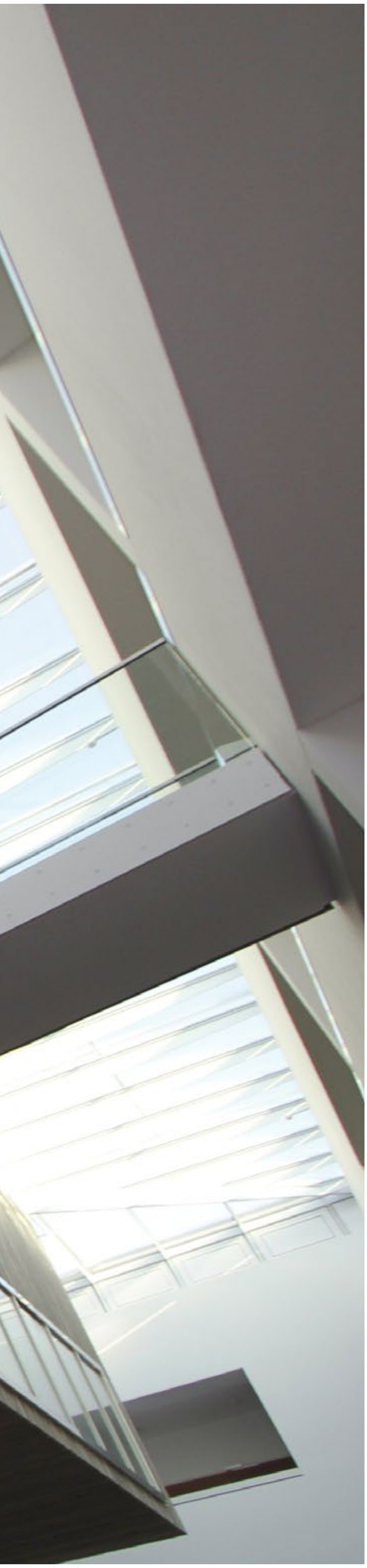
VKR

ANNUAL REPORT 2018

Translation from the adopted staturory Danish annual report

VKR Holding A/S

JET Group glass roof in school building in Heppenheim, Germany. Photo: Peter Witt, 2017



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Front page: VELFAC vertical windows and VELUX roof windows,
Lilla Fjellsholmen, Sweden. Photo: SE360, 2016

2018 OVERVIEW

GROWTH IN REVENUE	EBITA MARGIN	RETURN ON CAPITAL EMPLOYED
5%	14%	31%
(2017: 3%)	(2017: 15%)	(2017: 39%)

THE VKR GROUP'S REVENUE REACHED A NEW RECORD HIGH OF DKK 19.6 BILLION, DRIVEN BY BOTH ORGANIC AND ACQUISITIVE GROWTH

THE YEAR AT A GLANCE

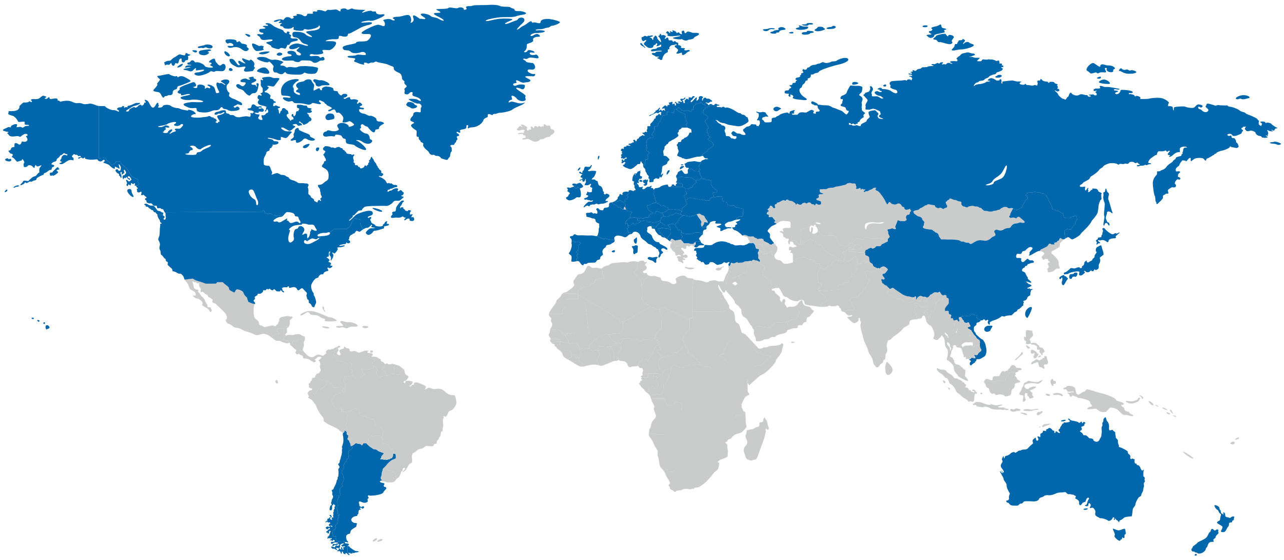
Q1

- David Briggs becomes CEO of the VELUX Group
- The DOVISTA Group initiates the implementation of a new ERP system
- The VELUX Group officially launches the MyDaylight app on the first markets

Q2

- The VELUX Group acquires Wasco Skylights
- The VELUX Group launches the Indoor Generation campaign focusing on indoor climate

COMPANIES IN 41 COUNTRIES



Q3	Q4
• The VELUX Group introduces the VELUX ACTIVE indoor climate control system, which automates roof windows, blinds and shutters	• The VELUX Group acquires JET Group and Vitral • The DOVISTA Group opens a new factory in Lithuania • Arcon-Sunmark commissions a solar thermal heating plant in Tibet, China

VKR HOLDING BUSINESS MODEL

VKR Holding creates value through financial investments and ownership of companies within daylight, fresh air and better environment

VKR Holding

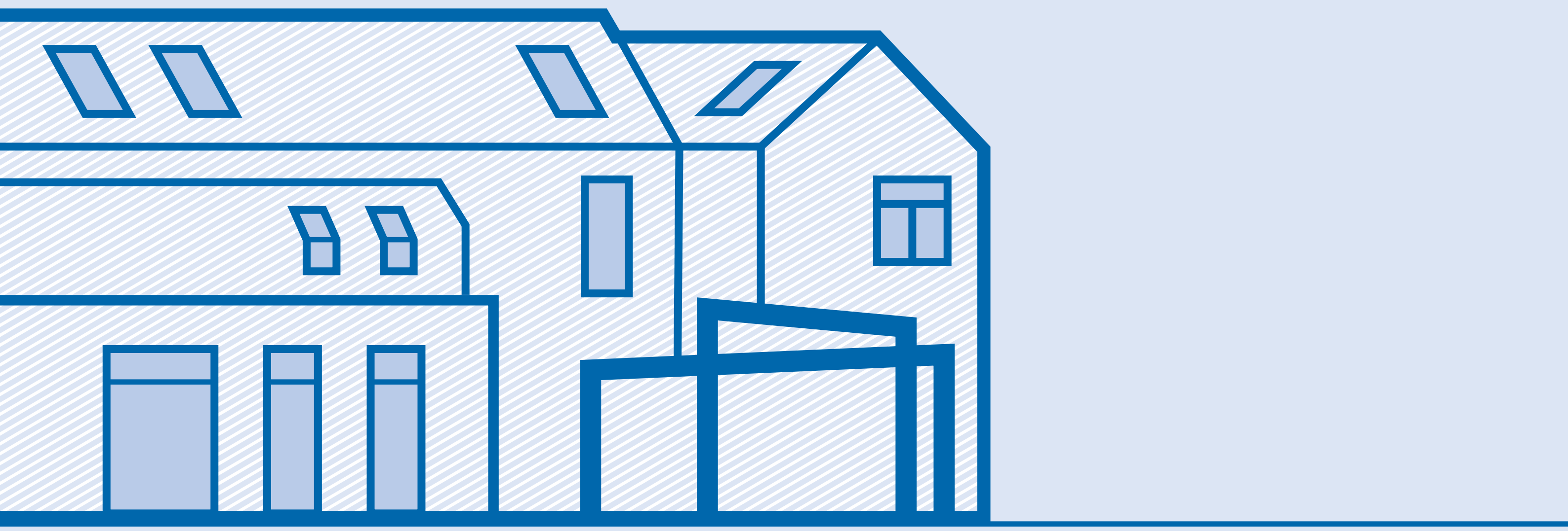
Financial independence
Companies in the Group must generate a profit over time that can finance growth and development

Model Company Objective
The Group works with products that are useful to society and aspires to treat its stakeholders better than most others do

Active investment strategy
Well-established acquisition opportunities that supplement and complement existing business areas are actively pursued

Long investment horizon
Investments are made in the business areas on an ongoing basis, and companies are acquired for long-term ownership

Active ownership
VKR Holding practises active ownership to ensure compliance with the Group's values



Our business areas

ROOF WINDOWS & SKYLIGHTS

The business area comprises:
The VELUX Group
Altaterra

The product range includes:
- Roof windows & skylights
- Blinds and shutters
- Home automation

The business area sells its products in more than 40 countries to both residential and commercial segments

VERTICAL WINDOWS

The business area comprises:
The DOVISTA Group

The product range includes:
- Vertical windows
- Exterior doors

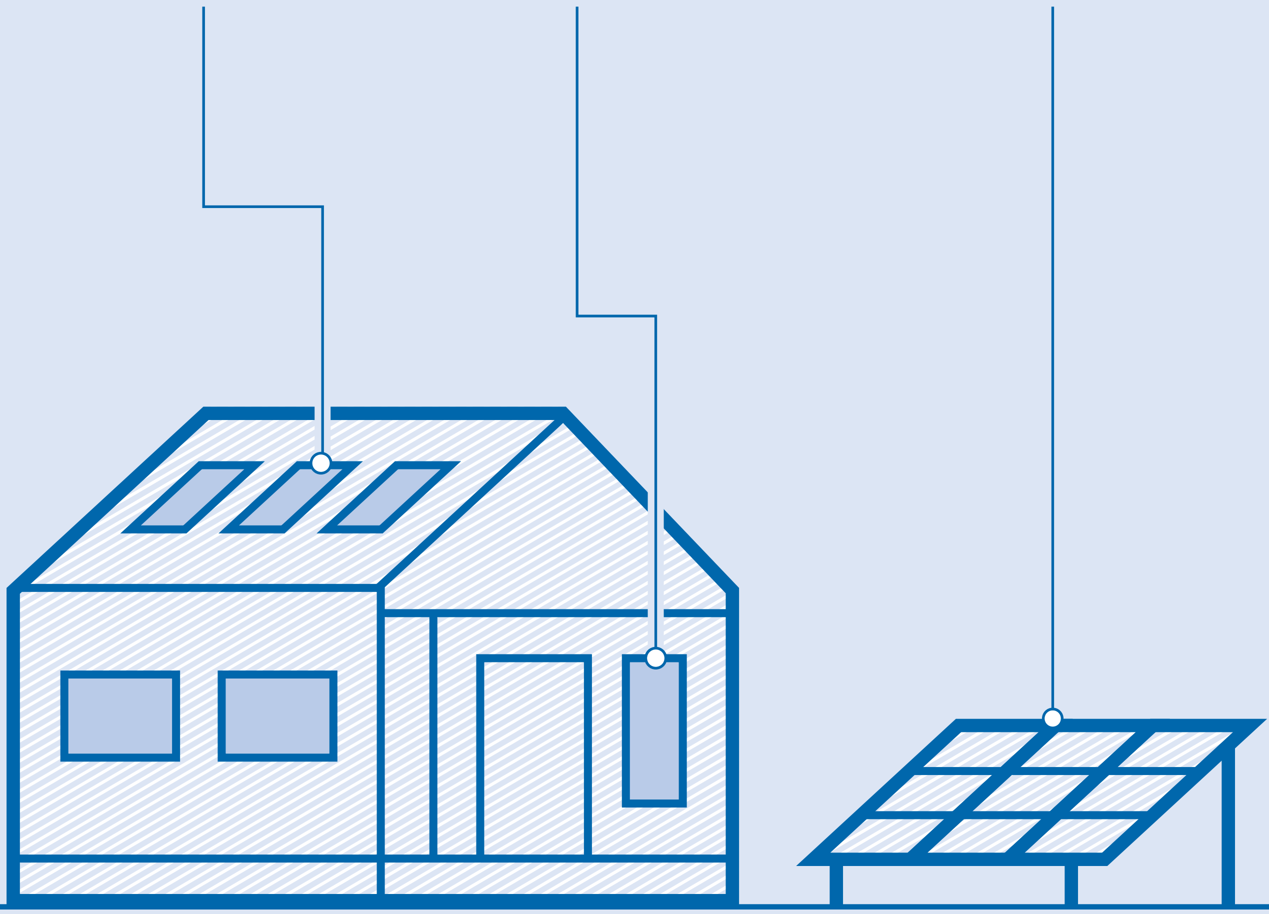
The business area primarily sells its products in Northern Europe

SOLAR THERMAL ENERGY

The business area comprises:
Arcon-Sunmark

The product range includes:
- Solar collectors and storage pits for complete and large turnkey solar thermal heating plants
- Piping systems and control systems

The business area sells its products to industrial companies and the energy sector, primarily in Europe but also in the rest of the world



See the complete organisation chart on page 22 →

Vitral glass roof in MT Højgaard's new headquarters, Søborg, Denmark. Photo: Mads Frederik Architectural Photography, 2018

THE GROUP WAS STRENGTHENED BY STRATEGIC ACQUISITIONS

The revenue in the VKR Group increased by 5.1% in 2018 to DKK 19.6 billion. The operating profit from Roof windows met expectations, while the other business areas experienced a challenging year. Large negative fluctuations in the financial markets impacted the VKR Group's share portfolio.

The VKR Group's strategy remains unchanged: to develop and improve the competitive position of its business areas. Within the Roof window business area, strategic acquisitions of companies were made in 2018 within the commercial segment (skylights for commercial buildings). The acquired companies create a platform for increased growth in the commercial market, and together, they constitute a new division in the VELUX Group, VELUX Commercial. The acquisitions are in line with both VKR Holding's acquisition strategy and the VELUX Group's growth strategy.

The VKR Group will continue the pursuit of potential acquisition opportunities that are either a strategic match for the existing business areas or that may form a new business area within daylight, fresh air and better environment.

Acquisitions contributed by 2.1 percentage points of revenue growth in 2018.

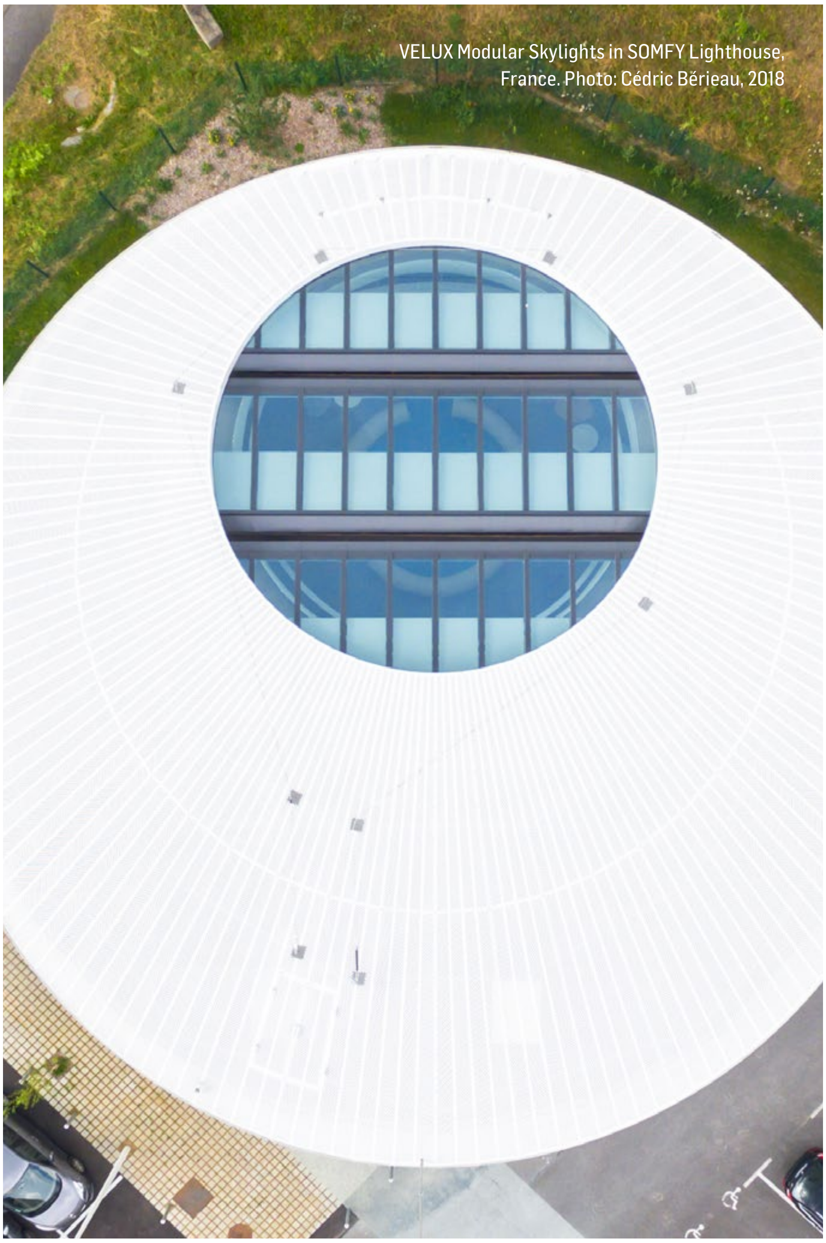
Overall, expectations for the year were partially met, as revenue increased and operating profit came close to the expected level, which is considered satisfactory. However, the negative return on the financial portfolio was unsatisfactory for the year, but still met the long-term target.

VKR HOLDING'S ACTIVITIES

VKR Holding is a holding and investment company with the objective of creating value through financial investments and ownership of companies bringing daylight, fresh air and better environment into people's lives. The Company's primary activities are the ownership of companies within development, production and sale of roof windows and vertical windows. Furthermore, the Group's activities include development, sales and advisory services within large-scale solar thermal energy systems as well as managing a financial portfolio. The financial portfolio comprises listed shares and bonds as well as illiquid investments in mezzanine funds, property funds, and private equity funds.

VKR Holding practises active ownership of the business areas based on the Model Company Objective, current Group policies and our governance structure (see section on governance). The business areas largely operate independently from VKR Holding within the given guidelines.

One of VKR Holding's most important goals is to ensure that all types of investments create a return reflecting as a minimum the assumed risk.


VELUX Modular Skylights in SOMFY Lighthouse, France. Photo: Cédric Bérieau, 2018

THE ESTABLISHMENT OF A POSITION WITHIN THE COMMERCIAL SEGMENT WAS GREATLY ADVANCED IN 2018 BY THE ACQUISITIONS OF US-BASED WASCO SKYLIGHTS, GERMAN JET GROUP AND VITRAL IN DENMARK

BUSINESS AREAS

Strategic acquisitions in the commercial segment for roof windows

In 2017, the VELUX Group launched a new strategy, which generally focused on growing the core business, establishing a position within the commercial segment, and increasing digitalisation.

The establishment of a position within the commercial segment was greatly advanced in 2018 by the acquisitions of US-based Wasco Skylights, German JET Group and Vitral in Denmark. The acquired companies complement the VELUX Group's existing daylight solutions for commercial buildings, VELUX Modular Skylight, and will form a new division in the VELUX Group, VELUX Commercial.

In line with the digital strategy, the VELUX Group continued developing the digital user experience by launching the mobile application MyDaylight in continuation of the "Smart Home" solution VELUX ACTIVE. MyDaylight can simulate daylight from VELUX roof windows and flat roof windows in a home, and VELUX ACTIVE uses smart sensors to monitor temperatures, humidity and carbon dioxide levels in the home and automatically opens or closes roof windows, blinds and shutters. This helps ensure a healthy and comfortable indoor climate for the inhabitants.

VELFAC vertical windows in social housing in north-western Copenhagen, Denmark. Photo: BIG, 2018

IN 2018, THE DOVISTA GROUP CONTINUED ITS INVESTMENT STRATEGY TO STRENGTHEN THE GROUP'S FUTURE POSITION AND MEET CUSTOMER REQUIREMENTS

Moreover, the VELUX Group launched the "Indoor Generation" campaign in 2018 to bring more focus to the fact that we spend 90% of our time indoors with consequences for our health, well-being and productivity. The campaign went viral on social media with more than 100 million views.

Overall, the VELUX Group met expectations in 2018.

Challenging market conditions for Vertical windows but prepared for future growth

In 2018, the DOVISTA Group did not meet expectations. This was primarily due to deteriorating market conditions in Sweden and Brexit uncertainties in Great Britain. The DOVISTA Group divested its subsidiary West Port to the company's management at 1 July 2018 as it did not fit into the future strategy for the British market.

In 2018, the DOVISTA Group continued its investment strategy to strengthen the Group's future position and meet customer requirements. This entailed the implementation of a new ERP system and the completion of new production facilities in Lithuania.

The new factory in Lithuania officially opened in October 2018.

Another challenging year for large-scale Solar thermal energy

Overall, Arcon-Sunmark had a disappointing year, which ended with unsatisfactory results. In terms of revenue, 2018 saw progress as expected, but from a low level. Progress primarily took place in the domestic market in Denmark, aided by projects in new markets such as China and Latvia.

The internationalisation is expected to continue in 2019.

OPERATIONS AND INVESTMENTS

In 2018, the underlying macroeconomic indicators were generally positive for the construction industry, which supported growth in the VKR Group's revenue. Towards the end of the year, some markets showed signs of downturn and lower levels of activity. Correspondingly, the financial markets saw significant negative fluctuations in the fourth quarter.

Despite revenue growth, profit for the year was lower than last year and lower than expected, primarily due to the negative return on the financial portfolio caused by the general development in the financial markets.

Revenue and results of operations

In 2018, the VKR Group reached a record revenue of DKK 19.6 billion against DKK 18.6 billion in 2017, corresponding to a growth rate of 5.1%. 3.0 percentage points of the growth rate related to organic growth, while 2.1 percentage points were due to acquisitions. Growth was largely driven by the VELUX Group's successful growth strategy, which resulted in increased sales in the core business and higher revenue in the commercial segment driven by strategic acquisitions. The expected growth in the DOVISTA Group was challenged by a declining level of activity in the important Swedish and British markets. Arcon-Sunmark contributed to total growth by increased sales within large-scale solar thermal energy solutions.

Group earnings before interest, depreciation and amortisation (EBITDA) amounted to DKK 3.2 billion in 2018, which was generally at the same level as the DKK 3.3 billion realised in 2017. As planned, the business areas Roof windows and Vertical windows maintained increased cost levels and relatively high investment levels in 2018.

In 2018, earnings before amortisation (EBITA) amounted to DKK 2.7 billion against DKK 2.8 billion in the previous year.

Operating investments

Investments in tangible fixed assets amounted to DKK 0.6 billion in 2018, corresponding to 3.0% of revenue, and thus investments decreased in line with expectations compared to the abnormally high level in 2017. As in previous years, investments were primarily carried out by the VELUX Group and the DOVISTA Group.

IN 2018, THE VKR GROUP REACHED A RECORD REVENUE OF DKK 19.6 BILLION AGAINST DKK 18.6 BILLION IN 2017, CORRESPONDING TO A GROWTH RATE OF 5.1%. 3.0 PERCENTAGE POINTS OF THE GROWTH RATE RELATED TO ORGANIC GROWTH, WHILE 2.1 PERCENTAGE POINTS WERE DUE TO ACQUISITIONS

The VELUX Group's investments in 2018 primarily related to new production equipment and maintenance of existing equipment in the factories. Moreover, investments were made in IT hardware and software to support the continued digitalisation of the business internally as well as towards the customers.

In 2018, the DOVISTA Group completed construction of the new factory in Lithuania, which was a significant part of total investments in the business area. The remaining part of investments related to ERP implementation as well as optimisation and streamlining of existing production facilities.

Cash flows from operating activities and working capital

Cash flows from operating activities before tax decreased to DKK 3.0 billion in 2018 against DKK 3.2 billion in the previous year. The decrease is primarily due to higher levels of working capital.

In 2018, cash flows from operations after tax amounted to DKK 2.6 billion against DKK 2.5 billion in 2017.

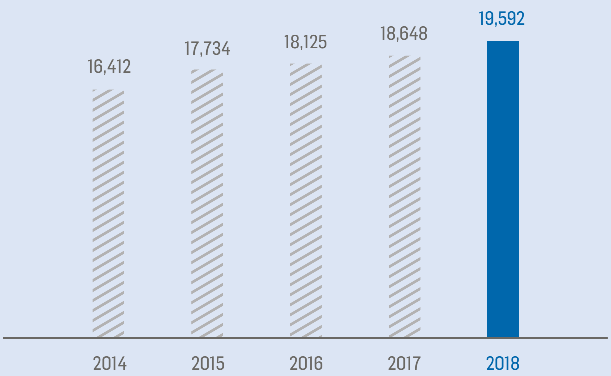
Financial investments

VKR Holding holds a substantial portfolio of financial investments, which can significantly affect annual results.

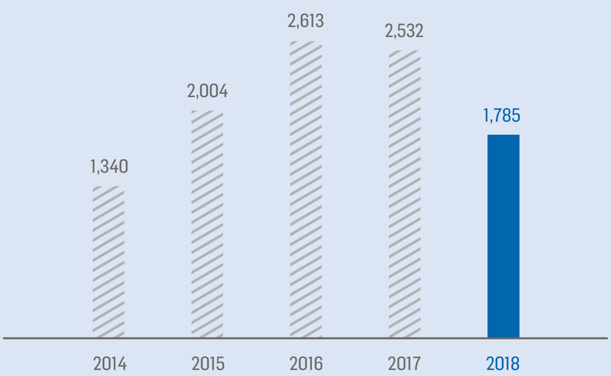
In 2018, return on financial investments was negative and thus significantly lower than in previous years when trends in the financial markets were generally positive. The development in 2018 is primarily affected by a negative unrealised return on listed shares due to a general geopolitical uncertainty that resulted in large negative fluctuations in the financial markets, especially in the last quarter of the year. On the other hand, the return on illiquid investments was higher than in previous years but not sufficient to compensate for the loss on listed shares.

Despite the negative absolute return, the relative return (i.e. compared to similar portfolios) is considered acceptable.

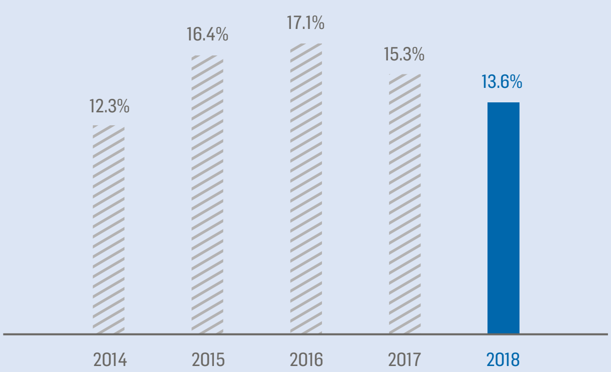
NET REVENUE – MDKK



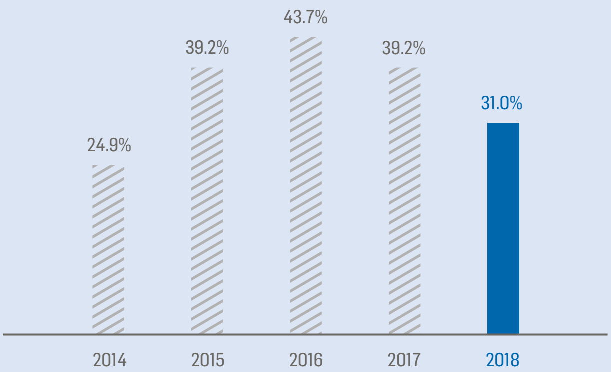
PROFIT AFTER TAX – MDKK



EBITA MARGIN – %



RETURN ON CAPITAL EMPLOYED – %



CONSOLIDATED FINANCIAL HIGHLIGHTS

Key figures, MDKK	**2018**	**2017**	**2016**	**2015**	**2014**
Net revenue	19,592	18,648	18,125	17,734	16,412
Earnings before depreciation (EBITDA)	3,225	3,324	3,556	3,743	2,950
Earnings before goodwill amortisation (EBITA)	2,669	2,849	3,095	2,900	2,011
Earnings before financial items and tax (EBIT)	2,617	2,820	3,014	2,804	1,916
Net financials	-281	458	462	-17	-3
Profit after tax	1,785	2,532	2,613	2,004	1,340
Investments in tangible fixed assets (net)	592	864	238	503	244
Free cash flow before tax	663	2,164	3,264	3,235	2,880
Total assets	21,102	19,720	17,940	16,060	14,550
Equity	16,914	15,948	14,276	12,522	11,180
Financial ratios (%)					
EBITA margin	13.6	15.3	17.1	16.4	12.3
Return on capital employed	31.0	39.2	43.7	39.2	24.9
Equity ratio	80.2	80.9	79.6	78.0	76.8
Average number of employees	15,459	14,764	13,885	13,644	13,444

Financial ratios have been prepared in accordance with the Danish Finance Society's recommendations. Reference is made to the accounting policies.

Taxation

The income tax expense for 2018 amounted to DKK 0.6 billion compared to DKK 0.8 billion in 2017.

Profit for the year

In 2018, profit for the year of DKK 1.8 billion was realised against DKK 2.5 billion in the previous year.

The decrease in profit is primarily due to an unrealised loss on financial investments in 2018, whereas 2017 saw a gain.

Moreover, exchange rate developments in 2018 were unfavourable for the VKR Group where particularly developments in SEK and USD had a negative effect on revenue.

Overall, the operating profit in the business areas was in line with expectations, which was largely due to the developments in the VELUX Group. Management considers results in 2018 satisfactory when disregarding the negative return on the financial portfolio.

Financial resources

At 31 December 2018, the financial resources of the VKR Group amounted to DKK 7.3 billion, which is a decrease compared to the previous year when they amounted to DKK 8.8 billion. The development is primarily attributable to the acquisition of companies which meant an increase in total assets to DKK 21.1 billion at the end of 2018 against DKK 19.7 billion in the previous year.

At 31 December 2018, equity in VKR Holding amounted to DKK 16.9 billion against DKK 15.9 billion in the previous year. The equity ratio was thus marginally reduced from 80.9% in 2017 to 80.2% in 2018. The VKR Group has a large liquid portfolio to fund existing activities as well as relevant acquisitions.

After the annual general meeting in March 2018, ordinary dividend of DKK 1.0 billion was distributed to the shareholders. This level is expected to be maintained at the annual general meeting in March 2019.

Malin Sehlstedt, production at Snidex, Burträsk, Sweden. Photo: Per Norell, 2018

OVERALL, THE OPERATING PROFIT IN THE BUSINESS AREAS WAS IN LINE WITH EXPECTATIONS, WHICH WAS LARGELY DUE TO THE DEVELOPMENTS IN THE VELUX GROUP. MANAGEMENT CONSIDERS RESULTS IN 2018 SATISFACTORY WHEN DISREGARDING THE NEGATIVE RETURN ON THE FINANCIAL PORTFOLIO

Innovation and development activities

Improved indoor climate and energy efficiency measures continued to be focus areas within the VKR Group. The Group's products are continuously improved to meet ever stricter energy requirements for both new construction and renovation of existing buildings. Moreover, product functionality is increasingly enhanced by means of digitalisation and Smart Home solutions.

The Group's innovative culture and product development activities result in submission of numerous patent applications each year. At the end of 2018, VKR Holding owned and managed 2,167 active patents as well as other intellectual property rights that are protected actively and systematically to maintain the Group's competitiveness.

THE VKR GROUP ACTIVELY SUPPORTS THE UN GLOBAL COMPACT AND THE "SUSTAINABLE DEVELOPMENT GOALS"

Employees
At the end of 2018, the VKR Group had almost 16,000 employees against just over 14,900 employees in the previous year. A significant number of employees work in Poland (approx. 4,300) and Denmark (approx. 2,900), so in total, approx. 45% of the Group's employees work in these two countries. The number of employees in Germany increased considerably in 2018 due to the VELUX Group's acquisition of JET Group.

Corporate Social Responsibility
The VKR Group actively supports the UN Global Compact and the "Sustainable Development Goals". VKR Holding and the business areas joined the UN Global Compact in 2016 and annually report on progress in relation to the Ten Principles within human and labour rights, environment and anti-corruption in a Communication on Progress report. The Communication on Progress report of VKR Holding also constitute the statutory report on Corporate Social Responsibility pursuant to section 99a of the Danish Financial Statements Act for the financial year 2018 and can be found on our website (https://vkr-holding.com/vkr/un-global-compact/?lang=en) and on the website of the UN Global Compact. During 2019, the business areas will publish their individual Communication on Progress reports, which will further describe their progress on the development goals.

Working environment
The Group's business areas have a strong focus on a good and safe working environment. As the VKR Group has many employees in production facilities, special efforts are made to ensure a good and safe working environment in line with the international standard on working environment ISO 45001 (occupational health and safety management), formerly known as OHSAS 18001.

Diversity goals
In VKR Holding, employees and members of the Board of Directors are always selected based on qualifications and skills. At the same time, we acknowledge the value of diversity, which has resulted in VKR Holding setting a target that at least 1 board member should be of the underrepresented gender.

At the end of 2018, VKR Holding had 1 female and 5 male board members, and thus, the target was met. Following this composition, the underrepresented gender constituted 17% of the board members compared to 20% in 2017. The change in percentage is due to the fact that 1 male member joined the Board of Directors at the annual general meeting in March 2018.

In VELUX A/S, which represents the Group's largest business area, the Board of Directors elected by the general meeting comprises 2 female board members and 4 male board members.

In DOVISTA A/S, the Board of Directors elected by the general meeting comprises 1 female board member and 4 male board members.

RISK FACTORS

The VKR Group's activities are affected by cyclical developments and are dependent on the ability to maintain strong market positions through, among other things, continued product development and optimisation of the entire value chain. The VKR Group as a whole and the underlying business areas are considered reasonably positioned in the relevant markets.

The level of activity in the construction sector is one of the largest risks to the VKR Group as a whole. The macroeconomic conditions in the individual markets where the business areas operate are the underlying growth drivers in the construction industry. The general development in the level of activity in 2018 was positive for the Group, but towards the end of the year, some markets started showing signs of stagnation in economic growth, and the probability of a recession seems to have increased. Moreover, the current geopolitical uncertainties, which among other things relate to the Brexit process and the trade dispute between USA and China, may affect growth prospects.

During 2018, prices of several raw materials used in production in the business areas increased, which had an adverse effect on earnings.

The VKR Group's business areas continuously focus on the trend towards energy-efficient buildings and renewable energy sources. We consider these focus areas important for future business opportunities. Ambitious political goals regarding energy-efficient solutions as well as open competition are in the interest of the Group.

GENERAL RISKS

The VKR Group operates globally and is exposed to several financial risks related to the Group's income statement and equity:

- Interest rate risk
- Foreign exchange risk
- Credit risk
- Liquidity risk
- Product quality and product liability
- Cybercrime

Interest rate risk

For financial investments, movements in interest rates are a significant factor in terms of fluctuations in the value of the bond portfolio and derived effects on other asset classes. Consequently, the interest rate risk on financial investments is considered moderate, and interest rate trends are monitored on an ongoing basis in relation to investment portfolio management.

The VKR Group only occasionally takes on external interest-bearing debt. Taking into consideration the Group's high equity ratio, the interest rate risk on debt is considered limited.

Foreign exchange risk

The VKR Group operates globally with both sales and production activities. A very significant part of the activities is denominated in EUR and due to the Danish fixed exchange rate policy, there is only minor fluctuations against DKK, and consequently, no significant currency risk. The largest exposures in terms of risk are related to GBP and PLN.

The Group does not engage in hedging of operational foreign currency exposure.

Credit risk

The VKR Group's receivables from customers are widely distributed, both in terms of geography and number of customers. Moreover, standard procedures for managing customers' credit agreements have been established.

VKR Holding uses many different banks around the world due to the significant geographic distribution of the Group's activities. As a rule, VKR Holding prefers large, well-established banks to provide required services and minimise the risk related to placing cash and cash equivalents. The largest of these banks are credit rated on an ongoing basis.

Liquidity risk

The VKR Group has sufficient cash available. VKR Holding continuously monitors the development in cash flows in the business areas. The majority of cash is concentrated in VKR Holding via various liquidity tools, including cash pools. This means that most of the companies in the Group have relatively low balances with external banks. Thus, VKR Holding acts as internal bank to the business areas.

Product quality and product liability

The VKR Group is highly dependent on the quality of the products sold by the business areas. Failing to maintain high quality standards may expose the Group to reputational risks, potential warranty expenses and lower earnings. Moreover, high quality is necessary to ensure and improve market positions. It is therefore a potentially large cost burden if products do not live up to the expected quality. The risk is managed by comprehensive quality and environmental management systems which monitor all products from own production and suppliers. Continuous thorough testing of the products is carried out both internally and by external independent and certified testing institutes.

Cybercrime

Companies in the VKR Group are highly dependent on IT systems in the daily operations to manage the entire value chain from product development to delivery of products to the customer. IT system downtime may result in partial or complete suspension of business activities.

Consequently, a high IT security level is highly prioritised to counter the increasingly sophisticated attacks on the Group's IT systems. This includes maintenance and development of our already strong and secure technical IT platform as well as continuous training of employees. Moreover, we constantly strive to improve our ability to identify successful attacks so that they can be stopped at an early stage and to improve our IT contingency plans so systems can be re-established as soon as possible in case of inoperability.

The newly developed JET VARIO-GLAS for flat roofs. Photo: JET Group, 2018

Interior with VELFAC vertical windows, Lilla Fjellsholmen, Sweden. Photo: SE360, 2016

OUTLOOK FOR 2019

Generally, the activity level of the VKR Group is expected to increase in 2019. The expected increase will be driven partly by the full-year effect of the strategic acquisitions in the Commercial roof windows & skylights division and partly by the organic growth expectations of the business areas. Earnings are anticipated to be in line with 2018. Investments in tangible fixed assets are expected to increase compared to the level in 2018 to support the business areas' continued improvement of their market positions.

The political and macroeconomic risks are considered elevated, and consequently, expectations to sales and results of operations are subject to increased uncertainty.

Moreover, large fluctuations may occur in the financial markets related to the uncertainties associated with the geopolitical situation, including Brexit and trade relations between USA and China. This may affect the VKR Group's operating activities and the financial investments, in particular. The Management of the VKR Group fully realises the importance of having an adaptable business model capable of handling changes to market conditions and framework conditions.

The acquisition strategy formulated in 2016 will remain unchanged in 2019. The VKR Group will continue the pursuit of potential acquisitions, both within existing business areas and to create a new business area if the right opportunity arises.

GOVERNANCE

VELUX roof window in a family home in Hoeilaart, Belgium. Photo: Jasper Leonard, 2018

CORPORATE GOVERNANCE

As early as 1965, the founder of the Group, Villum Kann Rasmussen, defined the "Model Company Objective". The Objective is the essence of the VKR Group's approach to Corporate Social Responsibility and defines the overall ambition for Corporate Social Responsibility that all companies in the Group aspire to – i.e. to act responsibly and at the same time ensure financial profits for continued growth. Moreover, the Board of Directors of VKR Holding has approved 15 Group policies that, together with the Model Company Objective, constitute the Group's guidelines on corporate governance. The Management and the Board of Directors of the business areas are responsible for compliance with the guidelines.

The VKR Group has three overall levels of governance: shareholders, VKR Holding and business areas. Formal guidelines on active ownership and interaction between the three levels have been established.

Shareholders

Holders of class A shares

VILLUM FONDEN

Other holders of class B shares

VKR Holding

VKR

Business areas

Roof windows & skylights

Vertical windows

Solar thermal energy

Class A shares refer to a classification of common stock that is accompanied by more voting rights than Class B shares.

The shareholders

The shareholders perform all the functions attributed to the owners of the Company at general meetings. In addition, four shareholders' meetings are held each year between shareholder representatives and VKR Holding's chairmanship and Executive Management. At these meetings, the shareholders are informed of developments in the VKR Group, including strategy, risk profile and results of the Group's companies, etc. The meetings are held according to a pre-approved agenda.

VKR Holding

At the annual general meeting in March 2018, Mr. Jørgen Tang-Jensen joined VKR Holding's Board of Directors, so that six persons serve on the board. Up to two board members are elected among the Company's shareholders, including a representative from the Board of VILLUM FONDEN, while at least three board members should be independent of the shareholders, including VILLUM FONDEN. One of the maximum two board members elected among the shareholders should also serve on the Board of VILLUM FONDEN. All board members must meet general Fit and Proper Criteria. The chair of the Board of Directors is elected by the shareholders at the annual general meeting. The Board of Directors is responsible for the overall management of VKR Holding and works according to an annual schedule ensuring discussion of and progress on significant strategic, financial and operational matters as well as initiatives regarding environment, employees and organisation, etc. The Board of Directors also ensures that the Company and its shareholders communicate regularly so that expectations are aligned. According to the annual schedule, four ordinary board meetings are held each year. Extraordinary board meetings are held whenever necessary. To ensure that the Board of Directors has first-hand knowledge of the Group's activities, at least one of the annual meetings includes visits to the business areas. In June 2018, the Board of Directors visited the VELUX factories in Brædstrup and Østbirk as well as Arcon-Sunmark in Skørping, all located in Denmark.

Committees

As preparatory bodies to the Board of Directors, two committees have been set up: the Audit Committee and the Nomination Committee.

The purpose of the Audit Committee is to assist the Board of Directors of VKR Holding in supervising the Company's risk management processes, including the Company's internal control systems, as well as financial reporting and external auditors. Moreover, the committee assists the Board of Directors in evaluating the VKR Group's overall risks. The committee consists of two members appointed by the Board of Directors: Anne Broeng (chair) and Jørgen Tang-Jensen. The committee holds two scheduled meetings each year.

The purpose of the Nomination Committee is to ensure the appropriate composition of the Boards of Directors in the VKR Group. Furthermore, the committee acts as a preparatory body for VKR Holding's Board of Directors, which is the decision-making body. On behalf of the Board, the committee discusses the composition of the Board of Directors of VKR Holding A/S. The Nomination Committee comprises the chairmanship of the Company (the chair and vice chair of the Board) and the Company's CEO. The committee meets at least once a year.

Business areas

VKR Holding's business areas largely operate independently from VKR Holding. The Boards of Directors of the business areas are responsible for operations, development, strategy, reputation and risk management. The strategy, capital resources and risk profile of the business areas are regularly aligned with VKR Holding.

As part of the interaction between VKR Holding and the business areas, the Boards of Directors of the business areas should also include a member that serves on VKR Holding's Board of Directors. Only independent members of the VKR Holding's Board of Directors should serve on boards on business area level.

The VKR Group's overall Group policies support the operational independence of the business areas by allowing and encouraging the Boards of Directors of the business areas to implement additional or more comprehensive policies where appropriate.

Tax governance

The VKR Group's tax strategy and tax management are also based on the foundation of the Model Company Objective to act responsibly and at the same time ensure financial profits for continued growth.

The Board of Directors of VKR Holding is responsible for tax in VKR Holding and the VKR Group, while the Boards of Directors of the business areas are responsible for tax in the individual business areas. The individual Boards of Directors of the business areas must ensure that relevant procedures have been established for purposes of reporting to VKR Holding in relation to compliance with tax policies, tax risks, and related trends.

The VKR Group has internal tax expertise that is qualified to either determine the tax implications of transactions or is able to assess the need for external tax advice.

Business in the VKR Group is driven by commercial rationale where the tax implications of commercial transactions are evaluated, and relevant deductions and incentives are applied within the framework of relevant legislation. The Group does not engage in artificial non-business driven planning of transactions or business structures solely for the purpose of reducing tax.

The VKR Group cooperates with tax authorities and has a timely, open, and honest dialogue.

Whistle-blower programme

In 2018, the VKR Group implemented a whistle-blower programme where stakeholders can report non-compliance or suspected non-compliance with applicable legislation, internal policies, etc.

THE BOARD OF DIRECTORS OF VKR HOLDING A/S

SØREN BJERRE-NIELSEN

Chair of the Board
Chair since 2010
Member since 1996

Chair of the Nomination Committee
Chair of the boards of among others VELUX A/S and MT Højgaard A/S, and board member of Scandinavian Tobacco Group A/S

THOMAS THUNE ANDERSEN

Vice chair
Vice chair since 2011
Member since 2010

Vice chair of the Nomination Committee
Chair of the boards of Ørsted A/S, Lloyd's Register Group and Lloyd's Register Foundation, and board member of Arcon-Sunmark A/S and BW Offshore

ANNE BROENG

Member of the Board of Directors
Member since 2012

Chair of the Audit Committee
Chair of Velliv and board member of among others VELUX A/S, NNIT A/S, NASDAQ Nordic Ltd., ATP, IFU and Aquaporin A/S

OSCAR MOSGAARD

Member of the Board of Directors
Member since 2016

Senior advisor to Triton Partners

STEEN RIISGAARD

Member of the Board of Directors
Member since 2015

Directly appointed by the shareholders of VKR Holding A/S
Chair of the boards of among others ALK-Abelló A/S, COWI Holding A/S and New Xellia Group A/S, vice chair of VILLUM FONDEN, and board member of the Novo Nordisk Foundation

JØRGEN TANG-JENSEN

Member of the Board of Directors
Member since 2018

Member of the Audit Committee
Chair of the Danish Green Investment Fund, and board member of among others ROCKWOOL International, Geberit AG and Coloplast A/S

VELUX flat roof windows in a residence in Mouscroun, Belgium. Photo: Jasper Leonard, 2018

THE VKR GROUP AT 31 DECEMBER 2018

VKR

ROOF WINDOWS & SKYLIGHTS

- VELUX
  - JET Part of VELUX Commercial
  - Wasco Part of VELUX Commercial
  - Vitral Part of VELUX Commercial
- altaterra

VERTICAL WINDOWS

DOVISTA® windows and doors

- VELFAC®
- SP FÖNSTER
- Mockfjärds
- natre® VINDUER
- rationel® WINDOWS & DOORS
- Tarydfönster
- SNIDEX
- Lian
- OH all doors open

SOLAR THERMAL ENERGY

ARCON SUNMARK

COMPANY INFORMATION

VKR Holding A/S
Breeltevej 18
2970 Hørsholm
Denmark

Telephone
+45 39 69 11 44

Website
www.vkr-holding.com

Company reg. no. (CVR)
30 83 04 15

Registered office
Hørsholm, Denmark

Established
7 February 1968

Financial year
1 January – 31 December

Financial statements no.
51

BOARD OF DIRECTORS

Søren Bjerre-Nielsen
Chair

Thomas Thune Andersen
Vice chair

Anne Broeng
Oscar Mosgaard
Steen Riisgaard
Jørgen Tang-Jensen

EXECUTIVE MANAGEMENT

Mads Kann-Rasmussen
CEO

AUDITOR

Ernst & Young
Godkendt
Revisionspartnerselskab
Osvald Helmuths Vej 4
2000 Frederiksberg

ANNUAL GENERAL MEETING

The annual general meeting will be held on 21 March 2019 at the Company's address.

Krone windows at the new NOMA restaurant,
Copenhagen, Denmark. Photo: Rasmus Hjortshøj, 2018

FINANCIAL STATEMENTS 2018

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

		GROUP		PARENT COMPANY	
DKKm	**Note**	**2018**	**2017**	**2018**	**2017**
Net revenue	2	19,592	18,648		
Changes in inventories of manufactured goods, work in progress and goods for resale		-17	72		
Work performed for own account and capitalised		20	22		
Other operating income		24	80	2,223	2,178
		19,620	18,822	2,223	2,178
Costs of raw materials, consumables and goods for resale		6,286	5,911		
Other external costs	3	5,069	4,800	558	552
Employee costs	4	5,040	4,787	47	47
Depreciation, amortisation and impairment losses		608	503	28	28
Profit before financial items and tax		2,617	2,820	1,590	1,551
Profit after tax in subsidiaries	11			704	1,002
Profit after tax in associates	11	19	26	20	25
Financial income	5	605	707	563	589
Financial expenses	6	886	248	799	212
Profit before tax		2,355	3,304	2,078	2,955
Tax on profit for the year	7	570	773	293	423
Net profit for the year	8	**1,785**	**2,532**	**1,785**	**2,532**

Distribution of profit

DKKm					
Proposed dividend				1,000	1,000
Transferred to equity reserves				785	1,532
Total distribution of profit				1,785	2,532

BALANCE SHEET AT 31 DECEMBER

DKKm	NOTE	GROUP 2018	GROUP 2017	PARENT COMPANY 2018	PARENT COMPANY 2017
ASSETS					
Fixed assets					
Intangible fixed assets	9				
Completed development projects		111	0		
Acquired patents, licences, trademarks etc.		382	67	12	2
Goodwill		1,359	199		
Development projects in course of construction		11	137		
Total intangible fixed assets		1,863	403	12	2
Tangible fixed assets	10				
Land and buildings		2,337	2,239	333	332
Plant and machinery		1,561	1,284		
Other fixtures and fittings, tools and equipment		174	168	17	7
Tangible fixed assets in course of construction		175	393	5	5
Total tangible fixed assets		4,246	4,085	355	344
Investments	11				
Investments in subsidiaries				3,247	3,607
Investments in associates		301	261	261	228
Long-term receivables from associates		2	2		
Other investments		1,594	1,125	1,417	949
Other long-term receivables		71	83	13	13
Total investments		1,968	1,470	4,938	4,798
Total fixed assets		8,077	5,957	5,305	5,144
Current assets					
Inventories	12	2,543	2,357		
Receivables					
Trade receivables		1,901	1,656		
Contract work in progress	13	187	34		
Receivables from subsidiaries				5,254	3,164
Receivables from associates		20			
Corporation tax receivables		202	136	97	80
Deferred tax assets	14	148	157	15	
Other short-term receivables		537	425	17	28
Prepayments	15	224	198	6	1
Total receivables		3,218	2,607	5,388	3,273
Marketable securities		6,647	7,571	6,551	7,307
Cash and cash equivalents		617	1,227	151	734
Total current assets		13,025	13,762	12,090	11,314
TOTAL ASSETS		**21,102**	**19,720**	**17,394**	**16,457**

BALANCE SHEET AT 31 DECEMBER

		GROUP		PARENT COMPANY	
DKKm	**NOTE**	**2018**	**2017**	**2018**	**2017**
EQUITY AND LIABILITIES					
Equity					
Share capital	16	110	110	110	110
Retained earnings		15,804	14,838	15,804	14,838
Proposed dividend		1,000	1,000	1,000	1,000
Total equity		16,914	15,948	16,914	15,948
Provisions					
Deferred tax liabilities	17	179	77		9
Other provisions	18	399	371		
Total provisions		579	448		9
Liabilities other than provisions					
Non-current liabilities	19	42	47		
Current liabilities					
Current portion of non-current liabilities	19	5	4		
Credit institutions		0	0		
Prepayments from customers		126	107		
Trade payables		1,231	1,113	27	10
Payables to subsidiaries				387	423
Payables to associates		19	19		
Corporation tax		31	55		
Other short-term debt		2,156	1,979	66	68
Total current liabilities		3,568	3,277	480	501
Total liabilities		3,609	3,324	480	501
TOTAL EQUITY AND LIABILITIES		**21,102**	**19,720**	**17,394**	**16,457**

Accounting policies	1
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Currency risks and use of derivative financial instruments	22

STATEMENT OF CHANGES IN EQUITY

GROUP

DKKm	Share capital	Retained earnings	Proposed dividend	Total
Equity at 1 January 2018	110	14,838	1,000	15,948
Dividend paid			-1,000	-1,000
Exchange rate adjustments		-2		-2
Actuarial gains and losses on pension obligations		-18		-18
Tax on equity transactions		4		4
Other adjustments		198		198
Net profit for the year		785	1,000	1,785
Equity at 31 December 2018	**110**	**15,804**	**1,000**	**16,914**

PARENT COMPANY

DKKm	Share capital	Retained earnings	Proposed dividend	Total
Equity at 1 January 2018	110	14,838	1,000	15,948
Dividend paid			-1,000	-1,000
Exchange rate adjustments		-23		-23
Adjustment of forward exchange contracts at fair value		8		8
Tax on equity transactions		-2		-2
Other adjustments		198		198
Net profit for the year		785	1,000	1,785
Equity at 31 December 2018	**110**	**15,804**	**1,000**	**16,914**

CASH FLOW STATEMENT

		GROUP	
DKKm	NOTE	2018	2017
Cash flow from operations before changes in working capital		3,276	3,294
Changes in working capital		-246	-134
Corporation tax paid		-430	-614
Cash flow from operating activities		**2,601**	**2,546**
Acquisition and disposal of enterprises and activities	23	-1,680	-42
Acquisition and disposal of intangible and tangible fixed assets		-688	-954
Cash flow from operating investment activities		-2,368	-996
Purchase and sale of securities		-108	-354
Cash flow from investment activities		**-2,476**	**-1,349**
Financial income and financial expenses		266	170
Net proceeds from loans		7	-122
Dividends from associates		5	12
Dividends paid		-1,000	-1,000
Cash flow from financing activities		**-722**	**-939**
Total cash flow for the year		**-597**	**258**
Cash and cash equivalents, beginning of year		1,227	958
Exchange rate adjustments		-13	11
Cash and cash equivalents, year end		**617**	**1,227**

Cash flow from investment activities includes the divestments of West Port and Netatmo and the acquisitions of Wasco Skylights, the JET Group and Vitral.

NOTES

1. ACCOUNTING POLICIES

The annual report of VKR Holding A/S for 2018 is presented in accordance with the provisions of the Danish Financial Statements Act for class C (large) companies.

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

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

CONSOLIDATED FINANCIAL STATEMENTS

Consolidation

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

Investments in subsidiaries are set off against the proportionate share of the subsidiaries' fair value of net assets and liabilities at the acquisition date.

Business combinations

Enterprises acquired or formed during the year are recognised in the parent company's financial statements from the date of acquisition or formation. Enterprises disposed of are recognised in the parent company's financial statements up to the date of disposal. Comparative figures are not restated for newly acquired companies. Disposed activities are presented separately.

The acquisition date is the date on which the Company obtains control of the acquiree.

Acquisitions of enterprises are accounted for by using the purchase method, if controlling influence is achieved upon acquisition. Identifiable assets and liabilities of the acquired companies are measured at fair value at the date of acquisition. Identifiable intangible assets are recognised if they are separable or arise from a contractual right. Deferred tax is recognised by the revaluations made.

The excess of the total consideration transferred, the value of non-controlling interests and the fair value of any equity investments previously held in the acquired enterprise over the total identifiable assets and liabilities measured at fair value is recognised as goodwill under Investments in subsidiaries or Investments in associated companies.

Goodwill is amortised on a straight-line basis in the income statement based on an individual assessment of the economic life; usually between 5 and 15 years.

Any deficit of the total consideration transferred (badwill) is recognised in the income statement at the acquisition date.

The consideration transferred as payment for the acquired company consists of the fair value of assets transferred, liabilities assumed, and equity instruments issued. If contingent consideration depends on future events, or the performance of contractual obligations forms part of the total consideration transferred, this part of the consideration transferred is recognised at fair value on the date of acquisition. Fair value changes in contingent considerations are recognised in the income statement until final settlement.

Transactions costs incurred as part of the acquisition are recognised in the income statement as incurred.

If determination of the consideration transferred or measurement of the identifiable assets, liabilities or contingent liabilities is uncertain at the date of acquisition, initial recognition is made at provisional fair values. Adjustments to the provisional amounts (including change of goodwill) may be made retrospectively for up to 12 months following the date of acquisition and comparative figures are restated. After the end of the 12-month period, any further adjustments are recognised as errors.

Whenever the disposal of a subsidiary leads to a loss of controlling influence, the profit or loss is calculated as the difference between the selling price minus cost of sales and the book value. If the Company retains any equity holdings in the enterprise sold, the remaining shares are remeasured at fair value.

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

Intragroup business combinations

The book value method is used for business combinations, such as purchases and sales of equity holdings, mergers, demergers, transfers of assets, share exchanges etc., which include only companies controlled by the parent company. When using the book value method, the acquisition is presumed completed at the date of acquisition, and comparative figures are not restated. The difference between the agreed consideration and the book value of the acquired enterprise is recognised in equity.

NOTES

Foreign currency translation
Transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Exchange rate differences are recognised in the income statement as financial income and financial expenses.

Monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates on the balance sheet date and the time at which the receivable or payable arose or was recognised in the latest annual report is recognised in the income statement as financial income and financial expenses.

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

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

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

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as hedges of the fair value of a recognised asset or liability are recognised in the income statement together with changes in the value of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as hedges of future assets or liabilities are recognised in other receivables or other payables and in equity.

If the future transaction results in recognition of assets or liabilities, amounts previously recognised in equity are transferred at the cost of the asset or liability, respectively. If the future transaction results in financial income or financial expenses, the amounts previously recognised in equity are recognised in the income statement in the period when the hedge affects the results. For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised in the income statement when they occur.

INCOME STATEMENT
Net revenue
Income from the sale of goods for resale and finished goods as well as the sale of services is recognised in the income statement provided that delivery and transfer of risk to the buyer have taken place before year-end. Contract work in progress is recognised as net revenue by reference to the stage of completion. Accordingly, net revenue corresponds to the selling price of work performed during the year (the percentage of completion method).

Other operating income and costs
Other operating income and costs comprise items secondary to the activities of the companies, including gains and losses on disposal of intangible and tangible fixed assets.

Other external costs
Other external costs comprise distribution costs and costs relating to sales, advertising, administration, office premises, bad debt losses, operating leases, etc.

Employee costs
Employee costs comprise wages, salaries, pensions and other social security costs for the employees.

Profits/losses from investments in subsidiaries and associates
The proportionate share of the result after tax of the individual subsidiaries is recognised in the income statement of the parent company after full elimination of intragroup profits/losses. The proportionate share of the result after tax of the associates is recognised in both the parent company and the consolidated income statements after elimination of the proportionate share of intragroup profits/losses.

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

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

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

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

NOTES

BALANCE SHEET

Intangible fixed assets

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

Goodwill

Goodwill is measured at cost less accumulated amortisation and is amortised on a straight-line basis over the estimated useful life, which is usually 5-15 years. The amortisation period is determined based on the expected repayment period, and this is longest for strategic acquisitions with strong market positions and a long-term earnings profile.

Development projects

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

Acquired patents, licences, trademarks etc.

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

TANGIBLE FIXED ASSETS

Tangible fixed assets are measured at cost minus accumulated depreciation and impairment losses. Tangible fixed assets are written down to the net realisable value if this is lower than the carrying amount. Land is not depreciated. Assets held under finance leases are treated in the same way as the Company's other tangible fixed assets.

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

- Buildings 25 years
- Plant and machinery 5-10 years
- Other fixtures and fittings, tools and equipment 3-5 years

Depreciation is calculated taking into account any residual value after useful life and impairment losses. The depreciation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, depreciation is discontinued.

Gains and losses from sale of tangible fixed assets are recognised in the income statement as other operating income or other operating expenses.

INVESTMENTS

Investments in subsidiaries and associates

Investments in subsidiaries and associates are measured in accordance with the equity method minus or plus unrealised intragroup profits and losses. Subsidiaries and associates with negative net asset values are measured at DKK 0 (nil), and any amounts owed by such enterprises are written down by the parent company's share of the negative net asset value, if the amount owed is considered irrecoverable. If the negative net asset value exceeds the amount owed, the remaining amount is recognised under Other provisions in the balance sheet, if there is a legal or actual obligation to cover the imbalance.

Other investments

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

CURRENT ASSETS

Inventories

Inventories are recognised at cost in accordance with the FIFO method. If the net realisable value is lower than cost, inventories are written down to this lower value. The cost price for goods for resale and raw materials and consumables comprises the purchase price plus delivery costs. The cost price for manufactured goods and work in progress comprises direct and indirect production overheads.

Receivables

Receivables are measured at amortised cost. Write-down is made for bad debt losses.

Contract work in progress

Contract work in progress is measured at the selling price of the work performed minus on-account invoicing and expected losses. If the selling price of a construction contract cannot be reliably measured, the selling price is measured at the lower of costs incurred and net realisable value. Selling costs and costs incurred

NOTES

in securing contracts are recognised in the income statement as incurred.

Prepayments

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

Marketable securities

Listed securities recognised as current assets are measured at fair value on the balance sheet date.

EQUITY

Dividend

The expected dividend payment for the year is disclosed as a separate item under equity.

LIABILITIES

Deferred tax

Deferred tax is measured using the balance sheet liability method on differences between the carrying amount and the tax base of assets and liabilities. Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation. That will be either by elimination in tax on future earnings or against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and at the rates applicable in the respective countries on the balance sheet date when the deferred tax is expected to become current tax. Changes in deferred tax due to changes in tax rates are recognised in the income statement except for items recognised directly in equity.

Other provisions

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

Liabilities other than provisions

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

CASH FLOW STATEMENT

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

FINANCIAL HIGHLIGHTS

The financial highlights have been calculated in accordance with the Danish Finance Society's recommendations and Financial ratios 2015.

Earnings before financial items and tax (EBIT) correspond to Profit before financial items and tax as shown in the income statement.

The financial ratios mentioned are calculated as follows:

EBITA margin:

$$\frac{\text{EBITA x 100}}{\text{Net revenue}}$$

Return on capital employed:

$$\frac{\text{EBITA x 100}}{\text{Average capital employed including goodwill}}$$

Equity ratio (Solidity):

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

EBITA:

Earnings before goodwill amortisation, financial items and tax.

Capital employed including goodwill:

Intangible and tangible fixed assets + other receivables + working capital.

Goodwill is recognised at book value + accumulated amortisation.

NOTES

2 Net revenue

DKKm	GROUP 2018	GROUP 2017
Break-down by geographical segments:		
Europe	17,650	16,925
Rest of the world	1,943	1,723
Total net revenue	**19,592**	**18,648**

Pursuant to section 96(1) of the Danish Financial Statements Act, net revenue is not disclosed by business segments.

3 Fee to auditors appointed at the annual general meeting

	GROUP		PARENT COMPANY	
DKKm	2018	2017	2018	2017
Total fee				
Fee to auditor appointed at the annual general meeting	31	13	1	1
Other auditors	1	2	0	1
	32	15	1	2
The fee can be specified as follows:				
Statutory audit	10	10	0	0
Tax consultancy	6	3	1	1
Other assurance engagements	0	0		
Non-audit services	16	2		0
Total fee to auditors appointed at the annual general meeting	**32**	**15**	**1**	**2**

4 Employee costs

	GROUP		PARENT COMPANY	
DKKm	2018	2017	2018	2017
Wages and salaries	4,229	3,999	43	43
Pensions	281	282	4	3
Other social security costs	529	506	0	0
Total employee costs	**5,040**	**4,787**	**47**	**47**
Average number of employees (full time)	15,459	14,764	43	40

Employee costs comprise remuneration of the Executive Management and of the Board of Directors DKKm 10 (2017: DKKm 8).

NOTES

5 Financial income

The parent company's interest income from subsidiaries amounted to DKKm 18 (2017: DKKm 21).

6 Financial expenses

The parent company's interest paid to subsidiaries amounted to DKKm 0 (2017: DKKm 1).

7 Tax on profit for the year

	GROUP		PARENT COMPANY	
DKKm	**2018**	**2017**	**2018**	**2017**
Current tax for the year	580	749	318	411
Prior year adjustment	-15	-12		-4
Deferred tax adjustment for the year	5	35	-24	17
Total tax on profit for the year	**570**	**773**	**293**	**423**

The Group's current and deferred tax including prior year adjustments amounted to DKKm 570 (2017: DKKm 773), equivalent to an effective tax rate of 24,2% (2017: 23.4%).

8 Distribution of profit

	PARENT COMPANY	
DKKm	**2018**	**2017**
Proposed dividend	1,000	1,000
Transferred to equity reserves	785	1,532
Total distribution of profit	**1,785**	**2,532**

NOTES

9 Intangible fixed assets

GROUP

DKKm	Completed development projects	Acquired patents, licences, trademarks etc.	Goodwill	Development projects in course of construction *)	Total
Cost at 1 January 2018	510	275	1,635	137	2,557
Exchange rate and other adjustments	2	1	-12		-9
Additions through acquisition of enterprises		307	1,216		1,523
Additions during the year		75		13	88
Disposals during the year		-9		0	-10
Transferred	139	4		-139	4
Cost at 31 December 2018	650	653	2,840	11	4,153
Amortisation and impairment losses at 1 January 2018	510	208	1,437		2,154
Exchange rate and other adjustments	2	1	-8		-5
Additions through acquisition of enterprises		29			29
Amortisation for the year	28	41	52		120
Disposals during the year		-9			-9
Transferred		2			2
Amortisation and impairment losses at 31 December 2018	539	271	1,481		2,291
Carrying amount at 31 December 2018	**111**	**382**	**1,359**	**11**	**1,863**

*) Development projects in course of construction include prepayments for intangible fixed assets.

PARENT COMPANY

DKKm	Acquired patents, licenses, trademarks etc.
Cost at 1 January 2018	262
Additions during the year	13
Cost at 31 December 2018	275
Amortisation and impairment losses at 1 January 2018	260
Amortisation for the year	2
Amortisation and impairment losses at 31 December 2018	263
Carrying amount at 31 December 2018	**12**

NOTES

10 Tangible fixed assets

GROUP

DKKm	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Tangible fixed assets in course of construction **)	Total
Cost at 1 January 2018	4,759	5,653	822	393	11,626
Exchange rate and other adjustments	-44	-48		-3	-94
Additions through acquisition of enterprises	82	101	88	8	279
Additions during the year	83	225	79	269	656
Disposals during the year	-110	-271	-85	-1	-466
Transferred	169	311	8	-492	-3
Cost at 31 December 2018	4,939	5,971	912	175	11,996
Depreciation and impairment losses at 1 January 2018	2,520	4,368	653		7,541
Exchange rate and other adjustments	-23	-31	0		-54
Additions through acquisition of enterprises	48	71	77		196
Depreciation for the year	157	257	88		502
Impairment losses for the year	-16				-16
Depreciation and impairment losses on disposals	-85	-255	-79		-418
Transferred			-2		-2
Depreciation and impairment losses at 31 December 2018	2,602	4,410	738		7,750
Carrying amount at 31 December 2018	**2,337**	**1,561**	**174**	**175**	**4,246**

PARENT COMPANY

DKKm	Land and buildings	Other fixtures and fittings, tools and equipment	Tangible fixed assets in course of construction **)	Total
Cost at 1 January 2018	1,083	26	5	1,114
Additions during the year	23	13	0	37
Transferred	1		-1	0
Cost at 31 December 2018	1,107	39	5	1,151
Depreciation and impairment losses at 1 January 2018	751	19		771
Depreciation for the year	23	2		25
Depreciation and impairment losses at 31 December 2018	775	21		796
Carrying amount at 31 December 2018	**333**	**17**	**5**	**355**

**) Tangible fixed assets in course of construction include prepayments for tangible fixed assets.

NOTES

11 Investments

GROUP

DKKm	Investments in associates	Receivables from associates	Other investments	Other long-term receivables	Total
Cost at 1 January 2018	232	2	1,165	83	1,481
Exchange rate and other adjustments	-1			-1	-2
Additions during the year	23		520		543
Disposals during the year			-141	-10	-150
Transferred	3		-3		0
Cost at 31 December 2018	258	2	1,541	71	1,872
Value adjustments at 1 January 2018	29		-40		-11
Net profit for the year and value adjustments	19		91		110
Dividends for the year	-5				-5
Disposals during the year			2		2
Value adjustments at 31 December 2018	43		53		96
Carrying amount at 31 December 2018	**301**	**2**	**1,594**	**71**	**1,968**

PARENT COMPANY

DKKm	Investments in subsidiaries	Investments in associates	Other investments ***)	Other long-term receivables ****)	Total
Cost at 1 January 2018	4,446	200	975	13	5,635
Additions during the year	33	14	452		498
Disposals during the year	-445		-77		-522
Transferred		3	-3		0
Cost at 31 December 2018	4,034	218	1,346	13	5,611
Value adjustments at 1 January 2018	-839	28	-26		-836
Exchange rate and other adjustments	-23				-23
Net profit for the year and value adjustments	704	20	94		818
Dividends for the year	-1,069	-5			-1,074
Disposals during the year	440		2		442
Value adjustments at 31 December 2018	-787	43	70		-673
Carrying amount at 31 December 2018	**3,247**	**261**	**1,417**	**13**	**4,938**

***) Disposals during the year comprise final liquidation of the company B18-1 A/S. Disposal of carrying amount is DKKm 5.

****) The Company's Other investments primarily include investments in private equity funds, mezzanine funds, property funds, and similar passive investments (collectively referred to as "investment funds"). For this type of investment, fair value cannot be measured on observations in an active market, but is based on information of the valuation of the funds themselves. At the conclusion of a new investment fund, VKR Holding receives information about the funds' overall principles for valuation and these are accepted if the Company chooses to invest in the investment fund. The fair value of its investments in investment funds is based on quarterly reports received. VKR Holding neither receives detailed information about fair value calculation of the investment funds, nor information about the key assumptions used in the fair valuation. The fair value of all investment funds is calculated on unobservable inputs.

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

NOTES

12 Inventories

DKKm	GROUP 2018	GROUP 2017
Raw materials and consumables	758	614
Work in progress	474	440
Manufactured goods and goods for resale	1,311	1,303
Inventories at 31 December	**2,543**	**2,357**

13 Contract work in progress

	GROUP		PARENT COMPANY	
DKKm	**2018**	**2017**	**2018**	**2017**
Sales value of construction contracts	527	63		
On-account invoicing	-353	-29		
Contract work in progress at 31 December	**174**	**34**		
Recognised as follows:				
Contract work in progress (assets)	187	34		
Prepayments from customers (liabilities)	-13	0		
Contract work in progress at 31 December	**174**	**34**		

14 Deferred tax assets

	GROUP		PARENT COMPANY	
DKKm	**2018**	**2017**	**2018**	**2017**
Deferred tax assets at 1 January	157	189		8
Exchange rate adjustments	-1	-2		
Additions through acquisition of enterprises	11			
Deferred tax adjustments for the year recognised in the income statement	-20	-31	15	-8
Tax on equity transactions	0	0		
Deferred tax assets at 31 December	**148**	**157**	**15**	**0**

At 31 December 2018, the Company has recognised tax assets of DKKm 148. The tax assets represent tax loss carryforwards of DKKm 8 and unused tax credits from timing differences of DKKm 140. Based on budgets until 2020, Management has considered that future taxable income will be available for utilisation of the tax assets.

15 Prepayments

	GROUP		PARENT COMPANY	
DKKm	**2018**	**2017**	**2018**	**2017**
Prepaid costs	224	198	6	1
Prepayments at 31 December	**224**	**198**	**6**	**1**

NOTES

16 Share capital

At 31 December 2018, the share capital comprises:
10,000 A shares of DKK 1,000 each
99,869 B shares of DKK 1,000 each
The share capital has not changed during the past five years.
Each A share carries 10 voting rights, and each B share carries 1 voting right.

17 Deferred tax liabilities

	GROUP		PARENT COMPANY	
DKKm	**2018**	**2017**	**2018**	**2017**
Deferred tax liabilities at 1 January	77	88	9	
Exchange rate adjustments	-1	0		
Additions through acquisition of enterprises	87			
Deferred tax adjustment for the year recognised in the income statement	15	-11	-9	9
Tax on equity transactions	0	0		
Deferred tax liabilities at 31 December	**179**	**77**	**0**	**9**

18 Other provisions

	GROUP	PARENT COMPANY
DKKm		
The provisions mainly relate to warranty provisions. Other provisions are expected to fall due as follows:		
0-1 year	125	
> 1 year	274	
Other provisions at 31 December 2018	**399**	

19 Non-current liabilities

	GROUP			
DKKm	Total non-current liabilities 31/12 2018	Current portion of non-current liabilities (0-1 year)	Long-term portion of non-current liabilities (more than 1 year)	Non-current liabilities falling due more than five years after the balance sheet date
Non-current liabilities are recognised as follows:				
Leases	14	1	1	13
Other non-current liabilities	33	4	28	
Total liabilities at 31. december 2018	**47**	**5**	**29**	**13**

NOTES

20 Contingent liabilities and other contractual obligations

DKKm	GROUP 2018	GROUP 2017	PARENT COMPANY 2018	PARENT COMPANY 2017
Lease obligations (operating leases) falling due within five years, total	224	197	3	2
Commitment relating to investment in equity funds	1,849	1,412	1,722	1,380
Rental obligations	364	307	56	63
Guarantees	285	140		
Other contractual obligations	648	303		

The parent company is jointly taxed with the other Danish companies within the VKR Group. The Company has unlimited joint and several liabilities with the other jointly Danish taxed companies for company taxes, interest thereon etc. and for Danish tax withheld at source for dividend, interest and royalties within the joint taxation group.

21 Related parties

Transactions between VKR Holding A/S and its related parties are settled on an arm's length basis. Pursuant to section 98c of the Danish Financial Statements Act, the Company has chosen to disclose transactions not conducted on an arm's length basis. The Company has not had any transactions of this type during the year.

22 Currency risks and use of derivative financial instruments

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

The parent company is included as a counterparty in forward currency contracts with individual subsidiaries regarding the hedging of those companies' foreign exchange risks. Hedging of recognised transactions mainly comprises receivables and liabilities. Furthermore, hedging is made regarding foreign exchange risks by purchases and sales within the next year.

Moreover, foreign exchange risks are hedged externally on an ad hoc basis for individual financial transactions.

23 Acquisitions and disposals of enterprises and activities

The excess of initial recognition of acquired enterprises and activities amounts to DKKm 576, of which goodwill amounts to DKKm 409.

MANAGEMENT'S STATEMENT

The Board of Directors and the Executive Management have today discussed and approved the annual report of VKR Holding A/S for 2018.

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

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's assets, equity, liabilities and financial position at 31 December 2018 and of the results of the Group's and the parent company's operations and the consolidated cash flows for the financial year 1 January to 31 December 2018.

Further, in our opinion the Management's review includes a fair review of the development in the Group's and the parent company's operations and financial matters, of the net profit for the year and of the Group's and the parent company's financial position.

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

Hørsholm, 11 March 2019

EXECUTIVE MANAGEMENT

Mads Kann-Rasmussen
CEO

BOARD OF DIRECTORS

Søren Bjerre-Nielsen
Chair

Anne Broeng

Thomas Thune Andersen
Vice chair

Oscar Mosgaard

Steen Riisgaard

Jørgen Tang-Jensen

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF VKR HOLDING A/S

OPINION

We have audited the consolidated financial statements and the parent company financial statements of VKR Holding A/S for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the parent company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the parent company at 31 December 2018 and of the results of the Group's and the parent company's operations as well as the consolidated cash flows for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

MANAGEMENT'S RESPONSIBILITIES FOR FINANCIAL STATEMENTS

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

In preparing the financial statements, Management is responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Group or the 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 additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and 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 Group's and the parent company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our 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 Group and the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

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

STATEMENT ON MANAGEMENT'S REVIEW

Management is responsible for the Management's review.

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

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

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

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

Copenhagen, 11 March 2019

Ernst & Young
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Jesper Koefoed	**Morten Østergaard Koch**
State Authorised	State Authorised
Public Accountant	Public Accountant
mne11689	mne35420

COMPANY OVERVIEW AT 31 DECEMBER 2018

S Subsidiary A Associated company or joint venture

Argentina

- S VELUX Argentina S.A.

Australia

- S VELUX Australia Pty. Ltd.

Austria

- S Arcon-Sunmark GmbH
- S JET Gruppe Austria GmbH
- S SWV Solar Wärme Versorgungs GmbH - 90%
- S VELUX Österreich GmbH

Belarus

- S Unitary enterprise "VELUX Roof Windows"

Belgium

- S VELUX Belgium S.A.

Bosnia and Herzegovina

- S VELUX Bosna i Hercegovina d.o.o.

Bulgaria

- S VELUX Bulgaria EOOD

Canada

- S VELUX Canada Inc.

Chile

- S VELUX Chile SpA

China

- A Solareast Arcon-Sunmark Large-Scale Solar Systems Integration Co., Ltd. - 45%
- S Dovista (Guangzhou) Windows and Doors Technology Co. Ltd.
- S VELUX (CHINA) CO., Ltd.

Croatia

- S VELUX Hrvatska d.o.o.

Czech Republic

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

Denmark

- S A/S Østbirk Bygningsindustri
- S Arcon-Sunmark A/S
- S BT Components A/S
- A Core Bolig IV Investoraktieselskab Nr. 1 - 38%
- A Core Bolig VIII Investoraktieselskab Nr. 1 - 22%
- S DOVISTA A/S
- A Greystone Special Situations Fund K/S - 33%
- S Gåsdal Bygningsindustri A/S
- S Homecontrol A/S
- S JET Domex A/S
- A Krone Holding ApS - 39%
- S O.H. Industri A/S
- S Rationel Vinduer A/S
- S Skærbæk Bygningsindustri A/S
- S SolarCAP A/S
- S Thyregod Bygningsindustri A/S
- S VELFAC A/S
- S Velterm A/S
- S VELUX A/S
- S VELUX Danmark A/S
- S VELUX Newco A/S
- S Ventilation Holding ApS
- S Vitral A/S
- S VKR Invest ApS
- S VKR Newco A/S

Estonia

- S VELUX Eesti OÜ

Information in the company overview is provided pursuant to section 97a, (3) of the Danish Financial Statements Act. The companies are 100% owned by VKR unless otherwise stated after the company name

COMPANY OVERVIEW AT 31 DECEMBER 2018

S Subsidiary   A Associated company or joint venture

Finland
- A Kurikka Timber OY - 50%
- S VELUX Suomi Oy

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

Germany
- S Arcon-Sunmark GmbH
- S DEUTSCHE-CAP GmbH
- S JET Brakel Aero GmbH
- S JET Daylight & Ventilation GmbH
- S JET Germany GmbH & Co. KG
- S JET Germany Holding GmbH
- S JET Grundbesitz GmbH & Co. KG
- S JET Grundbesitz Holding GmbH
- S JET Lichtkuppel-Zentrum GmbH
- S JET RaWa GmbH
- S JET Schaumstoff-Formteile GmbH
- S JET Steinbrecher GmbH
- S JET Tageslicht & RWA GmbH
- S JTJ Sonneborn Industrie GmbH
- A Plattform Dach.de GbR - 20%
- S Ulrich Kreft Vermögensverwaltungsgesellshaft mbH
- S VELFAC GmbH
- S VELUX Deutschland GmbH

Hungary
- S Altaterra Kft.
- S VELUX Magyarország LKR Korlátolt Felelősségű Társaság

Ireland
- S Rationel Vinduer Ltd.
- S VELFAC Ireland Ltd.

Italy
- S VELUX Italia s.p.a.

Japan
- S VELUX-Japan Ltd.

Latvia
- S VELUX Latvia SIA

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

The Netherlands
- S Daylighttechnics B.V.
- S JET BIK Producten B.V.
- S JET BIK Projecten B.V.
- S JET Group International B.V.
- S JET Group Holding B.V.
- S JET Group B.V.
- S VELUX Nederland B.V.

New Zealand
- S VELUX New Zealand Ltd.

Norway
- S DOVISTA Norge AS
- S JET Bramo AS
- S Lian Trevarefabrikk AS
- S Natre Vinduer AS
- S VELUX Norge AS
- S Vindusmesteren AS

COMPANY OVERVIEW AT 31 DECEMBER 2018

S Subsidiary A Associated company or joint venture

Poland

- S Altaterra Polska Sp. z o.o.
- S DOVISTA Polska Sp. z o.o.
- S JET Grupa Polska Sp. z o.o.
- S NB Polska Sp. z o.o.
- S NM Polska Sp. z o.o.
- S VELUX Polska Sp. z o.o.

Portugal

- S VELUX Portugal, Unipessoal Lda.

Romania

- S S.C. VELUX România S.R.L.

Russia

- S ZAO MD-RUS
- S ZAO VELUX

Serbia

- S VELUX Srbija d.o.o.

Slovakia

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

Slovenia

- S VELUX Slovenija d.o.o.

Spain

- S VELUX Spain, S.A.

Sweden

- S DOVISTA Sverige AB
- S Mockfjärds Fönster AB
- S Mockfjärds FönsterEntreprenard AB
- S Mockfjärds Fönstermästaren AB
- S Snidex AB
- S Svenska Fönster AB
- S VELFAC AB
- S VELUX Svenska AB

Switzerland

- S JET Tageslichttechnik AG
- S VELUX Schweiz AG

Turkey

- S VELUX Çati Pencereleri Ticaret Limited Şirketi

Ukraine

- S VELUX Ukraina TOV

United Kingdom

- S EVL Cessation Ltd.
- S JET Cox Ltd.
- S Rationel Windows (UK) Ltd.
- S VELFAC Ltd.
- S VELUX Company Ltd.
- S V.U.K. HOLDINGS LIMITED
- S Vitral UK Limited
- S Xtralite (Rooflights) Ltd.

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

COMPANY OVERVIEW AT 31 DECEMBER 2018

S Subsidiary   A Associated company or joint venture

USA

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

Vietnam

- S Arcon-Sunmark Production Co. Ltd.

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