



PRESS RELEASE

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KIRKBI delivered strategic progress and a solid financial performance in 2022

Billund, Denmark, 30 March 2023 – Today, the KIRKBI Group published its Annual Report for 2022. Highlights of the year were the 90th anniversary of the LEGO® brand, milestone investments within digital learning and digital play as well as final preparation of the generational handover to the fourth generation of the Kirk Kristiansen family.

KIRKBI's result for 2022 was DKK 10.7 billion, comprising a strong performance in the LEGO Brand Group and a negative investment return, impacted by the development in the financial markets. The 2022 after tax cash inflows to KIRKBI were at DKK 11.7 billion slightly lower than the DKK 13.5 billion realised in 2021.

CEO Søren Thorup Sørensen, says:

"2022 was in many ways a special year for KIRKBI with continued strategic progress and an overall solid financial performance despite a challenging market environment. The 90th anniversary of the LEGO brand gave us the opportunity to celebrate, reflect on history and bring LEGO play experiences to even more children and families. However, it was also a year of global instability, for which KIRKBI, the LEGO Group and associated foundations responded with humanitarian aid and support to the many impacted families and children. For the owner family, the year marked the preparation of the final hand-over from the third to the fourth generation."

Strategic progress

Throughout 2022, KIRKBI executed on the overall purpose of building a sustainable future for the family ownership of the LEGO® brand, supported by a solid financial foundation and contributing to a sustainable development in the world.

A core element of the LEGO brand strategy is to expand into digital play and learning. In April 2022, KIRKBI announced a USD 1 billion investment in Epic Games, known for building creative experiences for large and small creators, accelerating KIRKBI's engagement in digital play. Six months later, KIRKBI completed its first 100 % acquisition in digital learning with the USD 875 million acquisition of BrainPOP.

Science Based Targets

KIRKBI has set ambitious carbon reduction targets, approved by the Science Based Targets initiative as one of the first in Denmark under their new financial sector guidance. Through a focused effort to reduce KIRKBI's own carbon emissions and improve data quality, KIRKBI is well on the way to deliver on the scope 1 and 2 targets and has reached the scope 3 target well ahead of schedule. For the portfolio of investments, KIRKBI has defined that 45 % must have validated science-based targets by 2025. At end-2022, the coverage reached 28 % with an additional 12 % committed to the initiative.

The LEGO Group

Throughout the year, the LEGO Group continued to see strong engagement in LEGO play experiences from families, children, and adults across the world. The financial performance was very satisfactory with double-digit revenue and consumer sales growth, increased market shares, and a profit before tax of DKK 17.7 billion. At the same time, the LEGO Group continued to prioritise the strategic initiatives designed to drive long-term sustainable growth with investments for the future in innovation across the portfolio, new retail stores, further development of e-commerce platforms, expansion of the manufacturing capacity, digitalisation and sustainability.

Merlin Entertainments

Merlin Entertainments, including the LEGOLAND Parks, continued investing in new attractions mainly with the opening of LEGOLAND Korea and a new LEGOLAND Park being established in Shanghai. On the back of two years severely impacted by the COVID-19 pandemic, the activity level started to normalise in 2022 with recovery especially in the US and Europe while Asia continued to be impacted by lockdown and restrictions. In November, Merlin Entertainments announced a new CEO.



Investment activities

KIRKBI's overall investment portfolio with a total value of DKK 100 billion at year-end 2022 delivered a negative return of DKK 4 billion in 2022 (equal to -4 %) compared to a positive return of DKK 16 billion in 2021. The return was impacted by challenging market conditions, and while the actual return for 2022 in itself is disappointing it compares favorably to benchmarks. The same applies for the 10-year average annual return of 7.7 %.

Throughout the year, KIRKBI maintained its focus on long-term value creation in the Core Capital portfolio and expanding the activities within Thematic Capital. Among others by building internal competences and acquiring the first plots of land in Denmark with the intent to establish new forestry with a positive environmental impact.

Donations

In 2022, KIRKBI, the LEGO Group, the LEGO Foundation and Ole Kirk's Fond maintained a high focus on support and giving back to society – and this year, special focus was on helping the innocent people, families, and children impacted by the war in Ukraine. In 2022, KIRKBI donated DKK 0.2 billion to charity and Ole Kirk's Fond granted DKK 0.3 billion to children and families, especially those in need and crisis. The LEGO Foundation went beyond any previous activity levels with committed grants of DKK 3.2 billion bringing its five-year total to more than DKK 10 billion. The LEGO Foundation works internationally to make Learning-through-Play a priority for every child through funding of research, backing of education initiatives and support to partners, who can positively impact children's lives.

About KIRKBI

KIRKBI A/S is the Kirk Kristiansen family's private holding and investment company founded to build a sustainable future for the family ownership of the LEGO® brand through generations. Our work is focused on three fundamental tasks all contributing to enabling the Kirk Kristiansen family to succeed with the mission to inspire and develop the builders of tomorrow: We work to protect, develop and leverage the LEGO brand across all the LEGO branded entities. We are committed to a long-term and responsible investment strategy to ensure a sound financial foundation for the owner family's activities as well as contributing to a sustainable development in the world. And, we are dedicated to support the family members as they prepare for future generations to continue the active and engaged ownership as well as supporting their private activities, companies and philanthropic work.

KIRKBI's strategic activities include 75 % ownership of the LEGO Group and 47.5 % ownership of Merlin Entertainments. The company's investment activities also include investments in renewable energy, significant long-term investments in companies such as ISS, Nilfisk, Falck, Armacell, Vålinge and Landis+Gyr as well as real estate investments in Denmark, Switzerland, Germany and the UK. See www.KIRKBI.com