

Press Release
22 March 2024

The VKR Group improved its performance in 2023 despite severe headwinds

In 2023, the VKR Group generated a profit of DKK 4.2 billion. This marked a significant improvement compared to 2022. In the face of declining revenue compounded by a construction sector slowdown, this year's performance is considered satisfactory.

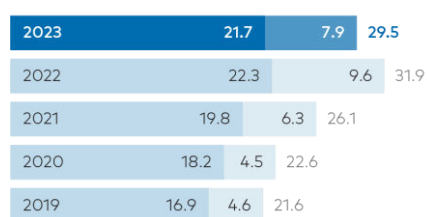
- In 2023, the VKR Group delivered a turnover of DKK 29.5 billion, which was a decrease of 7% compared to DKK 31.9 billion in 2022.
- Operating profit (EBITA) was DKK 4.2 billion, elevating the operating profit margin (EBITA) from 13.6% in 2022 to 14.3%.
- The return on the financial portfolio climbed to DKK 1.4 billion in contrast to a negative return of DKK -2.0 billion in 2022.
- Profit for the year reached DKK 4.2 billion, which was an increase of DKK 2.6 billion compared to 2022.

2023 featured consistently high interest rates and high construction costs, causing a building sector slowdown and impacting consumers' financial capacity to invest in their homes. Despite revenue declines at both VELUX and DOVISTA, the VKR Group's business areas managed to achieve growth in operating earnings through productivity improvements and cost control, among other measures. The significant growth in the VKR Group's overall performance was primarily driven by a satisfactory return on financial investments.

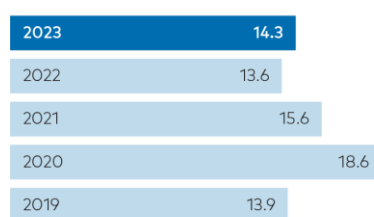
The decline in revenue was almost entirely organic, comprising a revenue decrease of 3% at the VELUX Group and 18% at DOVISTA. The fall in revenue at DOVISTA should be viewed in light of a greater exposure to the new building market segment and to a larger share of sales to countries with low or negative growth.

"2023 was another year where demand was affected by global turmoil and a continuously high interest rate that particularly impacted the construction industry. Our perspective is always long-term. But in times of economic and industry slowdown, we must also adapt our business to the current reality. In 2023, both VELUX and DOVISTA succeeded in making the necessary adjustments by optimising their operations and controlling costs in a year marked by declining revenue. We consider this to be satisfactory", said Mads Kann-Rasmussen, CEO of VKR Holding.

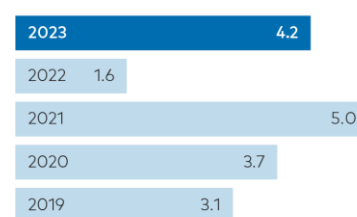
Revenue (DKK billion)



EBITA margin (%)



Profit for year (EAT) (DKK billion)



■ VELUX Group ■ DOVISTA Group

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
Financial ratios (%)					
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 VKR Group's slight decline in operating profit is due to last year's one-time positive effects of e.g. a sale and lease-back agreement of Danish properties. When adjusted for this and other one-time effects, the Group's 2023 operating profit increased by 8%.

In 2023, both VELUX and DOVISTA reported progress on their sustainability goals. VELUX reduced its Scope 1 and 2 emissions by 16% compared to 2022. VELUX also reduced its Scope 3 emissions by 21%, primarily due to a lower production volume and a shift towards materials with a smaller carbon footprint. In 2023, the sustainability targets mapped by DOVISTA were approved by the Science Based Targets initiative (SBTi) and a 17% decrease in Scope 1 and 2 emissions was attained as compared to 2022.

The venture capital fund KOMPAS completed another successful year in 2023. Established by VKR Holding in 2021, the fund concluded investments in six new portfolio companies involving low carbon cement, life cycle assessment, carbon capture and energy renovation. KOMPAS is following its plan laid out at launch and is establishing itself as a leading venture capital fund in the European construction industry.

The VKR Group anticipates that the first half of 2024 will be just as challenging for the construction sector as 2023, while the second half may prove more favourable. Both business areas will continue their investments, especially in advancing sustainability goals, product development and marketing. Overall, the VKR Group expects a 2024 result at the level of 2023.

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