VILLUM FONDEN

Financial Statements for 2018
(47th Financial Statements)

CVR No 44 72 05 15

The Financial Statements were presented and adopted at the Annual Meeting of the Foundation on 20 March 2019

Chairman:
Christian Gregersen
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Information about the Foundation

The Foundation  
VILLUM FONDEN  
Sekretariatet  
Tobaksvejen 10  
DK-2860 Søborg  
Website:  www.veluxfoundations.dk  
CVR No:  44 72 05 15  
Founded:  21 December 1971  
Financial year:  1 January - 31 December

Board of Directors  
Jens V. Kann-Rasmussen, MSc in Engineering, Chair  
Steen Riisgaard, CEO, Vice-chair  
Eva Zeuthen Bentsen, Partner  
Professor Anja Boisen  
Professor Christian Søndergaard Jensen  
Bjarne Gråbæk Thomsen, former Group CEO

Management  
Lars Hansen, Executive Director

Legal adviser  
Christian Gregersen, Attorney  
Horten Advokatpartnerselskab  
Philip Heymans Allé 7  
DK-2900 Hellerup

Auditor  
Gert Fisker Tomczyk, State Authorised Public Accountant  
PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup
# Financial Highlights

( amounts in DKK '000)  

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td><strong>KEY FIGURES</strong></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Net profit for the year</td>
<td>1,309,258</td>
<td>1,228,731</td>
<td>1,244,348</td>
<td>1,115,963</td>
<td>668,900</td>
</tr>
<tr>
<td>Total grants</td>
<td>824,512</td>
<td>1,238,629</td>
<td>1,092,032</td>
<td>785,878</td>
<td>1,111,878</td>
</tr>
<tr>
<td>Transfer to VELUX FONDEN</td>
<td>200,000</td>
<td>185,674</td>
<td>190,000</td>
<td>178,177</td>
<td>164,854</td>
</tr>
<tr>
<td><strong>Other grants for the year</strong></td>
<td>624,512</td>
<td>1,052,995</td>
<td>902,032</td>
<td>607,701</td>
<td>947,024</td>
</tr>
<tr>
<td>Cancelled grants for the year</td>
<td>30,653</td>
<td>5,446</td>
<td>14,630</td>
<td>13,396</td>
<td>5,523</td>
</tr>
<tr>
<td>Grants after cancellation</td>
<td>594,147</td>
<td>1,047,509</td>
<td>887,402</td>
<td>594,305</td>
<td>941,501</td>
</tr>
</tbody>
</table>

**RATIOS**  

* Applications/grants:  
  - Received: 924, 826, 835, 467, 711  
  - Grants provided, Denmark: 92, 91, 64, 60, 49  
  - Grants provided, Greenland and abroad: 9, 21, 21, 22, 41  
  - Total grants provided: 101, 112, 85, 82, 90  
  - Amounts applied for: 9,294,749, 6,233,849, 19,047,065, 3,282,600, 2,773,310  

**Grants**  

- Denmark: 516,455, 879,844, 739,302, 460,818, 780,794  
- Greenland and abroad: 108,057, 173,111, 162,730, 146,883, 166,230  
- Total grants provided: 624,512, 1,052,955, 902,032, 607,701, 947,024  

**Average grant**  

- 6,183, 9,401, 10,612, 7,411, 10,522  

**Number of grants**  

- between 0-1 million: 5, 10, 9, 6, 20  
- between 1-10 million: 89, 79, 62, 68, 53  
- above 10 million: 7, 23, 14, 8, 17  

**Secretariat expenses**  

- Indirect grant expenses: 20,920, 19,479, 19,272, 14,041, 11,010  
- Administrative expenses: 34,753, 34,857, 32,873, 31,618, 34,181  
- Total secretariat expenses: 55,673, 54,336, 52,145, 45,659, 45,191  

**Indirect grant expenses in relation to grants**  

- 3.3%, 1.9%, 2.2%, 2.4%, 1.2%  
**Administrative expenses in relation to grants**  

- 5.6%, 3.3%, 3.6%, 5.1%, 3.6%  

**Administrative expenses in percentage**  

- 8.9%, 5.2%, 5.8%, 7.5%, 4.8%  

**Secretariat expenses per grant**  

- 551, 485, 613, 557, 502  

* Ratios have been calculated based on “Other grants for the year”  
** The ratios are defined in Accounting Policies  
*** In 2016, “Amounts applied for” increased considerably. The reason for this was that VILLUM FONDEN received a few foreign applications containing very high amounts. Moreover, the launch of the VILLUM Investigator programme has resulted in a considerable increase in applications in terms of amounts as from 2016.
Review

Background
VILLUM FONDEN is a non-profit foundation established by Villum Kann Rasmussen, MSc in Engineering, in 1971. The Foundation holds the majority of the share capital of VKR Holding A/S without however exercising control. In addition to its non-profit object, the Foundation ensures the financial basis of the continuation of VKR Holding A/S.

The Foundation acts within the framework set out by the Trust Deed, the rules of procedure of the Board of Directors and authorisation to Management as well as applicable law. The Foundation strives to live up to generally accepted foundation practice and foundation governance and addresses the Danish Recommendations on Foundation Governance prepared by the Committee on Foundation Governance.

Funding areas and focus in 2018
With its broad, non-profit purpose, the Foundation supports research and communication within technical and natural sciences, social, environmental, artistic and cultural projects primarily in Denmark, but also abroad.

For VILLUM FONDEN, 2018 offered both experiments and cooperation across the wide range of funding areas. The roll-out of the Foundation’s updated strategy within the three areas: Technical and natural sciences, Children, youth and science and Social projects internationally is in full swing and progressing according to plan.

Every year, in cooperation with VELUX FONDEN, the Foundation prepares an annual report that provides insight into the many grants provided by the two foundations. The annual report is available in print and is also available at the shared website www.veluxfoundations.dk. The website also includes a database which allows users to search for and gain an overview of the grants.

Approval process
Established procedures ensure that grants from VILLUM FONDEN are provided in accordance with the Trust Deed. This is also ensured by both the legal adviser and the auditor of the Foundation. The procedures include eg external assessment of all large projects.

The Foundation moreover assesses on a current basis whether the purpose of the grants as well as the agreed consumption of resources are observed. This applies especially to application processes that span several years.

Economy and finances
The funding capacity of the Foundation is to a significant extent dependent on the dividend from VKR Holding A/S. The Foundation moreover has a significant holding of securities.

In 2018, the Foundation received dividend from VKR Holding A/S at an amount of DKK 900,640k and achieved a profit of DKK 1,309,258k. Grants excluding transfer to VELUX FONDEN represented DKK 624,512k. Provisions made for later allocations amount to DKK 705,986k at 31 December 2018.

Asset management
The capital of the Foundation is invested in accordance with the Danish executive order on investments and the consent of the Danish Civil Affairs Agency and is managed on a long-term basis with a low risk profile. The Foundation wants to invest in enterprises that focus on compliance with international conventions and promotion of responsible conduct and sustainable business activities. We use external assistance for the screening of our portfolios of corporate bonds and shares and for subsequent action in case any criticisable issues are identified.
Grants
The Foundation reduced its grants from DKK 1,238,629k in 2017 to DKK 824,512k in 2018. The transfer to VELUX FONDEN amounted to DKK 200,000k in 2018 compared to DKK 185,367k in 2017. The Foundation’s provisions for later use were increased from DKK 310,587k in 2017 to DKK 705,986k in 2018.

The reduction of grants for the year constitutes a deliberate strategy related to the funding area – Technical and natural sciences where grants of approximately DKK 400 million to VILLUM Investigators are only distributed every second year.
Management’s Statement

The Board of Directors and Management have today presented the Financial Statements of VILLUM FONDEN for 2018.

The Financial Statements are prepared in accordance with the Danish Act on Foundations and Certain Associations and the financial reporting provisions of the Trust Deed.

In our opinion, the transactions comprised by the Financial Statements are in accordance with generally accepted accounting principles applying to foundations, the Danish legislation on foundations and the provisions of the Trust Deed as well as the current rules of procedure, authority and procedures descriptions.

The account in Management’s Review of the matters addressed by Management’s Review complies with generally accepted accounting principles applying to foundations.

Søborg, 20 March 2019

Management

Lars Hansen

Board of Directors

Jens V. Kann-Rasmussen  Steen Riisgaard  Eva Zeuthen Bentsen
(Chair)  (Vice-chair)

Anja Boisen  Christian Søndergaard Jensen  Bjarne Gråbæk Thomsen
Independent Auditor’s Report

To the Board of Directors of VILLUM FONDEN and the Danish commercial foundations supervisory authority

Opinion

In our opinion, the Financial Statements for the financial year 1 January - 31 December 2018 have been prepared in accordance with generally accepted accounting principles applying to foundations, the Danish Act on Foundations and Certain Associations and the financial reporting provisions of the Trust Deed.

Moreover, procedures and internal controls have, in our opinion, been established which support the transactions comprised by the Financial Statements, are in accordance with the provisions of the Danish legislation on foundations and the Trust Deed as well as the current rules of procedure, authority and procedures descriptions.

We have audited the Financial Statements of VILLUM FONDEN for the financial year 1 January - 31 December 2018, which comprise summary of significant accounting policies, income statement, balance sheet and notes. The Financial Statements are prepared in accordance with the Danish Act on Foundations and Certain Associations and the financial reporting provisions of the Trust Deed.

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 Foundation in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Statement on Management’s Review

Management is responsible for 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 in the audit, or otherwise appears to be materially misstated.

Moreover, we considered whether Management’s Review includes the disclosures required by generally accepted accounting principles applying to foundations.

Based on the work we have performed, in our view, Management’s Review is in accordance with the Financial Statements and has been prepared in accordance with the Danish Act on Foundations and Certain Associations and the financial reporting provisions of the Trust Deed. We did not identify any material misstatement in Management’s Review.
Independent Auditor’s Report

Management's responsibility for the Financial Statements

Management is responsible for the preparation of financial statements which comply with generally accepted accounting principles applying to foundations under the Danish Act on Foundations and Certain Associations and the financial reporting provisions of the Trust Deed 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 Foundation’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 intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Management is moreover responsible for the transactions comprised by the Financial Statements being in accordance with the Danish legislation on foundations and the provisions of the Trust Deed as well as the current rules of procedure, authority and procedures descriptions.

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 judgment 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 Foundation’s internal control.

- Evaluate the appropriateness of accounting policies used by Management and the reasonableness of accounting estimates and related disclosures made by Management.
Independent Auditor’s Report

- Conclude on the appropriateness of Management’s use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation’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 Foundation 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.

We moreover 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.

Copenhagen, 20 March 2019
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Gert Fisker Tomczyk        René Otto Poulsen
State Authorised Public Accountant  State Authorised Public Accountant
Accounting Policies

Basis of preparation
The Financial Statements of VILLUM FONDEN have been prepared in accordance with the Danish Act on Foundations and Certain Associations as well as the financial reporting provisions of the Trust Deed.

The accounting policies remain unchanged compared to last year.

Recognition and measurement
Revenues are recognised in the income statement as earned, including value adjustments of financial assets and liabilities; however, see below. Moreover, all expenses are recognised in the income statement. Depreciation and impairment of the owner-occupied property of the Foundation are recognised directly in the restricted capital.

Assets and liabilities are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset or liability will flow to or out of the Foundation, and the value of the asset or liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Financial Statements which confirm or invalidate affairs and conditions existing at the balance sheet date.

Income statement
Dividends
Dividends from shares and investment units are recognised as income when received.

Interest
Interest on bank deposits and bonds in both restricted and unrestricted capital is recognised in the income statement under the accruals concept.

Market value adjustments
Realised and unrealised capital gains and losses on securities and investments in the restricted capital are not recognised in the income statement, but are transferred to the restricted capital of the Foundation. In financial years with positive taxable income originating from such capital gains, it may be decided to transfer these gains, completely or partially, to the unrestricted capital.

Realised capital gains and losses as well as unrealised capital losses on securities in the unrestricted capital are recognised in the income statement.

Unrealised capital gains on securities in the unrestricted capital the value of which exceeds cost are not recognised in the income statement, but are recognised as separate balance sheet items.
Accounting Policies

**Foundation income tax**
The Foundation has no current tax liabilities.

No provisions have been made for deferred tax regarding securities, nor have any provisions for tax purposes been made for later allocations as, based on the Foundation’s investment and grant policies, the Foundation seeks to eliminate any tax charge.

**Balance sheet**

**Land and buildings**
The owner-occupied property of the Foundation is recognised at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition with addition of expenses directly related to the acquisition up until the time when the asset is ready for use.

The basis of depreciation is cost with addition of improvements and less residual value at the end of the useful life. The depreciation period and the residual value are determined at the date of acquisition and are reassessed annually; they are 50 years and 25%, respectively.

Depreciation and impairment losses for the year are recognised directly in the restricted capital.

**Investments in associates**
Investments in associates are recognised at the net asset value at the balance sheet date.

**Securities**
The holding of B shares in VKR Holding A/S is recognised at the nominal value at the balance sheet date.

Listed shares and bonds are recognised at the listed market price at the balance sheet date.

Shares in limited partnerships are recognised at the net asset value at the balance sheet date.

**Operating equipment and fixtures and fittings, etc**
Operating equipment, fixtures and fittings, etc are expensed in the year of acquisition and are not recognised in the balance sheet.

**Derivative financial instruments**
Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as “Other assets” and “Payables”, respectively.

Changes to the fair values of derivative financial instruments relating to assets in the unrestricted capital are recognised in the income statement.

Changes to the fair values of derivative financial instruments relating to assets in the restricted capital are recognised directly in the restricted capital.
Accounting Policies

Assets in the restricted capital
Assets – except for securities and equity investments as mentioned above – acquired with funds from the restricted capital are recognised at cost with deduction of accumulated depreciation and impairment losses.

Cost comprises the cost of acquisition and expenses related to the acquisition.

Assets – except for securities as mentioned above – received as gifts to the restricted capital of the Foundation are recognised at sentimental value.

Financial ratios

The many grant areas of the Foundation deliberately apply different philanthropic approaches and have very different uses of internal and external resources depending on the procedures that we consider contribute the best to the implementation of the strategy of the individual area. The variations in the use of resources are seen, among other things, in connection with our dialogue with applicant environments, assessment of applications, evaluation of projects and programmes, project and strategy development as well as project follow-up. Therefore, the financial ratios for 2018 have been extended as regards secretariat expenses.

Previously, we only calculated the Foundation’s administrative expenses in percentage by dividing all secretariat expenses by the Foundation’s other grants.

For 2018, we introduce two additional ratios for the Foundation’s administrative expenses in percentage to illustrate the difference between expenses related to grant activities and general administrative expenses – ie expenses related to finance, communication, IT, management, etc.

The ratios "Indirect grant expenses in relation to grants", "Administrative expenses in relation to grants" and "Administrative expenses in percentage" are defined as follows:

*Indirect grant expenses in relation to grants*
The ratio is calculated by dividing indirect funding expenses by "Other grants for the year".

*Administrative expenses in relation to grants*
The ratio is calculated by dividing administrative expenses by "Other grants for the year".

Administrative expenses are calculated as "Secretariat expenses" with deduction of "Indirect grant expenses".

The allocation between administrative expenses and indirect grant expenses is subject to elements of estimation.

*Administrative expenses in percentage*
The ratio is calculated by dividing secretariat expenses in total by "Other grants for the year".
### Income Statement

<table>
<thead>
<tr>
<th>Note</th>
<th>2018 (DKK '000)</th>
<th>2017 (DKK '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividend from shares in VKR Holding A/S</td>
<td>900,640</td>
<td>900,640</td>
</tr>
<tr>
<td>Other share dividends and income from investment funds</td>
<td>432,797</td>
<td>310,920</td>
</tr>
<tr>
<td>Interest on bonds</td>
<td>67,394</td>
<td>61,736</td>
</tr>
<tr>
<td>Interest on bank deposits etc</td>
<td>-2,318</td>
<td>-72</td>
</tr>
<tr>
<td>Capital gains and losses on securities in the unrestricted capital</td>
<td>-33,582</td>
<td>9,843</td>
</tr>
<tr>
<td><strong>Total income</strong></td>
<td>1,364,931</td>
<td>1,283,067</td>
</tr>
</tbody>
</table>

Administrative and other expenses | 1,2,3 | 45,534 | 42,938 |
Fee to Board of Directors | 1 | 1,234 | 1,543 |
Legal adviser | 3 | 3,075 | 2,353 |
Auditors | 3 | 865 | 902 |
Fee, asset management | 3 | 4,965 | 6,600 |
**Total expenses incurred by secretariat** | 55,673 | 54,336 |

Profit before tax for the year | 1,309,258 | 1,228,731 |

Tax on profit for the year | - | - |

**Net profit for the year** | 1,309,258 | 1,228,731 |

**Distribution of profit:**

Provisions for later use, beginning of year | 310,587 | 235,239 |
Transferred taxable capital gains from restricted capital | 0 | 79,800 |
Net profit for the year | 1,309,258 | 1,228,731 |

**Available for distribution** | 1,619,845 | 1,543,770 |

Which is distributed as follows:

Grants for the year (including transfer to VELUX FONDEN) | 824,512 | 1,238,629 |
Cancelled grants | -30,653 | -5,446 |
Provisions for consolidation | 120,000 | 0 |
Provisions for later use | 705,986 | 310,587 |

**Total distribution** | 1,619,845 | 1,543,770 |
## Balance Sheet at 31 December

<table>
<thead>
<tr>
<th>Note</th>
<th>Restricted capital (DKK '000)</th>
<th>Unrestricted capital (DKK '000)</th>
<th>2018 total (DKK '000)</th>
<th>2017 total (DKK '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Restricted capital (DKK '000)</td>
<td>Unrestricted capital (DKK '000)</td>
<td>2018 total (DKK '000)</td>
<td>2017 total (DKK '000)</td>
</tr>
<tr>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B shares in VKR Holding A/S</td>
<td>4</td>
<td>90,000</td>
<td></td>
<td>90,000</td>
</tr>
<tr>
<td>The VELUX Window Collection</td>
<td>5</td>
<td>1</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Owner-occupied property</td>
<td>6</td>
<td>26,800</td>
<td></td>
<td>26,800</td>
</tr>
<tr>
<td>Associates etc</td>
<td>7</td>
<td>436,173</td>
<td>436,173</td>
<td>328,886</td>
</tr>
<tr>
<td>Shares in limited partnerships</td>
<td>8</td>
<td>713,074</td>
<td>713,074</td>
<td>535,806</td>
</tr>
<tr>
<td>Shares etc</td>
<td>2,777,712</td>
<td>300,946</td>
<td>2,578,658</td>
<td>3,103,606</td>
</tr>
<tr>
<td>Bonds etc</td>
<td>3,284,163</td>
<td>2,685,139</td>
<td>5,969,302</td>
<td>6,060,778</td>
</tr>
<tr>
<td>Bank deposits</td>
<td>20,587</td>
<td>7,304</td>
<td>27,891</td>
<td>27,043</td>
</tr>
<tr>
<td>Accrued interest</td>
<td></td>
<td>22,739</td>
<td>22,739</td>
<td>22,528</td>
</tr>
<tr>
<td>Account</td>
<td>156</td>
<td>-156</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Other assets</td>
<td>9</td>
<td>1,363</td>
<td>85,478</td>
<td>86,841</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td></td>
<td>6,850,029</td>
<td>3,101,450</td>
<td>9,951,479</td>
</tr>
<tr>
<td><strong>Liabilities and equity</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amounts granted, not paid</td>
<td></td>
<td>2,380,921</td>
<td>2,380,921</td>
<td>2,579,569</td>
</tr>
<tr>
<td>Payables</td>
<td></td>
<td>14,543</td>
<td>14,543</td>
<td>16,537</td>
</tr>
<tr>
<td>Provisions for later use</td>
<td></td>
<td>705,986</td>
<td>705,986</td>
<td>310,587</td>
</tr>
<tr>
<td>Capital gains, not realised</td>
<td></td>
<td>0</td>
<td>0</td>
<td>72,998</td>
</tr>
<tr>
<td>Equity</td>
<td>10</td>
<td>6,850,029</td>
<td>6,850,029</td>
<td>7,288,167</td>
</tr>
<tr>
<td><strong>Total Liabilities and equity</strong></td>
<td></td>
<td>6,850,029</td>
<td>3,101,450</td>
<td>9,951,479</td>
</tr>
</tbody>
</table>
Notes

Note 1 - Remuneration to the Board of Directors
In addition to a regular board fee, the board members receive fee for participating in group and committee work. For 2018, the board fee, exclusive of group and committee work fee, amounted to DKK 1,234k (2017: DKK 1,543k). The total fee is specified as follows:

<table>
<thead>
<tr>
<th>Name of Director</th>
<th>Board fee (DKK ’000)</th>
<th>Group and committee work fee (DKK ’000)</th>
<th>Total (DKK ’000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jens V. Kann-Rasmussen (Chair)*</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Steen Riisgaard (Vice-chair)</td>
<td>334</td>
<td>0</td>
<td>334</td>
</tr>
<tr>
<td>Anja Boisen</td>
<td>200</td>
<td>95</td>
<td>295</td>
</tr>
<tr>
<td>Bjarne Gråbæk Thomsen</td>
<td>200</td>
<td>245</td>
<td>445</td>
</tr>
<tr>
<td>Christian Søndergaard Jensen</td>
<td>200</td>
<td>60</td>
<td>260</td>
</tr>
<tr>
<td>Eva Zeuthen Bentsen</td>
<td>200</td>
<td>115</td>
<td>315</td>
</tr>
<tr>
<td>Kristian H. Kann Rasmussen (observer)</td>
<td>100</td>
<td>0</td>
<td>100</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,234</strong></td>
<td><strong>515</strong></td>
<td><strong>1,749</strong></td>
</tr>
</tbody>
</table>

*Mr Jens V. Kann-Rasmussen, Chair, has waived board, group and committee work fee.

Note 2 - Remuneration to Management
Total remuneration to Management amounted to DKK 3,492k in 2018 (2017: DKK 4,345k) which is equivalent to 1.3 full-time positions (2017: 1.9) incl share of remuneration to chief investment officer. Remuneration is recognised in “Administrative and other expenses”.

<table>
<thead>
<tr>
<th>Year</th>
<th>(DKK ’000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td></td>
</tr>
</tbody>
</table>

Note 3 - Fee to auditors
Non-audit services included in “Fee, asset management”
and “Administrative and other expenses”
Audit and other services included in supervision of grants

<table>
<thead>
<tr>
<th>Service Description</th>
<th>2018 (DKK ’000)</th>
<th>2017 (DKK ’000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit</td>
<td>277</td>
<td>272</td>
</tr>
<tr>
<td>Non-audit services</td>
<td>588</td>
<td>630</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>865</strong></td>
<td><strong>902</strong></td>
</tr>
</tbody>
</table>

Note 4 - VKR Holding A/S
The Foundation holds B shares in VKR Holding A/S corresponding to some 82% of the total share capital. The Foundation’s share of equity of VKR Holding A/S amounts to DKK 16,914 million according to the latest Financial Statements at 31 December 2018.

Note 5 - The VELUX Window Collection
The VELUX Window Collection which comprises windows, fittings, etc from the models and designs used over the years was gifted by VKR Holding A/S to the restricted capital of the Foundation on 16 April 1985. The Collection is recognised at sentimental value.
Notes

**Note 6 - Owner-occupied property, Tobaksvejen 10**

<table>
<thead>
<tr>
<th></th>
<th>2018 (DKK '000)</th>
<th>2017 (DKK '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost at 1 January</td>
<td>29,908</td>
<td>27,328</td>
</tr>
<tr>
<td>Additions for the year</td>
<td>0</td>
<td>2,580</td>
</tr>
<tr>
<td>Cost at 31 December</td>
<td>29,908</td>
<td>29,908</td>
</tr>
<tr>
<td>Depreciation and impairment losses at 1 January</td>
<td>-2,827</td>
<td>-2,546</td>
</tr>
<tr>
<td>Depreciation for the year</td>
<td>-281</td>
<td>-281</td>
</tr>
<tr>
<td>Depreciation and impairment losses at 31 December</td>
<td>-3,108</td>
<td>-2,827</td>
</tr>
<tr>
<td>Carrying amount at 31 December</td>
<td>26,800</td>
<td>27,081</td>
</tr>
</tbody>
</table>

The property is owned in equal joint ownership with VELUX FONDEN.

**Note 7 - Associates**

The Foundation holds 50% of the A shares with voting rights (VELUX FONDEN holds the remaining 50%) and 70% of the B shares (without voting rights) in VV Private Equity Holding ApS (VELUX FONDEN holds the remaining 30%). The registered office of the company is situated at Tobaksvejen 10, DK-2860 Søborg. The company's total nominal share capital amounts to DKK 33.9 million. The net profit amounts to DKK 57.8 million for 2018 (2017: DKK 22.7 million), and equity amounts to 487.6 million at 31 December 2018 (2017: DKK 329.8 million) of which the share of VILLUM FONDEN amounts to DKK 40.3 million and DKK 340 million, respectively, in 2018 (2017: DKK 16.2 million and DKK 234.7 million, respectively).

**Note 8 - Shares in limited partnerships and unlisted investment funds**

The Foundation has promised to invest in unlisted equity shares at an additional amount of DKK 687.1 million. The payment of the amount will be made under a cash-call principle. Moreover, the Foundation has provided a guarantee against security of DKK 15.8 million. No claim has been made under the guarantee.

**Note 9 – Fair value hedging of unlisted securities**

The principal of forward exchange contracts totals USD 68.1 million (DKK 443.3 million) with a fair value of DKK 1.0 million at 31 December 2018. The forward exchange contracts are effective until 17 January 2019 and 13 March 2019.

**Note 10 - Equity**

<table>
<thead>
<tr>
<th></th>
<th>2018 (DKK '000)</th>
<th>2017 (DKK '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restricted capital</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at 1 January</td>
<td>6,600,431</td>
<td>6,626,894</td>
</tr>
<tr>
<td>Realised capital gains and losses on bonds, net</td>
<td>2,547</td>
<td>7,096</td>
</tr>
<tr>
<td>Realised capital gains and losses on shares, net</td>
<td>466</td>
<td>43,942</td>
</tr>
<tr>
<td>Transferred conversion from unrestricted capital</td>
<td>0</td>
<td>2,580</td>
</tr>
<tr>
<td>Transferred taxable capital gains to unrestricted capital</td>
<td>0</td>
<td>-79,800</td>
</tr>
<tr>
<td>Depreciation and impairment losses</td>
<td>-281</td>
<td>-281</td>
</tr>
<tr>
<td>Consolidation</td>
<td>120,000</td>
<td>0</td>
</tr>
<tr>
<td>Balance at 31 December before unrealised capital gains and losses</td>
<td>6,723,163</td>
<td>6,600,431</td>
</tr>
<tr>
<td>Unrealised capital gains and losses, shares and shares in limited partnerships</td>
<td>143,642</td>
<td>573,799</td>
</tr>
<tr>
<td>Unrealised capital gains and losses, bonds, etc</td>
<td>-16,776</td>
<td>91,937</td>
</tr>
<tr>
<td>Unrealised capital gains and losses, restricted foundation funds</td>
<td>126,866</td>
<td>665,736</td>
</tr>
<tr>
<td>Total balance at 31 December</td>
<td>6,850,029</td>
<td>7,266,167</td>
</tr>
</tbody>
</table>