home, Denmark.
VELFAC, 2023

Let's work it out together!

In 2023, the Employee Foundation launched its new strategy, 'Let's work it out together!'. The ambition is to reach more employees and increase awareness of the opportunities and benefits to all employees at any VKR Group company.

6 new investments

Accelerating the transformation of the built environment

KOMPAS Ventures completed six new investments focusing on innovation and decarbonisation of buildings. Existing portfolio companies collaborated with VKR Group companies to make the value chains of Group companies more sustainable.



Living Places Copenhagen, Denmark.
Adam Mørk, 2023

Showcasing the possibilities of more sustainable housing

During 2023, the VELUX Group opened Living Places Copenhagen, which successfully demonstrated how to design and construct houses with a reduced carbon footprint and a better indoor climate, at an affordable price using existing solutions.

LETTER TO OUR STAKEHOLDERS

While the annual result is always important, we should focus more on **long-term, sustainable value creation** in our daily operations.

Thomas Thune Andersen

Photo: Gyrithe Lemche, 2023

Mads Kann-Rasmussen
CEO, VKR Holding A/S

Thomas Thune Andersen
Chair, VKR Holding A/S

As expected, the construction sector faced severe headwinds in 2023 across nearly all European markets. Prudent cost management, operational agility, and our dedicated employees helped to maintain, or even improve, operating profit at VELUX and DOVISTA. We consider this very satisfactory.

The top lines of both business areas were impacted by high interest rates and increased building costs. This made it difficult for some customers to finance new projects. Unfortunately, adapting to the slowdown in demand also resulted in a reduction of our workforce.

Despite geopolitical instability and interest-driven volatility, the financial markets performed strongly, especially in the final quarter. As a result, we achieved a satisfactory return on our financial portfolio in 2023. The year ended with a lower topline, but a significantly better annual profit than the year before:

- Revenue reached DKK 29.5 billion, which was 7% lower than in 2022. This drop was almost entirely organic, comprising a 3% decrease at the VELUX Group and an 18% decrease at the DOVISTA Group.
- Operating profit margin (EBITA%) rose from 13.6% in 2022 to 14.3%.
- The return on our financial investments was DKK 1.4 billion, compared to a negative return of DKK -2.0 billion in 2022.
- Profit for the year improved by DKK 2.6 billion to DKK 4.2 billion in 2023.

Such economic resilience enabled our business areas to extend their investments in

operational efficiency and in the development and production of windows with an even lower CO2 footprint. In 2023, we invested a net total of DKK 1.4 billion in tangible fixed assets.

Connecting buildings with nature

The VKR Group has produced windows since 1941. Windows connect buildings with nature by supplying people with daylight and fresh air and by allowing people to enjoy a view of the outside from the comfort of their homes and offices.

In 1965, our founder Villum Kann Rasmussen expressed the purpose of our company through the Model Company Objective. The objective guides us to work with products useful to society and to treat all stakeholders better than most.

That commitment extends to society and to the planet. It's why we consider sustainability a natural cornerstone of our business. In fact, the VKR Group has always strived to design products useful to society. We have taken the climate crisis seriously for more than 30 years and have strived to manage the CO2 footprint of our products and operations ever since.

Today, the building industry generates approximately 40% of global CO2 emissions.

2023 was another year where the business areas demonstrated exemplary **Model Company behaviour** in terms of ongoing, necessary adjustments leading to a **very satisfactory result.**

Mads Kann-Rasmussen

Over their lifetime, windows are usually cost-effective means of achieving the dual goals of lowering CO2 emissions and of enabling a healthier indoor climate. We constantly work to further improve our products by achieving an even lower carbon footprint and making recycling easier, all at an affordable price to the consumer.

In 2023, our sustainability efforts included the following:

- The VELUX Group fully integrated its 2030 sustainability strategy by making it a main pillar of its overall corporate strategy.
- VELUX continued to develop partnerships with strategic suppliers to decrease value chain emissions. In 2023, VELUX started a new cooperation with steel producer

Arcelor Mittal to lower the carbon footprint of steel used in VELUX products.

- DOVISTA marked a significant milestone in their decarbonisation journey as their 2030 science-based targets were officially validated and approved by the Science Based Targets initiative (SBTi).
- KOMPAS completed six direct investments within low-carbon cement, carbon capture, life cycle assessments and cost-efficient energy renovation.

Living Places: a sustainable prototype

In 2023, the VELUX Group opened Living Places in Jernbanebyen, Copenhagen. This groundbreaking project consists of seven buildings: five open pavilions and two finished homes in full scale. It is our take on how to build a healthy and more sustainable

community with materials that are already widely available today.

Living Places demonstrates that it is possible to build affordable homes with a CO2 footprint that is 2/3 lower per m2/year than the Danish standard, while still ensuring a first-class indoor climate.

The project was developed in collaboration with EFFEKT Architects, Artelia consulting engineers and Enemærke & Petersen contractors.

It is one of our most ambitious prototype projects to date. More than 8,000 building professionals visited Living Places Copenhagen. As a result, VELUX received positive coverage in prominent media, including Schöner Wohnen, Le Figaro, Financial Times, BBC and The Times. The project was also recognised for its outstanding design and liveability.

Circular windows

DOVISTA was also a first mover in 2023. One of their brands, Mockfjärds, became the first actor in Sweden to collect replaced windows for recycling. Customers can now return their old windows to Mockfjärds, which can turn the glass into new window panes. Such initiatives are possible because, years ago, we developed systems that make it easy to separate window components into wood, glass and metal for subsequent reuse.

Your future is our future

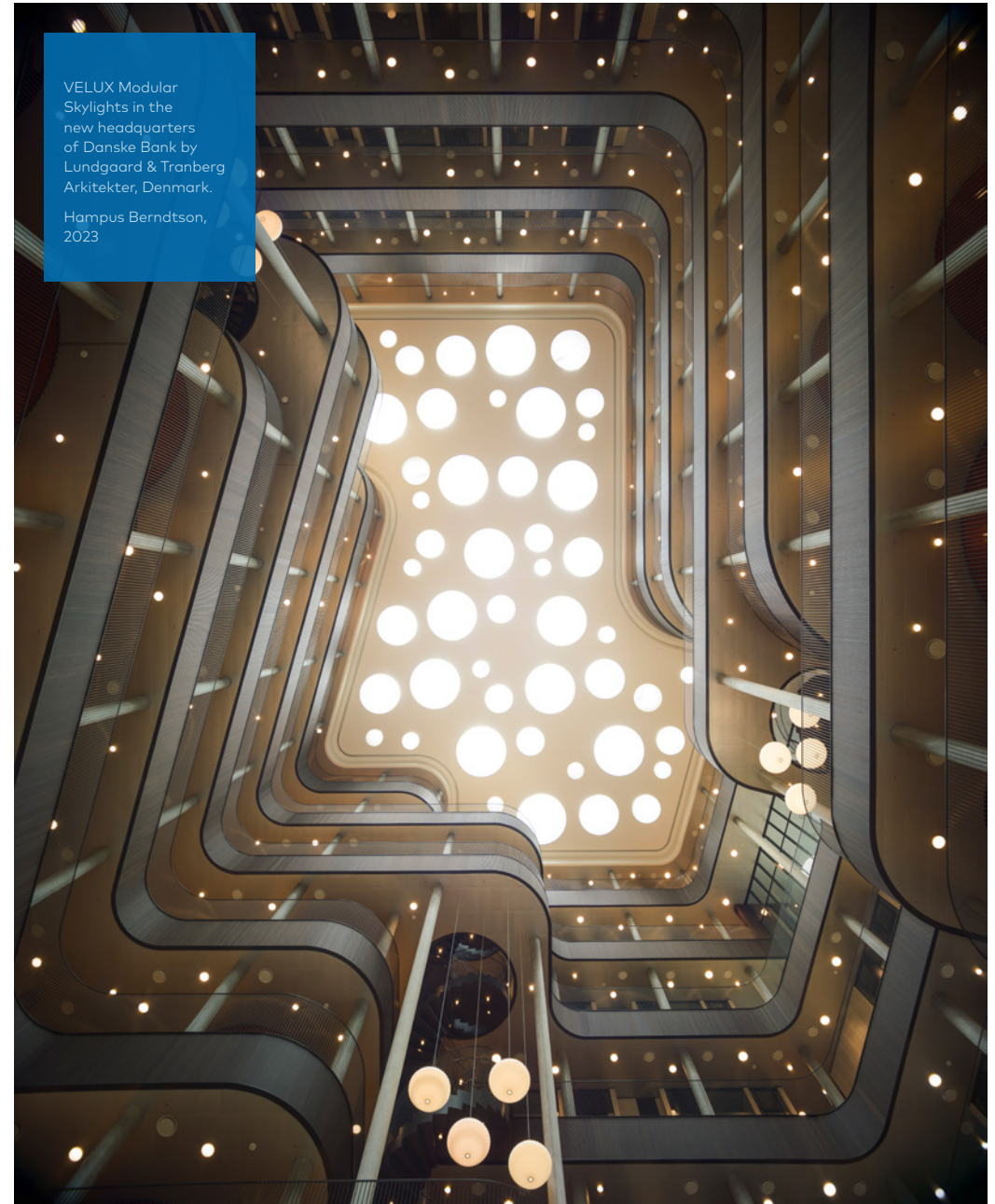
We expect the first half of 2024 to be as challenging as 2023. However, we believe that conditions for the building industry could be easing later in the year. Overall, we anticipate that profit will remain at the same level as in 2023.

We are grateful to our diligent suppliers and discerning customers, whose unwavering commitment to quality continually challenges and motivates us to strive for excellence. We are equally grateful to our employees for their excellent work.

In the future, we will remain true to the Model Company Objective by continually refining our sustainability goals and maintaining a long-term perspective. We welcome input from all those who share our ambition to connect buildings with nature. Collaboration across the building industry is key.

Thomas Thune Andersen
Chair, VKR Holding A/S

Mads Kann-Rasmussen
CEO, VKR Holding A/S



Our Business

- 12 How we create value in the VKR Group
- 13 VKR Holding's activities
- 14 Roof windows & skylights
- 16 Vertical windows
- 18 Financial review
- 19 Consolidated financial highlights
- 23 Outlook 2024



Safety

The VELUX Group and the DOVISTA Group share a vision towards zero accidents in all their workplaces.

This is rooted in the Model Company Objective.

Director Ole Kristian Nyhus at the Natre production facilities in Gjøvik, Norway.

Per-Erik Beck Bjørnback, 2021

How we create value in the VKR Group

VKR HOLDING



VKR Holding is a holding and investment company whose objective is to create value through ownership of companies and financial investments.

GIVING BACK TO SOCIETY

VILLUM FONDEN

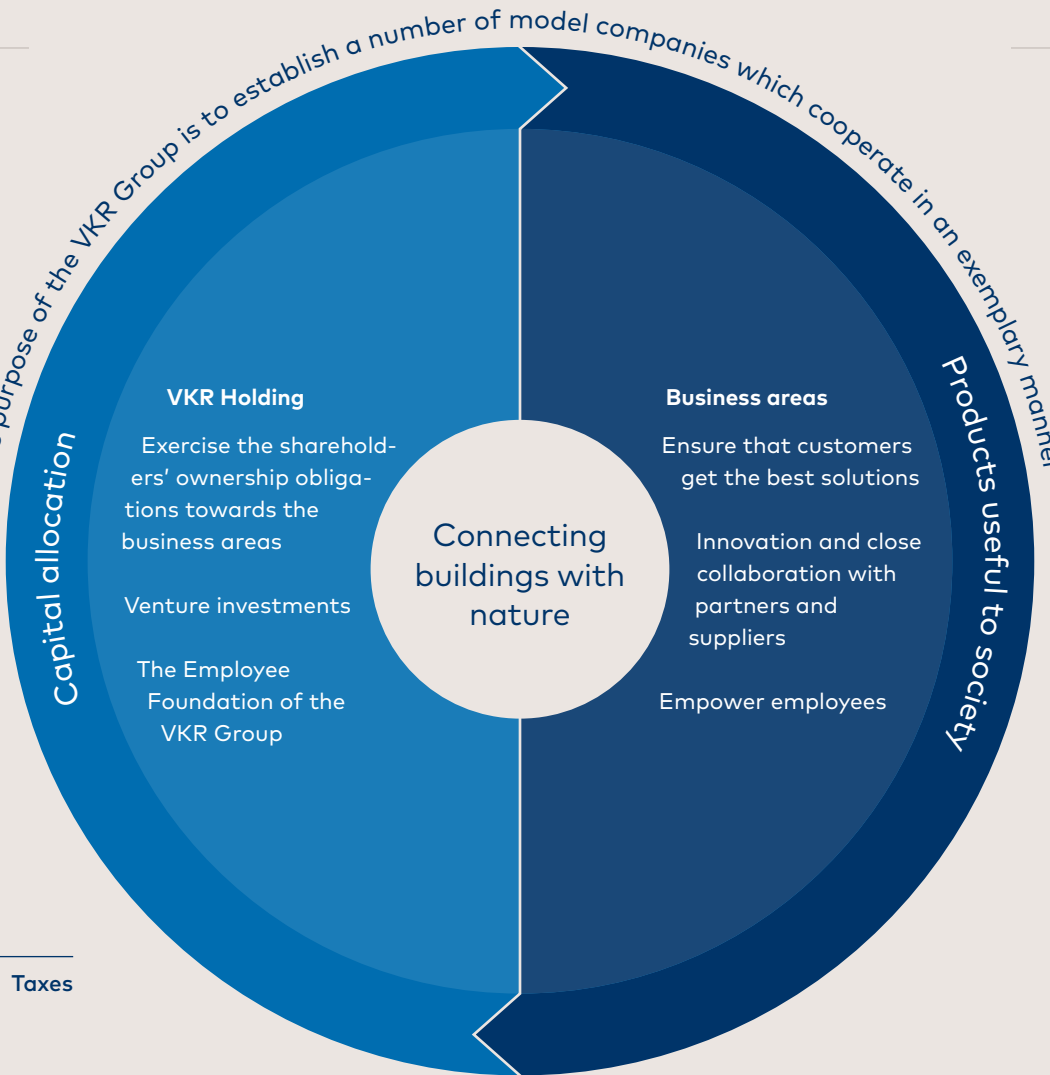


Dividends

Grant areas:

- Technical and natural sciences
- Culture and society
- Environment
- Children, youth and science
- Social initiatives abroad

We pay taxes in many countries and we aim to ensure a fair and reasonable allocation of the Group's profit between the jurisdictions in which we operate.



BUSINESS AREAS



ROOF WINDOWS & SKYLIGHTS



Create well-being for people and planet by transforming spaces using daylight and fresh air.



VERTICAL WINDOWS



We bring daylight and fresh air into people's everyday lives.

Taxes

VKR Holding's activities

VKR Holding is a holding and investment company with a mission of creating value through the ownership of companies that bring daylight, fresh air and a better environment into people's everyday lives.

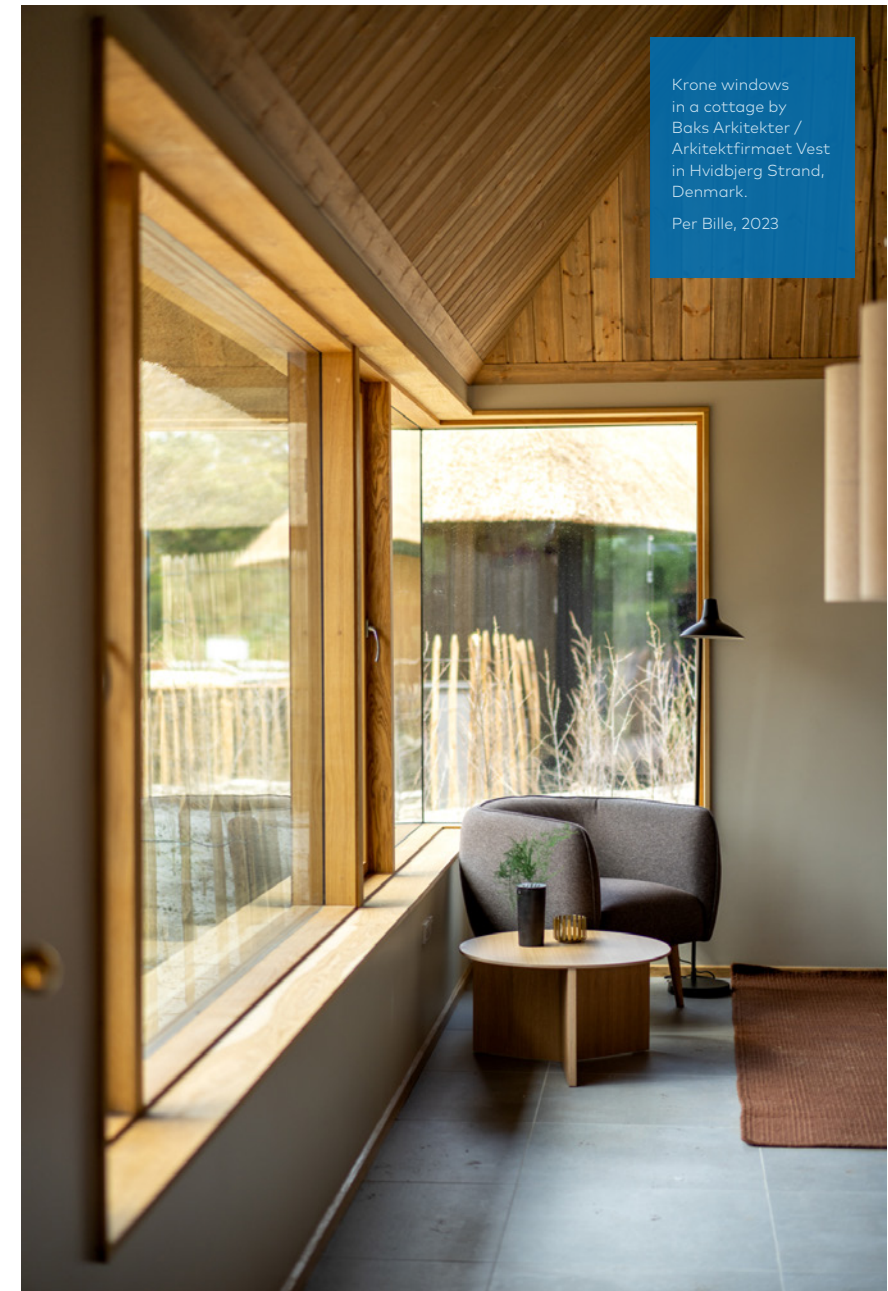
Our main activity is the ownership of companies in the business areas of Roof windows & skylights and of Vertical windows. Windows are the primary product group which connects buildings and nature by providing daylight and fresh air inside while enabling a view of the outside from the comfort of homes and offices. We also manage a substantial portfolio of financial investments that comprise listed equities and fixed income as well as alternative investments in credit, real assets and private equity funds. Lastly, VKR Holding is the cornerstone investor of KOMPAS, an independent venture capital fund.

VKR Holding practises active ownership of our business areas through the Model Company Objective, current Group policies and governance structure (see section on Governance). Within this framework, the business areas operate with a high degree of independence, and the responsibilities of their Boards of Directors include operations, strategy, reputation and risk management of their respective companies. The strategy, capital resources, risk profile, ESG and organisational-related topics of the business areas are regularly aligned with VKR Holding.

VKR Holding actively pursues the following four key ownership principles:

- **Active investment strategy:** VKR Holding and the business areas actively pursue suitable acquisition opportunities that supplement and complement existing business.
- **Long-term horizon:** Investments in the business areas are made on an ongoing basis, and acquisitions of companies are made for long-term ownership.
- **Financial independence:** The companies in the VKR Group must generate a profit that can finance growth and development over time.
- **Active ownership:** VKR Holding practices active ownership to ensure compliance with VKR Group policies and the Group's values, including the Model Company Objective.

One of VKR Holding's primary objectives is to generate the highest possible risk-adjusted return on investments. To achieve this and in accordance with our approach to corporate social responsibility and the Model Company Objective, the holding company maintains a responsible investment policy that aims to gradually transform the financial portfolio into increasingly sustainable investments.



Krone windows
in a cottage by
Baks Arkitekter /
Arkitektfirmaet Vest
in Hvidbjerg Strand,
Denmark.

Per Bille, 2023

ROOF WINDOWS & SKYLIGHTS



The VELUX Group

Satisfactory results amid challenging times in the building sector

During 2023, the VELUX Group improved operating profit despite macroeconomic challenges and a declining market, and overall performance was satisfactory.

Revenue for 2023 amounted to DKK 21.7 billion. This was down 2.7% from DKK 22.3 billion in 2022, which was the highest ever recorded in VELUX history. Revenue was affected by a slight slowing in the volume of roof windows sold, mainly in Europe, and by the negative impact of currency fluctuations.

Improvement in operating profit was largely aided by productivity improvements, as well as cost control measures and lower material prices.

All in all, the VELUX Group remains resilient and optimised for future challenges in the global economy and construction sector and the company remains committed to its long-term growth strategy and investments. VELUX will continue to increase investments in innovation, in promoting the relevancy of VELUX products and solutions

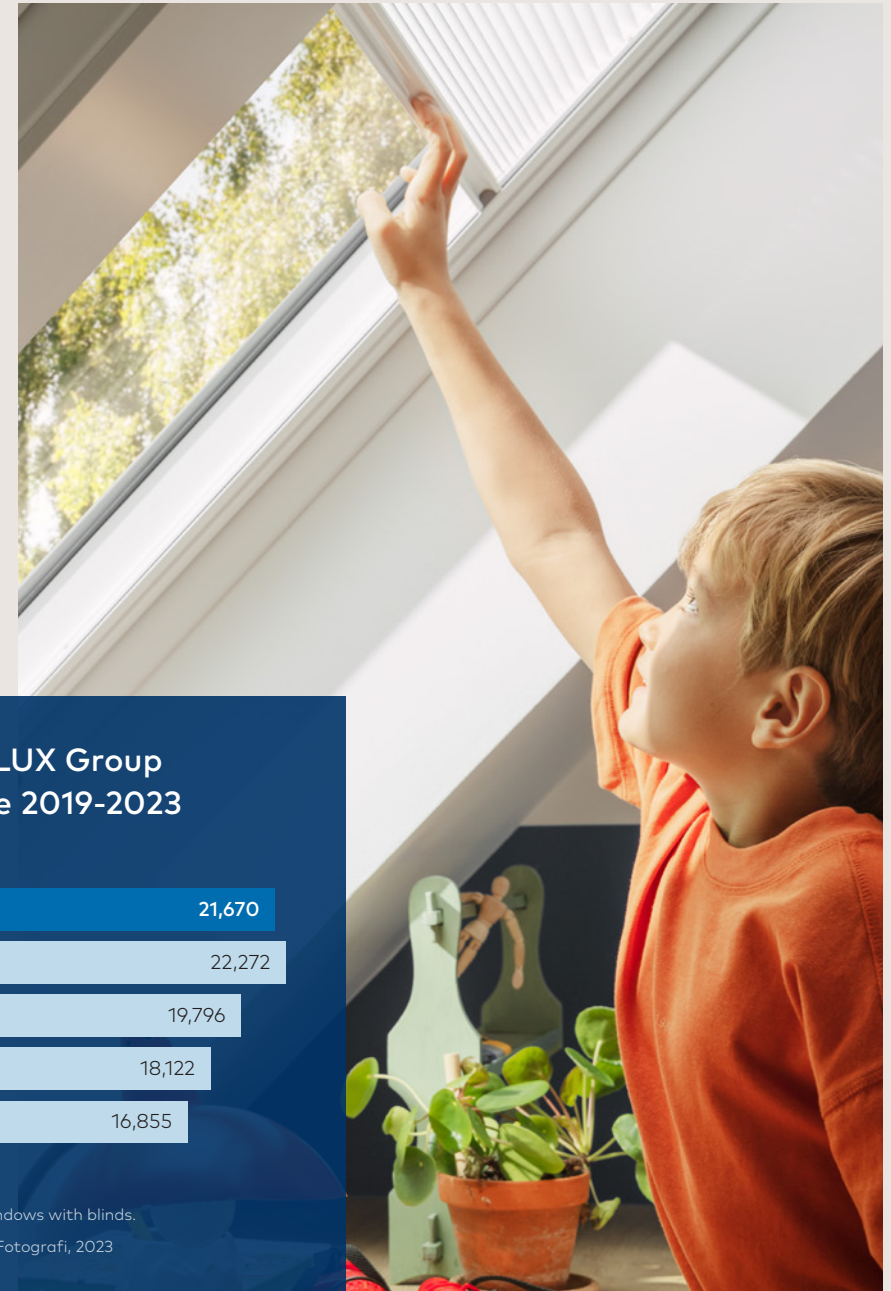
to homeowners, in collaboration with professional partners – primarily installers and dealers – and in employees.

Sustainability at the core of business

In 2023, the VELUX Group retired its stand-alone sustainability strategy, which had been launched in 2020, and fully integrated sustainability into its corporate strategy. This will ensure that sustainability is at the very core of the VELUX Group and how it does business. It remains a key investment priority.

The VELUX Group continued to progress towards its 2030 goal of reducing Scope 1 and 2 carbon emissions by 100% and Scope 3 emissions by 50%. In 2023, Scope 1 and 2 were reduced by 16%, a 56% reduction since 2020. Our Scope 3 emissions declined by 21% compared with 2022. While we achieved a reduction by switching to lower carbon materials, the majority of this decline relates to lower production volumes leading to lower purchase volumes of materials.

In 2020, the VELUX Group initiated a partnership with WWF to reduce and remove the CO2 equivalent of the Group's historic



The VELUX Group Revenue 2019-2023 (DKKm)

2023	21,670
2022	22,272
2021	19,796
2020	18,122
2019	16,855

VELUX roof windows with blinds. Jesper Jørgen Fotografi, 2023



The VELUX Group increased the share of women in management to 28%.

VELUX Domes brighten up the school day for pupils at the at Engholm School, Denmark. VELUX, 2022

The business area roof windows & skylights



emissions, through forest protection and restoration. This year, the partnership entered a new and important phase with the commencement of two additional forest projects in Madagascar and Vietnam. The first forest project in Uganda is progressing according to plan.

In 2023, the VELUX Group rolled out its DEI (Diversity, Equity and Inclusion) policy which provides a shared understanding of the benefits of building a diverse and inclusive company, while assigning clear responsibility to ensure progress. The VELUX Group also increased the share of women in management to 28%.

Moreover, the VELUX Group worked to raise awareness and promote a cultural change towards greater safety in all workplaces. Simultaneously, the VELUX Group continued to enhance accident reporting systems, enabling systematic data analysis to drive preventive initiatives and improve safety performance.

Introducing Living Places

Another important milestone in 2023 was the opening of Living Places Copenhagen,

a housing community prototype. The project demonstrates how to create beautiful low carbon homes with a healthy indoor climate using existing technologies, all at the same price as conventional housing in Denmark.

The concept was developed in partnership with EFFEKT architects and Artelia engineers. It was launched in connection with the UIA World Congress of Architects. The project attracted more than 8,000 professional partners during tours and onsite events, as well as global media attention throughout the year.

Greater customer centricity and market focus, with a strengthened leadership team

In 2023, the VELUX Group expanded its Executive Group Management team to include Regional Executive Vice Presidents. The aim of this expansion is to bring the markets, and hence even more customer centricity, closer to the Executive Management. At the same time, VELUX strengthened its marketing profile with the addition of a new position of Executive Vice President to the Executive Group Management team.



VERTICAL WINDOWS



The DOVISTA Group

Successfully navigating and emerging stronger in a market downturn

2023 was a challenging year due to a decline in market demand. External macroeconomic factors negatively influenced the business environment, with interest rates and inflation being high. The building industry was substantially affected, particularly the new building segment which experienced declining volumes compared to 2022. Revenue dropped 18% to a level of DKK 7.9 billion in 2023.

As a result, focus in 2023, was to successfully navigate and emerge stronger from the market downturn, while striking the right balance between demand and capacity. The DOVISTA Group succeeded in this effort and actually improved relative operating performance compared to 2022.

The DOVISTA Group continued to strengthen organisational and customer value propositions. Pricing Excellence and Sales & Operations Planning were key vehicles used to optimise the business and to provide customers with the right products at the right time.

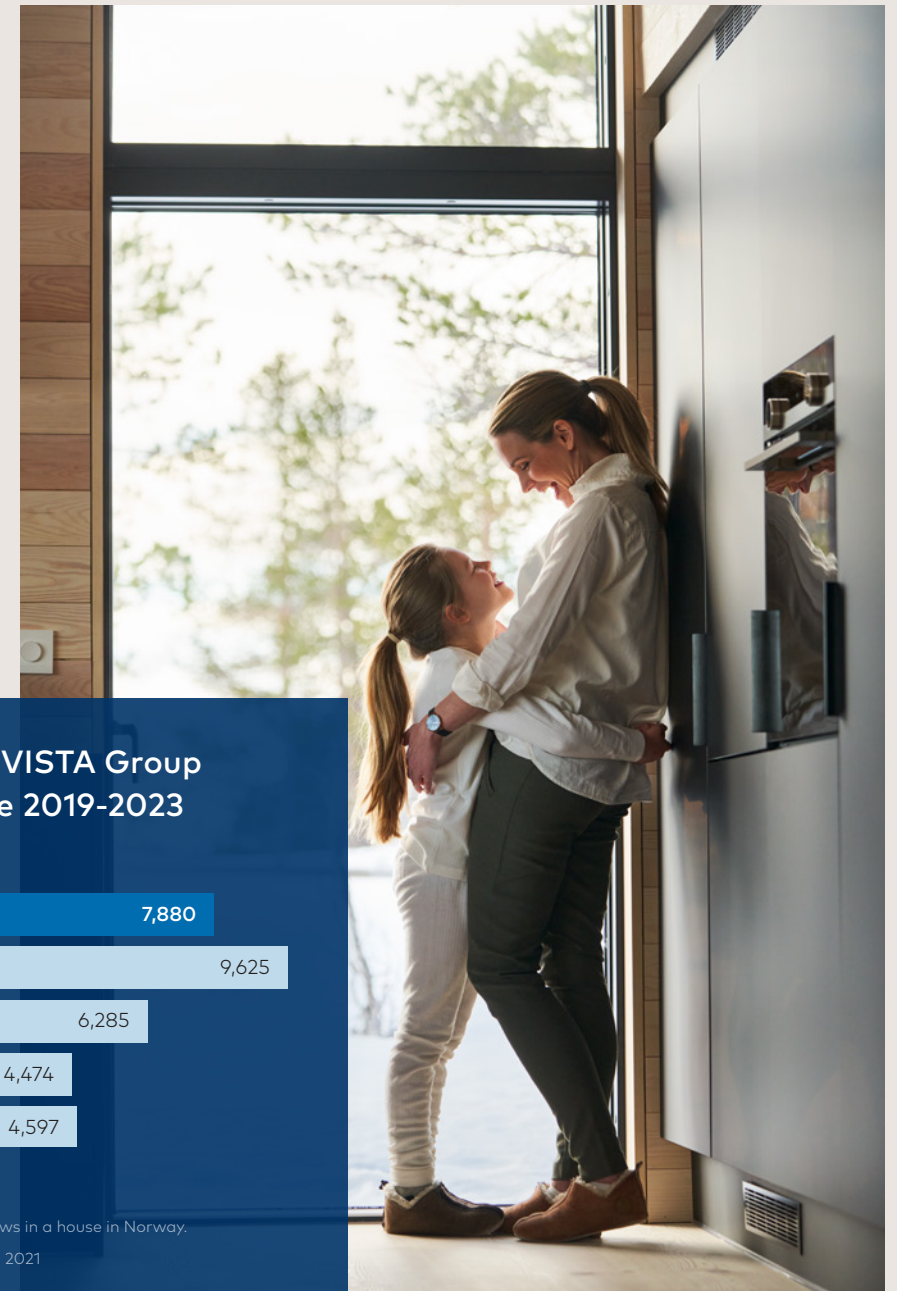
In 2022, the DOVISTA Group carried out a pan-European customer survey that provided insight about customer preferences. In 2023, the DOVISTA Group translated these important insights into specific initiatives, aiming to further improve customer satisfaction. The 2023 survey results confirmed improved customer satisfaction compared to last year.

Sustainability a key priority

In June 2023, the DOVISTA Group's 2030 science-based targets were officially validated and approved by the Science Based Targets initiative (SBTi). This confirmed the DOVISTA Group's position as an industry frontrunner making it the largest company in the Vertical windows industry to receive this validation.

The DOVISTA Group committed to reducing the CO2 emissions of its own operations (Scope 1 and 2) by 42% and by 25% for emissions from its value chain (Scope 3) by 2030*. In 2023, Scope 1 and 2 were reduced by 17% and Scope 3 was reduced by 16%.

* From 2021 base year.



The DOVISTA Group Revenue 2019-2023 (DKKm)

2023	7,880
2022	9,625
2021	6,285
2020	4,474
2019	4,597

VELFAC windows in a house in Norway.
Lars Schneider, 2021

Decarbonisation roadmaps will ensure the achievement of the DOVISTA Group's 2030 targets. Efforts will include sourcing high-quality renewable electricity and reducing the CO2 footprint of raw materials through value chain partnerships.

A more resilient organisation

From a strategic perspective, the DOVISTA Group continued its transformation by industrialising and building a stronger, scalable, and more resilient organisation, while at the same time taking appropriate actions to optimise performance. In 2023, this included strategic adjustments of the manufacturing set-up. In the Nordic area, factories were consolidated and the brand LIAN was divested. The service set-up comprising operations in Denmark, Poland and Lithuania, was likewise optimised. In the DACH region, focus was on simplification, which allowed for further factory specialisation. All initiatives aimed to improve the flow of business and to enhance services to customers.

In 2023, ongoing digitalisation efforts were also a priority. The intent was to enhance customer journeys and to build stronger end-to-end processes. The execution of the DOVISTA Group's digitalisation efforts took

a cross-functional approach by leveraging strengths from all entities across businesses.

Our employees remain fundamental to the DOVISTA Group's transformation. In 2023, considerable effort was made to further professionalise the DOVISTA Group's focus on employees. A key area was the improvement of Health & Safety across sites. In this respect, the DOVISTA Group reduced accidents per one million work hours by 50% and succeeded in outperforming its 2030 targets. In overall terms, the DOVISTA Group continued refining its operating model, governance structure and joint performance management focus.

Although 2023 was a challenging year, the DOVISTA Group has a positive mindset towards 2024. The aim is to continue delivering the best customer solutions throughout Europe.



In 2023, Scope 1 and 2 emissions were reduced by 17%.

Rationel windows connect the building with nature in Denmark.

Rationel Vinduer, 2021

The business area vertical windows



Financial review

The VKR Group achieved a strong performance in a challenging business environment.

As expected, the Group's revenue was lower than last year due to reduced activity in the building industry. Despite this, the business areas managed to adapt and enhance their operating profit (EBITDA) at a record high level. However, the VKR Group's consolidated operating profit (EBITDA) decreased compared to the previous year due to the one-time positive effect of the VKR Group's sale and leaseback agreement for properties in Denmark in 2022. Adjusted for this one-time effect, the Group's operating profit (EBITDA) improved by 8%. The financial markets were generally positive throughout the year, particularly in the fourth quarter. Consequently, there was a significant increase in profit for the year, primarily driven by the substantial positive return on the financial portfolio in 2023, which contrasted with a deficit in 2022.

Revenue

2023 was a challenging year with decreasing activity in the building industry. This impacted the VKR Group's revenue, which was DKK 29.5 billion compared to DKK 31.9 billion last year. The decrease in revenue was 7.4% and almost purely organic.

The downturn spread widely across nearly all major markets, but most severely in the Nordics. Only a few markets, including the US, experienced positive growth. Both business areas experienced a drop in revenue. But because the DOVISTA Group was more exposed to the Nordic countries, the new build segment and project sales relative to the VELUX Group, the decrease in revenue at the DOVISTA Group was 18%, while only 3% at the VELUX Group. Revenue was also negatively affected by exchange rates, particularly the SEK, NOK, USD and GBP.

Operating profit

In 2023, operating profit before depreciation (EBITDA) was DKK 5.1 billion. This was a decrease compared to last year's DKK 5.3 billion, in which profit had been positively impacted by the one-time effect of a sale and leaseback agreement for most of our Danish production and logistics properties. Adjusted for this one-time effect, operating profit increased by 8% in 2023 compared to 2022.

Operating profit (EBITDA) in the business areas improved in 2023. This was driven by higher margins related to the easing of raw material prices and cost control across the organisations.



The futuristic design of Dr. Knippenberg College by RoosRos Architecten utilizes daylight through the roof as part of a sustainable design. Helmond, Netherlands. Lucas van der Wee, 2022

VKR GROUP

Consolidated financial highlights

Key figures (DKKm)

Year	2023	2022	2021	2020	2019
Revenue	29,543	31,889	26,093	22,610	21,561
Earnings before depreciation (EBITDA)	5,064	5,251	4,844	4,837	3,689
Earnings before goodwill amortisation (EBITA)	4,212	4,341	4,074	4,199	3,005
Earnings before financial items and tax (EBIT)	4,002	4,130	3,907	4,049	2,857
Net financials	1,410	-2,151	2,410	734	1,175
Profit for the year (EAT)	4,174	1,573	4,997	3,703	3,075
Investments in tangible fixed assets (net)	1,404	354	627	604	599
FCF before tax	4,594	2,956	198	5,221	3,226
Total assets	36,568	34,227	35,036	27,334	23,812
Total equity	29,780	26,022	25,320	22,009	19,230

Key figures (EURm)

Year	2023	2022	2021	2020	2019
Revenue	3,965	4,280	3,502	3,035	2,894
Earnings before depreciation (EBITDA)	680	705	650	649	495
Earnings before goodwill amortisation (EBITA)	565	583	547	564	403
Earnings before financial items and tax (EBIT)	537	554	524	543	383
Net financials	189	-289	323	98	158
Profit for the year (EAT)	560	211	671	497	413
Investments in tangible fixed assets (net)	188	47	84	81	80
FCF before tax	617	397	27	701	433
Total assets	4,907	4,592	4,701	3,668	3,195
Total equity	3,996	3,492	3,397	2,953	2,580

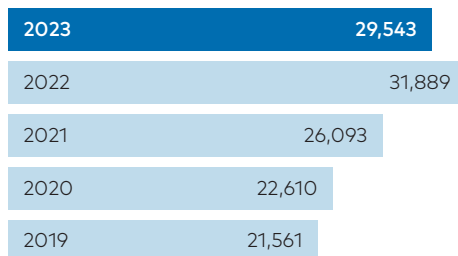
Financial ratios (%)

Year	2023	2022	2021	2020	2019
EBITA margin	14.3%	13.6%	15.6%	18.6%	13.9%
Return on invested capital	29.8%	32.2%	38.8%	48.1%	31.8%
Equity ratio	81.4%	76.0%	72.3%	80.5%	80.8%
Average number of employees	18,181	20,007	17,104	15,267	16,123

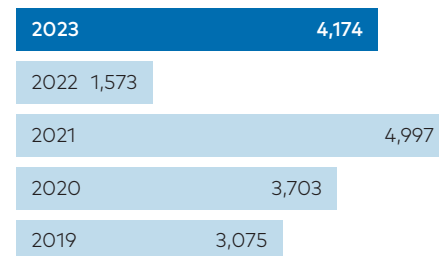
The above figures in EUR are converted from DKK.

Reference is made to the accounting policies for the financial ratios.

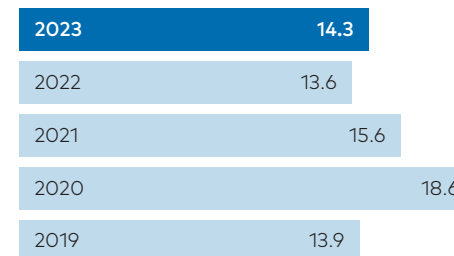
Revenue (DKKm)



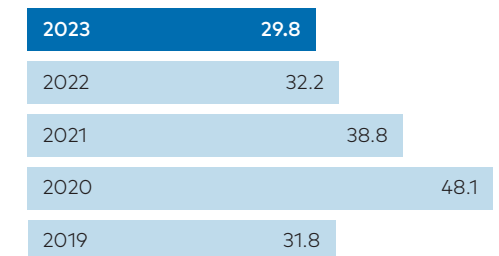
Profit for the year (EAT) (DKKm)



EBITA margin (%)



Return on invested capital (%)





The goal is to meet increasing expectations and requirements regarding **energy efficiency** and **improved indoor climate** in new buildings and renovation.

Beautiful windows in natural oak from Krone in a beach house by Jesper Kusk Arkitekter, Denmark.

Hampus Berndtson, 2023

Throughout the year, profitability was supported by a strong focus on adapting production capacity to a lower activity level and driving efficiency, while still investing in digitalisation, sustainability and growth initiatives.

In 2023, profit before goodwill amortisation (EBITA) was DKK 4.2 billion compared to DKK 4.3 billion the year before. The EBITA margin increased to 14.3% from last year's 13.6%, even though profit in 2022 had been positively affected by the sale of Danish properties.

Financial investments

VKR Holding owns a substantial portfolio of financial investments. In any given year, the return from those investments can significantly affect results.

In 2023, the return on VKR Holding's financial portfolio was DKK 1.4 billion, corresponding to a 9% rate of return. This amounted to a significant improvement of DKK 3.4 billion after the negative return of DKK -2.0 billion in 2022.

This year's return was primarily driven by unrealised capital gains on listed shares and fixed income assets, despite geopolitical instability and interest-driven volatility. Especially, in the last quarter of the year, the markets performed strongly as central banks began to anticipate falling interest rates in 2024.

All in all, we achieved a return on financial investments well ahead of expectations and last year's result. In 2023, the return on our financial investment portfolio was satisfactory.

Tax

In 2023, the annual tax amounted to DKK 1.3 billion, compared to DKK 0.4 billion last year. The development was, to a large extent, affected by the positive return on financial investments in 2023, compared to the negative return on financial investments in 2022.

Earnings

The VKR Group's profit for the year (EAT) totalled DKK 4.2 billion in 2023, compared to DKK 1.6 billion in 2022. This was in line with our expectations. To a large degree, this was attributed to the negative return on the financial portfolio in 2022, which was not expected to be repeated in 2023. At the same time, the business areas successfully managed to improve performance in the challenging business environment. Management considers this year's profit to be very satisfactory considering the lower revenue.

Operating investments

In 2023, the VKR Group invested a net total of DKK 1.4 billion in tangible fixed assets, corresponding to 4.8% of revenue. This was significantly higher than last year, where the net total was reduced by the sale of Danish production and logistics properties. Adjusted for this one-time effect, operating investments increased by more than 30%.

As part of an overarching strategy to reduce CO2 emissions, the VELUX Group focused its investments on introducing new products within its factories and on increasing its capacity to produce more energy-efficient products. Furthermore, the VELUX Group made investments in enhancing efficiency across its factories, implementing an

automated logistic warehouse, and expanding production capacity in the United States.

The DOVISTA Group's investments in 2023 primarily centred on the replacement of assets at production sites to ensure Health & Safety, as well as operational efficiency. As part of the process of consolidating a new and much larger DOVISTA Group, investments were also made in strategic optimisation and synergy projects. Among other things, this entailed investments in IT infrastructure for the improvement of digitalised processes and of overall IT security.

Cash flow from operating activities and working capital

Securing a continued solid cash performance remains a high priority for the VKR Group. It finances strategic growth initiatives, including M&A activities in the business areas and at the Group level.

In 2023, cash flow from operating activities before taxes amounted to DKK 6.1 billion, compared to DKK 3.4 billion in 2022. This development was primarily due to reduced working capital. In 2023, lower working capital was driven by lower inventories and customer receivables from declining market activity. Cash flow from operating activities after taxes rose to DKK 5.2 billion in 2023, compared to DKK 2.8 billion the previous year.

The increase in paid taxes can be attributed to the positive return on our financial investments in 2023, compared to the negative return from last year.

Financial resources

On 31 December 2023, the VKR Group's financial resources equalled DKK 14.5 billion, compared to DKK 11.9 billion in 2022. This increase primarily reflects unrealised capital gains on listed equities and fixed income assets.

Total assets in the VKR Group reached DKK 36.6 billion in 2023, compared to DKK 34.2 billion the year before. This development was attributed to an increase in tangible fixed assets and financial resources, which was partially offset by lower working capital.

On 31 December 2023, equity in the VKR Group totalled DKK 29.8 billion. This is an increase, compared to DKK 26.0 billion the previous year. The equity ratio rose to 81.4% in 2023 from 76.0% in 2022.

The VKR Group manages a portfolio of listed investments that can be used to invest in the Group's existing companies and to finance potential acquisitions. For optimisation purposes, external financing is taken into consideration when acquiring companies.

Following the annual general meeting in March 2023, a dividend of DKK 1.0 billion was distributed. At the annual general meeting in March 2024, a dividend of DKK 1.5 billion will be proposed.

Innovation and development activities

The VKR Group's business areas continue to develop new solutions and improve product performance. The objective is to create a sustainable portfolio of innovative products and solutions to meet the increasing

expectations and requirements of energy efficiency and improved indoor climate for our customers today and in the future. In 2023, the VELUX Group launched a new series of roof window blinds, 'The Nature Collection', which are primarily made from recycled materials and significantly reduce the products' carbon footprint compared to conventional blinds. The new series, with its lower CO2 footprint, was well received by the market.

Throughout 2023, the VELUX Group and the DOVISTA Group started introducing low-carbon aluminium into their products, which was made possible through strategic partnerships with upstream suppliers. Additionally, the VELUX Group and the DOVISTA Group continued their work identifying and collaborating with co-development partners within the upstream supply chain, thus ensuring sustained efforts to reduce their CO2 footprint by 2030.



On 27 February 2023, a ground-breaking ceremony celebrated the start of construction of LKR Innovation House.

From the left: Mads Kann-Rasmussen (CEO of VKR Holding), Lars Kann-Rasmussen (shareholder), Esben L. Haubjerg (VELUX), Lars Petersson (CEO of VELUX), Jakob Nørregaard (VELUX), Jens Kann-Rasmussen (Chair of VILLUM FONDEN) and Tina Mayn (EVP of VELUX Products & Innovation)

VELUX, 2023



Replacing old windows with new energy efficient Mockfjärds windows in a home in Sweden.

Brinner, 2023

In the spring of 2023, the VELUX Group began transforming a wooden-framed warehouse in Østbirk into a new VELUX LKR Innovation House. The focus of this renovation is to prioritise the reuse of existing buildings and materials wherever feasible, while carefully considering the choice of new materials to minimise the building's carbon footprint. This building will become the future hub for research and development within the VELUX Group.

In 2023, the VELUX Group continued to launch new products to ensure its continued growth

and relevancy in the market. Notably, an installation upgrade was launched in Europe to improve work efficiency and ease of installation.

Additionally, the VELUX Group introduced the Heritage window, a product designed for heritage buildings, which was carefully developed in collaboration with conservation officers. This window was launched in the UK market and gained widespread approval from customers and professionals.

In a continued effort to transform buildings with flat roofs, the VELUX Group flat roof window was launched in larger sizes. These products allow more daylight in through the roof and were well-received by both architects and customers.

Since the sizable acquisitions of WERU in Germany and the Swiss Arbonia Group's Window Division in late 2021, the DOVISTA Group engaged in systematically reorganising and optimising its product portfolio. Through the use of advanced system engineering and modularisation principles, the DOVISTA Group significantly reduced internal complexity while strengthening the product portfolio offered to local markets, channels and customer segments.

Reducing internal complexity is key to fulfilling the DOVISTA Group's ambitious sustainability targets. These targets include systematically reducing CO2 emissions and offering transparent and best-in-class environmental product data for each of its major product platforms.

Already in 2023, DOVISTA Group customers benefitted from ongoing optimisation of the product portfolio as well as systematic sustainability work. For example, the DOVISTA Group introduced a new Smartline window series in Dobroplast, Poland and a new lift-sliding-door system in WERU, Germany. Further, the DOVISTA Group switched to low-carbon aluminium on platforms serving both Denmark, UK and Ireland, and to light-weight glass on platforms serving the German market. These efforts provide the DOVISTA Group with a strong portfolio of windows and doors with cutting-edge

performance and features, and help to provide the foundation for ongoing and systematic decarbonisation.

The VKR Group's innovative product development results in numerous patent applications each year. As of 31 December 2023, VKR Holding owned and managed 2,761 active patents distributed among 606 unique inventions. To maintain the Group's competitive advantage, these patents are actively and systematically protected, together with other intellectual property rights.

Artificial Intelligence (AI)

At the VKR Group, we strategically embrace new technology that can align our people with our business objectives. During 2023, both business areas accelerated the use of AI in their daily businesses. In VKR Holding, we introduced an internal secure AI chatbot to all employees, effectively democratising a powerful tool without any usage restrictions. All employees were offered training in how to use the new tool and several are already using it for daily tasks.

Employees

By the end of 2023, the VKR Group comprised approximately 17,200 employees, which was a decrease of 13% compared to 2022. This development was related to the business areas adapting to lower activity levels. The majority of employees, approximately 55%, worked in Denmark, Germany and Poland. In addition, the Group has a significant number of employees in France, Hungary, Slovakia, Sweden and the United States.

Outlook 2024

In 2024, the challenging market conditions are expected to continue. This is due to the continued tumultuous geopolitical landscape which shows few signs of change in the short term. This has an impact on interest rates, inflation, as well as activity in the building industry and consumer confidence. Despite these challenges, the business areas exhibit great operational agility when navigating the high degree of uncertainty and remain committed to a long-term growth strategy and continued investments in their businesses.

We anticipate a continued contraction in the first half of 2024, however, a potential easing of building industry conditions later in the year could be possible. Thus, we expect the Group's top-line to be at the same level as in 2023. Furthermore, we believe that the lessons learned from the difficult business environment of 2023 will lay the foundation for a continued satisfactory operating performance in both business areas.

Given the current macroeconomic environment, we expect a normal risk adjusted return on our financial investments, though lower than last year. As a result, we expect profit for the year to be approximately at the same level as last year.

In 2024, the business areas plan significant operating investments in growth to secure the stability of future operations.

Investments will focus on product development, business continuity, sustainability initiatives, optimisation and safety initiatives of production processes, as well as improving digitalisation and cybersecurity.

VKR Holding remains committed to its long-term strategy, and, in particular the structuring of financial investments in terms of acquisitions and the financial portfolio. We continuously pursue the acquisition of companies that strategically fit existing business areas or the establishment of a third stand-alone business area should attractive opportunities present themselves. Management is confident that the business areas are on the correct strategic path towards future growth.

Despite a recession in the building sector on several markets, **VKR Holding is resilient** and our acquisition strategy remains unchanged.



Renovation project which transformed a former workshop into a family home with plenty of daylight through the VELUX Roof window above, in Torino, Italy
Andrea Segliani, 2022

Sustainability

- 25 We see sustainability as part of our value creation
- 26 Sustainability at the VKR Group
- 30 VKR Holding A/S
- 35 Roof windows & skylights
- 40 Vertical windows
- 45 VKR Group policies
- 46 ESG data
- 48 ESG reporting principles

Buildings

VELUX Modular Skylights provide daylight and ensure ventilation and smoke exhaust to 'The Plus', probably one of the world's most environmentally friendly factories.

The building is recognised with BREEAM's highest environmental classification, 'BREEAM Outstanding'.

The Plus by Bjarke Ingels Group (BIG). Magnor, Norway.

Monica Snopestad, 2022

We see sustainability as part of our value creation

VKR HOLDING



Legislation, regulation & internal group policies:

- The companies of the VKR Group are obliged to comply with legislation and regulation and adhere to VKR Group policies

Group-wide whistleblower system:

- In 2018, a Group-wide whistleblower system was implemented for any stakeholder to report infringements of legislation, regulation and VKR Group policies

Targets:

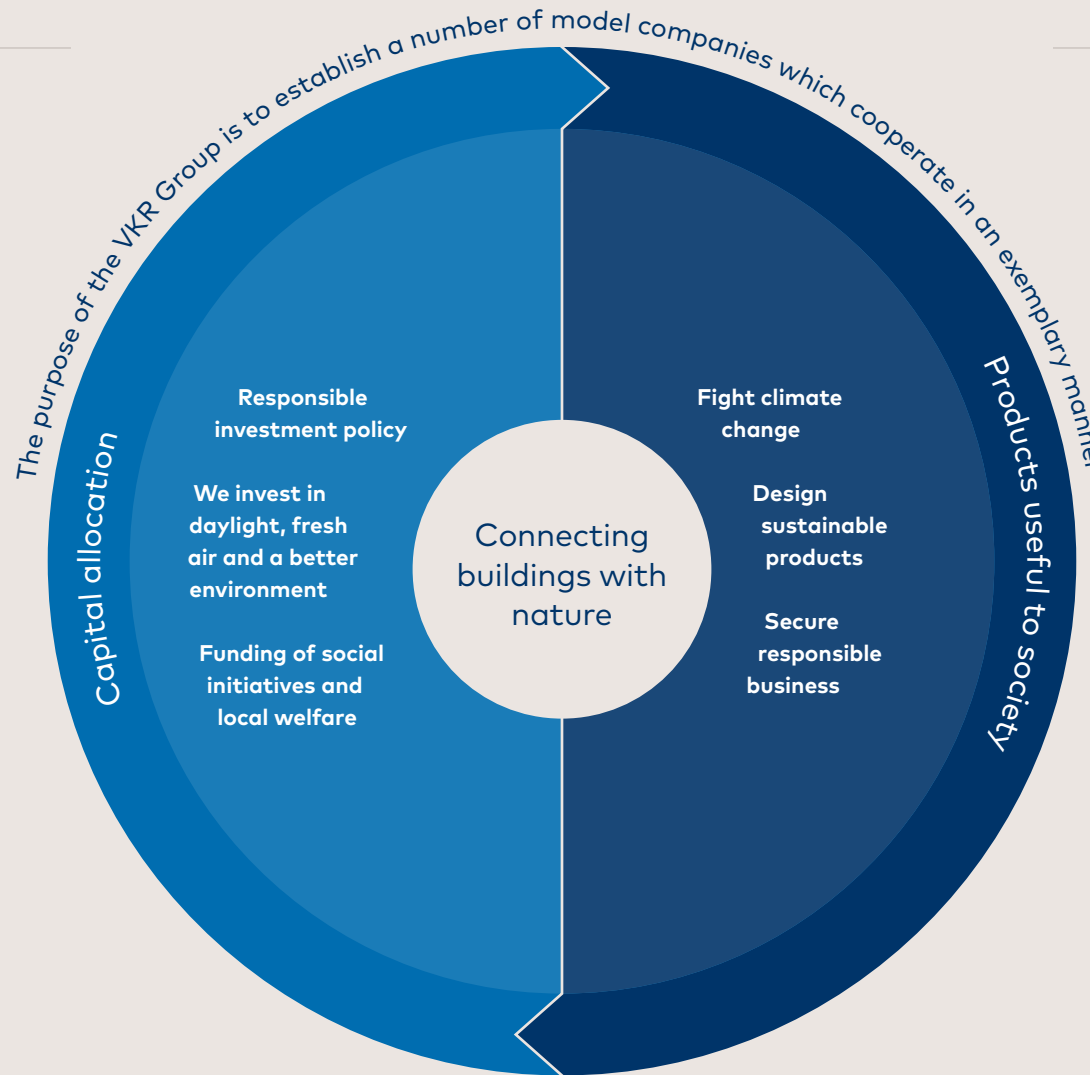
40%

Underrepresented gender on the Board of Directors
Underrepresented gender in Management

2028 VKR Holding target

66%

Reduction in Scope 1 and 2 emissions
2030 VKR Group target



BUSINESS AREAS



100%

Reduction of Scope 1 and 2 emissions
2030 target

50%

Reduction of Scope 3 emissions
2030 target

40%

Women in senior management positions
2030 target



42%

Reduction of Scope 1 and 2 emissions
2030 target

25%

Reduction of Scope 3 emissions
2030 target

33%

Underrepresented gender in senior management positions
2028 target

Sustainability at the VKR Group

Sustainability has been part of the VKR Group's DNA for more than 30 years. In a 1992 article published in 'Lyspunktet', the employee magazine at the time, we predicted the need for a green transition (see page 27). Already then we recognised that financial results alone were not sufficient to create value as a business. Our goal became sustainable production and creating products which increasingly fit within a circular economy. The article also included plans for improving the work environment. After all, a healthy workplace is a natural extension of a healthy planet.

Our role was to connect buildings with nature by making windows which enable beneficial, healthy buildings. It still is. We believe that it is of the utmost importance to reduce what is taken from the planet, to protect the environment and to treat all stakeholders better than most other companies.

We all know that we pollute when we produce construction materials, when we build, when we use buildings and when we eventually dispose of those construction materials. When we reside in our buildings, it is often in a poor indoor climate due to a lack of ventilation and

far too little daylight. The result is fatigue, headaches, nausea and poor decision-making.

This cannot continue. That's why a stated goal of the VKR Group is to restore the connection between the construction industry and nature. We strive to achieve this by producing and developing building components that: 1) contribute to a lower carbon footprint; 2) enable a healthy indoor climate; 3) bring the outside in; and 4) are increasingly recyclable. We have not yet achieved 100% of our goals, but we are working hard to get there.

Both business areas have started an ambitious decarbonisation journey by committing to the Science Based Targets initiative (SBTi) and setting clear targets for carbon reduction in line with the Paris Agreement. By 2030, VELUX aims to reduce Scope 1 and 2 emissions by 100% and Scope 3 emissions by 50%, while DOVISTA is committed to reducing Scope 1 and 2 emissions by 42% and Scope 3 emissions by 25%.

VKR Holding's mission is to own and develop companies that bring daylight, fresh air and

This section, including the business model on pages 12-13, addresses the requirements of the statutory report, cf. section 99a and 99b of the Danish Financial Statements Act.



a better environment into people's everyday lives. We see sustainability as an integral part of our value creation. Our business is governed in accordance with our sustainability principles and by the holding company's Group-wide policies (see page 45 for a full list of policies: www.vkr-holding.com/governance/).

VKR Holding, the VELUX Group and the DOVISTA Group are all active participants in the United Nations Global Compact and are proud to contribute to its initiatives. We are dedicated to upholding the Ten Principles embodied in the four issue areas of human rights, labour, the environment and anti-corruption, and we strive to realise the Sustainable Development Goals (SDGs).

Sustainability principles

Environmental sustainability is a natural extension of the Group's business model. Thus, the following internal principles have been defined and apply to all companies in the VKR Group:

- Evaluate and, when possible, reduce the environmental impact of products using a circular approach.
- Minimise waste of raw materials in production, and improve energy and water efficiency to reduce negative environmental impact.
- Increase the use of renewable electricity.
- Offer energy efficient products that are long-lasting and improve indoor climate.

In addition, VKR Group companies are expected to use their position and unique knowledge to influence external relations by:

- Endorsing relevant standards and environmental certification systems.
- Working systematically on environmental issues in the construction sector.
- Committing to the improvement of the energy efficiency of buildings.
- Forming strategic partnerships which contribute to the development of new standards in sustainable construction, and which influence the environmental agenda in general.

VKR Holding believes that human rights must always be respected. Accordingly, we have formulated the following ownership principles that apply to the entire Group:

- Maintain zero tolerance for universal human rights violations.
- Always operate under a code of conduct with suppliers.

Part of our founder's vision is to strive to treat employees of all categories better than most other companies. The VKR Group's business areas have a strong focus on a positive and safe work environment. Towards this end, VKR Holding has formulated the following principles that apply to the entire VKR Group:

- Maintain zero tolerance of child labour.
- Continuously improve occupational health and safety in line with ISO 45001, the international standard for working conditions.
- Create conditions and opportunities conducive to the personal and professional development of all employees.

The business areas' Board of Directors receive regular reports on the work environment and VKR Holding's Board of Directors receive frequent updates on the subject from the CEOs of the business areas.

To comply with OECD Guidelines for Multinational Enterprises, all Group companies and their business partners are expected to regularly identify and prevent or mitigate the potentially adverse impacts of our

We are part of the environment

"Sustainability means using the Earth in a way that preserves it for future generations."

Lyspunktet, 1992



Link to the article: [Vi er en del af miljøet](#)

business operations, including but not limited to anti-competitive behaviour, corruption, money laundering and compliance with social and human rights obligations. These requirements are specified in codes of conduct for suppliers and employees. In case of an incident, the appropriate authorities must be informed.

Supply chain due diligence including human rights risk management

In accordance with our supply chain due diligence processes, suppliers to the VKR Group must complete a self-assessment. This includes complying with our code of conduct and our guidelines on basic working conditions.

For certain suppliers of high volume and critical direct and indirect goods, the VKR Group companies perform its own assessments using an AI tool developed by Prewave (KOMPAS portfolio company). This tool provides supply chain risk intelligence reports that focus on compliance with our sustainability targets including human rights and general labour conditions based on the UN Guiding Principles. These reports are generated from various sources including local online news media and social media which provide insights and are verified by compliance employees.

Once selected, suppliers undergo audits as part of our Supplier Evaluation and Approval

Process. We also conduct scheduled re-evaluation activities to monitor compliance. In cases of non-compliance, additional audits, including onsite visits, may be conducted to address the issues identified.

Compliance

To ensure responsible business conduct, the VKR Group has embedded a compliance culture within the entire organisation. All employees are bound by a number of Group policies (see page 45), including: the VKR Group CSR Policy, the VKR Group Anti-Corruption Policy, the VKR Group Legal Policy, the VKR Group Sanctions Compliance Policy, and the VKR Group Competition Law Compliance Policy. These policies require

all Group companies to comply with all relevant international and/or national legislation and they contain guidelines for best practices to avoid unethical or illegal behaviour.

The Board of Directors of VKR Holding regularly reviews Group policies and makes adjustments if necessary. In addition, compliance programmes have been implemented, consisting of clear guidelines and standard operating procedures, due diligence and risk assessment, training and communication, and testing and monitoring. To ensure compliance and to avoid unethical or illegal behaviour, including cases of bribery or anti-trust violations, whistleblower systems have been set up throughout the VKR Group.

In 2023, a new standardised compliance programme methodology and reporting format was implemented. It was designed to enhance the overview of key compliance programmes, update the Board and management on current compliance status, and provide insights into long-term plans and ongoing activities. The aim of this standardised approach is to enhance transparency, streamline tracking, facilitate follow-up actions and decision-making, and ultimately ensure a more robust compliance ecosystem.

To enhance global compliance, both the VELUX Group and the DOVISTA Group established their own Global Compliance teams in 2023. Reporting directly to their respective CFOs and under the guidance of VKR Holding Corporate Affairs, these departments assumed an independent duty



Head gardener Carla Prip takes care of the flora at Campus LKR, Hørsholm Denmark. Janus Frost, 2023

of addressing all compliance matters within the two business areas. Their scope include data privacy and ethics (in accordance with section 99d of the Danish Financial Statements Act), sanctions, competition law, the whistleblowing system, anti-corruption, and general adherence to Group policies.

The VKR Group operates a whistleblower system that enables both employees and other stakeholders to anonymously report suspected illegal behaviour or violations of Group policies. To ensure easy accessibility, the whistleblower system is conveniently accessed via internal and external VKR Group websites.

In 2023, the VKR Group implemented significant improvements to its whistleblower system by establishing dedicated Whistleblower Committees and implementing enhanced reporting procedures. The Whistleblower Committee consists of qualified professionals, who handle reports with utmost discretion to ensure confidentiality, and who possess expertise in managing sensitive information.

The enhanced reporting procedures facilitate systematic and efficient management. Clear guidelines were established for receiving, reviewing, investigating and resolving reports, with a strong emphasis on maintaining confidentiality throughout the process. Regular reports on the system's activities are submitted to the VKR Group Audit Committee.

These improvements exemplify the VKR Group's firm commitment to transparency, accountability and fostering an ethical work environment. The stringent measures uphold the integrity of the whistleblower programme, build trust and encourage ethical conduct within the VKR Group.

We also sharpened our focus on sanctions compliance, resulting in a considerable upgrade in our sanctions screening tools and practices. This involved rigorous sanctions screening and the bolstering of training resources, which equipped our employees with the knowledge to adhere to compliance requirements. These targeted initiatives reaffirmed the Group's dedication to transparency and responsible business conduct.

The VKR Group owns and invests in goods, services and assets worldwide. All of our business activities are subject to laws, regulations and contractual obligations that can expose the company to the risk of misconduct. To mitigate this exposure, standard processes and guidelines are put in place to enable the entire VKR Group to identify risks and to promptly initiate corrective actions.

VKR Holding has a sizeable portfolio of financial investments. Any potential risks for bribery are addressed by VKR Holding's established compliance programme. Moreover, the company carefully reviews planned financial investments to ensure that they do not directly take place in countries which

are on the EU blacklist of non-cooperative countries.

In line with its Model Company Objective and our continuously increasing focus on the United Nations Sustainable Development Goals, VKR Holding is working on minimising relevant compliance risks in areas such as anti-corruption, sanctions compliance and data protection. Compliance within these areas is embedded in the VKR Group's global business operations.

Double materiality assessment

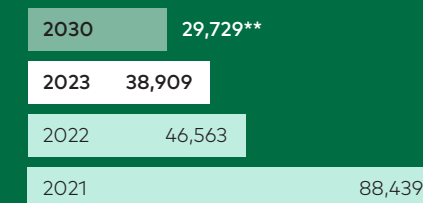
In 2023, the business areas undertook double materiality assessments (DMAs) to prepare for the implementation of the EU Corporate Sustainability Directive (CSRD). They are already updating their DMAs on an annual basis to ensure focus on the most important topics for their business and their stakeholders. These DMAs are based on a robust analysis that considers both sustainability impact assessments and financial materiality. Many of the topics in the CSRD are already integrated into the business areas' strategies and ESG reporting. Other topics are new and will be developed and explored in the coming years. A consolidated DMA for the entire VKR Group is still to be developed. By the financial year 2025, VKR Holding will be obliged to report in accordance with the new Directive.

In 2023, the combined Scope 1 and 2 emissions for VKR Holding and the business areas amounted to 38,909 tonnes CO₂e. This is a reduction of 16% compared to

2022. Additional performance indicators are presented in the ESG tables on pages 46-47.

The following sections highlight the 2023 ESG performance for VKR Holding, the VELUX Group and the DOVISTA Group, respectively. Due to risk and impact differentials, VKR Holding, the VELUX Group and the DOVISTA Group report in separate sections on their individual progress and actions. Our goal is to be transparent towards customers and products for each business area. In addition, the VELUX Group and the DOVISTA Group publish their own sustainability reports.

**The VKR Group
Scope 1 and 2* CO₂e
emissions (Tonnes)**



* Scope 2 market-based
** Target with current business areas

VKR Holding A/S

As the parent company of the VKR Group, we have a responsibility to adhere to established sustainability principles and Group policies. Although we do not engage in sales or production activities, we consistently evaluate our own sustainability impact and work towards achieving important sustainability objectives. Our annual impact assessment for this year emphasises specific ESG metrics and goals.

In 2023, we reduced our Scope 1 and 2 emissions by 33% and maintained our share of renewable electricity at 100%. We also purchased Renewable Energy Guarantees of Origin.

At VKR Holding, we are committed to gender diversity among our employees and the Board of Directors (see table on page 46). Therefore, we set diversity targets for both the Board of Directors and for other management levels. This information is disclosed in accordance with section 99b of the Danish Financial Statements Act, and guidance from the Danish Business Authority (percentage closest to 40/60%).

This year, VKR Holding already achieved the legally mandated target for its Board, with two female and four male Directors (33/67%). Moreover, we are striving towards an even gender distribution within the

two highest management levels below the Board of Directors (Executive Management and direct reports) in accordance with the guidance from the Danish Business Authority (December 2022). In 2023, two women and seven men occupied senior management positions (22/88%). This is not considered to be an equal distribution by the Danish Business Authority. There were no open senior management positions during the year, which is why the target was not achieved. Our target is to have at least 40% of senior management positions occupied by the under-represented gender by 2028.

We at VKR Holding A/S are committed to promoting diversity and inclusion in all aspects of our business. We understand that having a diverse and inclusive leadership team is essential for creating a culture of innovation, creativity and competitiveness. We also recognise the importance



Campus LKR, Hørsholm, Denmark.
Daniel Jensen, 2021

of safeguarding equal opportunity for all employees, regardless of gender. We ensure that all recruitment processes are fair, transparent and unbiased. We work to secure an environment of belonging for our people and are continuously improving diversity through recruitment, retention, and representation.

In 2023, we conducted an employee satisfaction survey, which, once again, revealed satisfactory results, but also highlighted areas for improvement. Among other things, employees are particularly interested in how we, at VKR Holding, can work to increase

diversity and inclusion. As follow-up and part of an intensified strategic focus on this, a Diversity and Inclusion Community is being established. We aim to engage employees in this community, which will be responsible for discussing, selecting and proposing initiatives and focus areas to Management. Further, the community will give input to a new VKR Holding Diversity and Inclusion Policy, which will be available on our website when approved by the Board.

Responsible investment policy

VKR Holding manages a large portfolio of financial investments with the goal of generating the highest possible risk-adjusted return within the framework set by the Board. At the same time, we strive to be a responsible investor, which means that management takes sustainability factors into account when making investment decisions.

VKR Holding has a 'Responsible Investment Policy' approved by the Board of Directors. The policy sets tangible goals for a transition from 'Classic' investments, which do not

take sustainability into account, towards investments that specifically focus on sustainability. The Company's current 'Investment Spectrum' illustrates the tangible goals for increasing the share of ESG-related investments over time. It has four categories: 'Classic', 'Responsible', 'Sustainable' and 'Thematic'. The 'Responsible Investment Policy' including a definition of the investment spectrum is available at our website: www.vkr-holding.com/governance/.

Since implementing our responsible investment policy, VKR Holding has all but eliminated 'Classic' investments. The majority of our portfolio is now categorised as either 'Responsible' or 'Sustainable'. VKR Holding launched the KOMPAS venture capital fund in late 2021. The fund's goal is to invest in start-ups that specifically promote sustainability within the built environment. This has accelerated the share of 'Thematic' investments and we expect the share to further increase as more capital is deployed.

In 2023, 'Classic' investments comprised only 2.9% of the total financial portfolio, while 'Responsible' and 'Sustainable' investments increased to 55.7% and 38.1%, respectively. This year, 'Thematic' investments reached 3.3%. This means that the vast majority of all our investments are undertaken according to ESG criteria.

VKR Holding monitors progress of our responsible investment policy by ensuring professional external screening of the financial portfolio on a quarterly basis.



Krone windows
in a cottage by
Baks Arkitekter /
Arkitektfirmaet Vest
in Hvidbjerg Strand,
Denmark.
Per Bille, 2023

There are challenges in achieving unbiased and professional ratings for our investments. As a result, we are in the process of reviewing the 'Investment Spectrum' framework. This issue is being addressed with the goal of preparing ratings for external validation. The European SFDR framework is a candidate for replacing the current approach. An increasing number of financial managers utilise this framework to characterise the environmental and social impact of their investments.

VKR Holding expects external fund managers to pursue sustainability goals. By 2025, our target is that 95% of the value of investments will be allocated to external fund managers who have committed to the United Nations Principles for Responsible Investment (UNPRI).

This year, the target was already met with 100% commitment*.

KOMPAS

KOMPAS is an early-stage venture capital firm with offices in Amsterdam, Berlin, Copenhagen and Tel Aviv. Fund I (EUR 135 million) backs breakthrough innovations to accelerate the decarbonisation and digital transformation of the built environment and the manufacturing industry. Since its inception in 2021, KOMPAS has completed 16 investments in Europe, the US and Israel. The firm initially invests EUR 1.0 – 5.0 million in a company and provides continued support throughout the company's lifecycle. VKR Holding is the firm's cornerstone investor.



2023 was characterised by a tough macroeconomic environment which also left its mark on the venture capital industry. Early-stage funding for start-ups declined significantly with notable exceptions in areas such as climate technology. Nevertheless, it was an excellent year for KOMPAS. The team reviewed hundreds of investment proposals and completed investments in six new portfolio companies. The firm strengthened its platform team, which provides value-added services, by adding new hires in marketing and business development. With its distinctive profile, KOMPAS is firmly establishing itself among the leading venture capital firms in the European built environment sector.

The six new investments completed in 2023 include a broad range of topics including carbon capture and storage, software to manage building systems and perform lifecycle analysis for buildings, advanced materials to decarbonise hard-to-abate industries such as cement and steel, and a platform for serial renovations.

The following is a list of the achievements of the six new companies:

- Beamup established an AI platform to design, optimise and manage building systems.
- Material Evolution developed low-carbon cement made from industrial waste streams.
- Helios created an innovative process to extract iron ore without releasing CO2.

- Cyanocapture introduced a bio-based approach to capture CO2 from flue gases, which requires little energy input.
- Vizcab Digital SaaS pioneered a platform to perform life cycle assessments of new buildings to meet regulatory requirements.
- Ecoworks devised an industrial platform to deliver cost-efficient energy renovation using prefab façade and roof elements.

Several portfolio companies are collaborating with the VKR Group and its subsidiaries in areas such as supply chain risk management (Prewave), environmental product declarations and management of Scope 3 emissions (Makersite), organising building documentation (Findable), automation of production lines (Fruitcore) and core product innovation (Tynt). This year's additions to the portfolio, including Ecoworks, offer interesting prospects for collaboration across the Group.

KOMPAS also joined forces with the VELUX Group at COP28, co-hosting events and enhancing collaboration in areas such as public policy and regulation. Moreover, KOMPAS leveraged research funded by VILLUM FONDEN in areas such as geopolymer cement, and collaborated with the KR Foundation at The Drop, a climate conference in Malmö. KOMPAS will continue to deepen relationships across the Group, leveraging its strategic resources and knowledge base to create shareholder value.

To learn more, please visit: www.kompas.vc.

* KOMPAS not included.

The Employee Foundation of the VKR Group

Let's work it out together!

The Employee Foundation of the VKR Group was founded in 1991 to support employees of the Group mainly in three grant areas: unfortunate situations, children's education, and support to local non-profit purposes in the local communities of the VKR Group.

In order to be more proactive and to stay relevant to employees of all categories, a new strategy is being launched. It is called, 'Let's work it out together!', to emphasise the importance of collaboration.

Adapting to change

The VKR Group transformed significantly in recent years. Acquisitions resulted in a more diverse workforce in terms of age, experience and expertise. The world also changed: modern work culture shifted, with shorter tenures and a desire for new experiences. The lives of our employees and their families were also influenced by global geopolitical instability and the slow progress towards the green transition.

Our collective responsibility

The Employee Foundation is responsible for uniting diverse company cultures and for inspiring a sense of belonging among all employees and their families. The aim is to stand out as a Model Company by reimagining how it embodies our values and vision to support, encourage and possibly provide a moment of joy, no matter the circumstances.

A new strategy

The new strategy was launched in 2023. With the new strategy the Employee Foundation aims to proactively engage all employees, regardless of their background or position, and to foster a sense of cohesion across the VKR Group.

The strategic ambition of the strategy is to become even more visible, relevant, holistic and engaging.

Four key objectives have been defined:

Increase awareness. Recent employees may not be aware of the Employee Foundation.



Facts

The Employee Foundation was founded in 1991 by the VKR Group and VILLUM FONDEN. Since then, more than DKK 240 million has been granted.

889

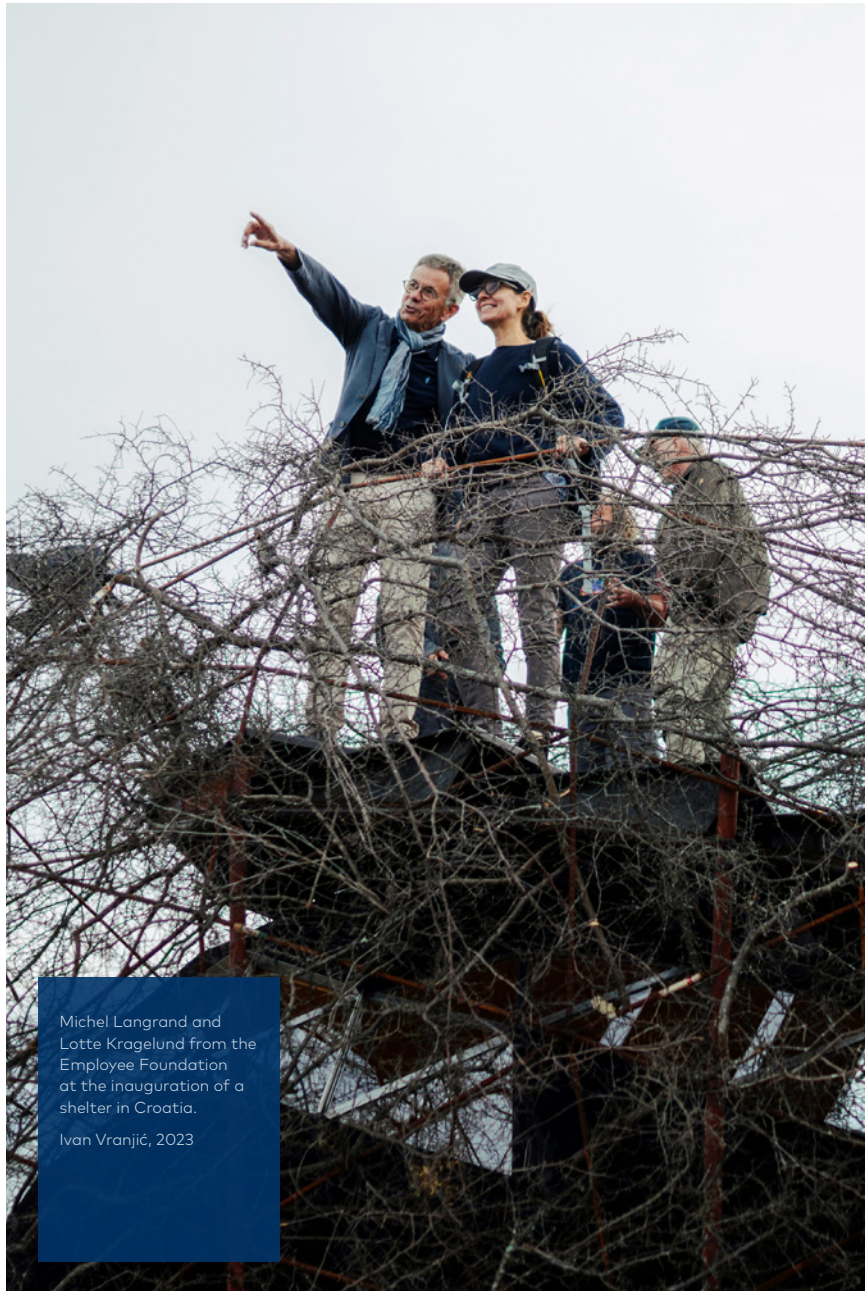
number of grants in 2023.

DKK 27 million

distributed to employees and their families, and to local communities in 2023.



An employees' immediate family can receive support for 'unfortunate situations' from the Employee Foundation. Like Joline who suffers from Turner's syndrome and uses her horse as a respite from her condition.
Maria G. Nilsson, 2023



Michel Langrand and Lotte Kragelund from the Employee Foundation at the inauguration of a shelter in Croatia. Ivan Vranjić, 2023

Therefore, there is a need to become more visible to even more employees and their families by ensuring that they get to know and understand which financial support they can apply for.

Heighten relevance. Through proactive initiatives, the Employee Foundation aims to demonstrate the relevance of the initiatives and grant areas to a broader range of employees and their families by addressing their specific needs and by supporting their overall well-being.

Promote health and well-being. The Employee Foundation will actively encourage a healthy lifestyle and a sense of well-being among employees and their families by focusing on proactive efforts leading to healthy habits and to improved well-being.

Support communities. Recognising the responsibility employees feel toward their communities and the world, the Employee Foundation will support employees, their families and local communities who wish to experience nature. This includes initiatives related to community development, green areas and outdoor life.

In 2022 and 2023, the Employee Foundation facilitated that close to 30 employees from the VKR Group could volunteer to build homes for families in need in Romania together with a non-profit organisation, Habitat for Humanity. This opportunity will be continued this year.

Collaboration is key
The success of the new strategy depends on collaboration. Active involvement and engagement of employees from all corners of the VKR Group will be encouraged. This way, the VKR Group can drive meaningful change, support colleagues of all categories and fulfil its role as a socially responsible organisation and Model Company. As the Board Chair of the Employee Foundation Michel Langrand puts it: "Our new strategy represents an exciting shift towards an even more proactive and inclusive approach. By expanding our support to more employees, fostering a sense of belonging and actively engaging with local communities, we are reinforcing the core values that define us as a Model Company."

I'm excited about the possibilities ahead as we uphold our commitment to social responsibility. As we keep saying – **Let's work it out together!**

Michel Langrand, Chair of the Employee Foundation

ROOF WINDOWS & SKYLIGHTS



Contributing to positive change in our industry

The purpose of the VELUX Group is to create well-being for people and planet by transforming spaces using daylight and fresh air. We strive to lead the way by setting the standard on sustainable business within the built environment. We work continually to integrate sustainability into decision-making and how we run our business – from the suppliers we choose to our production methods and product development right until the end-of-life handling of our products.

In 2023, it was decided to take the next step to fully incorporate our strategic sustainability targets into the corporate strategy of the company. We now have sustainability ambitions at the core of our strategy across three themes:

- Customer solutions
- Climate and nature
- Inclusive workplace

The ambitions are grounded in running a responsible business, which includes striving for zero accidents, respect for human rights, responsible sourcing and ethical business

conduct. To contribute to a society that is fair and equal, the VELUX Group continues to take actions to create a diverse, safe and inclusive workplace for all VELUX Group employees globally.

Through sustainability actions, the VELUX Group is contributing to several of the 17 United Nations Sustainable Development Goals (SDGs), which outline a broad spectrum of urgent global challenges. In particular, we support SDG 3 'Good health and well-being', because our products contribute to health and well-being in buildings; SDG 11 'Sustainable cities and communities' as we continue to advocate for and showcase more sustainable buildings; and SDG 13 'Climate action' as we are stepping up to address climate change through ambitious carbon reduction targets.

In 2023, the focus on biodiversity was increased with our new ambition to support biodiversity through actions in our operations and supply chain. With this ambition, we are also starting to address SDG 15 'Protecting life on land'.

CUSTOMER SOLUTIONS	CLIMATE AND NATURE	INCLUSIVE WORKPLACE
<ul style="list-style-type: none"> Build for Life Electrification and digitisation Promote a circular business Ensure 100% recyclable, zero plastic packaging 	<ul style="list-style-type: none"> Reduce and remove the equivalent of our historical carbon footprint Reduce our carbon footprint (Scope 1 & 2) Reduce our carbon footprint (Scope 3) Support biodiversity 	<ul style="list-style-type: none"> Structural foundation for DEI Drive engagement in DEI
RESPONSIBLE BUSINESS		
<p>If we are to inspire others with our approach to sustainability in the built environment, we must run all aspects of our business in an ethical and responsible way. To this end, we have a number of policies and practices.</p>		<p>These include:</p> <ul style="list-style-type: none"> • Strive for zero accidents • Respect for human rights • Responsible sourcing • Ethical business conduct



The VELUX Group Scope 1 and 2* CO2e emissions (Tonnes)

2023	22,955
2022	27,371
2021	37,105
2020	52,138

* Scope 2 market-based

VELUX Roof windows connect buildings with nature for all generations.

Jesper Jørgen Fotografi, 2023

Environment

Making progress towards decarbonisation

The VELUX Group continues to strive to reduce emissions throughout our business. We have set science-based targets to cut emissions from our operations by 100% and to halve our value chain emissions by 2030. At the same time, we are working to reduce and remove the equivalent of the company's entire historical carbon footprint from our own operations (Scope 1 and 2) by the 100th year anniversary of the VELUX Group in 2041 – a total of 4.5 million tonnes of CO2.

Reducing our own operational emissions

To achieve the carbon reduction target for our own operations, we are investing in renewable energy and energy efficiency initiatives at our sites. For example, we have invested in bio boilers fuelled with wood residues from production to replace natural gas as a fuel, starting with the most energy consuming production sites. Furthermore, we have made power purchase agreements with two solar PV plants in Spain. Once connected to the grid, the new solar plants will generate enough additional renewable electricity to cover all of the VELUX Group's European operations by 2025.

In 2023, the VELUX Group Scope 1 and 2 (market-based) related CO2e emissions were reduced by 16% compared with 2022 and a 56% reduction since 2020. We also achieved 100% documented renewable electricity across the VELUX Group.

Supporting our suppliers

To deliver on the goal of halving emissions from our value chain, we continue to collect supplier-specific emission data using the Carbon Disclosure Project (CDP) model.

Achieving this goal will require close collaboration with suppliers, customers and the industry as a whole. The VELUX Group is working with suppliers to source low carbon materials for use in our products and to understand carbon reduction pathways for materials by 2030.

Our Scope 3 emissions declined significantly during 2023, compared with the previous year. While we achieved a reduction by switching to lower carbon materials, the majority of this decline relates to lower production volumes leading to lower purchase volumes of materials.

We have assigned relevant financial accounts to Scope 3 categories at a more detailed level, and applied emissions factors accordingly. This triggered revisions of and updates to some of the data points disclosed in previous years, but our reduction target approved by the Science Based Target initiative remains unchanged.

Circular business

The VELUX Group wants to be part of accelerating the shift to a more circular economy. With this aim, we have implemented a new strategic framework looking across our entire value chain and working within four focus areas: supply chain, product design, customers and the building sector. Part of achieving our

ambition to increase circularity in the VELUX Group comes from reducing waste sent to landfill and hazardous waste. Waste handling at the VELUX Group is now aligned according to the EU waste directive and local employees were trained to become 'reporters' during 2023.

Beyond the value chain

To reduce and remove the equivalent of the VELUX Group's historical carbon footprint, we are financing forest protection and restoration projects in some of the world's most biodiverse landscapes where forests are most under pressure. These projects are financed by the VELUX Group and implemented and run by the local offices of the World Wide Fund for Nature (WWF) in partnership with local communities, community-based organisations and local authorities.

All projects are designed to deliver Nature-based Solutions for climate mitigation aligned with WWF's 'Blueprint for High Quality Interventions that Work for People, Nature and Climate'. The verified carbon emissions reduced and removed by the forest projects will be retired immediately and donated to the host countries as a contribution to their national climate targets under the Paris Agreement. They will not be used to offset the carbon emissions of the VELUX Group or any other organisation.

In 2023, implementation of the first forest project in Uganda continued and two additional forest projects in Vietnam and Madagascar were launched.

Social

Towards zero accidents

At the VELUX Group, our safety vision is to have zero accidents. To achieve this goal, we continually work to raise awareness of safety at work and promote cultural and behavioural

change that can reduce accidents at our workplaces. In 2023, we saw an increase in our lost workday case rate, which we believe reflects our heightened focus on reporting. However, the number of lost working hours due to accidents did not increase, which demonstrates less impact of individual accidents. We take

all accidents seriously and investigate them thoroughly to establish root causes and take preventive measures.

In 2023, we established a VELUX Group-wide Safety Decision Board to ensure uniform safety governance across all business units. In



Production of VELUX Commercial Skylights at Østbirk Bygningsindustri, Denmark.
VELUX, 2022

2024, we plan to launch and pilot a reporting system with real-time dashboards for the VELUX residential supply division. This is expected to be introduced throughout the VELUX Group in 2025.

A workplace for everyone

The VELUX Group aims to foster a diverse, equitable and inclusive (DEI) workplace that enables all employees to thrive. We believe everyone has the right to be treated fairly and equally regardless of their background, culture and experience. Building a more diverse and inclusive company will accelerate innovation and entrepreneurship, and enable us to meet our goals.

Focus on women in management

The VELUX Group is working to increase the number of women in management positions with a goal of 40% women in senior management positions and 45% of all management positions to be held by women in 2030. To increase accountability and accelerate progress towards this goal, we implemented a short-term incentive that links progress on increasing the number of women in management positions to executive compensation.

During the year, the share of women in management increased from 26% at the start of the year to 28% at year end. The share of women in senior management increased from 30% to 33% due to a change in the operating model of the company. As part of this change, the Executive Group Management team was expanded with three new members, which also had the effect of bringing more women into senior management.

In 2023, the new VELUX Group DEI policy was rolled out. This provides the foundation of our work with diversity, equity and inclusion and assigns clear responsibility for progress. It also provides a shared understanding of what DEI means that can be used to guide decisions and actions. DEI is now part of all stages of the employee's VELUX journey – from recruitment of new employees to offboarding when an employee leaves the company. DEI and understanding unconscious bias are also part of the Leadership Competency training taken by all managers.

In 2023, the Group included questions on DEI in the Global Employee Survey. With this valuable data and insight, we can take strategic decisions and actions that can lead to greater diversity and inclusion among our employees.

Governance

Structured and transparent governance across all organisational levels

The VELUX Group's governance structure follows the principles of good governance across all organisational levels in compliance with Group policies. Each strategic sustainability project is owned by a Senior Manager and progress is reported quarterly to the VELUX Executive Group Management (EGM). Furthermore, reducing our Scope 1 and 2 emissions and increasing the number of women in senior management became part of incentive structures for the majority of Executive Management in 2023. From 2024, Scope 1 and 2 emissions and an inclusion index will be part of incentive structures for all members of Executive Management.

Policies that ensure responsible and sustainable business practices

VELUX Group policies comply with the VKR Group policies (see page 45) key to making progress on sustainability targets. They guide daily activities and ensure that the VELUX Group and its suppliers do business based on respect and integrity. Management reviews these policies each year.

The VELUX Group Code of Conduct for Suppliers outlines our expectations to suppliers and is based on the principles underlying the United Nations Global Compact and the United Nations Sustainable Development Goals (SDGs). The Code of Conduct for Suppliers includes: our standpoint against forced labour, human trafficking and child labour; how we expect our suppliers to respect freedom of association and collective bargaining; and how we expect them to ensure proper working conditions, non-discrimination against employees and their employees' right to privacy. It was updated in January 2023 and will be revised annually to comply with new legislation and best practice.

The VELUX Group Anti-corruption policy sets out a clear stance against all forms of corruption and bribery. Anti-corruption training and awareness activities are carried out using a risk-based approach. In 2023, all top-level managers, approximately 250 employees, were requested to complete an annual training course on anti-corruption and 89% completed the training within deadline.

Whistleblower programme

The VKR Group operates a whistleblower system which also encompasses the VELUX Group's whistleblower programme. This enables anonymous reporting of any concerns relating to compliance issues. This includes criminal or illegal activities violating national regulation, unethical business methods or serious violations of internal rules and policies. The whistleblower policy was updated in 2023. In 2023, the whistleblower system recorded 42 reports. Of these, 14 were classified as in-scope and 13 cases have been fully investigated.



CASE STORY

A journey towards decarbonisation

The VELUX Group has set science-based targets to cut emissions from our operations by 100% and to halve our value chain emissions. To do this, we need to look across our value chain with a specific focus on materials as the majority of our emissions relate to the materials used in our products.

To address the carbon impact of materials in our products, we are looking at both current products and future product platforms. As product development is a lengthy process that takes years before the results can be seen, we have started working with our suppliers in different ways to help us reduce carbon emissions in our existing product range in the short- and medium-term.

Encouraging carbon reductions

To improve how we measure and report emissions, we are asking suppliers to report data through the Carbon Disclosure Project (CDP), a reporting and disclosure organisation. With this supplier-specific data, we can gain a more accurate picture of our Scope 3 emissions and use the data to ensure our decarbonisation initiatives have the required effect. At the close of 2023, 126 suppliers reported their environmental data through the CDP model. For our suppliers of direct materials, this represents at least 72% of our Scope 3 emissions. We also engaged with our top suppliers and encouraged them to set their own carbon re-

duction targets in line with the Science Based Target initiative (SBTi). At the close of 2023, 33 of our suppliers, representing around 3% of Scope 3 emissions have set targets under the SBTi. We will continue our efforts to expand the share of emissions covered by SBTi.

Collaboration that gets results

Secondly, we work with suppliers to source materials with a lower carbon footprint. In 2023, we started a new cooperation with steel producer Arcelor Mittal to lower the carbon footprint of steel used in the hinges and brackets of VELUX products. Steel plays an important role in our windows and its quality is crucial for ensuring optimal performance.

Through this cooperation, a new recycled and renewably produced flat steel was developed. It is produced using a minimum of 75% scrap steel and 100% renewable electricity. It is currently being tested in large volumes at our factory in Gniezno, Poland.

In addition to this agreement, we already have agreements in place with Novelis and Hydro to reduce the embedded carbon in aluminium, a material with a significant impact on our Scope 3 upstream emissions.

By working together with suppliers across our value chain, we can reduce embedded carbon in our materials and support suppliers in their efforts to decarbonise their own operations.

The VELUX Group has entered into a partnership agreement with Novelis, the world's largest aluminium recycler, for Novelis to provide high-recycled-content, flat-rolled aluminium for use in VELUX Roof windows. Nachterstedt, Germany.

© Novelis, all rights reserved, 2021



Sustainability Strategy

The DOVISTA Group's Sustainability Strategy is built on four strategic drivers centred on 'Conducting Responsible Business', 'Enabling the Customer', 'Fighting Climate Change' and 'Growing our People'. Our focus mirrors that of society and the material and sustainable impact we can achieve. These drivers establish our direction and are supported by short- and long-term actions that ensure we live up to our commitments. In 2023, we delivered on several key initiatives and saw considerable progress and results for each of our strategic drivers.

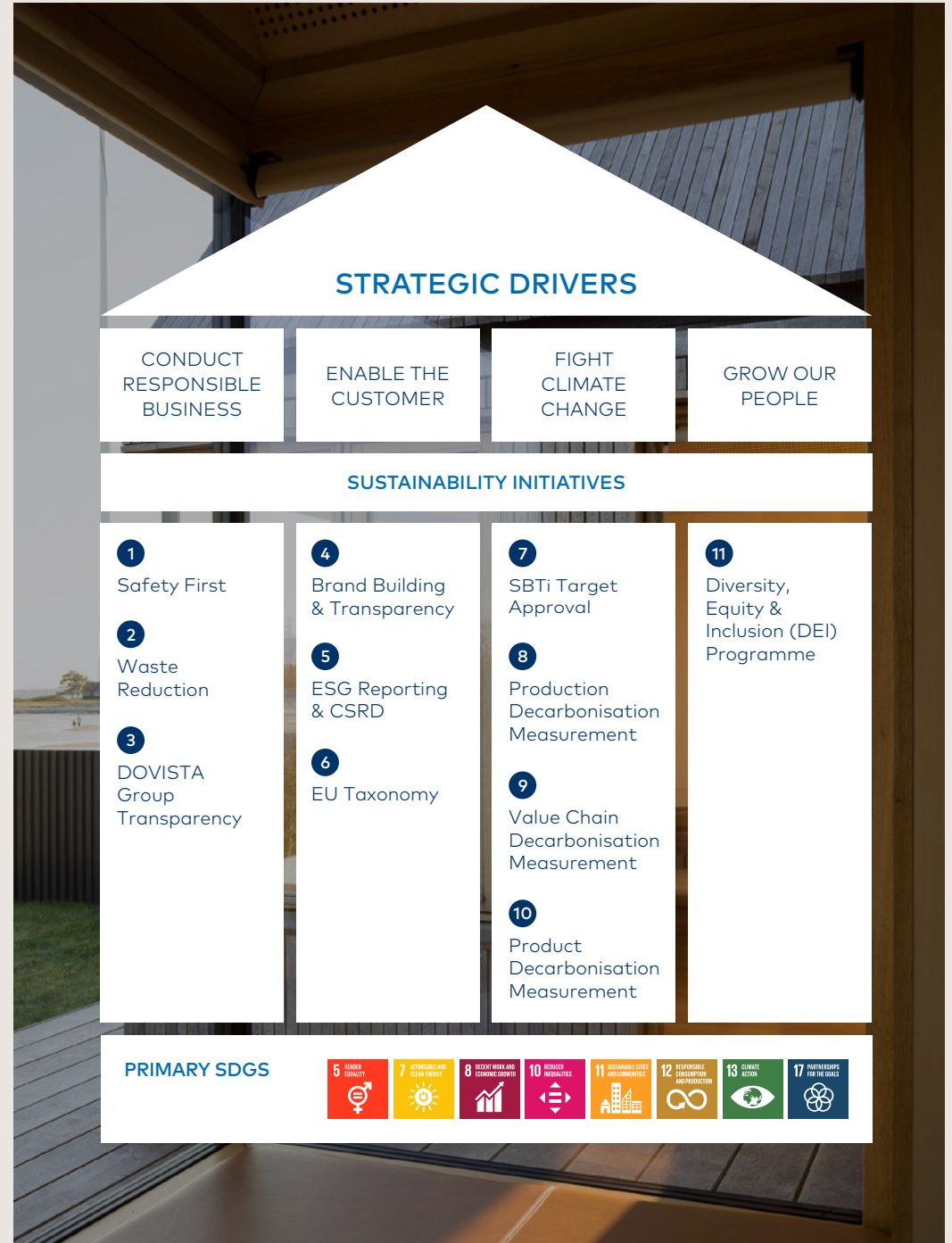
Executing our strategic ambition

Under our strategic pillar of 'Conducting Responsible Business', 2023 was a significant year regarding our goal of achieving zero-accidents. We reduced the number of accidents by more than 55% compared to 2022. Over the year, we held many events and training sessions, which helped our employees understand the objectives of our sustainability strategy, and how to work towards achieving them.

Under the strategic pillar of 'Enabling the Customer', we are communicating to customers across all brands about our decarbonisation targets, and strengthening the foundation for ESG reporting with systems development, data validity and completeness.

In relation to the driver 'Fighting Climate Change', our 2030 science-based targets were approved by the Science Based Targets initiative (SBTi). This means that we are working towards the Paris Agreement's goals to limit global warming. In 2023, we have broadened our coverage of Environmental Product Declarations (EPDs) and we are using insights from the data to drive down embodied carbon in our products. Since we cannot achieve our climate targets alone, we have developed strategies and roadmaps for working in strategic partnerships with suppliers.

Under the strategic pillar of 'Growing our People', our continued focus is on diversity, equity and inclusion. We are developing concrete methodologies to achieve our targets.



Through our activities across the sustainability agenda, we contribute to several of the Sustainable Development Goals (SDGs).

Environment

Commitment

The science-based targets to be achieved by 2030 are as follows:

- DOVISTA A/S commits to reduce absolute Scope 1 and 2 GHG emissions by 42%, from a base year of 2021*.

- DOVISTA A/S commits to reduce absolute Scope 3 GHG emissions from purchased goods and services, upstream transportation and distribution by 25%, from a base year of 2021.

2023 Highlights

Climate action means delivering on bold ambitions. 22 June, 2023 marked a significant milestone in our decarbonisation journey because our 2030 science-based targets were approved by the Science Based Targets initiative (SBTi). This means that we will work towards reducing our carbon footprint in line

with what the science considers necessary to meet the Paris Agreement goals of limiting global warming to 1.5°C above pre-industrial levels.

What we did in 2023

Approval of our science-based targets validates our structured approach to ensure that we can continually measure and manage the CO2 emissions for which we are responsible, while delivering high quality products and services to our customers.

Our journey is just beginning, but our progress is already tangible. Since 2021, we have reduced our internal carbon emissions (Scope 1 and 2) by over 65%. As the largest producer of vertical windows and exterior doors in Europe, we are well positioned to achieve a great impact by reducing CO2 throughout our internal processes, and with our value chain partners.

What's next

The next big step in reducing emissions across our organisation is the execution of our DOVISTA 2030 Decarbonisation Roadmap, using 2021 as our baseline. By leveraging our distinctive brands and shared excellence, we commit to steering our activities towards cutting emissions and becoming net zero by 2050 at the latest. This in turn can help our customers and stakeholders in our wider network on their own sustainability journeys, thus growing the network of companies achieving the Paris Agreement goals of reducing global warming to 1.5°C.

At the DOVISTA Group, our purpose is to bring fresh air and daylight into people's everyday lives. It is our commitment to being part of the solution for a sustainable future where both people and planet can prosper.



The DOVISTA Group Scope 1 and 2* CO2e emissions

(Tonnes)

2023	15,922
2022	19,145
2021	51,257

* Scope 2 market-based

Production at Slovaktual, Pravenec, Slovakia.

Michal Krajcik, 2022

* The target boundary includes biogenic land-related emissions and removals from bioenergy feedstocks.

Social

Commitment

At the DOVISTA Group, we are diverse by nature. With a presence across Europe, we represent numerous nationalities and cultures. To 'Grow our People', our ambition is to focus on mitigating bias within the employee life cycle, creating an inclusive workplace and promoting leaders as role models.

2023 Highlights

This year, we completed the following:

- Establishment of a Group recruitment process to mitigate bias, ensure fairness, and support the selection of candidates from the widest possible talent pool.
- Development of a Group onboarding process to welcome new employees and provide them with training and support.
- Creation of a People & Culture Knowledge Hub on our collaborative platform, DAYLIGHT.

What we did in 2023

We understand that the best way to drive Diversity, Equity and Inclusion (DEI) through our organisation is by ensuring that our core recruitment processes enable the attraction, selection and successful appointment of a diverse range of candidates. For this reason, we set up a cross-border workgroup of People & Culture colleagues to develop recruitment and onboarding procedures.

Building on our first Group-wide employee survey in 2022, we conducted our second survey in May 2023, which included additional

questions on DEI topics. 77% of employees provided feedback through the survey. 70% responded that they feel they are being treated fairly at work. Many of our employees also responded that they feel free to speak their mind and that managers at DOVISTA Group value different perspectives. Sharing common goals and specific metrics enables us to continuously learn, review progress and implement relevant actions.

What's next

In 2024, we plan to implement DEI leadership training across the DOVISTA Group, and to develop leadership competences that promote inclusive behaviours. We will continue with our employee surveys, track progress in our Group-wide annual survey and add additional onboarding and exit surveys to gain employee feedback to improve our practices. We will continue the implementation of our Group processes in recruitment and onboarding. We will also advance Group processes in people reviews and development to enable fairness in promotion, compensation and decision-making practices.

Working with DEI also requires local understanding and acknowledgment of different cultures, conditions, needs and perceptions. Knowing that there is no 'one size fits all' approach, targeted local initiatives are prioritised and crucial to our success.



The Wadden Sea Center in Denmark designed by architect Dorte Mandrup won the award for sustainability at the European Museum Award 2020-2021, and was called a museum masterpiece. Krone supplied the windows in natural oak that can stand the test of the harsh conditions near the sea.
Adam Mørk, 2019



VELFAC windows at Green Hills by Danielsen Architecture. Green Hills is a modern residential area with space for all generations, built on the visions of sustainability, aesthetics and functionality. Solrød Strand, Denmark. Danielsen Architecture, 2023

Governance

Commitment

At the DOVISTA Group, our strategic driver of 'Conducting Responsible Business' has led to the development of an Anti-Corruption and Sanction Compliance Programme. Our goal is to ensure timely training, awareness, and compliance among all our employees. Moreover, throughout our supply chain we perform business partner screenings, evaluations, fraud alert management, anti-corruption controls and education.

2023 Highlights

This year, we completed the following:

- Sanction Screening, Anti-Corruption and Fraud prevention system and processes were developed and implemented for two thirds of our organisation.
- Fraud alert process implemented across our organisation – for two thirds an automated process has been implemented, and for the remainder a semi-automated process exists until system enrolment is finalised.
- Anti-Corruption compliance programme developed and ready for implementation.
- Quarterly batch screenings of all our business partners, and related actions and reporting completed.

What we did in 2023

Guided by VKR Group policies, we implemented our Anti-Corruption, Sanction Screening and Fraud Prevention solutions for two thirds of our organisation. All our business partners were screened and assessed on a quarterly basis. Both tax and bank data were also verified prior to use. Furthermore, we established a fraud alert system and process. This was automated for the majority of our organisation where systems were enrolled, and semi-automated for the remainder where the solution has not yet been rolled out. Complete documentation and the framework of our sanction and compliance, policy, rules, processes, and ownership were activated, including bank data checks and trust score validations.

What's next

In 2024, we will continue our efforts by:

- Implementation of additional control checks within the area of compliance.
- Activation and dissemination of our Anti-Corruption Compliance Programme, through awareness and compliance sessions.
- Ongoing deployment of our approved Anti-Corruption, Sanction Screening and Fraud Prevention solutions across the DOVISTA Group according to our Roadmap.
- Continuation of quarterly batch screenings for all business partners, including related actions and reporting.

CASE STORY

Supplier Engagement

Ambition

Achieving deep and lasting carbon reduction is not something that any organisation can complete alone. This is particularly true for the DOVISTA Group, where over 98% of emissions lie within Scope 3, with the majority in our supply chain. Working in strategic partnerships is therefore imperative for accomplishing our decarbonisation targets. It necessitates moving together towards common decarbonisation objectives, in which traditional ways of working will be transformed to include new parameters and longer-term time horizons.

Performance in 2023

- Held in-person workshops with primary glass and aluminium suppliers.
- Finalised a Scope 3 Decarbonisation Roadmap and developed a 2024 Action Plan.
- Disseminated our Code of Conduct to also include indirect suppliers.
- Achieved a supplier response rate of over 60% through the Carbon Disclosure Project (CDP).

What we did

In 2023, we held in-person workshops with top glass and aluminium suppliers, to identify mutually beneficial ways to reduce the DOVISTA Group's Scope 3 emissions and contribute to meaningful climate action. Future partnerships will be centred around topics like low carbon products, post-production circularity and post-consumer circularity.

Our Supplier Code of Conduct is established to ensure a high standard of safe working conditions, fair and respectful treatment of employees, as well as ethical and environmentally sound practices. In addition to the 96% signature rate achieved in 2022 on direct material supply, indirect material supplies

and services were targeted to increase coverage. In 2023 we set and achieved the goal of reaching an indirect material signature rate of 95% for our key indirect suppliers.

This year, we also chose a selection of primary suppliers from the highest emitting material categories in our value chain to send their data to CDP, which is a reporting platform to exchange environmental data between companies. Their data will help us understand more about the journey that our suppliers are on to decarbonise their businesses and provide the foundation for more accurately measuring our Scope 3 footprint. It will also enable us to work towards common decarbonisation objectives together. Through the CDP, a supplier response rate of over 60% was achieved.

Initiatives for 2024

Our close cooperation with suppliers resulted in a 2030 Scope 3 Decarbonisation Roadmap and 2024 Action Plan, containing short-term initiatives that can help to reduce the DOVISTA Group's near-term Scope 3 emissions, including:

- Increase proportion of low carbon glass and aluminium materials.
- Conduct supplier engagement workshops for additional high emitting material categories.
- Increase scope of suppliers included in CDP reporting.
- Conduct supplier education workshops.

It is only by working in partnership with our suppliers that we can realise our decarbonisation objectives. We are excited and optimistic about the opportunities that have already presented themselves, as well as those that we will work towards in the medium and long-term.

Apartment building by EFFEKT Arkitekter at Fuglebakkevej in Frederiksberg Denmark.
Krone windows seamlessly blend in with the brick built façade.

Per Bille, 2023

VKR Group policies

The following 17 Group Policies and one sub-policy apply to the VKR Group. These policies cover areas that are important or critical to the entire VKR Group. They apply to all companies ultimately owned or controlled by VKR Holding. Some of the policies, including the CSR Policy, also extend to business connections of the VKR Group:

- Anti-Corruption Policy
- Cash Management Policy
- Communication Policy
- Competition Law Compliance Policy
- Crisis Management Policy
- CSR Policy
- Data Privacy & Ethics
- Dividend Policy
- Financial Information Policy
- Foreign Currency Exposures Policy
- Insurance Policy
- IPR Policy
- Legal Policy
- Risk Management Policy
- Sanctions Compliance Policy
- Tax Policy
- Transfer Pricing Policy
- Policy on the Prevention of Facilitation of Tax Evasion (sub-policy of the Tax Policy)

The Group Policies support the economic sustainability of the Group, the Ten Principles of the UN Global Compact and the UN's Sustainable Development Goals.

In 2020, the Board of VKR Holding decided to make the Group policies public. They can be found at this webpage:

www.vkr-holding.com/governance/.



Art installation by artist Ruth Campau at VKR Holding's head office. The art installation visualises the VKR Group's mission to bring daylight, fresh air and better environment into people's everyday lives.

Janus König Frost, 2024

ESG data

Consolidated ESG table – VKR Holding A/S, the VELUX Group & the DOVISTA Group	Unit	Target	2023	2022	2021
Environment					
Scope 1 CO ₂ e	Tonnes		28,409	33,203	37,818
Scope 2 CO ₂ e (location-based)	Tonnes		60,014	70,543	72,802
Scope 2 CO ₂ e (market-based)	Tonnes		10,500	13,360	50,621
Total Scope 1 and 2 (market-based)	Tonnes	66% (2030)*	38,909	46,563	88,439
Scope 3 CO ₂ e (excl. VKR Holding A/S)	Tonnes		2,126,790	2,646,222	2,737,434
Share of renewable electricity	%		93	91	54
Share of certified wood	%		93	90	90
Social					
Accidents per million work hours	#		3.2	4.9	6.9
Absence following an accident per 1,000 work hours	Hours		0.6	0.8	1.2

ESG key figures for VKR Holding A/S	Unit	Target	Assurance level	2023	2022	2021
Environment						
Scope 1 CO ₂ e	Tonnes	100% (2030)*	🟡	6	35	58
Scope 2 CO ₂ e (location-based)	Tonnes	100% (2030)*	🟡	39	26	23
Scope 2 CO ₂ e (market-based)	Tonnes	100% (2030)*	🟡	26	13	19
Energy consumption	GJ		🟡	1,779	1,959	2,244
Share of renewable electricity	%	100%	🟡	100	100	0.0
Social						
Total number of employees in the workforce	HC		🟢	56	53	46
Underrepresented gender, all employees	%	40% (2028)	🟢	45	49	48
Total number of employees in Management	HC		🟢	9	9	8
Underrepresented gender in Management	%	40% (2028)	🟢	22	22	25
Absence due to sickness	%	<2% (2025)	🟡	3.9	2.7	2.0
Governance						
Total number of Directors on the Board	HC		🟢	6	6	5
Underrepresented gender on the Board	%	40% (2028)	🟢	33	33	40
Board meeting attendance rate	%	100%	🟢	100	100	100

* Reduction in percent compared to base year 2021.

ESG reporting principles are described on page 48.

Limited Assurance 🟡 Reasonable Assurance 🟢

ESG data

(CONTINUED)

ESG key figures for the VELUX Group	Unit	Target	2023	2022	2021	2020
Environment						
Scope 1 CO2e	Tonnes	100% (2030)*	22,290	25,524	28,496	24,302
Scope 2 CO2e (location-based)	Tonnes	100% (2030)*	36,578	41,496	45,049	42,088
Scope 2 CO2e (market-based)	Tonnes	100% (2030)*	665	1,847	8,609	27,835
Scope 3 CO2e	Tonnes	50% (2030)*	1,400,981	1,782,665	1,806,495	1,556,499
Share of renewable electricity	%	100% (2030)	100	98	78	39
Share of certified wood	%	100% (2030)	100	96	96	95
Social						
Accidents per million work hours	#	<1.00 (2030)	2.1	1.6	2.6	2.9
Absence following an accident per 1,000 work hours	Hours	<0.20 (2030)	0.39	0.45	0.49	0.39
Governance						
Code of conduct for suppliers signed	%		100	98	100	100
Whistleblower cases	#		14	6	7	4

* Reduction in percent compared to base year 2020.

ESG key figures for the DOVISTA Group	Unit	Target	2023	2022	2021
Environment					
Scope 1 CO2e	Tonnes		6,113	7,645	9,263
Scope 2 CO2e (location-based)	Tonnes		23,397	29,021	27,730
Scope 2 CO2e (market-based)	Tonnes		9,809	11,500	41,994
Total Scope 1 and 2 (market-based)	Tonnes	42% (2030)**	15,922	19,145	51,257
Scope 3 CO2e	Tonnes	25% (2030)**	725,809	863,557	930,939
Share of renewable electricity	%		81	80	14
Share of certified wood	%		78	79	79
Social					
Accidents per million work hours	#		5.4	10.7	14.2
Absence following an accident per 1,000 work hours	Hours		1.1	1.4	2.3
Governance					
Code of conduct for suppliers signed	%		97	96	30
Whistleblower cases	#		0	1	0

** Reduction in percent compared to base year 2021.

ESG reporting principles

The report covers the period 1 January 2023 – 31 December 2023.

Environment

Energy consumption

The total energy consumption from all energy sources related to VKR Holdings scope 1 and 2 activities.

Scope 1 CO₂e

Direct emissions from owned or controlled sources measured in carbon-dioxide equivalents (CO₂e). Emission factors used are sourced from the Department for Energy Security & Net Zero (DESNZ) - previously from the Department for Environment, Food & Rural Affairs (DEFRA, 2023).

Scope 2 CO₂e

Indirect emissions from the generation of consumed energy, based on average emission factors on the specific grid on which the energy is consumed. Location-based emissions are calculated based on the International Energy Agency's (IEA) most recent emission factors (2023), while market-based electricity emission factors are assigned using the following hierarchy: supplier specific data (incl. certificates), residual mix data (AIB, 2023 or USA Green e, 2023), and location-based data (IEA, 2023).

Scope 3 CO₂e

Indirect emissions that are located in the company's value chain. The VELUX Group includes indirect emissions from purchased goods and services, business travel, capital goods, transportation, waste, as well as the use of our sold products and end of life treatment thereof. The DOVISTA Group includes indirect emissions from purchased goods and services, as well as transportation.

Share of renewable electricity

Consumed electricity covered by retired Energy Attribute Certificate (EACs) relative to total electricity consumption.

Share of certified wood

Ratio of certified wood and total wood consumed. Certified wood lives up to PEFC or FSC standards and is sourced from forests with replanting.

Social

Total number of employees in the workforce

The headcount at year-end reflects the number of employees legally employed in VKR Holding. Employees exclude temporary and seasonal employees as well as interns, apprentices and students.

Underrepresented gender, all employees

Number of underrepresented gender relative to number of total employees.

Total number of employees in Management

The headcount at year-end reflects the two highest management levels below the Board of Directors. This includes the Executive Management and direct reports. A manager is defined as a person who supervises at least one person.

Underrepresented gender in Management

Number of underrepresented gender in Management relative to total number of managers in the two highest management levels below the Board of Directors.

Absence due to sickness

Average number of days absent due to one's

own or one's children's sickness relative to the total number of possible work days, excluding vacation days and days on maternity leave. Includes full-time employees registered in the Bitabiz system.

Accidents per million work hours

Average number of accidents per 1,000,000 work hours. A work-related accident is only included if the employee is required to take at least one full day of absence.

Absence following an accident per 1,000 work hours

Average number of hours absent from work per 1,000 work hours. Hours of absence are only included if the employee is required to take at least one full day of absence.

Governance

Total number of Directors on the Board

The headcount at year-end reflects the number of general-assembly elected Directors on the Board.

Underrepresented gender of Directors on the Board

Number of underrepresented gender on Directors on the Board relative to total number of Directors on the Board.

Board meeting attendance rate

Number of Board meetings attended relative to all Board meetings in the reporting period (combined for all Board members).

Code of Conduct for suppliers signed

Number of direct material suppliers signatory to the Code of Conduct.

Whistleblower cases

Number of cases filed and pursued through the internal whistleblower system in the reporting period.

Restatement VKR Holding A/S

Scope 1 emissions and energy consumption have been restated for the year 2022. This is due to a more accurate calculation that now includes hybrid company cars. This resulted in increased Scope 1 emissions of 4.6 tonnes CO₂e and increased energy consumption of 63 GJ for 2022.

The total number of employees has been restated for both 2021 and 2022 to include all employees who are legally employed at VKR Holding. This resulted in an increase of three employees in 2022 and an increase of one employee in 2021.

The total number of employees in Management has been restated for 2021 and 2022 to include Executive Management. This change is in accordance with the updated guidance from the Danish Business Authority, effective from December 2022 and implemented from 2023. In 2022, this resulted in an increase of one employee in Management. Underrepresented gender in Management changed from 25% to 22% in 2022 and from 33% to 25% in 2021.

Governance & Risk

- 50 Risk management
- 53 Corporate governance
- 57 The Board of Directors
- 60 The VKR Group

Shareholders

Our largest shareholder, VILLUM FONDEN, is a philanthropic foundation that supports technical and scientific research as well as environmental, social and cultural projects in Denmark and internationally.

The VELUX Foundations work to improve people's lives through initiatives spanning social conditions, age groups, adult life and its transitions, society and culture as well as marine environment.

Jyllandsakvariet, 2023

Risk management

In line with the Model Company Objective, we see risk management as an essential aspect of our business operations.

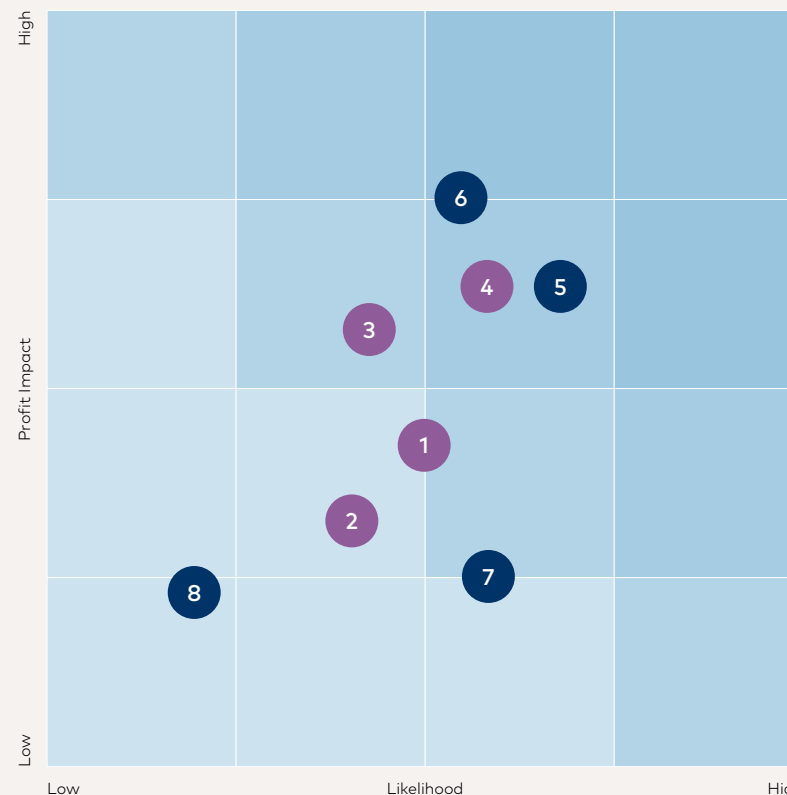
We are committed to effectively identifying, assessing, and mitigating risks to ensure the long-term success and sustainability of our Group. The Board of Directors oversees risk management, while the Audit Committee assesses the effectiveness of our risk management process. Executive Management is responsible for executing risk management and ensuring the effectiveness of policies and processes at all levels.

While the VKR Group, like its industry peers, faces several risks, no single risk poses a threat to the existence of the Group in present or future circumstances. However, we acknowledge the presence of external risk conditions that we must address.

The VKR Group confronts a diverse range of risks in its business areas and portfolio of financial investments. We broadly categorise our risks as Operational and Financial. The following section provides a detailed description of these risks, including their impact on the VKR Group and the mitigation measures in place. Additionally, a risk matrix is presented to illustrate the probability of an event triggering a risk and its potential impact on the VKR Group's profitability.

VKR Group Risk Matrix

Illustrative



● Operational risks

- 1. Subpar Product Quality & Product Liability
- 2. Customer & Bank Defaults
- 3. Cyber Attack
- 4. Supply Chain Disruption

● Financial risks

- 5. Equity Market Downturn
- 6. Macroeconomic Downturn
- 7. Currency Volatility
- 8. Liquidity Availability

Operational risks

SUBPAR PRODUCT QUALITY & PRODUCT LIABILITY 1	CUSTOMER & BANK DEFAULTS 2	CYBER ATTACK 3	SUPPLY CHAIN DISRUPTION 4
<p>Description</p> <ul style="list-style-type: none"> The VKR Group's market share and customer trust is dependent on the superior quality of products across its business areas. Sustaining and growing superior market position requires adherence to stringent quality benchmarks. 	<ul style="list-style-type: none"> The VKR Group engages with various customers globally when the business areas sell their products and build up customer receivables. Given the global nature of the Group's operations, VKR Holding uses banks across the world. 	<ul style="list-style-type: none"> The Group's efficiency and success depend on robust IT systems that manage all aspects of the value chain, from product development to delivery. Ensuring secure access to confidential data is crucial both for meeting GDPR requirements and for protecting the business's strategic interests, including sensitive information from customers, and employees. 	<ul style="list-style-type: none"> Disrupted supply chains limit access to procurement of raw materials and semi finished goods such as semiconductors at the correct time, quantity and quality.
<p>Impact</p> <ul style="list-style-type: none"> Subpar products could result in direct financial losses due to returns, warranties, and damage to brand reputation. Potential safety risk for customers and installers. 	<ul style="list-style-type: none"> Defaulting customers and/or banks may have negative financial effects on the VKR Group. 	<ul style="list-style-type: none"> Compromised IT systems or IT system crashes could have a severe impact on VKR Group's ability to maintain operations for an extended period of time and, consequently, its financial performance. Data leaks may compromise employees and/or lead to fraudulent activity against the Group. Significant fines due to violation of the General Data Protection Regulation. 	<ul style="list-style-type: none"> Operational disruption due to limited access to essential supplies will impact lead times and the ability to produce and distribute finished goods resulting in a potential loss of revenue. Unfavourable price development of commodities and raw materials, leading to increased production costs.
<p>Mitigation actions</p> <ul style="list-style-type: none"> Risk management involves robust quality and environmental management systems. Products from both the Group's own production and suppliers are overseen. Ongoing and thorough product testing is a key component. Testing is conducted both internally and by independent, certified external institutions. 	<ul style="list-style-type: none"> Customer receivables are well diversified, both in terms of geography and customer distribution. The business areas regularly track debtors' KPIs. Risks associated with cash and cash equivalent investments, are mitigated by collaboration with numerous prominent international banks, and continually evaluating their credit ratings. 	<ul style="list-style-type: none"> Prioritise high IT security with ongoing security monitoring supported by incident response teams. Maintain and improve current technical platforms and ongoing cyber and information security awareness training for employees. Third-party vulnerability and security maturity assessments. Adapt contingency plans for system and data restoration in case of failures. 	<ul style="list-style-type: none"> Diversify supply chains by including dual sourcing of critical components where feasible and bring suppliers closer to production sites. Implementing robust contingency plans and maintaining a stock buffer. Screening tool used to locate other potential supply chain disruption.

Financial risks

EQUITY MARKET DOWNTURN 5	MACROECONOMIC DOWNTURN 6	CURRENCY VOLATILITY 7	LIQUIDITY AVAILABILITY 8
<p>Description</p> <ul style="list-style-type: none"> VKR Holding's portfolio of financial investments include a substantial number of equities. These are exposed to risks related to geography, market conditions, industry factors, and the type of financial instruments. 	<ul style="list-style-type: none"> Macroeconomic downturn affecting the broader economy, including interest rates, which can significantly impact returns on financial investments and building sector activity. External financing can be beneficial for large investments, acquisitions, and seasonal negative cash flows. 	<ul style="list-style-type: none"> The VKR Group conducts global sales and production operations, with a substantial exposure to the EUR. This results in minor fluctuations due to Denmark's pegged exchange rate policy against the EUR. The primary risk exposures are associated with the USD, GBP, CHF, and PLN. 	<ul style="list-style-type: none"> VKR Holding acts as an internal bank to the business areas and holds most of the Group's cash in the form of various liquidity tools, including cash pools. As a result, the Group's companies have proportionately low balances with external banks.
<p>Impact</p> <ul style="list-style-type: none"> Share price fluctuations affect VKR Holding's profits in any given year. 	<ul style="list-style-type: none"> Decreasing demand for building materials and thereby business areas' activity. The value of the Group's fixed income and equity portfolios may also change. 	<ul style="list-style-type: none"> Currency deterioration impacts sales prices and production costs in the individual markets and potentially the business areas' competitiveness. Return on Financial investments is affected by currency fluctuations. 	<ul style="list-style-type: none"> Liquidity issues may negatively impact the daily operations of the business areas and reduce the Group's ability to support potential acquisitions.
<p>Mitigation actions</p> <ul style="list-style-type: none"> Established framework of permitted allocations regarding geographies, sectors, etc. The portfolio is highly diversified across sectors, geographies, size and style. Continuous monitoring of investment performance. Minimal use of leveraged investments. 	<ul style="list-style-type: none"> Business areas operate with agile business models, balanced business activities and contingency plans. Rare use of external interest-bearing debt, resulting in a high equity ratio and limited debt-related interest rate risk. External financing is assessed in conjunction with the interest rate risk associated with financial investments, which considers factors such as loan type and duration. 	<ul style="list-style-type: none"> Currency exposure is centrally assessed and potentially hedged. Financial investments face a derived currency risk due to global portfolio diversification, with a diverse currency exposure. When acquiring or divesting companies or assets, currency risk may be externally hedged subject to a case-by-case evaluation. 	<ul style="list-style-type: none"> VKR Holding continuously monitors cash flow development and assesses the projected need for liquidity in the business areas. The financial portfolio acts as a significant buffer for the Group.

Corporate governance

VKR Holding is committed to upholding exemplary corporate governance practices and aligning with the recommendations outlined by the Danish Committee on Corporate Governance (www.corporategovernance.dk), as deemed pertinent and fitting for a non-listed entity. While these recommendations mainly target companies listed on the Copenhagen stock exchange, the majority of their fundamental principles are also relevant for our Group.

The Model Company Objective, articulated by VKR Group's founder, Villum Kann Rasmussen in 1965, embodies our guiding philosophy. It mandates that our companies act responsibly toward all stakeholders, while simultaneously ensuring profitability for sustained growth. All companies in the Group aspire to fulfil this overarching objective.

The Model Company Objective also serves as the bedrock of the VKR Group's approach to

corporate social responsibility by outlining our overarching goal of conducting responsible and sustainable business while simultaneously contributing to the UN Sustainable Development Goals and the UN Global Compact initiative.

Complementing this objective, the Board of Directors of VKR Holding has approved 17 Group policies which serve as the cornerstone of our corporate governance guidelines. The

Management and Boards of our business areas are responsible for ensuring compliance with these policies. The policies are accessible on our website: www.vkr-holding.com/governance/.

The VKR Group operates within a three-tiered governance structure encompassing shareholders, VKR Holding A/S and the business areas. A formalised agreement on active ownership and collaborative engagement among the three governance levels has been established.

VKR Corporate Governance Model



SHAREHOLDERS

VKR HOLDING

A and B Shareholders

Board of Directors

Role

- The shareholders perform all the functions bequeathed to the owners of the company at the general meetings.
- At the annual general meeting, shareholders approve the annual report, the dividends for the year, elect the Board and its Chair, and select its auditor.
- Voting at the annual general meeting is based on the two types of VKR Holding shares: Class A shares (9% of the capital) carry ten votes each and Class B shares (91% of the capital) carry one vote each.
- VILLUM FONDEN is the largest shareholder and owns the majority of the Class B shares - however, it is not the controlling shareholder. It is a philanthropic foundation that supports technical and scientific research as well as environmental, social and cultural projects in Denmark and internationally (www.veluxfoundations.dk)
- VILLUM FONDEN shares ownership and influence with the founder's sons, Lars Kann-Rasmussen and Hans Kann Rasmussen, both of whom are Class A shareholders.
- The different classes of shares are distributed in such a way that any combination of two of the three main shareholders will hold a majority of voting rights. This is the core of our 'Checks and Balances' system.
- Four ordinary shareholder meetings are held each year between shareholder representatives and VKR Holding's Chair, Vice Chair and Executive Management.
- The shareholder representatives are informed of developments in the VKR Group, including the strategy, risk profile, performance, ESG factors and organisational topics of the Group's companies.
- The meetings are always held according to a pre-approved agenda.
- Currently, no Board members in VKR Holding A/S hold shares in VKR Holding A/S or its subsidiaries.

Composition

- The Board of VKR Holding currently consists of six Directors.
- Up to two Directors are elected from the company's shareholders, including Directors from the Board of VILLUM FONDEN.
- One Director elected from the group of shareholders should also serve on the Board of VILLUM FONDEN, with Jørgen Tang-Jensen currently fulfilling this requirement.
- A majority, and at least three Board members, are elected independently of the shareholders, including from VILLUM FONDEN.
- All Board members must meet fit and proper guidelines.
- The Chair is elected by the shareholders at the annual general meeting.
- The Vice Chair is elected by the Board of Directors at the Board meeting following the annual general meeting.

Key responsibilities

- The Board is responsible for the overall strategic direction of VKR Holding and operates according to an annual plan.
- Significant strategic, financial and operational matters are addressed at Board meetings. Furthermore, initiatives in relation to the environment, employees and the organisation are discussed. The Board of Directors of VKR Holding is responsible for Group policies and facilitates ongoing communication between the company and its shareholders so that expectations and positions are aligned.
- Four ordinary Board meetings are held each year according to the annual plan, with a 100% Board attendance rate in 2023.
- Extraordinary Board meetings are held, when necessary, but none were held in 2023.
- The Executive Management regularly reports and updates the Board on business developments.

Evaluation

- External evaluation of the Board is carried out every 3 or 4 years.
- In 2023-2024, an internal Board evaluation was carried out focusing on Board composition, contribution and results, the Board's agenda, and cooperation between the Board and Executive Management.
- Satisfaction was generally high for both the Board and management, but several improvement areas were identified including the process for remuneration, the balance between reporting and discussion, and risk management.

PREPARATORY BODIES TO THE BOARD OF DIRECTORS OF VKR HOLDING

BUSINESS AREAS

Audit Committee

Composition

- Appointed by the Board and consists of two Directors: Anne Broeng (Chair) and Lise Kaae.
- Two scheduled meetings annually.

Key responsibilities

- Supervise the company's risk management processes, including its internal control systems, financial reporting and external audits.
- Assist the Board of Directors in evaluating the VKR Group's aggregate risks and the VKR Group's non-audit services.
- The committee charter is available on VKR Holding's website: www.vkr-holding.com/governance/.

Nomination Committee

Composition

- VKR Holding A/S' Chair and Vice Chair, while the CEO participates in the meetings.
- Convenes at least once a year.

Key responsibilities

- Ensure the appropriate size and composition of the Board of Directors of VKR Holding A/S, its committees, and of the Boards of the business areas' parent companies.
- Identify and nominate Director candidates.
- Evaluation and recommendation on the remuneration of Board members in the Group.
- Responsible for the principles and approval of long term incentive programmes in the Business areas.
- Nomination of candidates for the Board of the VKR Employee Foundation. The Employee Foundation Board is approved by the Boards of VKR Holding and of VILLUM FONDEN.

Venture Advisory Board (KOMPAS)

Composition

- Consist of at least three and a maximum of six members including the Chair.
- VKR Holding's CEO acts as Chair and from the Board of VKR Holding A/S, Jørgen Falkebo Jensen and Lise Kaae also serve.

Key responsibilities

- Assist with venture capital investments including the role as cornerstone investor in KOMPAS Ventures.
- Supervise corporate governance of the Partnership and its investments.

Roof windows & skylights and Vertical windows

Ownership obligations

- VKR Holding's business areas operate with a high degree of independence.
- The Boards of Directors of the business areas are responsible for operations, strategy, reputation and risk management of their respective companies. The strategies, capital resources and risk profiles of the business areas are regularly aligned with VKR Holding.
- As part of the interaction between VKR Holding and the business areas, the Boards of the business areas should include a representative from VKR Holding's Board of Directors or its Executive Management. Currently only independent Directors of VKR Holding's Board serve on the Board of a business area.
- Group policies support the operational independence of the business areas by allowing the Boards of the business areas to implement supplemental or more comprehensive policies where appropriate.

Tax governance

VKR Holding's Board of Directors has approved the VKR Group Tax Policy which states that tax management is grounded in the Model Company Objective. The tax policy mandates acting with a commitment to being a good corporate citizen, while also remaining conscious of the need for profitability to ensure continued growth.

The VKR Group is a global company that pays taxes in many countries and aims to maintain a fair and reasonable allocation of Group profit between the jurisdictions in which we operate. It is important for the Group to have a responsible approach to taxes because we view direct and indirect taxes as an essential part of a well-functioning society. Our approach to the timely payment of taxes directly and/or indirectly supports several UN Sustainable Development Goals (SDGs), including SDG 1 'No poverty', SDG 4 'Quality education' and SDG 16 'Peace, justice and strong institutions'.

The VKR Group cooperates with tax authorities in a timely, open and honest manner and has voluntarily joined the Danish tax authorities' Tax Governance programme to increase knowledge sharing and transparency. We also engage with governments on proposed changes to tax legislation, where appropriate, either directly or via representative bodies. We believe that this, and any other cooperative

relationship related to tax, must be based on mutual respect, professionalism and trust.

VKR Holding's tax policy has been approved by the Board of Directors and made public. The policy is available on VKR Holding's website: www.vkr-holding.com/governance/.

VKR Holding's Board of Directors is responsible overall for taxes in VKR Holding and in the VKR Group. However, the Board of VKR Holding delegated the specific responsibility for tax policy and compliance reviews to the Chair of the Audit Committee. The Boards of the business areas are responsible for taxes in the individual business areas. The business area Boards must make sure that relevant procedures are established for reporting to VKR Holding on compliance with tax policies, tax risks and related trends.

Internally, the VKR Group has tax experts who are either qualified to determine the tax implications of transactions or are able to assess the need for external tax advice. VKR Group tax experts have an internal forum for knowledge sharing, including legislative changes and new directives. This supports the management of tax risks.

Business in the VKR Group is driven by a commercial rationale in which the tax implications of commercial transactions are

evaluated and relevant deductions and incentives are applied, all within the framework of relevant legislation. Below is a list of tax deductions and incentives used within the VKR Group.

The Group does not engage in artificial, non-business-driven planning of transactions and operations or in business structures used solely for the purpose of saving taxes.

We only operate in countries included in the EU list of non-cooperative jurisdictions where there are sound business reasons for doing so. In 2023, Russia was added to the list, however already in 2022 VELUX had decided to permanently close its Russian operations. The operations solely involved the business of selling roof windows through the company ZAO VELUX. The company was liquidated in 2023.

Country	Tax incentive
Denmark	Increased depreciation basis for certain assets Expat tax scheme Super deduction of 8% for R&D
France	Tax credits
Hungary	Incentive associated with energy efficiency investments 2019-2021
Italy	ECO Bonus tax credit programme
Lithuania	Tax free or reduced CIT until the end of 2032
Poland	Application process in progress related to the 'Polish Investment Zone'
Slovakia	Special deduction related to education provided to students of selected high schools
Slovenia	Partial tax holiday until the end of 2023
Switzerland	Partial tax holiday (60% reduction) in the period 2019-2024 granted by the Kanton of Aargau
United Kingdom	Annual investment allowance
United States	R&D credits Incentives related to sustainability (clean energy)

The Board of Directors

of VKR Holding A/S

In June 2023, the Board visited a building site in Bratislava, Slovakia, where the DOVISTA company SLOVAKTUAL is supplying windows. The Board also visited BKR-CZ in Vyskov, Czech Republic, which is a VELUX factory producing Blinds and Electric components. Finally, the Board visited Prewave GmbH in Vienna, Austria. Prewave is a portfolio company of KOMPAS Ventures.

At least one of **the annual meetings** includes a visit to the business areas to improve the **Board's understanding** of the **Group's activities**.



The VKR Board visits an apartment building construction site where SLOVAKTUAL windows are being installed. Bratislava, Slovakia.

Jozef Müller, 2023

The Board of Directors

of VKR Holding A/S

Thomas Thune Andersen
Chair



Appointed Chair 2020, Appointed Board Member 2010

Expertise

Extensive experience at the international executive and board level; plus sustainability, ESG, DEI and corporate governance experience

Chair of the Nomination Committee

Honorary positions

Chair: Lloyd's Register Group Limited / Lloyd's Register Foundation

Vice Chair: Tænketanken Hav

Member: IMI plc (Senior Independent Director) / BW Group Ltd. / World Economic Forum's Chairmen's Community / The Danish Committee on Corporate Governance

Participated in all Board and Nomination Committee meetings in 2023

Jørgen Falkebo Jensen
Vice Chair



Appointed Vice Chair 2020, Appointed Board Member 2020

Expertise

Extensive experience at the executive and board level; plus strategy, M&A, operations and venture capital investment experience

Nomination Committee and Venture Advisory Board (KOMPAS)

Honorary positions

Chair: VELUX A/S / 3Shape A/S / Ambu A/S / Weibel Scientific A/S / Micro Matic A/S / Healthcare DANMARK

Member: Armacell International S.A.

Participated in all Board and Nomination Committee meetings in 2023

Anne Broeng
Board of Directors



Appointed 2012

Expertise

Extensive board and operational experience within strategy, finance, IT, risk management, asset management, M&A and ESG

Chair of the Audit Committee

Honorary positions

Chair: Velliv / SleepCycle AB / Asta & Jul. P. Justesen Fond

Vice Chair: Børns Vilkår

Member: Rambøll Group / Energi Danmark A/S / NNIT / Aquaporin A/S

Special Advisor: NASDAQ Nordic

Participated in all Board and Audit Committee meetings in 2023

The Board of Directors

of VKR Holding A/S

Jørgen Tang-Jensen
Board of Directors



Appointed 2018, Considered dependent

Expertise

Extensive international executive and board level business experience within the building industry, including in sales, R&D, production and supply chains

Directly elected by the shareholders in VKR Holding A/S in accordance with the Governance statutes

Honorary positions

Chair: Tænketanken Europa

Vice Chair: ROCKWOOL A/S

Member: VILLUM FONDEN / Maj Invest Holding

Participated in all Board meetings in 2023

Lise Kaae
Board of Directors



Appointed 2020

Expertise

Extensive experience as a finance professional, including in M&A and venture capital investments

Audit Committee and Venture Advisory Board (KOMPAS)

CEO of HEARTLAND A/S

Honorary positions

Member: Klarna Bank AB / Various board positions in the subsidiaries of the HEARTLAND Group

Participated in all Board and Audit Committee meetings in 2023

Per Skovsted
Board of Directors



Appointed 2022

Expertise

Extensive experience as a finance professional, including asset management, family office management, ESG and impact investments

Honorary positions

Chair: Danish National Research Foundation's Investment Committee

Vice Chair: Nordea Invest

Member: A/S Stryhns Familieselskab / True Content Entertainment ApS / Wide Invest ApS / Spinnewco ApS / Helsefonden (Investment Committee)

Participated in all Board meetings in 2023

The VKR Group

as of 31 December 2023

VKR HOLDING



Financial Investments



KOMPAS Ventures



BUSINESS AREAS



ROOF WINDOWS
& SKYLIGHTS



VERTICAL
WINDOWS



Company details

VKR Holding A/S
 Breeltevej 18
 2970 Hørsholm
 Denmark

Telephone:
 +45 39 69 11 44

Website:
www.vkr-holding.com

CVR no.:
 30 83 04 15

Founded:
 7 February 1968

Registered office:
 Hørsholm

Financial year:
 1 January – 31 December

Board of Directors

Thomas Thune Andersen
 Chair

Jørgen Falkebo Jensen
 Vice Chair

Anne Broeng

Jørgen Tang-Jensen

Lise Kaae

Per Skovsted

Executive Management

Mads Kann-Rasmussen
 CEO

Auditor

EY
 Godkendt Revisionspartnerselskab
 Dirch Passers Allé 36
 2000 Frederiksberg
 Denmark



VELUX flat roof window with curved glass brings the magic of daylight right into the home. Christianshavn, Denmark.
 Martin Sølyst, 2023

Financial Statements

- 63 Income statement
- 64 Balance sheet
- 66 Statement of changes in equity
- 67 Cash flow statement
- 68 Notes
- 82 Accounting policies
- 88 Management's statement
- 89 Independent auditor's report
- 91 Independent auditor's Assurance Report on the ESG Key Figures for VKR Holding
- 93 Company overview

BELVAL ICONNE office building by Foster + Partners with 700 VELUX Modular Skylights. Luxembourg.

Nigel Young, 2023

Income statement 1 January – 31 December

DKKm	Note	Group		Parent Company	
		2023	2022	2023	2022
Revenue	1	29,543	31,889		
Changes in inventories of finished goods and work in progress		-117	694		
Work performed for own account and capitalised		119	59		
Other operating income		91	830	3,716	3,740
		29,635	33,472	3,716	3,740
Costs of raw materials and consumables		9,552	12,210		
Other external costs		7,371	7,990	931	735
Employee costs	2	7,648	8,022	78	63
Depreciation, amortisation and impairment losses		1,061	1,121	147	153
Profit before financial items and tax		4,002	4,130	2,559	2,788
Income from investments in subsidiaries	9			760	803
Income from investments in participating interests	9	8	16		
Financial income	3	1,856	1,320	2,239	1,338
Financial expenses	4	446	3,471	416	3,230
Profit before tax		5,421	1,994	5,143	1,699
Tax for the year	5	1,246	421	969	126
Profit after tax		4,175	1,573	4,174	1,573
Minority interests after tax		0	0		
Profit for the year	6	4,174	1,573	4,174	1,573
Distribution of profit:					
DKKm					
Proposed dividend				1,500	1,000
Transferred to equity reserves				2,674	573
Total distribution of profit				4,174	1,573

Balance sheet 31 December

DKKm	Note	Group		Parent Company	
		2023	2022	2023	2022
ASSETS					
Fixed assets					
Intangible assets	7	2,510	2,769	1,031	1,181
Property, plant and equipment	8	6,391	5,582	279	209
Investments	9	5,016	4,416	9,326	8,630
Total fixed assets		13,918	12,768	10,636	10,020
Current assets					
Inventories	10	4,344	4,941		
Receivables					
Trade receivables		2,127	2,631		
Contract work in progress	11	253	266		
Receivables from subsidiaries				7,490	7,577
Corporation tax receivable		135	260	0	187
Deferred tax assets	12	307	374		
Other receivables		766	844	42	24
Prepayments	13	253	221	1	7
Total receivables		3,841	4,596	7,533	7,795
Securities		13,397	11,033	13,141	10,812
Cash and cash equivalents		1,067	890	574	361
Total current assets		22,650	21,459	21,248	18,967
TOTAL ASSETS		36,568	34,227	31,884	28,987

Balance sheet 31 December (CONTINUED)

DKKm	Note	Group		Parent Company	
		2023	2022	2023	2022
EQUITY AND LIABILITIES					
Equity					
Share capital	14	110	110	110	110
Exchange rate and hedging reserve		96	-14	6	-30
Retained earnings		28,071	24,925	27,834	24,941
Proposed dividend		1,500	1,000	1,500	1,000
Reserve for net revaluation according to the equity method				327	
Minority interests		3	2		
Total equity		29,780	26,022	29,777	26,021
Provisions					
Deferred tax liabilities	15	416	380	111	148
Other provisions	16	919	981		
Total provisions		1,336	1,361	111	148
Liabilities					
Current liabilities other than provisions					
Non-current liabilities other than provisions	17	33	51		
Current portion of non-current liabilities other than provisions	17	7	1,206		1,190
Credit institutions		1	1		
Prepayments from customers		265	301		
Trade payables		2,075	2,123	32	23
Payables to subsidiaries				1,677	1,484
Payables to participating interests		11	9		
Corporation tax payable		106	184	190	
Other current liabilities		2,955	2,969	96	121
Total current liabilities other than provisions		5,419	6,793	1,995	2,819
Total liabilities other than provisions		5,452	6,844	1,995	2,819
TOTAL EQUITY AND LIABILITIES		36,568	34,227	31,884	28,987

- 18** Contractual obligations and contingencies etc.
- 19** Related parties
- 20** Currency risks and use of derivative financial instruments
- 21** Fair value information
- 22** Fee to auditors appointed by the Company in general meeting

Statement of changes in equity

Group DKKm	Share capital	Exchange rate reserve	Retained earnings	Proposed dividend	Minority interests	Total
Equity at 1 January 2023	110	-14	24,925	1,000	2	26,022
Dividend paid				-1,000		-1,000
Profit for the year			2,674	1,500	0	4,175
Exchange rate adjustments, foreign subsidiaries		110				110
Actuarial gains and losses on pension			209			209
Tax on equity transactions			-34			-34
Additions					2	2
Other adjustments			297			297
Equity at 31 December 2023	110	96	28,071	1,500	3	29,780

Parent Company DKKm	Share capital	Hedging reserve	Retained earnings	Proposed dividend	Reserve for net revaluation according to the equity method	Total
Equity at 1 January 2023	110	-30	24,941	1,000		26,021
Dividend paid				-1,000		-1,000
Profit for the year			2,347	1,500	327	4,174
Exchange rate adjustments, foreign subsidiaries			248			248
Adjustment of hedging instruments at fair value		47				47
Tax on equity transactions		-10				-10
Other adjustments			297			297
Equity at 31 December 2023	110	6	27,834	1,500	327	29,777

Cash flow statement

DKKm	Group	
	2023	2022
Operating cash flow before changes in working capital	5,087	4,926
Changes in working capital	969	-1,554
Corporation tax paid	-841	-582
Cash flow from operating activities	5,215	2,790
Acquisitions and disposals of enterprises and activities	27	-11
Acquisitions and disposals of intangible and tangible fixed assets	-1,490	-406
Cash flow used in operating investing activities	-1,463	-417
Purchase and sale of securities	-1,580	-755
Cash flow used in investing activities	-3,043	-1,172
Financial income and financial expenses	267	686
Net proceeds from loans	-1,264	-1,304
Dividends from participating interests	7	3
Capital increase from minority interests	2	2
Dividend paid	-1,000	-1,000
Cash flow used in financing activities	-1,988	-1,613
Total cash flow for the year	185	5
Cash and cash equivalents at 1 January	890	823
Exchange rate adjustments	-7	62
Cash and cash equivalents at 31 December	1,067	890

Notes

VELUX roof windows have brought light and fresh air to a family in Kgs. Lyngby, Denmark.

Christina Kayser, 2023

Notes

1	Revenue	Group	
		DKKm	DKKm
		2023	2022
	Revenue by business segments:		
	Roof windows & skylights	21,670	22,272
	Vertical windows	7,880	9,625
	Other areas and eliminations	-8	-8
	Total revenue	29,543	31,889

Revenue	Group		
	DKKm	DKKm	
	2023	2022	
	Revenue by geographical segments:		
	Europe	26,442	28,956
	Rest of the world	3,100	2,933
	Total revenue	29,543	31,889

2	Employee costs	Group		Parent Company	
		DKKm	DKKm	DKKm	DKKm
		2023	2022	2023	2022
	Wages and salaries	6,376	6,745	72	58
	Pensions	368	414	6	5
	Other social security costs	904	863	0	0
	Total employee costs	7,648	8,022	78	63
	Average number of full time employees	18,181	20,007	54	47

Employee costs include remuneration of the Executive Management and of the Board of Directors in the parent company DKKm 13 (2022: DKKm 12).

Notes (CONTINUED)

3 Financial income

The parent company's interest income from subsidiaries amounted to DKKm 620.5 (2022: DKKm 161.9).

The Group's bank interest income amounted to DKKm 13.5 (2022: DKKm 6.9), while the parent company's bank interest income amounted to DKKm 11.0 (2022: DKKm 1.4).

4 Financial expenses

The parent company's interest expense from subsidiaries amounted to DKKm 63.0 (2022: DKKm 19.6).

The Group's bank interest expense amounted to DKKm 16.0 (2022: DKKm 16.1), while the parent company's bank interest expenses amounted to DKKm 14.3 (2022: DKKm 8.3).

5 Tax for the the year

DKKm	Group		Parent Company	
	2023	2022	2023	2022
Current tax for the year	1,207	661	991	236
Prior year adjustment	-19	-17	-8	-19
Change in deferred tax for the year	59	-222	-15	-91
Total tax for the year	1,246	421	969	126

The Group's current and deferred tax including prior year adjustments amounted to DKKm 1,246 (2022: DKKm 421), equivalent to an effective tax rate of 23.0% (2022: 21.1%).

6 Distribution of profit

DKKm	Parent Company	
	2023	2022
Proposed dividend	1,500	1,000
Transferred to equity reserves	2,674	573
Total distribution of profit	4,174	1,573

Notes (CONTINUED)

7 Intangible assets

Group

DKKm	Completed development projects	Acquired patents, licences, trademarks, etc.	Goodwill	Prepayments and development projects in progress	Total
Cost at 1 January	662	1,759	3,823	21	6,264
Exchange rate and other adjustments	-2	17	15	0	30
Additions	1	76	0	9	87
Disposals		-15	-39		-54
Transferred	2	10		-11	1
Cost at 31 December	664	1,847	3,799	20	6,330
Amortisation and impairment losses at 1 January	641	734	2,120		3,495
Exchange rate and other adjustments	-1	4	-4		-1
Amortisation	0	148	210		358
Impairment losses		10			10
Disposals		-14	-30		-43
Amortisation and impairment losses at 31 December	640	883	2,296		3,819
Carrying amount at 31 December	24	965	1,503	20	2,511
Carrying amount at 31 December, last year	21	1,024	1,703	21	2,769

Notes (CONTINUED)

7	Intangible assets (continued)	Parent Company
		Acquired patents, licences, trademarks, etc.
	DKKm	
	Cost at 1 January	1,726
	Disposals	-39
	Cost at 31 December	1,688
	Amortisation and impairment losses at 1 January	546
	Amortisation	141
	Disposals	-30
	Amortisation and impairment losses at 31 December	657
	Carrying amount at 31 December	1,031
	Carrying amount at 31 December, last year	1,181

Notes (CONTINUED)

8 Property, plant and equipment

DKKm	Group				Total
	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Prepayments and assets under construction	
Cost at 1 January	4,979	6,966	1,047	767	13,759
Exchange rate and other adjustments	94	129	8	11	243
Additions	134	567	157	583	1,441
Disposals	-9	-222	-84	-2	-317
Transferred	73	398	20	-493	-1
Cost at 31 December	5,272	7,838	1,148	867	15,125
Depreciation and impairment losses at 1 January	2,353	5,006	818		8,177
Exchange rate and other adjustments	31	92	25		148
Impairment losses		3			3
Depreciation	154	464	73		690
Disposals	-4	-201	-79		-284
Depreciation and impairment losses at 31 December	2,534	5,363	837		8,734
Carrying amount at 31 December	2,738	2,474	312	867	6,391
Carrying amount at 31 December, last year	2,626	1,960	229	767	5,582
Included capital leased assets	15		8		23

Notes (CONTINUED)

8 Property, plant and equipment (continued)

DKKm	Parent Company			Total
	Land and buildings	Other fixtures and fittings, tools and equipment	Prepayments and assets under construction	
Cost at 1 January	444	43	22	511
Additions	1	0	75	76
Cost at 31 December	445	43	98	586
Depreciation and impairment losses at 1 January	264	37		301
Depreciation	3	3		6
Depreciation and impairment losses at 31 December	267	40		307
Carrying amount at 31 December	178	3	98	279
Carrying amount at 31 December, last year	180	7	22	209

Notes (CONTINUED)

9 Investments

DKKm	Group			Total
	Investments in participating interests	Other investments	Other receivables	
Cost at 1 January	16	3,511	422	3,948
Exchange rate and other adjustments	0		12	12
Additions		665	41	706
Disposals		-260		-260
Cost at 31 December	16	3,916	476	4,407
Value adjustments at 1 January	21	696	-249	468
Exchange rate and other adjustments		-3		-3
Profit for the year	8	11		19
Dividends received	-7			-7
Disposals		-93		-93
Other adjustments			226	226
Value adjustments at 31 December	22	610	-23	609
Carrying amount at 31 December	38	4,526	452	5,016
Carrying amount at 31 December, last year	37	4,206	173	4,416

Notes (CONTINUED)

9	Investments (continued)	Parent Company			
		DKKm	Investments in subsidiaries	Other investments	Total
	Cost at 1 January		5,381	2,961	8,343
	Additions		335	473	808
	Disposals		-497	-201	-699
	Cost at 31 December		5,219	3,233	8,452
	Value adjustments at 1 January		-393	681	287
	Exchange rate and other adjustments		105		105
	Profit for the year		760	-40	720
	Dividends received		-642		-642
	Disposals		497	-94	403
	Value adjustments at 31 December		327	547	874
	Carrying amount at 31 December		5,546	3,780	9,326
	Carrying amount at 31 December, last year		4,988	3,642	8,630

For specification of investments in subsidiaries and participating interests, refer to the company overview in the end of the annual report.

10	Inventories	Group		
		DKKm	2023	2022
	Raw materials and consumables		1,316	1,777
	Work in progress		713	722
	Finished goods and goods for resale		2,315	2,442
	Inventories at 31 December		4,344	4,941

Notes (CONTINUED)

11	Contract work in progress	Group	
		2023	2022
	DKKm		
	Selling price of work performed	856	503
	Progress billings	-654	-481
	Contract work in progress at 31 December	203	22
	Recognised as follows:		
	Contract work in progress (assets)	253	266
	Prepayments from customers (liabilities)	-51	-244
	Contract work in progress at 31 December	203	22

12	Deferred tax assets	Group	
		2023	2022
	DKKm		
	Deferred tax assets at 1 January	374	288
	Exchange rate adjustments	3	-3
	Deferred tax adjustments for the year recognised in the income statement	-69	99
	Tax on equity transactions		-10
	Deferred tax assets at 31 December	307	374

At 31 December 2023, the Group has recognised tax assets of DKKm 307. The tax assets include the tax value of tax loss carry forwards etc. of DKKm 44 covering the nominal value of tax loss carry forwards of 191 DKKm. Based on budgets until 2025, Management has considered that future taxable income will be available for utilisation of the tax assets. In addition to the tax loss recognised in the balance sheet, the Group has total unrecognised tax losses of a nominal value of DKKm 70 which due to uncertainty of the future utilisation has not been recognised in the balance sheet related to companies in Austria, Germany, Norway, Switzerland and UK. The tax value of the unrecognised losses amounts to DKKm 19.

13 Prepayments

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

Notes (CONTINUED)

14 Share capital

At 31 December 2023, the share capital comprises:

10,000,000 A shares of DKK 1 each

99,869,000 B shares of DKK 1 each

The share capital has not changed during the past five years.

Each A share carries 10 voting rights, and each B share carries 1 voting right.

15 Deferred tax liabilities

DKKm	Group		Parent Company	
	2023	2022	2023	2022
Deferred tax liabilities at 1 January	380	509	148	239
Exchange rate adjustments	5	3		
Acquisition of enterprises				
Change in deferred tax for the year recognised in the income statement	5	-111	-37	-91
Tax on equity transactions	26	-21		
Deferred tax liabilities at 31 December	416	380	111	148

16 Other provisions

The provisions mainly relate to warranty provisions, and DKKm 286.7 are expected to fall due within a year after the end of the financial year (2022: DKKm 355.0).

17 Non-current liabilities other than provisions

DKKm	Group			
	Total debt at 31 December 2023	Repayment next year	Long-term portion	Outstanding debt after 5 years
Non-current liabilities other than provisions are recognised as follows:				
Lease liabilities	24	7	5	12
Other non-current liabilities	16	0		16
Total liabilities other than provisions at 31 December	40	7	5	28

Notes (CONTINUED)

18 Contractual obligations and contingencies etc.

DKKm	Group		Parent Company	
	2023	2022	2023	2022
Lease obligations (operating leases) falling due within five years, total	304	233	2	1
Commitment relating to investment in equity funds	3,139	2,748	3,360	3,397
Rental obligations	1,495	1,519	13	39
Guarantees	229	224	12	
Other contractual obligations	331	241		

The parent company is jointly taxed with the 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. The parent company's rental obligations include DKKm 7 to subsidiaries (2022: DKKm 8), and the parent company's commitment relating to investments in equity funds include DKKm 626 to subsidiaries (2022: DKKm 803).

19 Related parties

Transactions between VKR Holding A/S 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. In 2023 capital increases in subsidiaries of DKKm 19.9 was performed. The Company has not had any other transactions of this type during the financial year.

20 Currency risks and use of derivative financial instruments

The parent company uses hedging instruments such as forward exchange contracts and currency swaps to hedge recognised and unrecognised transactions.

The parent company is included as a counterparty in forward exchange contracts and commodity futures contracts with individual subsidiaries regarding the hedging of those companies' foreign exchange risks and price risks. Hedging of recognised transactions mainly comprises receivables and liabilities.

Hedging is also made regarding expected foreign exchange risks related to goods purchased and sale of goods within the next year and for commodity price risks within 1-2 years. Moreover, foreign exchange risks are hedged externally on an ad hoc basis for individual financial transactions.

A subsidiary in the Group 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 to purchase electricity from these facilities for 10 years. 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.

Notes (CONTINUED)

21 Fair value information

DKKm	Group		
	Other investments	Securities	Derivative financial instruments
Fair value at 31 December	4,526	13,397	20
Value adjustments in the income statement	-88	1,162	-1
Changes recognised in the reserve for hedging transactions			0
Fair value level	3	1	3

DKKm	Parent Company		
	Other investments	Securities	Derivative financial instruments
Fair value at 31 December	3,780	13,141	5
Value adjustments in the income statement	-139	1,156	-3
Changes recognised in the reserve for hedging transactions			8
Fair value level	3	1	2

The Company's investments in 'Other investments' (level 3 in the fair value hierarchy) primarily include investments in loan funds, property funds, private equity (capital funds) and similar passive investments (collectively referred to as 'investment funds') as well as investments in non-listed start-up companies. For this type of investments, fair value cannot be measured on basis of observations in an active market but is based on information of valuation from the funds themselves. At the conclusion of new investments in investment funds, VKR Holding receives information about the funds' overall principles for valuation and these are accepted if the Company chooses to invest in the investment fund. The fair value of its investments in investment funds is based on quarterly reports received. The fair value for non-listed start-ups is based on third party transactions.

VKR Holding neither receives detailed information about fair value calculation of the investment funds, nor information about the key assumptions used in the fair valuation. The fair value of all investment funds is calculated based on non-observable inputs.

The valuation method is unchanged from 2022.

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.

The fair value of the derivative financial instruments (level 2 in the fair value hierarchy) open on the balance sheet date is calculated using observable rates as of the balance sheet date. Value adjustments are calculated on the basis of the contracted prices. If a reliable fair value cannot be stated according to the above levels, the asset or liability is measured at cost.

Notes (CONTINUED)

22 Fee to auditors appointed by the Company in general meeting

DKKm	Group		Parent Company	
	2023	2022	2023	2022
Fee to auditor appointed by the Company in general meeting	30	27	2	2
Other auditors	2	3		
Total fee	32	30	2	2
The fee can be specified as follows:				
Statutory audit	18	18	0	0
Other assurance engagements	6	4	1	
Tax consultancy	2	4	1	1
Non-audit services	6	4	0	1
Total fee	32	30	2	2

Accounting policies

Connecting buildings with nature through large panoramic windows from Slovaktual, Slovakia.

Miro Pochyba, 2023

Accounting policies

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

The accounting policies used in the preparation of the financial statements remain unchanged in comparison with last year.

The financial statements are presented in Danish kroner rounded to the nearest million. Due to this rounding, the sum of the individual items may differ from the totals.

Consolidated financial statements

Consolidation

On consolidation of the parent company, VKR Holding A/S, and the subsidiaries, intra-group income and expenses, shareholdings, intra-group balances and dividends, realised and unrealised gains and losses on intra-group transactions are eliminated.

External business combinations

Recently acquired or established enterprises are recognised in the parent company financial statements from the date of acquisition. Divested companies are recognised in the parent company financial statements up to the date of divestment. Comparative figures are not restated for newly acquired companies. Discontinued operations are presented separately.

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

When acquiring new enterprises, the purchase method is applied, if controlling influence is achieved upon acquisition. The identifiable assets and liabilities of the acquired companies are measured at fair value at the acquisition date. Identifiable intangible assets are recognised if they are separable or arise from a contractual right. Deferred tax related to the revaluations made.

The excess of the total consideration transferred, the value of minority interests and the fair value of any equity investments previously held in the acquired company over the total identifiable assets and liabilities measured at fair value is recognised as goodwill under 'Investments in subsidiaries' or 'Investments in participating interests'.

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.

The purchase consideration transferred as payment for the acquired company consists of the fair value of assets transferred, liabilities assumed, and equity instruments issued. If the contingent purchase consideration depends on future events, or the performance of contractual obligations forms part of the total consideration transferred, such part of the consideration transferred is recognised at fair value at the acquisition date. 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.

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.

Whenever the disposal of a subsidiary leads to a loss of controlling influence, the profit or loss is calculated as the difference between the selling price less transaction costs and the carrying amount of net assets.

If put options are issued as part of the consideration transferred regarding a business combination, the put options received by the minority interests are considered redeemed at the acquisition date. The minority interest is removed, and a liability is recognised at fair value at initial measurement. The fair value is calculated as the present value of the exercise price of the option. The subsequent measurement is carried at amortised cost with ongoing recognition of interest expenses in the income statement and revaluation of goodwill.

Intra-group business combinations

The book value method is applied to business combinations, such as acquisition and disposal of investments, mergers, demergers, contribution 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 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 currency are translated at the exchange rates at the transaction date. Foreign exchange differences 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'.

On recognition of foreign enterprises, the income statements are translated at average exchange rates and the balance sheet items are translated at the exchange rates at the balance sheet date. Exchange rate differences arising on translation are recognised directly in equity.

Exchange rate adjustments of intra-group balances with independent foreign enterprises considered part of the total investment in the subsidiary are recognised directly in equity.

Accounting policies (CONTINUED)

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and subsequently measured at fair value.

Fair value adjustments of derivative financial instruments designated and qualifying as fair value hedges 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 at derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement on an ongoing basis.

Income statement

Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition. Income from the sale of goods for resale and finished 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 the rendering of services is recognised as revenue as the services are rendered. Accordingly, revenue corresponds to the market value of the services rendered during the year (percentage-of-completion method). 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.

Raw materials and consumables, etc.

Raw materials and consumables include costs relating to raw materials and consumables used in generating the year's revenue.

Other operating income

Other operating income comprise items of secondary nature relatively to the core activities of the companies, including gains and losses on disposal of fixed assets.

Other external expenses

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

Employee costs

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

Income from investments in subsidiaries and participating interests

The proportionate share of the result after tax of the individual subsidiaries is recognised in the income statement of the parent company after full elimination of intra-group profit/loss according to the equity method. The proportionate share of the result after tax of participating interests is recognised in both the parent company and the consolidated income statements after elimination of the proportionate share of intra-group profit/loss.

Financial income and expenses

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

Tax for the year

Tax for the year includes current tax and deferred tax for the year. The tax expense relating to the profit/loss for the year is recognised in the income statement, whereas the tax expense relating to changes in equity transactions is recognised directly in equity.

Changes in deferred tax as a consequence of changes in tax rates are recognised in the income statement.

The Company is jointly taxed with all Danish subsidiaries. The tax effect of the joint taxation with the subsidiaries is allocated between profit- and loss-making companies in proportion to their taxable income (full absorption with refunds for tax losses). The jointly taxed companies are taxed under the on-account tax scheme. The Company manages the joint taxation and consequently settles the total Danish tax from the jointly taxed companies' taxable income.

Balance sheet

Assets

Intangible assets

Gains and losses on sale of intangible assets are recognised in the income statement as other operating income or other operating expenses.

Goodwill

Goodwill is measured at cost less accumulated amortisation and is amortised on a straight-line basis over the amortisation period, which is 5-15 years. The amortisation period is determined based on the expected

Accounting policies (CONTINUED)

repayment period, and this is longest for strategic acquisitions with strong market positions and a long-term earnings profile.

Development projects

Development costs comprise costs, salaries and amortisation directly and indirectly attributable to the companies' development activities. Development projects that are clearly defined, identifiable and with evidenced future utilisation are recognised as intangible assets if there is sufficient assurance that future earnings will be generated. Other development costs are recognised in the income statement as incurred. Capitalised development costs are measured at cost less accumulated amortisation and impairment losses. Development costs are amortised on a straight-line basis over the expected useful life. The amortisation period is usually 3-5 years.

Acquired patents, licences, trademarks etc.

Acquired patents, licences, and trademarks – including software – are measured at cost less accumulated amortisation and impairment losses. Acquired patents are amortised on a straight-line basis over the remaining patent period. Licences, trademarks and software are amortised over the agreement period. For licenses and trademarks, the period is between 5-10 years, while software is typically amortised over 3-5 years. Additional impairment is made when deemed necessary.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Property, plant and equipment are written down to the net

realisable value if this is lower than the carrying amount. Land is not depreciated.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

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.

Gains and losses on sale 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'.

Investments in subsidiaries and participating interests

Investments in subsidiaries and participating interests are measured according to the equity method. The Company considers the equity method a consolidation method.

On initial recognition, investments in subsidiaries and participating interests are measured at cost 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 the share of profit/loss after tax calculated according to the Group's accounting policies eliminated for unrealised intra-group profits/losses, as well as subsequent adjustments to the fair value of

contingent purchase considerations. Investment properties in participating interests are measured at fair value.

Dividend received is reduced from the carrying amount.

Subsidiaries and participating interests with negative net asset values are measured at DKK 0 (nil), and any amounts owed by such enterprises are written down by the parent company's share of the negative net asset value if the amount owed is considered irrecoverable. If the negative net asset value exceeds the receivable, the remaining amount is recognised as 'Other provisions' in the balance sheet, if there is a legal or actual obligation to cover the imbalance.

Other investments

Other investments that do not have fixed expiry dates and are recognised as fixed assets are measured at fair value at the balance sheet date. The fair value represents the market value of the assets forming part of an active market. Other securities that the Company intends to hold until maturity and with fixed expiry dates are measured at amortised cost.

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and participating interests 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).

Accounting policies (CONTINUED)

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.

Current assets

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 of goods for resale, raw materials and consumables comprises the purchase price plus delivery costs. The cost of manufactured goods and work in progress includes direct and indirect production costs.

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 cost price.

Receivables

Receivables are measured at amortised cost. The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

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.

Contract work in progress

Contract work in progress is measured at the market value of the work performed less progress-billings. The market value is calculated based on the stage of completion at the balance sheet date and the total expected income from the relevant contract. The stage of completion is calculated based on the costs incurred relative to the expected total costs relating to the relevant contract. If the total expenses relating to the work in progress are expected to exceed the total market value, the expected loss is recognised as a loss-making agreement under 'Provisions' and is expensed in the income statement.

The value of work in progress less progress billings is classified as assets when the selling price exceeds progress billings and as liabilities when progress billings exceed the market value.

Prepayments

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

Securities

Listed securities recognised as current assets are measured at fair value (market price) at the balance sheet date.

Equity

Exchange rate reserve

The exchange rate reserve comprises the share of exchange rate differences arising on translation of financial statements of subsidiaries and participating interests with a functional currency other than DKK and exchange rate adjustments of assets and liabilities considered part of the Company's net investments in such companies. The reserve is dissolved by divestment of the foreign enterprises.

Hedging reserve

The hedging reserve comprises accumulative net change in the fair value of hedging transactions that qualify for recognition as a cash flow hedge and when the hedged transaction has not yet been realised. The reserve is dissolved when the hedged transaction is realised, if the hedged cash flows are no longer expected to be realised or if the hedging is no longer effective. The reserve does not represent a company law commitment and may therefore be negative.

Dividend

Dividend expected to be distributed for the financial year is presented as a separate item under '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 relative 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 at a negative amount.

Liabilities

Deferred tax

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 carry forwards, 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 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'.

Other provisions

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

Accounting policies (CONTINUED)

Liabilities

The Company has chosen IAS 39 as interpretation for liabilities.

Financial liabilities are recognised at the date of borrowing, net of transaction costs incurred. In subsequent periods, financial liabilities are measured at amortised cost. Premiums/discounts are accrued over the term of the liability. Capitalised obligations on finance leases are recognised as liabilities other than provisions. Other liabilities other than provisions are measured at net realisable value.

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)

Cash flow statement

The cash flow statement shows the Group's cash flow from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents, and the Group's cash and cash equivalents at the beginning and at the end of the year. The cash flow effect of acquisitions and disposals of enterprises is included in cash flows used in investing activities. Cash flows from acquisitions of enterprises are recognised in the cash flow statement from the acquisition date. Cash flows from disposals of enterprises is recognised up until the date of disposal.

Financial highlights

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

$$\text{EBITA margin: } \frac{\text{EBITA} \times 100}{\text{Revenue}}$$

$$\text{Return on invested capital: } \frac{\text{EBITA} \times 100}{\text{Average invested capital, including goodwill}}$$

$$\text{Equity ratio (Solidity): } \frac{\text{Equity excluding minority interest} \times 100}{\text{Total equity and liabilities}}$$

EBITA:

Earnings before goodwill amortisation, financial items and tax.

Invested capital, including goodwill:

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

Goodwill is recognised at carrying amount + accumulated amortisation.

Management's statement

Today the Board of Directors and the Executive Board have discussed and approved the annual report of VKR Holding A/S for 2023.

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

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the parent company at 31 December 2023 and of the results of the Group's and the parent company's operations and the consolidated cash flows for the financial year 1 January – 31 December 2023.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the parent company's operations and financial matters and the results of the Group's and the parent company's operation and financial position.

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

Hørsholm, 8 March 2024

Executive Board:

Mads Kann-Rasmussen
CEO

Board of Directors:

Thomas Thune Andersen
Chair

Jørgen Falkebo Jensen
Vice Chair

Anne Broeng

Jørgen Tang-Jensen

Lise Kaae

Per Skovsted

Independent auditor's report

To the shareholders of VKR Holding A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of VKR Holding 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, for the Group and the parent company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the parent company at 31 December 2023 and of the results of the Group's and the parent company's operations as well as the consolidated cash flows 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 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 consolidated financial statements and the parent company financial statements' (hereinafter collectively referred to as '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 Group 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 consolidated financial statements and parent company 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 Group's and the parent 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 Group or the parent 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 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 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 Group's and the parent company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the parent 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 Group and the parent 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.

Independent auditor's report (CONTINUED)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Statement on Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover 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 Management's review and, in doing so, consider whether 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 Management's review provides the information required under the Danish Financial Statements Act.

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

Copenhagen, 8 March 2024

EY

Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Torben Bender

State Authorised Public Accountant
mne21332

Morten Østergaard Koch

State Authorised Public Accountant
mne35420

Independent auditor's Assurance Report on the ESG Key Figures for VKR Holding

To the Shareholders of VKR Holding A/S

As agreed, we have performed an examination with a combined reasonable and limited assurance, as defined by the International Standards on Assurance Engagements, on ESG Key Figures for VKR Holding table in VKR Holding A/S' Sustainability section for the period from 1 January to 31 December 2023.

Specifically, we are to conclude on the marked Key Performance Indicators in the ESG Key Figures for VKR Holding table on page 46 ('ESG Key Figures'):

- Reasonable assurance over the Key Performance Indicators identified in the table ESG Key Figures table for 2023 on page 46, marked with a 'Reasonable Assurance Icon' ●
- Limited assurance over the Key Performance Indicators identified in the table ESG Key Figures table for 2023 on pages 46, marked with a 'Limited Assurance Icon' ○

In preparing the ESG Key Figures, VKR Holding A/S ('VKR') applied the ESG reporting principles described on page 48. The ESG Key Figures needs to be read and understood together with the ESG reporting principles, which management is solely responsible for selecting and applying. The absence of an established practice on which to derive, evaluate, and measure the ESG Key Figures

allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time.

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Sustainability section of the Annual Report, and accordingly, we do not express an opinion on this information.

Management's responsibilities

VKR's Management is responsible for selecting the ESG reporting principles, and for presenting the ESG Key Figures in accordance with the ESG reporting principles, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records, and making estimates that are relevant to the preparation of the ESG Key Figures, such that it is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities

Our responsibility is to express a conclusion based on our examinations on the presentation of the ESG Key Figures in accordance with the scope defined above.

We conducted our examinations in accordance with ISAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information and additional requirements under Danish audit regulation to obtain assurance for the purposes of our conclusion.

EY Godkendt Revisionspartnerselskab applies International Standard on Quality Management 1, ISQM1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour as well as ethical requirements applicable in Denmark.

Description of procedures performed

In obtaining reasonable assurance over the Key Performance Indicators identified in the ESG Key Figures in the Table on page 46, marked with a 'Reasonable Assurance Icon', our objective was to perform such procedures and to obtain such evidence which we consider necessary in order to provide us with sufficient appropriate evidence to express an opinion with reasonable assurance.

In obtaining limited assurance over the Key Performance Indicators identified in the ESG Key Figures in the table on page 46, our objective was to perform such procedures as to obtain information and explanations which we consider necessary in order to provide us

with sufficient appropriate evidence to express a conclusion with limited assurance. The procedures performed in connection with our limited assurance engagement are less than those performed in connection with a reasonable assurance engagement. Consequently, the degree of assurance for our conclusion is substantially less than the assurance which would be obtained had we performed a reasonable assurance engagement.

As part of our examination, we performed the below procedures:

- Interviewed those in charge of ESG Key Figures to develop an understanding of the process for the preparation of the Sustainability section of the Annual Report and for carrying out internal control procedures.
- Performed analytical review of the data and trends to identify areas of the ESG Key Figures with a significant risk of misleading or unbalanced information or material misstatements and obtained an understanding of any explanations provided for significant variances.
- Based on inquiries we evaluated the appropriateness of ESG reporting principles used, their consistent application and related disclosures in the ESG Key Figures. This includes the reasonableness of estimates made by management.
- Designed and performed further procedures responsive to those risks and obtained evidence that is sufficient and appropriate to provide a basis for our conclusion.

Independent auditor's Assurance Report on the ESG Key Figures for VKR Holding

(CONTINUED)

- In connection with our procedures, we read the other sustainability information in the Sustainability section of the Annual Report and, in doing so, considered whether the other sustainability information is materially inconsistent with the ESG Key Figures or our knowledge obtained in the review or otherwise appear to be materially misstated.

In addition to the above we performed the following procedures for the ESG Key Figures marked with a 'Reasonable Assurance Icon' subject to reasonable assurance:

- Agreed key items and representative samples based on generally accepted sampling methodology to source information to check accuracy and completeness of the data.

In our opinion, the examinations performed provide a sufficient basis for our conclusion.

Conclusion

In our opinion the Key Performance Indicators identified in the ESG Key Figures for VKR Holding in the table on page 46, marked with a 'Reasonable Assurance Icon' for the period from 1 January to 31 December 2023 which has been subject to our reasonable assurance procedures have, in all material respects, been prepared in accordance with the ESG reporting principles on page 48.

Based on the limited assurance examinations and the evidence obtained, nothing has come to our attention that causes us to believe that the Key Performance Indicators identified in

the ESG Key Figures for VKR Holding in the table on 46, marked with a 'Limited Assurance Icon' for the period 1 January to 31 December 2023, has not been prepared, in all material respects, in accordance with the ESG reporting principles described on page 48.

Copenhagen, 8 March 2024

EY

Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28

Morten Østergaard Koch

State Authorised Public Accountant
mne35420

Lars Fermann

State Authorised Public Accountant
mne45879

Company overview December 2023

■ Subsidiary □ Participating interests or joint venture

Argentina

- VELUX Argentina S.A.

Australia

- VELUX Australia Pty. Ltd.

Austria

- VELUX Commercial Österreich GmbH
- VELUX Österreich GmbH

Belgium

- VELUX Belgium S.A.

Bosnia and Herzegovina

- VELUX Bosna i Hercegovina d.o.o.

Bulgaria

- VELUX Bulgaria EOOD

Canada

- VELUX Canada Inc.

Chile

- VELUX Chile SpA

China

- Dovista (Guangzhou) Windows and Doors Technology Co. Ltd.
- VELUX (CHINA) CO., Ltd.

Croatia

- VELUX Hrvatska d.o.o.

Czech Republic

- BKR ČR, s.r.o.
- VELUX Česká republika, s.r.o.

Denmark

- A/S Østbirk Bygningsindustri
- DOVISTA A/S
- Gåsdal Bygningsindustri A/S
- Homecontrol A/S
- KOMPAS Management ApS
- KOMPAS Ventures K/S - 99%
- KOMPAS Ventures Komplementar ApS
- Krone Vinduer A/S
- O.H. Industri A/S
- Thyregod Bygningsindustri A/S
- VELUX A/S
- VELUX Commercial Danmark A/S
- VELUX Danmark A/S
- VELUX NewCo A/S
- Ventilation Holding ApS
- Vitral A/S
- VKR Invest ApS
- VKR NewCo A/S

Estonia

- VELUX Eesti OÜ

Finland

- Kurikka Timber OY - 50%
- VELUX Suomi Oy

France

- KH-SK France S.A.S.
- Velsol France S.A.S.
- VELUX France S.A.S.
- VKR France S.A.S.

Germany

- Arcon-Sunmark GmbH (in liquidation)
- BEW Bauelemente Werratal GmbH
- Finestra GmbH
- JET Schaumstoff-Formteile GmbH
- JTJ Sonneborn Industrie GmbH
- VELUX Commercial Deutschland GmbH
- VELUX Commercial GmbH & Co. KG
- VELUX Commercial Grundbesitz GmbH & Co. KG
- VELUX Commercial Grundbesitz Holding GmbH
- VELUX Commercial Holding GmbH
- VELUX Commercial Production DE Hüllhorst GmbH
- VELUX Commercial Production DE Voerde GmbH

- VELUX Commercial Vermögensverwaltungsgesellschaft mbH
- VELUX Deutschland GmbH
- webcom Management Holding GmbH
- Wertbau GmbH
- WERU Fenster und Türen GmbH
- WERU GmbH

Hungary

- Altaterra Kft.
- VELUX Magyarország LKR Kft.

Ireland

- DOVISTA IRL Ltd.
- VELFAC Ireland Ltd.

Italy

- VELUX Italia s.p.a.

Japan

- VELUX-Japan Ltd.

Latvia

- VELUX Latvia SIA

Lithuania

- UAB "DOVISTA"
- UAB "Vitral"
- "VELUX Lietuva", UAB

Company overview December 2023 (CONTINUED)

■ Subsidiary □ Participating interests or joint venture

The Netherlands

- Dakvenster.com B.V.
- Daylighttechnics B.V.
- JET BIK Producten B.V.
- JET BIK Projecten B.V.
- JET Group B.V.
- JET Group Holding B.V.
- JET Group International B.V.
- VELUX Nederland B.V.
- WERU Nederland B.V.

New Zealand

- VELUX New Zealand Ltd.

Norway

- DOVISTA Norge AS
- Natre Vinduer AS
- VELUX Commercial Bramo AS
- VELUX Norge AS

Poland

- Altaterra Polska Sp. z o.o.
- Dobroplast Fabryka Okien Sp. z o.o.
- Dobroplast Bis Sp. z o.o.

Dobroplast Bis Sp. z o.o. Sp. k. w likwidacji

- DOVISTA Polska Sp. z o.o.
- NB Polska Sp. z o.o.
- NM Polska Sp. z o.o.
- VELUX Commercial Polska Sp. z o.o.
- VELUX Polska Sp. z o.o.

Portugal

- VELUX Portugal, Unipessoal Lda.

Romania

- S.C. VELUX România S.R.L.

Serbia

- VELUX Srbija d.o.o.

Slovakia

- Partizánske Building Components-SK s.r.o.
- SLOVAKTUAL s.r.o.
- VELUX Slovensko spol. s.r.o.

Slovenia

- VELUX Slovenija d.o.o.

Spain

- VELUX Spain, S.A.

Sweden

- DOVISTA Sverige AB
- Mockfjärds Fönster AB
- Svenska Fönster AB
- VELFAC AB
- VELUX Svenska AB

Switzerland

- DOVISTA Windows AG
- EgoKiefer AG
- VELUX Commercial Schweiz AG
- VELUX Schweiz AG

Türkiye

- VELUX Çati Pencereleeri Ticaret Limited Şirketi

Ukraine

- VELUX Ukraina TOV

United Kingdom

- DOVISTA UK Ltd.
- EVL Cessation Ltd.
- JET Cox Ltd.
- VELUX Commercial Xtralite Ltd.
- VELUX Company Ltd.
- V.U.K. HOLDINGS LIMITED

USA

- TVC Holdings LLC
- VELUX America LLC
- VELUX Design and Development USA LLC
- VELUX Greenwood LLC
- VELUX Group USA Inc.
- VELUX Sky Forwarding LLC
- VELUX Solutions LLC

Information in the company overview is provided pursuant to section 97a (3) of the Danish Financial Statements Act.

The companies are 100% owned by VKR unless otherwise stated after the company name.

VELUX NewCo A/S and VKR NewCo A/S are included in the consolidated financial statements of VKR Holding A/S. The two companies are without activity and do not present an annual report, cf. section 6 (1.6) of the Danish Financial Statements Act.



Enjoying a ray of light through the VELUX roof windows in Sofia, Bulgaria
Steven M. Fisher, 2023

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