



# **LEGO System A/S**

**Aastvej 1, 7190 Billund  
CVR no. 47458714**

## **Annual Report 2024**

Approved at the Company's Annual  
General Meeting on 8 May 2025

**Chair of the meeting:  
Poul Hartvig Nielsen**

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## Financial Highlights

Over a 5-year period, the development can be described by the following financial highlights:

|                                        | 2024   | 2023   | 2022   | 2021   | 2020   |
|----------------------------------------|--------|--------|--------|--------|--------|
|                                        | mDKK   | mDKK   | mDKK   | mDKK   | mDKK   |
| <b>Statement of Profit or Loss</b>     |        |        |        |        |        |
| Revenue                                | 55,590 | 47,957 | 48,295 | 40,925 | 31,499 |
| Operating profit                       | 16,747 | 14,326 | 16,316 | 14,921 | 10,519 |
| Profit before financial items          | 14,300 | 12,450 | 14,722 | 13,458 | 9,484  |
| Financial income and expenses          | 348    | 1,313  | -403   | 196    | -66    |
| Net profit                             | 11,405 | 10,912 | 11,370 | 10,673 | 7,286  |
| <b>Statement of Financial Position</b> |        |        |        |        |        |
| Total assets                           | 47,012 | 42,194 | 41,647 | 37,005 | 32,607 |
| Equity                                 | 22,254 | 20,119 | 18,310 | 16,622 | 14,201 |
| Purchase of tangible fixed assets      | 1,900  | 1,707  | 1,822  | 1,313  | 909    |
| <b>Average number of employees</b>     | 5,950  | 5,587  | 4,958  | 4,409  | 4,018  |
| <b>Financial ratios (in %)</b>         |        |        |        |        |        |
| Gross margin                           | 53.1%  | 52.4%  | 55.2%  | 57.1%  | 55.2%  |
| Net profit margin                      | 25.7%  | 26.0%  | 30.5%  | 32.9%  | 30.1%  |
| Return on invested capital (ROIC)      | 30.4%  | 29.5%  | 35.3%  | 36.4%  | 29.1%  |
| Solvency ratio                         | 47.3%  | 47.7%  | 44.0%  | 44.9%  | 43.6%  |
| Return on equity (ROE)                 | 53.8%  | 56.8%  | 65.1%  | 69.3%  | 51.1%  |

Definitions of Financial Highlights are stated in the section for accounting policies.

## **Company details**

### **The Company**

LEGO System A/S  
Aastvej 1  
7190 Billund, Denmark

CVR no: 47 45 87 14  
Incorporated: 1 July 1973  
Financial period: 1 January - 31 December  
Municipality of reg. office: Billund

### **Parent Company**

LEGO A/S, Billund (CVR no: 54 56 25 19)

### **Board of Directors**

Carsten Rasmussen, Chair  
Trine Christensen  
Poul Hartvig Nielsen  
Nanna Birgitta Gudum  
Berit Flindt Pedersen  
Jesper Laursen

### **Executive Board**

Jesper Andersen

### **Auditor**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Nobelparken  
Jens Chr. Skous Vej 1  
8000 Aarhus C  
Denmark

## Management's Review

### Business activities

The Company's main activity is the development, production, marketing, and sale of play materials.

### Financial review

Revenue increased 16 percent to DKK 55.6 billion compared to DKK 48.0 billion in 2023, which exceeded expected single-digit growth. This was an exceptional achievement given a slightly declining toy industry. The key drivers were strong demand for LEGO products, excellent execution globally and close partnerships with third-party retailers, all supported by a flexible and resilient global supply chain.

Net profit increased by five percent and was, compared to last year, impacted by foreign currency losses, mainly unrealized, and ended at DKK 11.4 billion in 2024 against DKK 10.9 billion in 2023, which was above expectations.

Management considers the Company's financial performance in the year satisfactory.

### Outlook

In 2025, the Company expects single-digit revenue growth and ahead of the global toy industry driven by an innovative portfolio for builders of all ages. We expect net profit to be on the same level as 2024 due to continued significant spend on strategic initiatives such as sustainability, retail platforms and digital technology.

### Special risks - operational and financial risks

Group management is responsible for the ongoing risk management, including mapping and assessment of risks as well as risk-minimising measures.

Risk management operates in four areas: strategic, financial, operational and disaster risks.

The work with risks continues to follow the policies and strategies adopted by the board for the areas. For these areas, systematic identification, assessment and coverage/handling are carried out in accordance with the strategies. A comprehensive overview of all the Company's significant risks has been established in a consolidated risk matrix, where the effect and probability of an episode are mapped and prioritised, just as the consolidated risk exposure is measured and reported.

LEGO System A/S's most significant risks relate to the significant uncertainties in the toy market with significant volatility around the launch of new product concepts.

The overall risk exposure is still assessed as moderate in relation to the adopted risk appetite.

### Currency risks

Currency risks are managed centrally on the basis of the LEGO Group's board approved currency policy. Future contracts and options are used to hedge purchases and sales in foreign currencies. As a general rule, these are classified as hedges and meet the accounting requirements for securing future cash flows.

## Management's Review

### Interest rate risks

The interest rate risk relates to interest-bearing liabilities and receivables. The interest rate risk is considered to be insignificant and is not expected to affect the result significantly.

### Credit risks

Credit risks relate to receivables from sales and services. The LEGO Group has fixed credit granting procedures. The Company has no significant receivables from sales and services concentrated in specific countries. As a result, the total credit risk is assessed to be low.

### Disaster risks

Disaster risks cover situations that can paralyse the Company's operations. The LEGO Group has continuity plans that ensure production; there is also an extensive insurance program that supports in the event of disasters. The Group has a crisis management group that can come together so that a possible disaster can be handled in the best possible way.

### Research and development (R&D)

Continuous innovation and development are key to the LEGO Group's mission to inspire and develop the builders of tomorrow. In 2024, new products accounted for 46 percent of the portfolio which is similar to 2023 when they accounted for 47 percent. The Company invested in innovating core play themes, exploring new play forms as well as bridging digital and physical play. R&D activities also included exploring new sustainable technologies, trend spotting, anthropological studies and collaborating with educational institutions.

### Branches

The Company has a smaller branch abroad, LEGO System A/S Latvijas filiāle "Baltic", domiciled in Riga, Latvia.

### Statutory report on corporate social responsibility

The LEGO Group aims to live up to its People and Partner Promise by being a lawful, ethical, and respectful partner and sustaining a positive impact on its stakeholders and its local communities. The Company is a signatory of the UN Global Compact to demonstrate its support for human rights, labour standards, anti-corruption and the environment. The 2024 Sustainability Statement reports on the actions taken to embed the principles outlined in the UN Global Compact.

Pursuant to sections 99a of the Danish Financial Statements Act, the 2024 Sustainability Statement constitutes the statutory statement of the Company's corporate social and environmental responsibility. The report is prepared by the Parent Company LEGO A/S (CVR no: 54 56 25 19).

The 2024 Sustainability Progress Report is available at:

[www.LEGO.com/cdn/cs/sustainability/assets/bltab4c38a57c6b4e8c/LEGO\\_Group\\_Sustainability\\_Statement\\_2024.pdf](http://www.LEGO.com/cdn/cs/sustainability/assets/bltab4c38a57c6b4e8c/LEGO_Group_Sustainability_Statement_2024.pdf)

## Management's Review

### Responsible and Inclusive Workplace

LEGO® play is for everyone, and so are our workplaces. We aim to create an environment where people from different backgrounds and cultures feel welcome and valued and can succeed and grow together.

New appointments are made on merit, and our global ambition is to have a gender balanced organization by 2032.

We are an equal opportunity employer and support all colleagues to progress their careers and develop relevant skills.

We focus on building inclusive and accessible workplaces that create a sense of belonging and enable everyone to contribute. We value all our colleagues' different backgrounds, perspectives, skills and experiences and believe this contributes to our strong performance.

The 2024 Sustainability Statement reports on the actions taken and progress made is available at:

[www.LEGO.com/cdn/cs/sustainability/assets/bltab4c38a57c6b4e8c/LEGO\\_Group\\_Sustainability\\_Statement\\_2024.pdf](http://www.LEGO.com/cdn/cs/sustainability/assets/bltab4c38a57c6b4e8c/LEGO_Group_Sustainability_Statement_2024.pdf)

### Data ethics policy

The LEGO Group is committed to handling data responsibly. The Company follows four key data ethics principles which are that data must be used within the Company in a positive, fair, clear, and responsible way. The LEGO Group's statement on data ethics, prepared by the Parent Company LEGO A/S (CVR no: 54 56 25 19), cf. section 99d of the Danish Financial Statements Act, can be found at:

[www.LEGO.com/cdn/cs/aboutus/assets/bltff3a019094ec59d8/Data\\_Ethics\\_Policy\\_2024.pdf](http://www.LEGO.com/cdn/cs/aboutus/assets/bltff3a019094ec59d8/Data_Ethics_Policy_2024.pdf)

### Intellectual capital resources

The average number of employees in 2024 was 5,950 compared to 5,587 in 2023. Employees participate in the LEGO Group's Performance Management Programme. The programme is designed to ensure all colleagues work towards achieving the LEGO Group's short and long-term ambitions. Employees have targets that are aligned to the Group's overall targets and are awarded a bonus based on performance versus target.

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

The Executive Board and Board of Directors have today considered and adopted the Annual Report of LEGO System A/S for the financial year 1 January 2024 to 31 December 2024.

The Annual Report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the financial position at 31 December 2024 of LEGO System A/S and of the results of LEGO System A/S's operations for the financial year 1 January 2024 to 31 December 2024.

In our opinion, the Management's Review includes a true and fair view of the development in the operations and financial circumstances of LEGO System A/S, of the result for the year and of the financial position of LEGO System A/S.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Billund, 8 May 2025

### Executive Board:

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Jesper Andersen

### Board of Directors:

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Carsten Rasmussen  
Chair

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Trine Christensen

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Poul Hartvig Nielsen

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Nanna Birgitta Gudum

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Berit Flindt Pedersen

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Jesper Laursen

# **Independent Auditor's report**

To the Shareholder of LEGO System A/S

## **Opinion**

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2024, and of the results of the Company's operations for the financial year 1 January - 31 December 2024 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of LEGO System A/S for the financial year 1 January - 31 December 2024, which comprise Statement of Profit or Loss, Statement of Financial Position, Statement of Changes in Equity and notes, including a summary of significant accounting policies ("Financial Statements").

## **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Statement on Management's review**

Management is responsible for the Management's review.

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

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

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

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

## **Management's responsibility for the Financial Statements**

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

## **Independent Auditor's report**

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

### **Auditor's responsibilities for the audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the 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**

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.

Aarhus, 8 May 2025

### **PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab  
CVR no. 33771231

Mads Melgaard

State Authorised Public Accountant  
mne34354

## Statement of Profit or Loss

1 January - 31 December

|                                      | Note | 2024<br>mDKK  | 2023<br>mDKK  |
|--------------------------------------|------|---------------|---------------|
| <b>Revenue</b>                       | 1    | <b>55,590</b> | <b>47,957</b> |
| Production costs                     |      | -26,075       | -22,828       |
| <b>Gross profit</b>                  |      | <b>29,515</b> | <b>25,129</b> |
| Sales and distribution expenses      |      | -8,884        | -7,616        |
| Administrative and IT expenses       |      | -3,884        | -3,187        |
| <b>Operating profit</b>              |      | <b>16,747</b> | <b>14,326</b> |
| Other operating expenses             |      | -2,447        | -1,876        |
| <b>Profit before financial items</b> |      | <b>14,300</b> | <b>12,450</b> |
| Financial income                     | 2    | 1,296         | 1,690         |
| Financial expenses                   | 3    | -948          | -377          |
| <b>Profit before tax</b>             |      | <b>14,648</b> | <b>13,763</b> |
| Income tax expense                   | 4    | -3,243        | -2,851        |
| <b>Net Profit</b>                    |      | <b>11,405</b> | <b>10,912</b> |

# Statement of Financial Position

at 31 December

## Assets

|                                                  | Note     | 2024<br>mDKK  | 2023<br>mDKK  |
|--------------------------------------------------|----------|---------------|---------------|
| Development projects in progress                 |          | 442           | 306           |
| Development projects and software                |          | 3             | 4             |
| <b>Intangible assets</b>                         | <b>5</b> | <b>445</b>    | <b>310</b>    |
| Land and buildings                               |          | 556           | 573           |
| Plant and machinery                              |          | 2,307         | 2,419         |
| Other fixtures and fittings, tools and equipment |          | 336           | 306           |
| Fixed assets under construction                  |          | 2,849         | 1,782         |
| <b>Property, plant and equipment</b>             | <b>6</b> | <b>6,048</b>  | <b>5,080</b>  |
| Rental of premises                               |          | 2,011         | 1,840         |
| Other assets                                     |          | 202           | 175           |
| <b>Right-of-use assets</b>                       | <b>7</b> | <b>2,213</b>  | <b>2,015</b>  |
| Receivables from related parties                 |          | 10,077        | 5,098         |
| Other receivables                                |          | 9             | 9             |
| Prepayments                                      |          | 101           | 59            |
| <b>Other non-current assets</b>                  |          | <b>10,187</b> | <b>5,166</b>  |
| <b>Total non-current assets</b>                  |          | <b>18,893</b> | <b>12,571</b> |
| <b>Inventories</b>                               | <b>8</b> | <b>4,034</b>  | <b>3,378</b>  |
| Trade receivables                                |          | 517           | 421           |
| Receivables from related parties                 |          | 21,833        | 23,782        |
| Income tax receivable                            |          | 501           | 531           |
| Other receivables                                |          | 771           | 995           |
| Prepayments                                      |          | 384           | 375           |
| Deferred tax                                     | <b>9</b> | 79            | 39            |
| <b>Receivables</b>                               |          | <b>24,085</b> | <b>26,143</b> |
| <b>Cash at banks</b>                             |          | <b>0</b>      | <b>102</b>    |
| <b>Total current assets</b>                      |          | <b>28,119</b> | <b>29,623</b> |
| <b>Total assets</b>                              |          | <b>47,012</b> | <b>42,194</b> |

# Statement of Financial Position

at 31 December

## Equity and liabilities

|                                      | Note | 2024<br>mDKK  | 2023<br>mDKK  |
|--------------------------------------|------|---------------|---------------|
| Share capital                        | 10   | 50            | 50            |
| Reserve for development costs        |      | 347           | 242           |
| Reserve for hedge accounting         |      | -216          | 54            |
| Retained earnings                    |      | 13,073        | 10,773        |
| Proposed dividend                    |      | 9,000         | 9,000         |
| <b>Total equity</b>                  |      | <b>22,254</b> | <b>20,119</b> |
| Other provisions                     | 11   | 9             | 24            |
| <b>Provisions</b>                    |      | <b>9</b>      | <b>24</b>     |
| Lease liabilities                    | 12   | 1,982         | 1,860         |
| <b>Total non-current liabilities</b> |      | <b>1,982</b>  | <b>1,860</b>  |
| Trade payables                       |      | 2,366         | 2,193         |
| Lease liabilities                    | 12   | 289           | 202           |
| Payables to related parties          | 12   | 14,038        | 13,495        |
| Income tax liabilities               |      | 561           | 690           |
| Other debt                           |      | 4,497         | 2,803         |
| Deferred income                      |      | 948           | 808           |
| Bank overdraft                       |      | 68            | 0             |
| <b>Total current liabilities</b>     |      | <b>22,767</b> | <b>20,191</b> |
| <b>Total liabilities</b>             |      | <b>24,749</b> | <b>22,051</b> |
| <b>Total equity and liabilities</b>  |      | <b>47,012</b> | <b>42,194</b> |

|                                              |    |
|----------------------------------------------|----|
| Proposed distribution of profit              | 13 |
| Contingent liabilities and other obligations | 14 |
| Employee costs                               | 15 |
| Derivative financial instruments             | 16 |
| Related parties and ownership                | 17 |
| Events occurring after the reporting period  | 18 |
| Accounting policies                          | 19 |

## Statement of Changes in Equity

|                                                               | Share<br>capital | Reserve for<br>development<br>costs | Reserve for<br>hedge<br>accounting | Retained<br>earnings | Proposed<br>dividend | Total         |
|---------------------------------------------------------------|------------------|-------------------------------------|------------------------------------|----------------------|----------------------|---------------|
|                                                               | mDKK             | mDKK                                | mDKK                               | mDKK                 | mDKK                 | mDKK          |
| Equity at 1 January 2024                                      | 50               | 242                                 | 54                                 | 10,773               | 9,000                | 20,119        |
| Dividend paid                                                 | 0                | 0                                   | 0                                  | 0                    | -9,000               | -9,000        |
| Adjustment development costs                                  | 0                | 105                                 | 0                                  | -105                 | 0                    | 0             |
| Fair value adjustments of<br>derivative financial instruments | 0                | 0                                   | -346                               | 0                    | 0                    | -346          |
| Tax on equity transactions                                    | 0                | 0                                   | 76                                 | 0                    | 0                    | 76            |
| Profit for the year                                           | 0                | 0                                   | 0                                  | 2,405                | 9,000                | 11,405        |
| <b>Equity at 31 December 2024</b>                             | <b>50</b>        | <b>347</b>                          | <b>-216</b>                        | <b>13,073</b>        | <b>9,000</b>         | <b>22,254</b> |

## Notes to the Financial Statements

|                                                | 2024          | 2023          |
|------------------------------------------------|---------------|---------------|
|                                                | mDKK          | mDKK          |
| <b>1. Revenue</b>                              |               |               |
| Sale of goods                                  | 54,959        | 47,495        |
| Licence income                                 | 631           | 462           |
|                                                | <b>55,590</b> | <b>47,957</b> |
| <b>Sale of goods per region</b>                |               |               |
| Americas                                       | 26,114        | 21,741        |
| Europe, Middle East & Africa                   | 25,471        | 22,633        |
| Asia & Pacific                                 | 3,374         | 3,121         |
|                                                | <b>54,959</b> | <b>47,495</b> |
| <b>2. Financial income</b>                     |               |               |
| Interest income from related parties           | 1,255         | 1,262         |
| Exchange gains, net                            | 0             | 402           |
| Other interest income                          | 41            | 26            |
|                                                | <b>1,296</b>  | <b>1,690</b>  |
| <b>3. Financial expenses</b>                   |               |               |
| Interest expenses to related parties           | 351           | 329           |
| Interest expenses related to lease liabilities | 51            | 44            |
| Exchange losses, net                           | 542           | 0             |
| Other interest expenses                        | 4             | 4             |
|                                                | <b>948</b>    | <b>377</b>    |

## Notes to the Financial Statements

### 4. Income tax expenses

|                                            | 2024         | 2023         |
|--------------------------------------------|--------------|--------------|
|                                            | mDKK         | mDKK         |
| Income tax charge for the year             | 3,216        | 3,057        |
| Deferred tax change for the year           | 36           | -37          |
| Adjustment to income tax for prior years   | -9           | -170         |
| Adjustment to deferred tax for prior years | 0            | 1            |
| <b>Total income tax expenses</b>           | <b>3,243</b> | <b>2,851</b> |

The Company is included in the joint taxation of the ultimate parent company, KIRKBI A/S.

### 5. Intangible assets

|                                            | Development projects in progress | Development projects and software |
|--------------------------------------------|----------------------------------|-----------------------------------|
|                                            | mDKK                             | mDKK                              |
| <b>2024</b>                                |                                  |                                   |
| Cost at 1 January                          | 306                              | 512                               |
| Additions                                  | 136                              | 7                                 |
| Disposals                                  | 0                                | -8                                |
| Cost at 31 December                        | 442                              | 511                               |
| Amortisation and impairment at 1 January   | 0                                | 508                               |
| Amortisation for the year                  | 0                                | 8                                 |
| Disposals                                  | 0                                | -8                                |
| Amortisation and impairment at 31 December | 0                                | 508                               |
| <b>Carrying amount at 31 December</b>      | <b>442</b>                       | <b>3</b>                          |
| Useful lives:                              | 3 – 5 years                      |                                   |

Development projects are included in the financial position with DKK 445 million. Development projects comprise expenses to developing products, with intention to be produced and sold under the LEGO brand, and internally developed software

## Notes to the Financial Statements

### 6. Property, plant and equipment

|                                               | Land and<br>buildings<br>mDKK | Plant and<br>machinery<br>mDKK | Other fixtures<br>and fittings,<br>tools and<br>equipment<br>mDKK | Fixed assets<br>under<br>construction<br>mDKK |
|-----------------------------------------------|-------------------------------|--------------------------------|-------------------------------------------------------------------|-----------------------------------------------|
| <b>2024</b>                                   |                               |                                |                                                                   |                                               |
| Cost at 1 January                             | 1,292                         | 8,746                          | 706                                                               | 1,782                                         |
| Additions                                     | 8                             | 431                            | 22                                                                | 1,439                                         |
| Disposals                                     | -20                           | -227                           | -18                                                               | 0                                             |
| Transfers                                     | 31                            | 245                            | 96                                                                | -372                                          |
| Cost at 31 December                           | 1,311                         | 9,195                          | 806                                                               | 2,849                                         |
| Depreciation and impairment<br>at 1 January   | 719                           | 6,327                          | 400                                                               | 0                                             |
| Depreciation for the year                     | 55                            | 773                            | 88                                                                | 0                                             |
| Disposals                                     | -19                           | -212                           | -18                                                               | 0                                             |
| Depreciation and impairment<br>at 31 December | 755                           | 6,888                          | 470                                                               | 0                                             |
| <b>Carrying amount at 31 December</b>         | <b>556</b>                    | <b>2,307</b>                   | <b>336</b>                                                        | <b>2,849</b>                                  |
| Useful lives:                                 | 10 – 40 years                 | 5 – 15 years                   | 2 – 10 years                                                      |                                               |

### 7. Right-of-use assets

|                                            | Rental of<br>premises<br>mDKK | Other assets<br>mDKK |
|--------------------------------------------|-------------------------------|----------------------|
| <b>2024</b>                                |                               |                      |
| Cost at 1 January                          | 2,444                         | 327                  |
| Additions and remeasurements               | 375                           | 132                  |
| Disposals                                  | -10                           | -106                 |
| Cost at 31 December                        | 2,809                         | 353                  |
| Depreciation and impairment at 1 January   | 604                           | 152                  |
| Depreciation for the year                  | 204                           | 82                   |
| Disposals                                  | -10                           | -83                  |
| Depreciation and impairment at 31 December | 798                           | 151                  |
| <b>Carrying amount at 31 December</b>      | <b>2,011</b>                  | <b>202</b>           |
| Useful lives:                              | 10-25 years                   | 2-8 years            |

## Notes to the Financial Statements

### 7. Right of use assets (continued)

LEGO System A/S does not have individual significant sub-leasing contracts. Total carrying amount of sub-leased company cars included in right-of-use assets at 31 December 2024 amounts to DKK 184 million (DKK 156 million in 2023).

### 8. Inventories

|                  | 2024         | 2023         |
|------------------|--------------|--------------|
|                  | mDKK         | mDKK         |
| Raw materials    | 720          | 700          |
| Work in progress | 1,725        | 1,395        |
| Finished goods   | 1,589        | 1,283        |
|                  | <b>4,034</b> | <b>3,378</b> |

### 9. Deferred tax

|                                       |           |           |
|---------------------------------------|-----------|-----------|
| Deferred tax at 1 January             | 39        | -26       |
| Adjustment of the deferred tax charge | 0         | -1        |
| Adjustment through equity             | 76        | 29        |
| Expensed change of the year           | -36       | 37        |
| <b>Deferred tax at 31 December</b>    | <b>79</b> | <b>39</b> |

Deferred tax is recognised in the Statement of Financial Position as follows:

|                     |    |    |
|---------------------|----|----|
| Deferred tax assets | 79 | 39 |
|---------------------|----|----|

Deferred tax reflects the effect of temporary difference between the carrying amount and the tax based amount primarily of non-current assets, inventories, accruals and the tax value of the forward exchange contracts. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available.

## Notes to the Financial Statements

### 10. Share capital

The share capital comprises of:

20 shares of DKK 1,000

198 shares of DKK 10,000

290 shares of DKK 100,000

19 shares of DKK 1,000,000

| 2024      | 2023      |
|-----------|-----------|
| mDKK      | mDKK      |
| 0         | 0         |
| 2         | 2         |
| 29        | 29        |
| 19        | 19        |
| <b>50</b> | <b>50</b> |

There has been no changes to the share capital for the past 5 years.

### 11. Other provisions

Other provisions comprise of various types of provisions, e.g. provisions for retirement obligations regarding leased premises and one offs.

### 12. Non-current liabilities

Repayments due within 1 year are listed under current liabilities. Remaining liabilities are recognised as non-current liabilities. The liabilities fall due for payment as specified below:

#### Lease liabilities

After 5 years

Between 1 and 5 years

Non-current liabilities

Within 1 year

| 2024         | 2023         |
|--------------|--------------|
| mDKK         | mDKK         |
| 1,296        | 1,371        |
| 686          | 489          |
| <b>1,982</b> | <b>1,860</b> |
| 289          | 202          |
| <b>2,271</b> | <b>2,062</b> |

#### Payables to related parties

After 5 years

Between 1 and 5 years

Non-current liabilities

Loan within 1 year

Other payables within 1 year

Current liabilities

|               |               |
|---------------|---------------|
| 0             | 0             |
| 0             | 0             |
| 0             | 0             |
| 63            | 75            |
| 13,975        | 13,420        |
| <b>14,038</b> | <b>13,495</b> |

## Notes to the Financial Statements

### 13. Proposed distribution of profit

|                   | 2024          | 2023          |
|-------------------|---------------|---------------|
|                   | mDKK          | mDKK          |
| Proposed dividend | 9,000         | 9,000         |
| Retained earnings | 2,405         | 1,912         |
|                   | <b>11,405</b> | <b>10,912</b> |

### 14. Contingent liabilities and other obligations

#### Contractual obligations

|                                                                |              |              |
|----------------------------------------------------------------|--------------|--------------|
| Bank guarantees                                                | 112          | 112          |
| Purchase contract commitments of property, plant and equipment | 1,090        | 1,162        |
| Other obligations                                              | 2,053        | 1,370        |
| Lease commitments                                              | 657          | 64           |
|                                                                | <b>3,912</b> | <b>2,708</b> |

Other obligations consist of licence and service agreements.

The entity has entered various contracts with vendors on usual terms and conditions of sales.

Lease commitments are contracts that have not yet commenced, but where the Company is committed. Commencement dates are within 1 year.

The future lease payments for these noncancellable lease contracts are DKK 171 million within 1-5 years, and DKK 486 million thereafter.

The entity takes part in some legal cases. The management believe the outcome has no influence on the Financial Statements.

The Danish companies in the LEGO Group are jointly and severally liable for corporate income tax according to the joint taxation in the LEGO Group, KIRKBI A/S and in the companies controlled by KIRKBI A/S. The total amount of income tax liabilities, as well as related income tax credit counterparts are shown in the Annual Report of KIRKBI A/S, which is the administration company of the joint taxation. The Danish companies are furthermore jointly and severally liable for Danish Taxes at source withheld on behalf of non-resident companies for dividend, royalty and interest.

## Notes to the Financial Statements

### 15. Employee costs

|                                 | 2024         | 2023         |
|---------------------------------|--------------|--------------|
|                                 | mDKK         | mDKK         |
| Wages and salaries              | 5,511        | 4,306        |
| Pension costs                   | 404          | 337          |
| Social security and other costs | 110          | 100          |
|                                 | <b>6,025</b> | <b>4,743</b> |

Remuneration to Board of Directors amounts to DKK 140,000 (DKK 140,000 in 2023). No separate remuneration is paid to Executive Board, who is paid in the Parent Company LEGO A/S.

|                                              | 2024         | 2023         |
|----------------------------------------------|--------------|--------------|
| <b>Average number of full-time employees</b> | <b>5,950</b> | <b>5,587</b> |

### 16. Financial instruments

Forward contracts and options are used to hedge purchases and sales in foreign currencies on future cash flow, comprises the following currencies in net amount (net of purchase/sale):

|                 | 2024                   | 2024                   | 2023                   | 2023                   |
|-----------------|------------------------|------------------------|------------------------|------------------------|
|                 | mDKK                   | mDKK                   | mDKK                   | mDKK                   |
| <b>Currency</b> | <b>Contract amount</b> | <b>Fair value, net</b> | <b>Contract amount</b> | <b>Fair value, net</b> |
| DKK/USD         | 8,564                  | -358                   | 8,108                  | 120                    |
| DKK/GBP         | 739                    | -8                     | 770                    | -5                     |
| DKK/AUD         | 957                    | 19                     | 898                    | -8                     |
| DKK/JPY         | 136                    | 2                      | 276                    | 12                     |
| DKK/CAD         | 1,170                  | 3                      | 1,106                  | -5                     |
| DKK/CNY         | 0                      | 0                      | 304                    | 19                     |
| DKK/other       | 855                    | -6                     | 958                    | -9                     |
|                 | <b>12,421</b>          | <b>-348</b>            | <b>12,420</b>          | <b>124</b>             |

## Notes to the Financial Statements

### 16. Financial instruments (continued)

Fair value of derivative financial instruments constitutes at the end of the year

|             | 2024 | 2023 |
|-------------|------|------|
|             | mDKK | mDKK |
| Assets      | 45   | 186  |
| Liabilities | 393  | 62   |

Forward exchange contracts cover a period of 0-12 months (0-12 months in 2023).

### 17. Related parties and ownership

#### Controlling interest

LEGO System A/S is through LEGO A/S owned by KIRKBI A/S (75%) and Koldingvej 2, Billund A/S (25%). The shares in KIRKBI A/S are owned by the Kirk Kristiansen family (Denmark) and K2 Fonden af 2023.

#### Related party transactions

All related party transactions are conducted on arm's length basis, why not disclosed in pursuance of section 98c paragraph 1 of the Danish Financial Statement Act.

#### Consolidated Financial Statements

The entity is a part of the Consolidated Annual Report, made by LEGO A/S, Billund (CVR-no. 54 56 25 19), and in the Consolidated Annual Report made by KIRKBI A/S, Billund (CVR-no. 18 59 12 35), which is the ultimate parent.

### 18. Events occurring after the reporting period

No events of importance have occurred after the reporting date.

# Notes to the Financial Statements

## 19. Accounting policies

### Basis of preparation

The Financial Statements of LEGO System A/S have been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class C (large).

In pursuance of section 86 paragraph 4 of the Danish Financial Statement Act, the Company has not prepared a Statement of Cash Flow. Reference is made to the Consolidated Financial Statement of LEGO A/S.

Referring to section 96 paragraph 3 of the Danish Financial Statement Act, the Company does not disclose the fee paid to the auditors appointed by the Annual General Meeting. The fee is included in the Consolidated Financial Statement of LEGO A/S.

The accounting policies for the Financial Statements remain unchanged from last year.

The Financial Statements are presented in million Danish kroner (mDKK).

### Applying materiality

Notes and accounting policies within the Financial Statements aim to disclose information that is considered of material importance to the stakeholders in a simple and structured way.

### Change in classification in the Statement of Financial Position

Comparative figures in the Statement of Financial Position have been restated to match this year's presentation. The adjustment of comparative figures has no effect on total assets.

The adjustments of comparative figures are not a change in accounting policies.

### Foreign currency translation

Foreign currency transactions are translated into the presentation currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at balance sheet date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit or Loss, except for derivative financial instruments, refer to section derivative financial instruments.

Other currencies than Danish kroner are considered foreign currencies.

### Derivative financial instruments

LEGO System A/S uses a number of forward contracts and options to hedge currency exposure. The hedging activities are categorised into hedging of forecast transactions (cash flow hedges) and hedging of assets and liabilities (fair value hedges).

Derivative financial instruments are initially recognised at cost and are subsequently remeasured at their fair value. Positive and negative fair value of derivative financial instruments are recognised in financial income/expense in Statement of Profit or Loss.

# Notes to the Financial Statements

## Statement of Profit or Loss

### Revenue

For revenue recognition, IFRS 15 is used as interpretation.

Revenue is recognised when the Company fulfils its contractual performance obligations towards the buyer, and the transaction is related to the main activities.

#### *Revenue from the sale of goods*

Revenue from sale of goods is recognised when control over the goods has been transferred to the buyer. This condition is usually met by the time the products are delivered to the customer and legal title transfers. Revenue is measured at the transaction price to which the LEGO Group expects to be entitled. Transaction price includes variable amounts (rebates, sales incentives and provisions for returned products etc.), thus the variable amount is recognised as revenue only when it is highly probable that a significant reversal will not occur. Provisions and accruals for rebates, sales incentives and return of products are made in the period in which the related sales are recorded. Historical data are readily available and reliable and are used for estimating the amount of the reduction in sales.

Sale of goods that results in award credits under the LEGO Group's consumer loyalty programme is accounted for by allocating the transaction price between the goods supplied and the award credits granted based on a relative stand-alone selling price. The loyalty programme is a separate performance obligation, as the loyalty programme points are considered a material right derived from the contract entered at the time of purchase. Revenue from the award credits is recognised when the points are redeemed or when they expire.

#### *Revenue from royalty and licence agreements*

Licence fees are recognised as revenue when the performance obligations in the relevant agreements have been satisfied. Revenue is measured at the transaction price to which the LEGO Group expects to be entitled. Revenue from licence agreements comprises both agreements where performance obligations are satisfied over time such as sales-based agreements which most of the LEGO Group's licence revenue is related to, and agreements where performance obligations are satisfied at a point in time, which would normally be upon delivery. Licence revenue is recognised based on a classification of either a "right to access" or "right to use" as described below.

#### *Right to access*

Revenue derived from the LEGO® trademark is generally considered a "right to access" and performance obligations related to licence income of this nature are satisfied over time. Licences with a "right to access" comprise income from console games, movies, mobile and tablet platforms, and outbound licensing business generating sales-based royalty fees for intellectual properties related to content like stories, style guides and prints. Revenue based on a "right to access" is recognised based on the licensee's actual sales or forecasts, which in all material aspects corresponds with the value-add to the licence partner. The process is therefore assessed to give a faithful depiction of the transfer of licence income.

## Notes to the Financial Statements

### *Right to use*

All other licence revenues are per definition performance obligations satisfied at a point in time ("right to use"). Revenue is recognised at a point in time, where the customer directly uses and obtains substantially all the benefits from the licence, at the point when control is transferred to the licensee. Revenue recognised at a point in time will primarily be related to media content produced by the LEGO Group. Media content has significant standalone functionality and the LEGO Group does not affect the intellectual properties after the right to use occurs. Revenue is recognised when the control of the content has been transferred to the customer.

### **Production costs**

Production costs include direct and indirect costs related to production including movements in volumes on inventory and related inventory re-evaluation. Direct costs comprise raw materials, consumables, trademark royalty and direct labour costs. Indirect costs comprise other costs related to production of goods including depreciation, amortisation and impairment on production related material and other supply chain related costs.

### **Sales and distribution expenses**

Sales and distribution expenses comprise expenses related to sales and distribution staff, advertising and marketing expenses, write-down of receivables as well as depreciation, amortisation and impairment.

### **Administrative and IT expenses**

Administrative and IT expenses comprise expenses for IT, Facility, Human Resources, Finance, Legal and Management, including depreciation, amortisation and impairment.

### **Other operating expenses**

Other operating expenses comprise secondary expenses in relation to the Company's primary activity, including gain and loss on sold tangible assets and research and development expenses that do not meet the criteria for asset recognition.

### **Research and development expenses**

Research and development expenses are expensed in the Statement of Profit or Loss as they incur. Development projects that are clearly defined and identifiable and that are expected to generate future economic profit are recognised as intangible assets at cost less accumulated amortisation and write-downs. Development projects are amortised on a straight-line basis over the expected useful life, which is estimated at 3-5 years.

### **Tax for the year**

The tax expenses for the year comprise income tax and deferred tax for the year.

The Company is jointly taxed with KIRKBI A/S. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

# Notes to the Financial Statements

## Financial position

### Intangible assets

Development projects in progress are currently running projects, primarily within software development. Development projects in progress cover non-finalised projects at the balance sheet date. Development projects in progress that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or utilisation opportunity within the Company is demonstrated, and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings or the net selling price can cover cost of sales, selling and distribution costs, administrative expenses and development costs. Other development costs are recognised in the Statement of Profit or Loss as incurred.

Recognised development costs are measured at cost less impairment. Cost includes direct and indirect expenses directly attributable to the asset until the asset is ready for use as intended.

Software comprises mainly internally developed software for the purpose of supporting business operations. Software and development projects are amortised on a straight-line basis over the expected useful life, which is estimated at 3-5 years. Residual value is set at DKK 0.

### Property, plant and equipment

Land and buildings comprise mainly factories, warehouses and offices. Plant and machinery are mainly moulds, moulding machines, processing and packing equipment. Whilst other fixtures, fittings, tools and equipment mainly comprise high bay warehouse equipment, lease hold improvements, measuring and testing equipment, furniture and IT hardware.

Property, plant and equipment are measured at cost, less subsequent depreciation and impairment, except for land, which is measured at cost less impairment.

Subsequent expenditure for improvements and maintenance is allocated to the asset cost price if future economic benefits are likely. General repair and maintenance is expensed in the Statement of Profit or Loss as incurred.

Depreciation is calculated on a straight-line basis to allocate the cost of each asset to its residual value. Property, plant and equipment is tested for impairment when impairment indicators exist. Management performs an annual assessment of the assets' future use eg. in relation to changes in building, product and production setup or restructuring.

Depreciation is calculated based on the following estimated useful lives:

|                                                  |             |
|--------------------------------------------------|-------------|
| Buildings                                        | 10-40 years |
| High bay warehouses                              | 40 years    |
| Plant and machinery                              | 5-15 years  |
| Other fixtures and fittings, tools and equipment | 2-10 years  |

Land is not depreciated.

## Notes to the Financial Statements

Depreciation commences when the asset is acquired or when the asset is ready for use as intended. Property, plant and equipment with cost below DKK 200,000 are expensed in the acquisition year.

### Leases

For lease recognition, IFRS 16 is used as interpretation.

The right-of-use asset and corresponding lease liability are recognised at the commencement date, i.e. the date the underlying asset is available for use. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised.

LEGO System A/S applies the short-term lease recognition exemption for lease contracts that, at the commencement date, have a lease term of 12 months or less for all classes of underlying assets, and the exemption for lease contracts for which the underlying asset is of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

The lease liabilities are initially measured at the present value of lease payments to be made over the lease term. The lease payments are discounted using the incremental borrowing rate. The lease payments include fixed payments and variable lease payments that depend on an index or a rate, less any lease incentives receivable. If the contract holds an option to purchase, extend or terminate a lease and it is reasonably certain to be exercised, the lease payments will include those.

The lease liability is remeasured (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercising an option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in index or rate.
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Right-of-use assets are measured at cost corresponding to the lease liability recognised, adjusted for any lease incentives received and initial direct costs. Depreciation is calculated using the straight-line method over the lease term or the useful life of the right-of-use assets, whichever is shortest. The variable lease payments that do not depend on index or a rate are recognised as expense in the year the event or condition that triggers the payment occurs. For all classes of assets, non-lease components will be separated from the lease components and thereby not form part of the right-of-use asset and financial lease liability recognised in the Financial Position.

The Company subleases company cars to employees. In the sublease arrangements the Company is not relieved of its primary obligation under the head lease contract. The head lease is accounted for as other ordinary lease contracts.

## Notes to the Financial Statements

### Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is accounted for on a first-in, first-out basis (FIFO). Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure (indirect production costs), the latter being allocated on the basis of normal production capacity. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

### Prepayments

Prepayments, recognised under assets, include prepaid expenses relating to subsequent years, primarily IT licenses, marketing and insurance expenses. Prepayments for a period exceeding 12 months as of balance sheet date is recognised as non-current, all prepayments are expensed within a 5 year period.

### Receivables

Receivables are initially recognised at fair value equal to the transaction price, and subsequently measured at amortised cost less allowance for lifetime expected credit losses. Receivables are written off when all possible options have been exhausted and there are no reasonable expectations of recovery.

The Company applies the IFRS 9 simplified approach to measure expected credit loss and a lifetime expected loss allowance for all trade receivables. Exposure to credit risk on trade receivables is guided by the LEGO Group's policy on managing credit risk. Credit limits are set based on the customer's financial position and current market conditions.

### Cash at banks

Cash at banks comprise cash and cash-equivalents. Cash balances within the Group cash pool agreement are considered receivables and payables from/to related parties.

### Equity

#### *Proposed dividend*

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

#### *Reserve for development costs*

The reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividend or cover losses. The reserve will be reduced or dissolved if the recognised development costs are amortised or are no longer part of the Company's operations by a transfer directly to the distributable reserves under equity. The reserve is measured at carrying amount less corporate tax rate of 22%.

#### *Reserve for hedge accounting*

The reserve for hedge accounting consists of the effective portion of gains and losses on hedging instruments designated as cash flow hedges.

# Notes to the Financial Statements

## Provisions

Provisions are recognised when the Company identifies legal or constructive obligation as a result of past events, and it is probable that it will lead to an outflow of resources that can be reliably estimated. In this connection, the Company makes the estimate based upon an evaluation of the individual most likely outcome of the cases. In cases where a reliable estimate cannot be made, these are disclosed as contingent liabilities.

## Deferred tax

Deferred tax liabilities and deferred tax assets are measured according to balance sheet liabilities method, which means that all temporary differences between the carrying amount and the tax base of assets and liabilities are recognised in the Financial Position as deferred tax liabilities and deferred tax assets.

## Liabilities

Other liabilities are measured at amortised cost.

## Deferred income

Deferred income recognised under liabilities comprise of income regarding subsequent financial reporting year, such as consumer loyalty programme, prepayment of goods not delivered and gift cards.

## Financial ratios

Gross margin:

$$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$$

Net profit margin:

$$\frac{\text{Profit before financial items} \times 100}{\text{Revenue}}$$

Return on invested capital:

$$\frac{\text{Profit before financial items} \times 100}{\text{Total assets}}$$

Solvency ratio:

$$\frac{\text{Equity} \times 100}{\text{Total assets}}$$

Return on equity (ROE):

$$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$$