HusCompagniet

Introducing our Climate-improved House

Annual report 2020

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Letter from Management

Record sales and deliveries in 2020 despite the pandemic.

The Board of Directors proposes a dividend of DKK 3.00 per share.

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Sustainability

We continue our journey towards achieving our sustainability ambitions, and integrate ESG throughout our business – from strategy and governance to product innovation and customer offering.

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Introducing our Climate-improved House

Designed to emit significantly fewer CO_2 emissons from building materials and covering the full lifecycle.

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At a glance

HusCompagniet
a leading Nordic single-family housebuilder

24,000

houses built since establishment

1,638

houses built in 2020

4.7/5.0

Based on more than 2,900 reviews on Trustpilot

452

employees in Denmark (16 locations) and Sweden

50%

ratio of houses sold in 2020
using renewable energy sources

Sustainability targets

Find more information about our sustainability target
On page 25

60%

of houses ordered with renewable energy sources by 2025

70%

reduction in CO_2 emissions from building materials through the lifecycle of a house by 2030 compared to 2019

Zero

scope 1 emissions through 100% electric owned and leased vehicle fleet by 2025

Performance Highlights

Revenue (DKK)

Segment split

89%
Detached

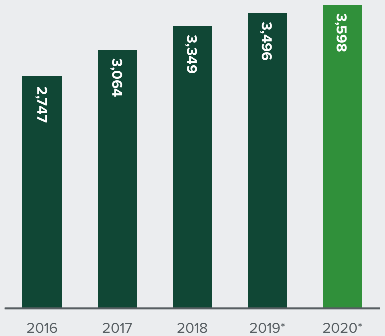
3%
Semi-detached

8%
Sweden

Revenue and EBITA are adjusted for discontinued operations. Discontinued operations comprise Germany and the Swedich brick house activity closed down in September 2020.

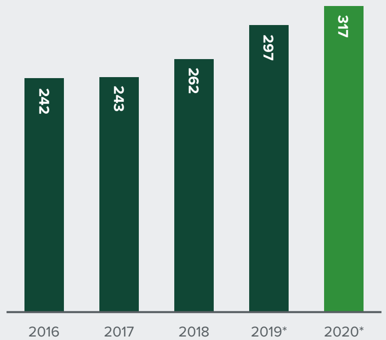
Revenue

(DKKm)



EBITA before special items

(DKKm)



* Excluding German and Swedish brick house activities

317m
EBITA before special items (DKK)

+3.0%
Revenue growth

8.8%
EBITA margin

Sustainability in 2020

Read more about our sustainability
On page 23

Total CO_2 emissions

(Metric tonnes CO_2eq)

Direct CO_2-emissions, Scope 1

(Metric tonnes Co_2eq)

Letter from the Chairperson and the CEO

Record sales and deliveries in 2020 despite the pandemic

HusCompagniet reached an important milestone in 2020 with the successful listing in November. We are proud to report strong performance for the year to our shareholders, and we will continue to pursue growth ambitions in 2021 whilst creating shareholder value with a key focus on balancing volume growth and margin improvements.

Claus V. Hemmingsen
Chairperson of the Board

Martin Ravn-Nielsen
Group CEO

2020 was a challenging year offering unique and persistent challenges for most companies, not to mention for individuals and families affected by the pandemic and its consequences. For HusCompagniet, 2020 also marked a truly remarkable year.

The Group showed its strength as our agile and dedicated employees adapted to new ways of working when the pandemic struck in the beginning of the year. For our customers, we launched the "comfort package", adding security in their buying decision. Performance-wise we kept our strong track record of 98 % on-time deliveries under the challenging market conditions, and at year-end we had sold and delivered the highest number of houses in Group history. We sold 1,921 houses and delivered 1,638, producing revenue of DKK 3.6 billion and EBITA before special items of DKK 317 million.

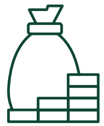
Our flexible business model allowed us to quickly adapt to changes in the supply and demand structure and to safeguard continuous competitive offerings to our customers. Our strong market position ensured an intact supply chain at attractive price levels. Market developments also meant minor organisational adjustments.

Strategic core focus in Denmark and Sweden

Setting a new strategic direction back in 2019, we decided to close the German and Swedish brick house activities. The close-downs were concluded in September 2020.

HusCompagniet began executing on our new strategy in 2020 with satisfactory results. One of the key strategic pillars is entering into the semi-detached business-to-business market. Backed with our solid footprint in the Danish detached market, we began penetrating the fragmented B2B-market seeing substantial growth opportunities.

With a target of 500 semi-detached sold units a year within the next three to five years, we entered into two large agreements during 2020, in addition to several smaller projects, bringing total sales in 2020 to more than 200 houses. We will benefit from the early results in 2021



65%

payout ratio

and we are comfortable with the above-mentioned target based on our current pipeline.

Despite COVID-19 restrictions, 2020 was also an outstanding year for our Swedish business, supported by sound market demand and leveraging on profitable strategic decisions. Adding scale to our pre-fab factory, we expanded the product offerings and agent network, resulting in a regional market share gain and margin improvements. We believe this demonstrates our ability to create value for our shareholders through our ownership of Vågardahus.

We are pleased to report that HusCompagniet in 2020 performed as guided, enabling the Board of Directors to propose the first dividend as a listed company. The Board recommends a dividend of DKK 3.00 per share.

The healthy tailwinds in Danish detached market supported the continuing growth for HusCompagniet, though we had planned for a further expansion through an acquisition this year. After announcing the acquisition of Eurodan-huse in 2019, the two parties jointly decided not to complete the acquisition due to challenges in the approval process from the Danish competition authority. We have noted the concerns and have expressed our disagreement. In any event, we are confident that HusCompagniet can still gain market share organically in the Danish detached market.

Driving the sustainability agenda – introducing the Climate-improved house

As a market leader, we want to play a key role in the sustainable development journey and in setting the sustainability agenda in the industry, even more importantly ensuring that sustainable solutions are available for our customers.

In 2020, 50% of our customers chose renewable green energy sources, and we expect the demand to increase over time. Our first sustainability focused house "the Climate-improved house" forms part of our offering from April 2021, with the focus on significantly fewer CO_2 emissions. The Climate-improved house is one of many important steps towards the future of sustainable housing.

At HusCompagniet, we have set ourselves ambitious targets on sustainability metrics for 2025 and 2030, respectively, and in our efforts to reach these targets, we strive to be transparent. In 2020, we became a signatory to the UN Global Compact, reinforcing our commitment to sustainability. Following our first Task Force on Climate related Financial Disclosures (TCFD) in 2019, we continue our focus for 2020 with updated TCFD disclosures and expanded Environmental, Social and Governance (ESG) data. To further connect with investors on the financial impacts of sustainability, we are disclosing for the first time this year selected Sustainability Accounting Standards Board (SASB) topics and metrics material to our sector.

Launch of the 100% digital offering, “HusOnline”

The persistent focus on digital innovation lies at the core of HusCompagniet, fuelling efficiency and contributing to maintaining the high level of customer satisfaction. As a truly customer-centric company, we are proud that our high satisfaction score of 4.7 out of 5.0 was maintained in 2020, being the highest in the industry.

As part of our digital focus, we launched the online platform "HusOnline" in November 2020. Customer interest for this entirely digital offering from design to purchase exceeded our expectations, undoubtedly supported by the general shift to virtual marketplaces. We had made the first sale on this platform by the end of 2020. The success bore evidence that we are on the right track to expanding the universe of digital offerings. However, we recognise that customers will only slowly adapt to new sales channels when it comes to buying a house.

2021 outlook

We are pleased to report that HusCompagniet in 2020 performed as guided, enabling the Board of Directors to propose the first dividend as a listed company. The Board recommends a dividend of DKK 3.00 per share.

Market activity has been high in early 2021, supported by solid demand, yet uncertainty and lack of transparency caused by the pandemic and lockdowns continues to prevail. The Nordic economies seem to be on track to recovery, and thanks to our resilient business model, strong operations and solid financial profile, we are well prepared to meet potential challenges. A sizable order backlog provides comfort as to the growth expected for 2021.

Finally, thank you!

We wish to take this opportunity to thank all our employees for their extraordinary and dedicated efforts in what was truly an unusual year. The successful listing added a new milestone to our history with an offset in our strong entrepreneurial culture. We are excited to start this new chapter as a growing company while building on the special foundation on which HusCompagniet is based.

We also thank our customers for their continued support and our shareholders for their trust – we look forward to continuing our ambitious strategic journey with you in 2021.

Claus V. Hemmingsen
Chairperson of the board

Martin Ravn-Nielsen
Chief Executive Officer

HusCompagniet as an investment

HusCompagniet is a market leader of the Danish detached houses market with a customer-centric "one-stop-shop" delivery model, supported by fundamental growth drivers. Our compelling offering and resilient business model, solid financial profile and strong cash generation created value for our shareholders.

Innovative at the core
Building on a strong innovative culture, HusCompagniet drives digitisation for continued efficiency in the sales process and the building process. Innovation in digital offerings further expands the universe for our customers, adapting to the future demand structure.

Integrated sustainable focus
We want to lead the market evolution and set the standard for sustainable construction practices - changing the way people think of construction.

We are currently undergoing a shift in the market towards ESG and sustainability. HusCompagniet has integrated ESG and sustainability throughout our business, from strategy and new product development to our operations and materials sourcing. Our journey in sustainable offerings has just begun and will be fully integrated in the coming years.

Supported by market drivers and a solid business model, HusCompagniet pursues attractive returns for our shareholders

Market drivers
HusCompagniet operates in stable low-risk economies.

Supported by strong structural trends in demographics, urbanisation/population shifts.

Stable core market segment of detached houses, with limited cyclicality in the level of demand.

Replacement of aging housing stock in Denmark.

A solid business model
Scale and financial strength in the market - strong cash generation.

Asset light and flexible delivery model.

Outsourced construction creating an agile business model.

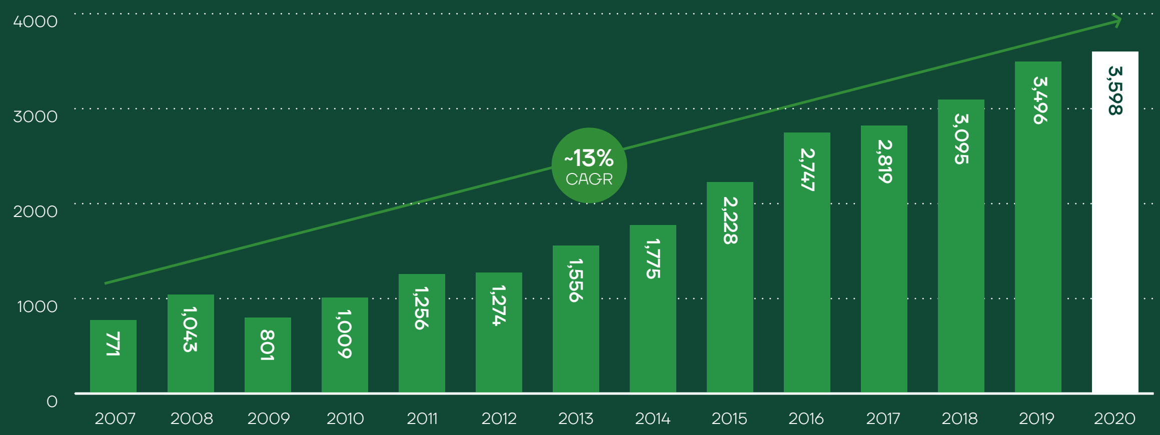
Highly experienced construction and sales teams.

Standardised offerings for both simple and complex solutions.

Creating attractive returns for shareholders
Strong growth drivers:

- Improve margins in detached market
- Solid foundation to enter the fragmented Danish B2B market
- Expanded offering in the Swedish market, supported by demand drivers

Payout ratio of minimum 50%.



Business model

Resources

People
Our diverse workforce and industry experience are at the core of our business

Natural resources
HusCompagniet houses are built from raw materials, such as timber, aircrete, concrete, brick, steel and glass

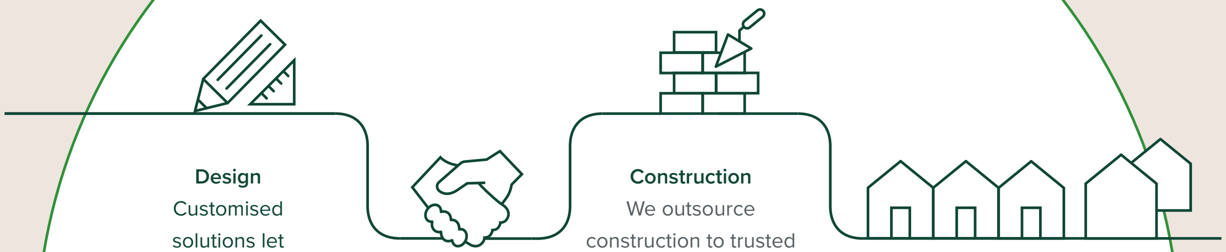
Partners
We rely on strong, long-term relations with our material suppliers and subcontractors

Innovations
Digital and sustainable innovation

Our brand
Our private and B2B customers know us as a trusted brand in the industry

Financial capital
We finance investments through cash flow from operations and credit facilities

Our business



Design
Customised solutions let customers build their dream home

Sales
Customer-centric concept, a one-stop shop with early and extensive interaction

Construction
We outsource construction to trusted partners for an asset light, flexible and risk mitigated delivery model

Delivery
We deliver detached and semi-detached houses for private and commercial customers. 80% on third-party land

As a market-leading house builder, we leverage our expertise and market position to innovate and deliver houses to our private and B2B customers at scale

Value created

Customer value
1,638 houses delivered, providing quality houses at competitive prices

Sustainable products
- Launch of Climate-improved House
- 50% of houses delivered in 2020 installed with on-site renewable energy solutions

Planet
1,853 tonnes scope 1 and 2 CO_2 emissions in 2020, reduced by 3% since 2019

Safety and well-being at work
- LTIf 11.4, down from 12.0 in 2019
- eNPS score of +47

Shareholder value
- 3.6 DKKbn in revenue
- 60 DKKm in shareholder dividends

Consolidated key figures

(DKKm)	2020	2019	2018	2017	2016
Income statement					
Revenue	3,598	3,496	3,349	3,064	2,747
Gross profit	756	716	712	594	529
EBITA before special items*	317	297	262	243	242
EBITA after special items*	238	279	177	233	202
Operating profit (EBIT) before special items*	299	288	258	226	203
Operating profit (EBIT)*	220	271	173	216	163
Financial income /expenses, net	-45	-51	-47	-56	-46
Profit for the year (continued operations)	159	168	90	111	85
Profit for the year (discontinued operation)	-66	-168			
Profit for the year	92	0	90	111	85
Balance sheet					
Total assets	3,408	4,528	4,124	3,899	3,134
Contract assets, net	445	676	591	568	503
Net working capital	440	330	374	404	537
Net interest bearing debt (NIBD)	697	831	807	935	712
Equity	1,857	1,777	1,777	1,688	1,533
Cash flow					
Cash flow from operating activities	141	134	175	21	20
Cash flow from investing activities	-31	-43	-38	-253	-22
• Hereof from investment in property, plant and equipment	-20	-15	-44	-39	-22
Cash flow from financing activities	-152	-115	-93	178	-35
Free cash flow	110	91	137	-233	-2

* Operating profit before depreciation (EBITA) and before special items and Operating proft (EBIT) before sepcial items repectively are used as alternative performance measures to reflect a more true and comparable view of the Group's ordinay operations

(DKKm)	2020	2019	2018	2017	2016
Key figures					
Revenue growth	3%	4%	9%	12%	23%
Gross margin**	21%	20%	21%	19%	19%
EBITA before special items**	8,8%	8,5%	7.8%	7.9%	8.8%
EBITA margin after special items**	6.6%	8.0%	5.3%	7.6%	7.4%
Earnings Per Share (EPS Basic), DKK***	8	8	5	6	4
Diluted Earnings Per Share (EPS-D), DKK***	8	8	5	6	4
Dividend per share	3.00				
Share price end of year	125				
Market value (bn)	2.5				
ROCE	8%	10%	0%	8%	7%
NIBD/EBITA before special items	2.0	2.5	2.9	3.7	2.8
Average number of employees****	452	436	504	468	317
ESG key figures					
Total emissions	1,853	1,949			
Scope 1 emissions	776	878			
Scope 2 emissions	1,077	1,071			
LTIf	11.4	12.0			
Sick leave	2.8	2.2			
Percentage female managers	20%	20%			
Number of female board members	2	1			

** margins for continued operations

*** Earnings per share, basic and diluted is calculated in accordance with IAS 33 and are based on continued operations. Other key figures are calculated in accordance with the definitions in Section 6.8.

The key figures for the years 2016-2017 have not been adjusted following the implementation of IFRS 9 and IFRS 15 at 1 January 2018.

Furthermore, the key figures for the years 2016-2018 have not been adjusted following the implementation of IFRS 16 at 1 January 2019.

****2019 numbers exclude discontinued operations which amounts to 47 average full-time employees

Outlook for 2021

- Revenue is expected to be DKK 3,800 - 4,150 million
- EBITA before special items is expected to be DKK 350 - 360 million
- Operating profit (EBIT) is expected to be DKK 325 - 335 million

HusCompagniet expects a leverage ratio below 2.0x net debt to last twelve months EBITDA before special items at the end of 2021.

Assumptions for the Outlook

HusCompagniet estimates for 2021 are primarily based on its historic execution rate, existing order backlog and current market expectations.

Achieving the 2021 guidance requires sales of between 1,950 and 2,100 houses in the financial year ending 31 December 2021. The profitability guidance is partly secured through the current backlog of around 68% at year-end 2020.

Revenue from the semi-detached (Denmark) segment is assumed be around DKK 500 million in line with our target to seize the attractive business-to-business opportunity in this market, based on existing order backlog and the acquisition of several land plots for the construction of semi-detached business-to consumer houses and the related anticipated timing of sales.

Unforeseen delays occurring in cases where we are not maturing the land, may postpone revenue recognition.

The average sale price per house is assumed to be slightly lower in 2021 than in 2020 as a result of increased deliveries of semi-detached houses.

Contract assets are assumed to increase significantly in 2021, by around DKK 200 million, due to increased activity in the semi-detached business-to-business segment.

No significant special items are assumed for the financial year ending 31 December 2021.

Gross profit on own land is expected to further decrease in 2021 to between DKK 15 million and DKK 20 million.

General assumptions

Assumptions relating to macro-economic conditions, industry considerations, regulatory changes and customer behaviour (particularly, in light of the COVID-19 pandemic). The Group's estimates assume that there will not be any material change in the competitive or regulatory landscape, and no other external actions.

Medium-term targets

For our three segments we have the following medium-term targets:

Detached

For the Danish Detached business our target is to pursue continued growth in line with the detached market segment whilst maintaining strong margins.

Semi-detached

For the Danish Semi-Detached business our target is to seize the attractive B2B opportunity in the semi-detached market segment, targeting a run rate of 500 houses sold per year within three to five years.

Sweden

For the Swedish business our target is to drive profitable growth in the business.

Forward-looking statements
This annual report includes forward-looking statements on various matters, such as expected earnings and future strategies and expansion plans. Such statements are uncertain and involve various risks, as many factors, some of which are beyond our control, may result in actual developments differing considerably from the expectations set out in the 2020 Annual Report. Such factors include, but are not limited to, general economic and business conditions, exchange rate and interest rate fluctuations, the demand for our services and competition in the market.

Our markets

The year 2020 was marked by the COVID-19 pandemic and its consequences. Some industries were particularly hard hit after the lockdown in March 2020 while others were affected to a lesser extent. In Denmark and Sweden, the construction industry avoided a full lockdown in the spring of 2020 and was not as severely affected as others.

Denmark

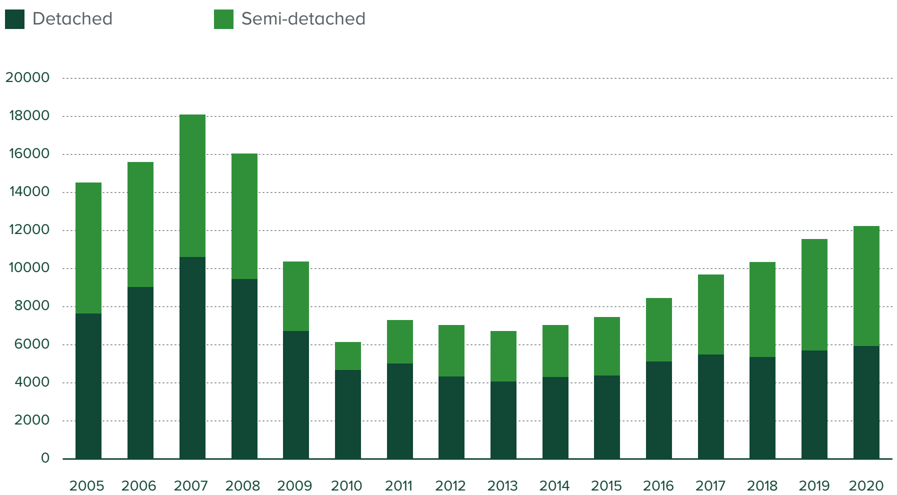
After a slowdown in the first quarter, demand picked up again and the overall housing market found strength in solid demand supported by the negative interest rate environment. The strong activity in the real estate market rubbed off on the new-build segment. House buyers have to a larger extent prioritised more space, gardens and home offices after working from home during lockdowns.

All HusCompagniets building sites remained operational during COVID-19 lockdown and sales normalised after the COVID-19 induced dip in March. We used the slowdown in March to take actions in various ways to navigate the uncertainty. For more on mitigating actions taken see our Risk Management section on page 43.

In terms of completions in Denmark, the market grew by 4% for detached houses to 5,928 units and by 8% for semi-detached houses to 6,310 units. HusCompagniet held its market share of 24% for single-family detached houses and of 1% for semi-detached houses.

The overall level of completions is still well below the peak years' ahead of the financial crisis, and even lower than long-term historical levels, including the building boom in the 1960s and 1970s, during which more than 400,000 single-family detached houses were built. This is a housing stock that in many cases are torn down in today's market. New-builds replacing older houses account for approximately 10% of the new-build detached market. In total, the number of new-build detached and semi-detached houses has grown annually by around 7% on average in the period 2010-2020.

Number of detached and semi-detached houses constructed in Denmark (2005-2020)



Our most stable segment, single-family detached housing

HusCompagniet's core market focus is new-build, single-family detached houses - the most stable segment of the housebuilding market.

The current number of new-build detached houses in Denmark is well below long-term historic levels, including the building boom in the 1960s and 1970s, during which more than 400,000 single-family detached houses were built. This huge stock of time-worn houses, significantly bigger than the current market for new-builds, represents a significant growth opportunity due to favourable economics in tearing down an old house and replacing it with a new-build low-energy house instead of renovating the old house. Around 20% of HusCompagniet houses built in 2020 replaced an older house.

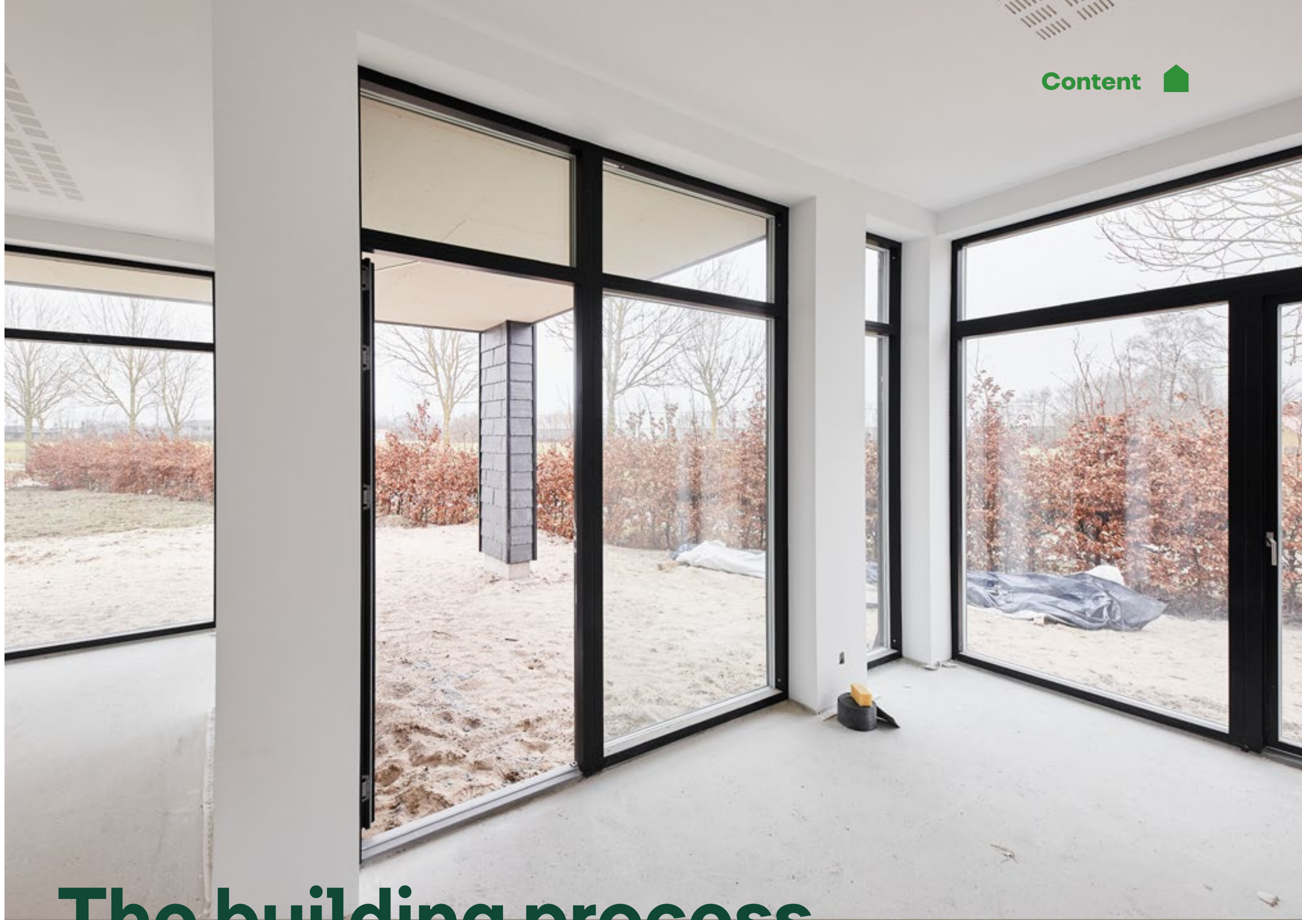
Sweden

In terms of permits, the Swedish market grew 12% for detached houses to 5,273 units. VårgardaHus increased its market share to 4.3% from 3.2% in 2019.

In total, the number of new-build detached and semi-detached houses in Sweden in the period 2010-2019 was significantly higher than it was in Denmark. Following positive growth until 2017, the market slowed, due to tightened government-induced credit restrictions taking effect in 2018. The new-build market activity in 2020 has been high despite the COVID-19 induced lockdowns, also supported by softened credit restrictions in April 2020.

Our asset-light business model

In addition to our relentless focus on customer satisfaction, HusCompagniet benefits from a so-called ‘asset-light’ business model. While we retain control over all critical decisions in the building process, the actual construction work is carried out by sub-contractors, meaning that we do not own building machinery and giving us access to a more flexible workforce. This allows us to reduce our fixed costs and to scale the business up or down with relative ease and we are thus less exposed to cyclicality and house prices. Furthermore, our standardised house concept facilitates efficiency in the building process, and the large volume of houses we build each year secures us good terms with suppliers of building materials and sub-contractors.



The building process

All of our houses are built by sub-contractors, and to ensure our suppliers and sub-contractors meet the high quality we demand, the construction phase is managed carefully by our very experienced construction managers. We are highly selective in our choice of suppli ers in order to ensure the highest quality.

As we carefully embrace responsibility for the health and safety of our employees, we are also strongly focused on the health and safety of our sub-contractors working at our building sites. We have a Code of Conduct that sets out our standards for safety and working conditions at the building sites, which all sub-contractors are required to sign. Increased use of digital solutions is optimising the building process and leads to improved efficiency. Our average building time for a single-family house is among the shortest in the market. HusCompagniet controls all stages of the building process and a house normally takes 17-21 weeks to build.

Strategy

Our Vision: HusCompagniet wants to lead the market evolution and set the standard for sustainable construction practices – changing the way people think of construction

HusCompagniet was founded in 2007 through a merger of house-builders FM-Søkjær and Interbyg. Shortly thereafter, HusCompaniet pioneered the payment-on-delivery concept in the Danish house building market as part of our customer satisfaction focus.

In less than a decade, HusCompagniet has achieved a market-leading position in the Danish detached housing market. With a 24% market share in 2020, we benefit from scale and see strong growth drivers in our segments.

Our strategy has three key priorities:

- Continue to grow in the single-family detached segment in Denmark while improving margins
- Accelerate growth in the semi-detached business-to-business (B2B) segment in Denmark
- Drive profitable growth in Sweden through augmented product offering and optimisation of agent network

Supporting these strategic priorities, we are further embedding our sustainability proposition and will continue the digital transformation of our offerings.

Setting the strategic direction, we decided in 2019 to close our German business and our brick house activities in Sweden. Our current Swedish offerings are more in line with the Swedish building traditions, and we see a strong growth driver in the wood-framed market. Our positive development in 2020 supports this objective.

While our core geographic focus is Denmark and Sweden, we have closed our German business, However, we do not consider the European market as such closed for HusCompagniet. When penetrating other European markets in the future, we will consider establishing M&A platforms for a strong set-up.

Other geographies is not our focus at present, though we may consider potential acquisition opportunities in current or new markets to strengthen our proposition further.

Becoming a market-leading player

Before HusCompagniets market entry in 2007, the detached market in Denmark was fragmented with many small players. Customers faced limited certainty of final price, quality and delivery. Payment was required upfront. The overall level of trust in the market was low.

In 2007, HusCompagniet entered the market with an offering that mitigated vital industry issues and the effects of the financial crisis. One of the key game changes was our introduction of the payment- at-delivery model.

Since 2015, market initiatives have improved the customer experience substantially, and HusCompagniet has continued the journey towards establishing market leadership. Nationwide branding campaigns were launched to raise customer awareness and customer endorsement creating a virtuous cycle for growth. Over the years, we have increasingly gained market share.

We have built our current position through dedicated customer focus, continuous innovation and a key focus on customer-centric, professional end-to-end solutions. The strong entrepreneurship and dedicated efforts among our employees, partners and contractors are key contributors to our strong track record.

In our efforts to lead the future of housebuilding and be the trusted partner in everything we do, we believe innovation to be a fundamental ability to raise industry standards. HusCompagniet has, over the years, implemented a range of new concepts.

Recently, as the COVID-19 Pandemic emerged in early 2020, we launched the “comfort package” program for potential customers in Denmark to support customers in purchasing a house from HusCompagniet. The package includes support in case a customer becomes unemployed before the familiy's house is delivered or is unable to sell their existing house before the time of delivery.

Comfort package

Our comfort package offers a choice of four options.

Loss of full-time job:

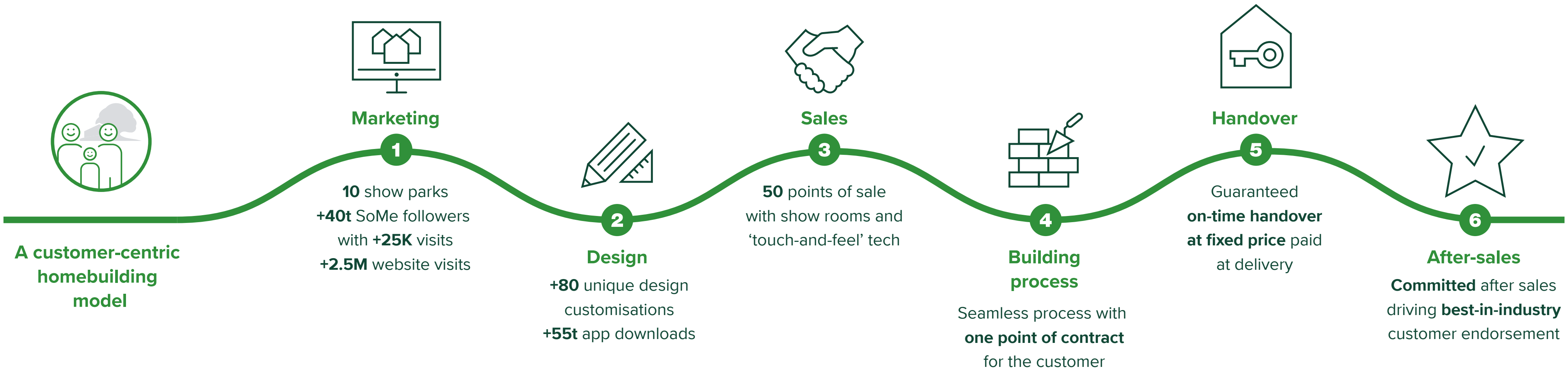
Before building permission, the customer can annul the contract against a small fee or postpone the building project for up to six months.

HusCompagniet also offers rent support with a maximum of DKK 10,000 for up to six months in the form of a price reduction.

Uncertainty about sale of current house.

Double-rent support if the customer’s existing house is not sold at the time of hand-over for a maximum of DKK 10,000 for up to six months in the form of a price reduction.

We support the customer through each step of the journey



Margin improvements in the detached segment in Denmark

Our strategy's central pillar is to maintain its leadership position and drive profitable growth in Denmark's detached segment with the focus on margin improvement.

With sixteen offices and ten show parks in Denmark, we have the country-wide coverage while maintaining a local presence. In addition to our physical presence, we also engage with our customers using virtual tools.

The launch of a new ERP system in November 2019, which integrated customer relationship management ("CRM") and business intelligence ("BI") functionalities, complements a more detailed overview and control of the business. In addition, the launch in January of a sales provision system for our sales force supporting margin over volume to a greater extent than previously combined with value-added services in both add-on products post-sale and post-delivery add-ons, has further sharpened our focus.

Also, in 2021 we will launch a "Document case management" system, laying the foundation for an upgraded CRM system. The system will further improve our ability to standardise processes and provide opportunities to collaborate on cases and documents both internally and externally, opportunities for optimisation and automation, and increased data security.

The increased focus on margins of houses sold and the use of technology to improve and standardise vital internal processes, enhanced process efficiencies and reduced mistakes willl drive margin improvements.

Sustainability

In 2019, we started embedding sustainability within our operating framework as part of the strategic agenda, making it a systematic focus throughout our business. With the vision to lead the market evolution and set the standard for sustainable construction practices, changing the way people think about construction, HusCompagniet formalised and launched the strategy in 2019.

We have intensified our efforts to integrate sustainability throughout the value chain, from selecting building materials and making sustainable options available to customers, to dedicated sustainable house product offerings, and through the use phase of the houses after handover to the customers.

One of the critical elements in the lifecycle of the house is heating. The choice of energy sources can impact emissions, and we have set a target aiming for 60% of our houses sold to be delivered with renewable energy sources by 2025. In 2020 we reached 50%, up from 48% in 2019, mainly supported by a significant increase in air-to-water heat pumps. We continue to advise customers on renewable energy sources and believe we will reach our targets.

In April 2021, we introduce our Climate-improved house in our offerings, where the chosen materials result in significantly fewer carbon emissions than our standard offerings.

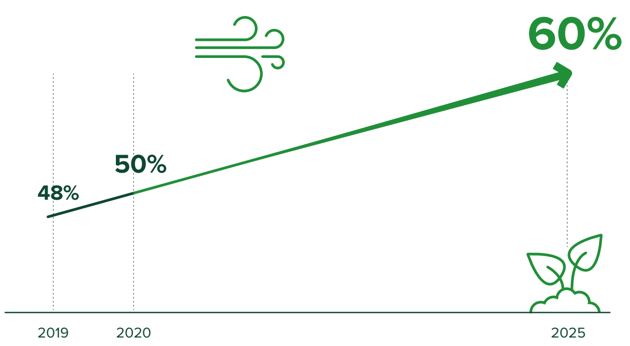
In 2019 we set a 2030-target to achieve a 70% reduction in lifecycle CO_2 emissions. The Climate-Improved house is designed to emit significantly fewer emissions than our Functionalism House from where the architecture originates. The house emits around 30% fewer emissions from building materials, and around 26% fewer throughout the entire lifecycle.

In our efforts to prepare for the future, we are pleased that our new sustainable offering and our standard offerings can play a role in the necessary green transition, in addition to renovation. All HusCompagniet houses are developed in energy class A, which is more energy efficient than the renovation potential of 70% of existing similar houses in Denmark.

Our Climate-Improved offering paves the way to achieve our target. In the future, the Group aims to integrate sustainability in the strategic priorities systematically and to reach the targets. We are aware that change in the materials is essential throughout the portfolio and requires a shift towards sustainable sourcing from our suppliers.

More on the lifecycle of a house, energy sources and our Climate-improved house can be found on page 27.

Houses sold with green energy sources and target for 2025



Digital innovation

At HusCompagniet, we aim to digitise the customer experience by implementing many digital applications along the house purchasing journey. The new way of working and meeting customers during the pandemic has also paved the way for innovation of a full virtual set-up, which resulted in a 100% digital offering. In November 2020, we presented a new online platform, "HusOnline", to our customers. The platform is a standardised online offering with key purchase criteria on price, efficient house layout and swift purchase. Our customers can access the tool or platform in their own time without having to depend on an available sales force or opening hours.

The platform consists of four standard houses with limited customisation options. Customers can access a configurator tool while being guided through chat functionalities, information boxes, info videos and podcasts. The online configurator is supported by four show houses built centrally in Denmark, displaying the four standard houses and select variations of the customisation options. The houses are ready for display in April 2021.

The platform had 17,281 visitors by year-end, 23,286 houses were designed in the app and 585 profiles were made. We sold the first house through the offering in December 2020. HusCompagniet will seek to expand the online product offering further in 2021.

New strategic key pillar since January 2020 – B2B in Denmark.

HusCompagniet launched its semi-detached business-to-business strategy in January 2020, which focuses on the building and delivery of semi-detached houses to professional investors who then lease or sell the houses to end-users. Competition in this Danish market is highly fragmented, with many small multi-regional construction companies and local builders engaged.

We have more than ten years of experience in the construction of semi-detached houses in the business-to-consumer market segment. The expansion into the semi-detached business-to-business market segment builds on our vast experience.

With our size, profitability, and focused offering, HusCompagniet has a competitive advantage in entering the business-to-business market for semi-detached housing.

Professional investors typically entail larger projects than private investors. We use our highly standardised building process “Ready to build” product for multiple houses and have built a centralised project team securing a one-stop-shop offering. The offering entails an attractive pricing model, and HusCompagniet builds mostly on our customer-owned land, coupled with strategic use of own land plots.

Thus, from a delivery perspective, we replicate the model employed for detached houses, including utilising the existing network of suppliers and adding additional sub-contractors for the higher volumes. In combination with being built in blocks of multiple units, this provides a very efficient building process.

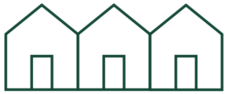
Our sustainable endeavours are also embedded in our business-to-business offerings, and in 2021 we aim to provide DGNB-certified projects for our customers. DGNB certification is based on three central sustainability areas of ecology, economy and sociocultural issues. The current assessment shows that our houses currently live up to the standard, and as an important strategic area for HusCompagniet, the certification will be a key focus. More on DGNB certification can be found on page 36.

Our ambitious strategic target is to sell 500 semi-detached B2B houses a year within a three-to-five year timeframe.

Our Swedish business

In our Swedish business, our value proposition is adapted to strong local preferences. Customisation is based on a standardised pre-fab concept. The core features include value for money, responsive customer service and strong local sales agent structure. Our ambition is to drive growth in Sweden through augmented product offerings and optimisation of the agent network.

The headquarters and pre-fab production facility is located in Vårgårda. Sales focus is on three densely populated hub regions in a market characterised by a high degree of fragmentation. Since the acquisition of Vårgårdahus in 2017, strong strategic initiatives and synergies across the Group have supported growth.



~16%

annual growth in the semi-detached market segment in the last 5 years

Vårgårdahus

HusCompagniet operates in Sweden through VårgårdaHus, specialised in the production of prefabricated single-family wood framed houses.

The new Vårgårda Fritidshus brand offers wood-framed vacation houses and HusCompagniet brand is offered on wooden frame with façade option of wood, plaster or bricks keeping the Danish brand expression. The houses are developed and produced at our factory in Vårgårda.

We intend to drive growth and regional market share gain in Sweden through a number of key supporting initiatives which relate broadly to two overall categories:

- Expansion and development of its current offering of house models and options for interior design
- Enhancing sales by optimizing sales agent network and leveraging the CRM functionality implemented

The Group complemented its traditional portfolio of 43 detached house models offered through its Vårgårda-Hus brand with a new product line of 31 house models introduced in 2020, which are all based on a platform of ten base models customisable into the 31 different house models.

The new line of products is inspired by HusCompagniet designs used in Denmark and is focused on Scandinavian design themes. Further, HusCompagniet introduced a line of eight vacation house models in 2019 which are offered through the new Vårgårda Fritidshus brand.

Those vacation houses are sold through new agents with exclusive focus, leveraging its market position in Swedish regions with attractive coastlines and expansive ski resorts.

The strategic initiatives have had substantial effects in 2020 and we expect to drive further growth in Sweden.

Financial review

HusCompagniet achieved a record number of both sales and deliveries in 2020, supported by strong demand and a high completion rate in the building process. Sales amounted to 1,921 houses compared to 1,700 houses in 2019 and deliveries amounted to 1,638 compared to 1,565 in 2019.

Being low season, Q1 2020 came out lower than expected, also affected by the covid-19 pandemic. Sales picked up again from Q2 2020 and exceeded 2019 levels despite the pandemic.

Deliveries were not affected by market conditions, and the completion rate was high throughout the year despite soft sales in Q1 2020.

The financial performance in 2020 was in line with the announced guidance.

Revenue

HusCompagniet reported a total revenue of DKK 3,598 million in 2020, up 3% from DKK 3,495 million (adjusted) in 2019, in line with guidance.

The increase was mainly due to an increase in the number of houses delivered to a total of 1,638 houses and an increase in revenue per house. The growth in revenue was offset by a drop in work in progress and fewer land plots delivered in 2020 compared to 2019. Total revenue comprised deliveries of DKK 3,506 million, land plots of DKK 144 million, while work in progress was negative at DKK 52 million.

Gross margin

Gross margin was 21%, up from 20% in 2019. The positive development was driven by the share of own land being slightly higher, higher margins and our Swedish business. The improvement was also impacted by enhanced focus on increasing the margins combined with sub-contractor and supplier discounts.

EBITA before special items

Reported EBITA before special items was DKK 317 million compared with DKK 297 million (adjusted) in 2019. This corresponds to an EBITA margin before special items of 8.8% compared to a margin of 8.5% in 2019. The increase was due to an increase in activity and the higher gross margin.

Amortisation and depreciation

Amortisation and depreciation amounted to DKK 47 million compared to DKK 38 million in 2019. Depreciation amounted to DKK 29 million against DKK 37 million in 2019, mainly due to the discontinued operations. The increase in amortisation is mainly driven by the new ERP system that was implemented.

Special items

Special items amounted to DKK 79 million in 2020, up from DKK 17 million in 2019. The increase was mainly due to the listing in November 2020 which had a negative impact of DKK 91 million that was partly offset by an insurance compensation related to the bankruptcy of Qudos of DKK 35 million. Excluding these non-recurring items, special items amounted to DKK 23 million for the year.

EBIT

Reported EBIT amounted to DKK 220 million against DKK 271 milllion in 2019. Improved operating profit was more than offset by extraordinarily high special items due to the listing.

1,638

houses delivered in 2020

	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Sales	529	540	465	387	425	362	424	489
Deliveries	537	365	384	352	566	359	356	284

32%

Cash conversion

Net financials

Reported net financials was an expense of DKK 46 million compared to an expense of DKK 51 million in 2019. The improvement was primarily due to an increase in interest received from banks.

Profit for the year before tax for continued operations

Profit for the year before tax from the continued operation was DKK 174 million in 2020 compared with DKK 220 million in 2019. The lower profit for the year was mainly due to special items.

Taxation

Reported tax for 2020 was DKK 16 million against DKK 52 million in 2019. The 2020 tax level was positively affected by the changes in transfer-pricing effective from 2019, resulting in a tax value of estimated tax losses in Germany for the 2015-2018 period, which was partly realised.

Cash flows

Operating activities

Net cash generated from operating activities was DKK 141 million compared with DKK 134 million in 2019. Cash flows were supported by the higher operating profit including from discontinued operations.

Investing activities

Net investments of DKK 31 million were generated during 2020, against DKK 43 million in 2019. The development was mainly due to the lower investment cost related to the new ERP system.

Free cash flow

Free cash flow was an inflow DKK 110 million against an inflow of DKK 91 million in 2019, mainly driven by changes in operating activities. Cash conversion was 32%.

Financing activities

Financing activities was an outflow DKK 152 million, against an outflow of DKK 115 million in 2019. The change was the result of a new loan agreement obtained in 2020.

Balance sheet

Financing

Net interest-bearing debt totalled DKK 697 million at 31 December 2020, down from DKK 831 million at 31 December 2019. The net interest-bearing debt to EBITDA ratio was 2.0x compared to 2.5x in 2019. We entered into a new loan agreement in 2020 that enabled us to make a down payment and reduce our combined term loan by DKK 130 million.

Equity

The Groups equity increased by DKK 80 million in 2020, to stand at DKK 1,857 million. The increase was based on the profit for the period including discontinued operations of DKK 92 million.

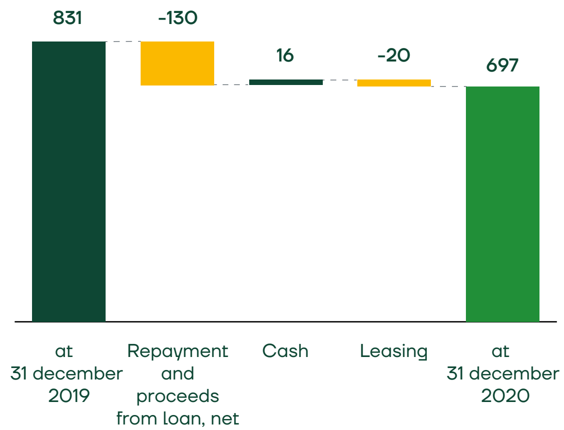
Net working capital

Net working capital totalled DKK 440 million at 31 December 2020, up from DKK 330 million at 31 December 2019. The change was partly caused by an DKK 87 million increase in deposits due to the negative interest rate environment, which was partly offset by the drop in contract assets and a reduction in outstanding debtors in connection with the closing down of discontinued operations.

Contract assets

Net contract assets amounted to DKK 444 million compared to DKK 676 million in 2019. Excluding contract liabilities, contract assets amounted to DKK 547 million against DKK 688 million in 2019.

Net interest bearing debt



The contract work in progress (CWIP) at 31 December 2019 was affected by a large semi-detached project with full delivery in 2020. Thus, work in progress for semi-detached houses was significantly lower in 2020. The decrease was also impacted by a reduced effect from discontinued operations compared to 2019. Contract liabilities were largely affected by a high level of deposits due to the current negative interest rate environment.

Order backlog

The order backlog as at 31 December 2020 amounted to DKK 2,688 million compared to DKK 2,312 million in 2019. The higher backlog was due to higher sales in 2020 compared to 2019, with an extraordinarily high level in Q4 2020.

~20%

of the detached houses we built in 2020, were replacing teardowns

Deliveries amounted to 1,638 houses, which exceeded the 2019 figure of 1,565. In 2020, 21% of deliveries were houses built on own land. In Detached, the share of own land was 17%.

As at 31 December 2020, HusCompagniet's land bank comprised 487 individual land plots (including show houses and project houses) valued at DKK 228 million.

Discontinued operations

During 2020, the Group closed down its German and Swedish brick house activities finalised in September 2020. Reported loss from discontinued operations was DKK 66 million against a DKK 168 million loss in 2019. The 2020 tax level was negatively affected by the change in transfer-pricing taking effect from 2019, which resulted in the deferred tax assets related to prior years' tax losses in Germany in the period 2015-2018 was partly realised.

Dividend

Subject to shareholder approval, the Board of Directors recommends that a dividend of DKK 3.00 per share for the 2020 financial year be distributed following the Annual General Meeting to be held on 12 April 2021.

Events after the balance sheet date

No events have occurred after the balance sheet date that are expected to have a material effect on HusCompagniet's financial position.

Units	2020	2019
Sales	**1,921**	**1,700**
Detached – DK	1,417	1,425
Semi Detached – DK	260	87
Sweden	244	188
Deliveries	**1,638**	**1,565**
Detached – DK	1,355	1,325
Semi Detached – DK	92	75
Sweden	191	165
Orderbook value (DKKm)	**2,688**	**2,312**
Detached – own land	231	191
Share of own land projects Detached	**17.0%**	**14.4%**
Semidetached – own land	65	47
Share of own land projects Semi Detached	**70.7%**	**62.7%**
Denmark share of own land	**20.5%**	**17.0%**

Q4 Figures

DKK'm	Q4 2020*	Q4 2019*	FY 2020	FY 2019
Income statement				
Revenue	1,012	990	3,598	3,496
Gross profit	219	218	756	716
EBITA before special items**	111	101	317	297
Special items	-59	-1	-79	-17
EBITA after special items**	52	100	238	279
Operating profit (EBIT) before special items**	110	95	299	288
Operating profit (EBIT)**	51	95	220	271
Financial income/expenses, net	-17	-19	-45	-51
Profit for the year (continued operations)	64	57	159	168
Profit for the year (discontinued operations)	-38	-117	-66	-168
Profit for the year	25	-60	92	0
Balance sheet				
Total assets	3,408	4,528	3,408	4,528
Contract assets, net	445	676	445	676
Net working capital	440	330	440	330
Net interest-bearing debt (NIBD)	697	831	697	831
Equity	1,857	1,777	1,857	1,777

* Unaudited

** Operating profit before depreciation (EBITA) and before special items and Operating proft (EBIT) before special items repectively are used as alternative performance measures to reflect a more true and comparable view of the Group's ordinay operations

DKK'm	Q4 2020*	Q4 2019*	FY 2020	FY 2019
Cash flow				
Cash flow from operating activities	66	257	141	134
Cash flow from investing activities	-18	-11	-31	-43
- Hereof from investment in property, plant and equipment	-7	-11	-20	-43
Cash flow from financing activities	-78	-56	-152	-115
Free cash flow	48	246	110	91
Key figures				
Revenue growth***	2%	N/A	3%	4%
Gross margin***	22%	22%	21%	20%
EBITA margin before special items***	10.9%	10.2%	8.8%	8.5%
EBITA margin after special items***	5.1%	10.1%	6.6%	8.0%

* Unaudited

*** Continued operations

Key figures Q4

Revenue

HusCompagniet reported total revenue of DKK 1,012 million in Q4 2020 up 2% from DKK 990 million (adjusted) in Q4 2019. The increase was positively affected by higher average selling price partly offset by a decrease in the number of houses delivered to 537 from 566. Sales increased to 529 from 425 in Q4 2019 and the reduction in work-in-progress was lower compared to Q4 2019.

EBITA before special items

Reported EBITA before special items was DKK 111 million compared with DKK 101 million (adjusted) in Q4 2019. This corresponds to an EBITA margin before special items of 10.9% compared to a margin of 10.2% in 2019. Gross margin was on par at 22% while staff costs decreased in Q4 2020 despite the semi-detached organisational ramping up.

Special items

Special items amounted to DKK 59 million in 2020, up from DKK 1 million in 2019. The change in 2020 was mainly due to the listing in November 2020.

Profit for the year

Profit for the year from continued operations was DKK 64 million in 2020 up from DKK 57 million in Q4 2019.

Cash flow

Operating activities

Net cash generated from operating activities was DKK 66 million compared with DKK 257 million in Q4 2019. The decrease was partly due a reclassification of deposits from customers and due to lower level of deliveries in Q4 2020 compared to Q4 2019. Deposits from customers amounted to DKK 115 million in 2020 against DKK 28 million in 2019. The increased level was due to the negative interest rate environment.

Investing activities

Net investments of DKK 18 million were made during Q4 2020, against DKK 11 million in Q4 2019.

Free cash flow

Free cash flow was DKK 48 million, against DKK 246 million in 2019, mainly driven by changes in operating activities. Cash conversion was 41%. The decrease was primarily due to the reclassification of short-term deposits from customers of DKK 115 million in 2020. Q4 2019 was affected by an extraordinarily high level of deliveries.

Financing activities

Financing activities was an outflow of DKK 78 million, against an outflow of DKK 56 million in 2019. The financing activities were affected by the repayment of long-term debt and proceeds from a new loan agreement.

Introducing segments

We introduced three segments In 2020. Two segments in Denmark, Detached and Semi-detached and the third is our Swedish business. The 2020 financial figures are reported for the segments while revenue figures also include 2019 comparable figures.

Denmark – detached and semi-detached

The Semi-detached gross margin was slightly higher than the gross margin for Detached. This was mainly due to a higher share of own land deliveries. The margin was only slightly higher due to larger supplier bonuses in detached houses. Sweden reported positive development in 2020.

Detached houses

Revenue amounted to DKK 3,209 million, up 3% from DKK 3,108 million. The increase was driven by increased activity from both sales and deliveries. Average selling price (ASP) was DKK 2.2 million. the gross margin was 19.6%, with EBITA before special items at DKK 280 million, corresponding to a margin of 8.7%.

The Q4 2020 gross margin came in at 20.0% and an EBITA margin at 10.9%.

Semi-detached houses

Revenue amounted to DKK 117 million, down from DKK 181 million in 2019. The decrease was mainly due to large projects delivered in 2020. Sales amounted to 260 compared to 87, driven by increased B2B sales. The gross margin was 22.9% and EBITA before special items DKK 7 million, corresponding to a margin of 6.2%. Average selling price (ASP) was DKK 1.0 million. The Q4 2020 gross margin was 35.5% and a EBITA margin at 6.1%. The gross margin was positively affected by an extraordinary income from maturity of land. Ramp up of the organisation affected SG&A in Q4 2020.

Sweden

Revenue amounted to DKK 273 million, up from DKK 206 million in 2019. The increase was driven by improved margin and an increase in sales and deliveries. The gross margin was 36.6% with EBITA before sepcial items at DKK 31 million, corresponding to an EBITA margin of 11.5%. Average selling price (ASP) was DKK 1.4 million. The Q4 2020 gross margin was 38.5% , while the EBITA margin was 13.7%.

529

houses sold in Q4 2020

Sustainability

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3 The Sustainable Development Goals and materiality 26
4 Climate change 27
5 Focus on our people and partners in a global pandemic 37
6 Committed to responsible business practices 40

Sustainability

Continuing our sustainability journey as a listed company

2020 has been a landmark year for HusCompagniet, during which we listed as a public company, became a signatory to the UN Global Compact, formally announced our support of the Task Force for Climate-related Financial Disclosures (TCFD), and announced the launch of our first Climate-improved House (CO_2-venligt hus©).

CO_2 ↓

31%

less CO_2 from building materials than our Functionalism House.

We continued our journey towards achieving our sustainability ambitions, and further integrated ESG throughout our business – from strategy and governance, to product innovation and customer offerings.

As a leading house builder in the Nordics, we are uniquely positioned to contribute to sustainability within our industry and in the value chain by engaging to drive innovation that reduces CO_2 emissions throughout the lifecycle of a house, promote respect for human and labour rights, fight corruption, and pioneer low-carbon offerings in the market.

Sustainability issues, such as climate change, safety, diversity and inclusion, are at the top of the agenda for investors, customers and regulators. These tectonic societal and environmental shifts have been further accelerated in 2020 by the global COVID-19 pandemic. We see it as our responsibility, as well as a an opportunity, to transform and future-proof our business by embedding sustainability into our risk management and strategic decision-making.

HusCompagniet became a signatory to the UN Global Compact in November 2020, reinforcing our commitment to the ten principles of human rights, labour rights, anti-corruption, and the environment. Following our first TCFD disclosures in 2019, HusCompagniet joined over 1,700 companies worldwide in publicly supporting the TCFD.

A key milestone during 2020 was the announcement of our Climate-improved House concept, which is designed to emit approximately 12%-27% fewer lifecycle CO_2 emissions compared to our archetype and Functionalism Houses, respectively. It is our ambition that innovative, viable, low-carbon solutions from the Climate-improved House can be rolled out across our portfolio of homes. Innovation in lower CO_2 building materials will help us to achieve our 2025 and 2030 carbon reductions targets related to building materials. The Climate-improved House emits approximately 30% fewer emissions than the Functionalism House from building materials. During 2020, we also took steps to scale up our work on safety, built out our policy foundation for sustainability, and further strengthened governance.

In this Report, we at HusCompagniet have continued our focus on transparency and ESG disclosures. We have updated our TCFD disclosures and expanded ESG data set to fully align with the 15 key indicators recommended by the CFA Society Denmark, FSR – Danish Auditors, and Nasdaq Copenhagen. We have also begun to disclose Sustainability Accounting Standarsds (SASB) topics and metrics material to our sector, which can be found on page 48 in our integrated performance table.

Our ambitions and targets

	Ambitions	Baseline	Target 2020	Results 2020	Target 2025	Target 2030	Related SDGs
Climate	**1: Climate – building materials**	• 5.8kg CO_{2e} per m2 per year from building materials through the lifecycle of a house1 • 4.0kg CO_{2e} per m2 per year from the production of building materials2	• Launch climate-friendly house concept • Engage with suppliers to reduce CO_2 emissions from building materials	• Announced our Climate-improved House, which emits 31% fewer CO_2 emissions than the Functionalism House (baseline house).	• 35% reduction in upstream CO_2 emissions from building materials, compared to 2019 (2.6kg CO_2 per m2 per year)	• 70% reduction in CO_2 emissions from building materials through the lifecycle of a house compared to 2019 (1.7kg CO_2 per m2 per year)	Target 9.4
Climate	**2: Climate – own operations**	• 878 tonnes scope 1 CO_2 emissions (owned and leased company vehicles)3 • 1,536 tonnes scope 2 CO_2 emissions (purchased electricity and heating)4	• Initiate testing of electric company cars and prepare electric vehicle infrastructure at offices • Commit to the Climate Group's EV100 initiative (full electrification of vehicle fleet)	• Committed to the EV100 initiative and initiated installation of charging infrastructure • Achieved an 5% reduction in our scope 1 and 2 CO_2 emissions	• Zero scope 1 emissions through 100% electric owned and leased vehicle fleet	• Carbon neutral scope 1 and 2 emissions from operations	Target 13.3
Climate	**3: Climate – customer use phase**	• 48% of houses ordered with one or more on-site renewable energy technologies	• Review assortment of renewable energy solutions • Consider expansion of solutions • Educate sales force	• Started educating our sales force in advising customers on energy solutions • 50% of houses sold in 2020 were with renewable energy sources	• 60% of houses ordered with renewable energy sources	• Monitor the transition of the grid to more renewable sources • Assess and set new targets accordingly	Target 7.1
People	**4: Employee well-being**	• 2.2% sick leave	• Reduce sick leave to 2% • Establish baseline for employee satisfaction	• Carried out our first Employee Engagement Survey across our Danish operations • Sick leave increased, from 2.2% to 2.8%	• Reduce sick leave to 2%	• Reduce sick leave to 2%	Target 8.5
People	**5: Diversity & inclusion**	• One female out of seven total members on the Board of Directors • 20% women in management	• Two female out of six total members on the Board of Directors • 20% women in management	• Second female joined our Board of Directors • Share of women in management stayed the same, at 20%	• Two females out of six total members on the Board of Directors • 25% women in management	• Two female out of six total members on the Board of Directors • 30% women in management	Target 5.5 Target 10.3
People	**6: Health & safety**	• LTIf of 15.2 for own blue and white collar • LTIf of 10.7 for subcontractors	• Implement safety reporting system for subcontractors • Identity top safety issues and educate construction managers in performing onsite safety checks	• Reduced overall LTIf (own employees and subcontractors) by 5%, 11.4 in 2020, compared to 12.0 in 2019 • Reduced LTIf of our own employees LTIf by 66%, 5.3 in 2020, compared to 15.2 in 2019 • Subcontractor LTIf increased by 30%, 13.9 in 2020, compared to 10.7 in 2019 • Established structures for on-site safety inspections and anchored safety in our governance structures	• Reduce LTIf by 30% compared to 2019	• Reduce LTIf by 50% compared to 2019	Target 8.3, 8.5
Responsible business	**7: Responsible business**	• Employee Guidelines for Values and Ethics • Standards of Business Conduct	• Review and update guidelines and Codes of Conduct based on best practice standards, Increase awareness of guidelines, Codes of Conduct and whistle-blower sys-tem among employees, subcontractors and suppliers	• Updated our Codes of Conduct in alignment with the UN Global Compact • Established our Anti-Corruption and Business Ethics Policy			Target 16.5
Responsible business	**8: Sustainable sourcing**	• Supplier Code of Conduct • Whistle-blower system	• Ensure all suppliers and subcontractors have signed the updated code of conduct • Consider control measures on social dumping	• Updated Code of Conduct and will be requesting compliance from all suppliers in 2021			Target 12.6
Responsible business	**9: Labour rights and human rights**	• Employee Guidelines for Values and Ethics • Standards of Business Conduct	• Review and update guidelines and Codes of Conduct based on best practice standards, Increase awareness of guidelines, Codes of Conduct and whistle-blower sys-tem among employees, subcontractors and suppliers	• Updated our Codes of Conduct in alignment with the UN Global Compact • Established our Sustainability Policy and Diversity & Inclusion Policy			Target 8.7, 8.8 Target 10.3

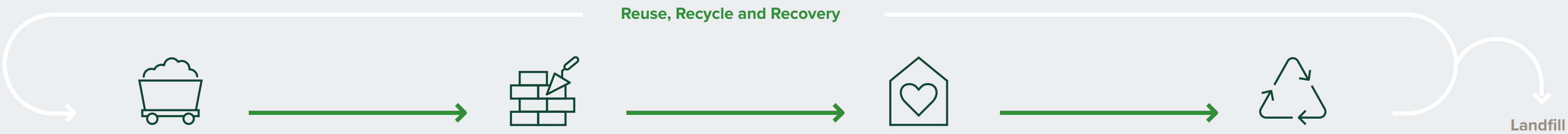
Materiality & The UN Sustainable Development Goals

In 2020, we used the UN Sustainable Development Goals (SDGs), a representation of global stakeholder sustainability priorities, as the starting point to inform the prioritisation of our material sustainability topics and focus areas.

Using this framework, we focus on areas where we can have positive impact on the SDGs. At the same time, we acknowledge that the nature of our and other commercial activities is that there is the risk of negative impact, which we have a responsibility to mitigate and minimise. In our ambitions and targets on page 25, we have highlighted the connection of each to specific SDG targets.

In addition to carbon emissions, other environmental impacts include water and waste. HusCompagniet's current influence on waste at the end of the lifecycle of a house is in the selection of materials that are more easily recycled. Since water is not a natural resource that is used in large volumes during our construction process and we do not operate in areas of high water stress, this issue has been deselected for the time being. Acknowledging water's key role in healthy ecosystems and the importance of efficiency, HusCompagniet does not operate in water-stressed regions. Material social topics for HusCompagniet include health and safety, employee well-being, diversity and inclusion, as well as human rights and labour rights, and anti-corruption. These elements are core to the long-term success of our business and our values as a company, and inform our sustainability ambitions. With our asset-light business model in mind, we are aware of our responsibility to uphold these standards with our subcontractors and suppliers.

The lifecycle of a HusCompagniet house



Production of materials

The product stage of building materials includes the raw material supply, transport, and manufacturing of building materials to reduce the environmental impact of production. We can influence this phase of the house's lifecycle through our offerings to customers, and by working with our suppliers to reduce the environmental impact of production.

House construction

The house construction phase includes transport to the site, construction of the house, and HusCompagniet's operations. We have the most direct influence over our own operations and this phase.

We focus on limiting waste through optimising and thus reducing excess material to the site.

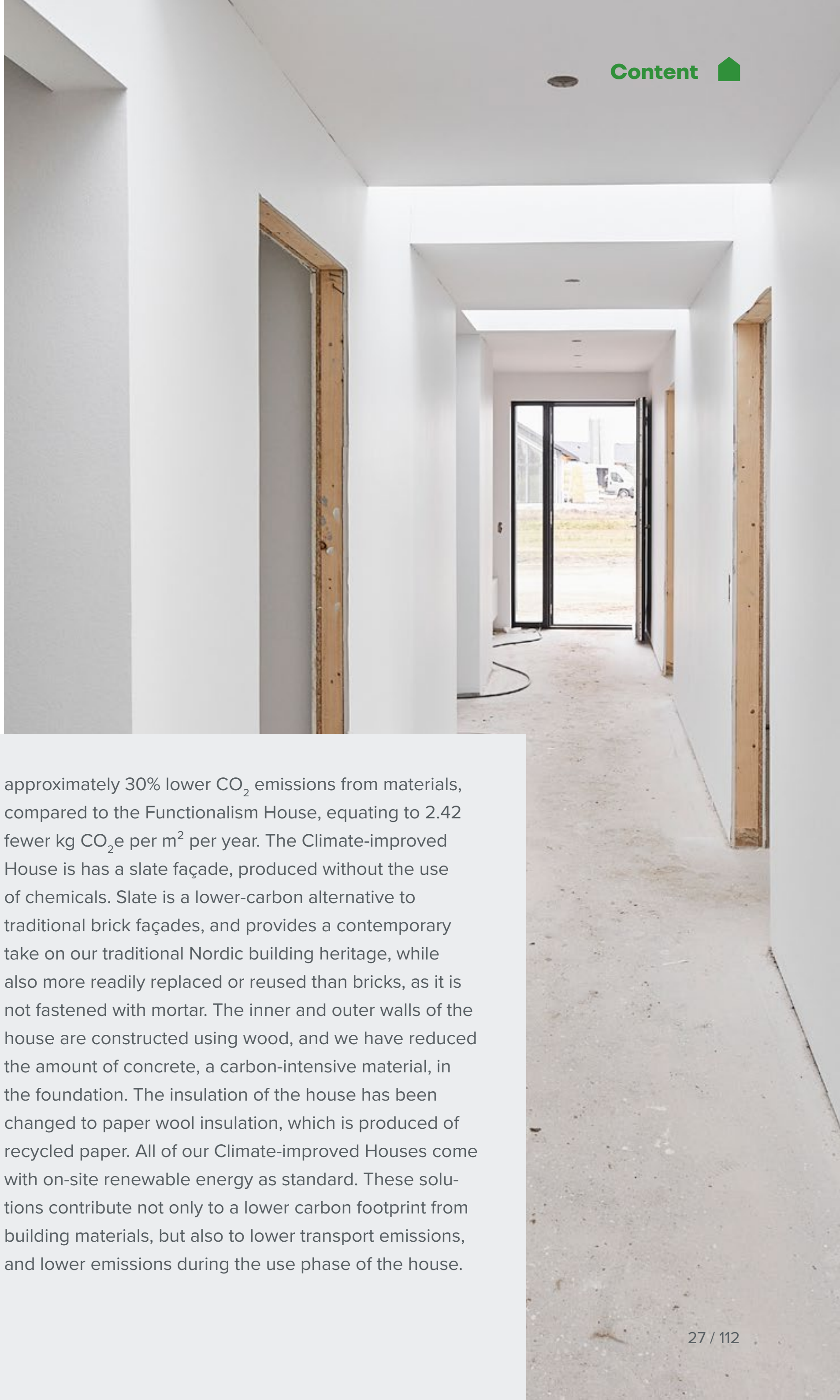
Living in the house

After a house is delivered to our customers, the use phase consists of maintenance, repair, replacement, refurbishment, and operational energy and water use. HusCompagniet's influence on the use is driven by the on-site energy solution and the house design.

End of life / Demolition

The end of life of a house involves demolition, including transport and processing of materials for recycling, reuse, recovery, or disposal. While the furthest from our influence, HusCompagniet's main contribution to this phase is through the selection of materials, that are, for example, more readily recycled or reused. We additionally partner with demolition companies that have higher rates of recycling and reuse of building materials.

Climate change



Climate change is one of the defining challenges of our time. It is an urgent global threat, and how we respond now will determine the trajectory of global warming for generations. The impacts of climate change are wide-ranging, from physical events such as flooding, extreme weather events, water and heat stress, to climate-related displacement and subsequent population movement, all of which have implications for business in the future. The climate transition also presents significant opportunities for HusCompagniet and others.

As a house-builder, one of the key impacts that HusCompagniet has is on climate change, which we address across the lifecycle of a house. For HusCompagniet, climate change presents opportunities to bring new, low-carbon house concepts and alternative energy technologies to our customers. It also presents risks that we must mitigate, starting with reducing our own CO_2 emissions.

We are committed to take a leadership role in climate-related innovation, reducing our CO_2 emissions, and integrating climate considerations into our strategic decision-making.

Introducing HusCompagniet's Climate-improved House

We are proud to have announced our new Climate-improved House, designed to emit significantly less CO_2 across the entire life cycle of a house. This is achieved through more sustainable building materials, alternative energy sources, and considerations on circularity, reuse, and recycling of materials at the end of the house's life. The Climate-improved House will be available in our general offering from April 2021.

The new offering takes an outset in our Functionalism House, which was selected based on its modern aesthetic and suitability with more sustainable materials such as timber and slate. The project team behind the Climate-improved House spans across engineering, procurement, sales and business development. Importantly, to anchor this innovative effort firmly in our organisation, our Executive Management team has been involved throughout the process. We have additionally drawn on external expertise to conduct life cycle analyses on various products and building materials.

The Climate-improved House is designed with high-quality materials and innovative solutions that result in approximately 30% lower CO_2 emissions from materials, compared to the Functionalism House, equating to 2.42 fewer kg CO_2e per m^2 per year. The Climate-improved House is has a slate façade, produced without the use of chemicals. Slate is a lower-carbon alternative to traditional brick façades, and provides a contemporary take on our traditional Nordic building heritage, while also more readily replaced or reused than bricks, as it is not fastened with mortar. The inner and outer walls of the house are constructed using wood, and we have reduced the amount of concrete, a carbon-intensive material, in the foundation. The insulation of the house has been changed to paper wool insulation, which is produced of recycled paper. All of our Climate-improved Houses come with on-site renewable energy as standard. These solutions contribute not only to a lower carbon footprint from building materials, but also to lower transport emissions, and lower emissions during the use phase of the house.

Introducing our Climate-improved House

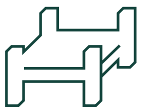
Climate-improved House available in April 2021

Slate façade replacing brick

5.2

tonnes CO_2 avoided per house throughout its lifetime

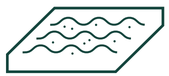
Reduction of use concrete in foundation



2.6

tonnes CO_2 avoided

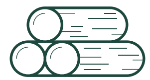
Paperwool replacing glass/stonewool



0.7

tonnes CO_2 avoided

Timber inner and outer walls replacing aircrete



2.7

tonnes CO_2 avoided

Sustainable innovation: investment and inspiration across products and borders

In the past year, HusCompagniet has invested 2-3 million in CAPEX in developing the Climate-improved House, including investment in an LCA assessment by an external expert. Further, we have had approximately two FTEs throughout the year, spanning colleagues from engineering, procurement, design, and sales, supported by business development and our Executive Management, working on the development of our Climate-improved House. It is our aim to inspire and enable our customers to reduce the climate impact of their homes.

HusCompagniet has a market-leading position in Denmark, with a presence in Sweden. Underlying the Nordic building heritage are national variances that we have used as cross-inspiration in designing and further developing our Climate-improved House. HusCompagniet's company in Sweden, VårgårdaHus, operates as a homebuilder, and additionally produces prefabricated wood-framed detached houses in its factory in Vårgårda. Sweden has a long history of building wood-framed homes.

HusCompagniet's Climate-improved House has taken inspiration in the materials, designs, and building techniques from our Swedish business, such as integrating timber as a key building material. We continue exchange knowledge and ideas across borders to accelerate sustainable innovation. It is our long-term vision that our Climate-improved House will serve as an incubator of innovation and low-carbon solutions that can be rolled out across our portfolio of houses in the future.

Carbon emissions throughout the life cycle of a home remains our focus

Last year, we set a target to reduce lifecycle the CO_2 emissions of HusCompagniet homes by 70% by 2030. To achieve this target, we focus our efforts where we can make the biggest difference. One of the areas where HusCompagniet can have the most impact is in the selection of lower carbon building materials, which is why we have also set a short-term target of a 35% reduction in upstream CO_2 emissions from building materials by 2025. This year, we have focused on the development of our Climate-improved House concept, which we aim to use as incubator for low-carbon solutions that can be rolled out across our entire portfolio. This will enable us to assess and scale viable solutions that reduce CO_2 emissions and achieve our targets.

In 2020, we have also assessed the lifecycle emissions of our newly- announced Climate-improved House. The Climate-improved House takes its design outset in our modern Functionalism House. Compared to the Functionalism House, the Climate-improved House emits approximately 31% fewer CO_2 emissions from building materials, and around 27% fewer emissions throughout its lifetime.

In 2019, we calculated the lifecycle emissions of a HusCompagniet archetype house – a standard single floor house, our most sold model – accounting for about 80% of our sales. The lifecycle emissions of the archetype house amount to between 6.7 kg CO_2e/m^2/year with geothermal heating, and 8.6 kg CO_2e/m^2/year with district heating. Compared to the archetype house with district heating, HusCompagniet's Climate-improved House emits also around 31% fewer carbon emissions throughout its lifetime.

It remains with HusCompagniet's Climate-improved House that a majority of the lifecycle carbon emissions across the lifecycle of a home stem from the building materials and disposal of them at end of life, emitting 4.9 kg CO_{2e}/m^2/year, compared to 7.1 kg CO_{2e}/m^2/year with the Functionalism House representing 2.2 kg CO_2e/m^2/year fewer emissions.

In our Climate-improved House, the use of timber significantly impacts the emissions of both the materials and end-of-life phases. The carbon emissions of the materials production phase is negative because timber stores more carbon than harvesting emits. During the end-of-life stages, the stored CO_2 is then released, based on the current assumption that timber is incinerated. With the increasing focus on circularity globally, we anticipate that future innovations related to timber, such as an effective recycling and reuse markets, may further reduce the carbon footprint of our Climate-improved Houses when they reach their end-of-life stage.

As a large player in the sector, our focus will be on innovation and collaboration with our partners and suppliers to reduce carbon emissions. Further, we see potential in leveraging our centralised purchasing and product development efforts for emissions reductions across the value chain.

Over the coming years, we will increase our focus on closing the loop at homes' end-of-life, starting with materials selection, increasing our use of readily recycled and reused materials, thereby reducing future downstream scope 3 emissions. Additionally, we plan to focus on waste reduction and management on construction sites and in our demolition processes.

Climate-improved House carbon emissions compared to:	Archetype house	Functionalism House
Materials emissions	-16%	-31%
Lifecycle emissions*	-12%	-27%

*Same heating source in comparison - geo thermal heating

Comparing HusCompagniet's Climate-improved House with the Functionalism House: 27% fewer CO_2 emissions throughout the lifecycle

($kgCO_2e/m^2/year$)

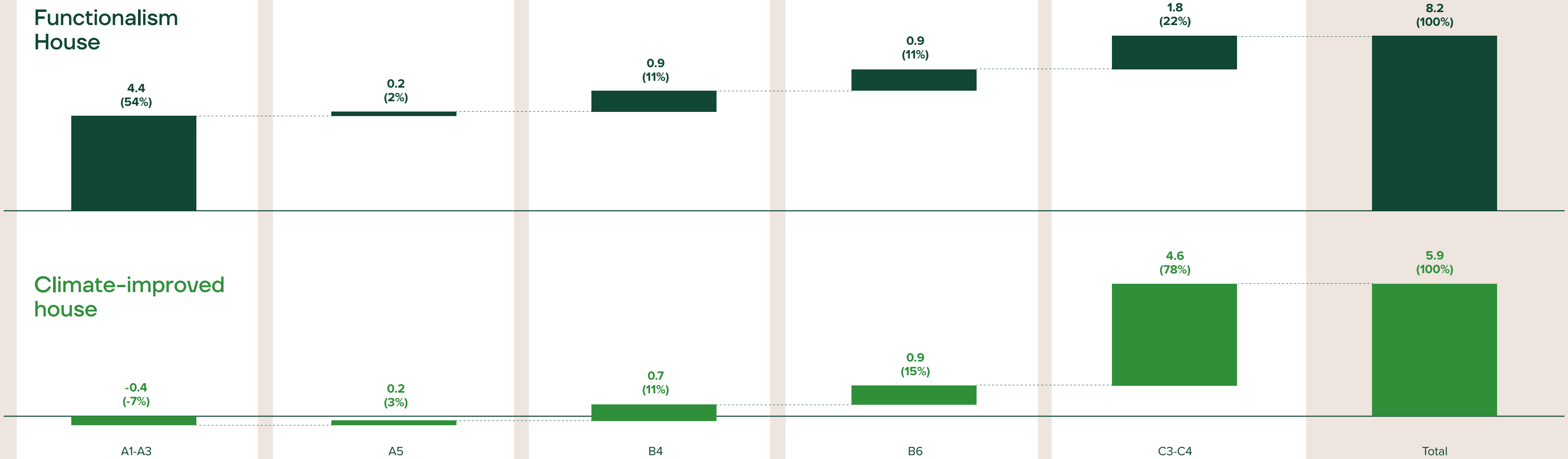
Production of materials
We can influence carbon emissions in this phase by working with our suppliers to reduce emissions from building materials.

House contruction
We have direct influence over the emissions of our own operations, and thus have the most ambitious reductions targets in this phase of the lifecycle.

Living in the house: refurbishment
Our influence on this phase is limited, as our customers decide when and what to do when refurbishing their homes.

Living in the house: energy consumption
Our influence on the emissions in this phase are related to the energy efficiency of the home and heating source. We provide a range of renewable solutions to our clients.

End of life / Demolition
Currently, HusCompagniet has the least influence on the end of life phase. Our main contribution is through the selection of more readily recycled or reused building material.



Upstream scope 3 emissions
Emissions from the production of building materials (A1-A3).

HusCompagniet's scope 1 & 2 emissions
Emissions from the construction of a house, as well as our operations (A4-A5).

Downstream scope 3 emissions
Emissions from energy used to heat the house after it is delivered to our customers and repairs and maintenance (B4, B6).

Downstream scope 3 emissions
Emissions from energy used to heat the house after it is delivered to our customers and repairs and maintenance (B4, B6).

Downstream scope 3 emissions
When a house reaches the end of its lifetime and is torn down, how materials are disposed, recycled, recovered, and reused have a substantial impact on lifecycle CO_2 emissions (C3-C4).

1 Both calculations are based on the use of geothermal heating in the house.

The Climate-improved House emits 31% fewer carbon emissions from building materials compared to the Functionalism House

Production of materials

Target 2025: 35% reduction of CO_2 emissions from building materials, base year 2019

Target 2030: 70% reduction of CO_2 emissions through the lifecycle of a home, base year 2019

Functionalism House	Climate-improved House
54%	**-7%**
of lifecycle CO_2 emissions	of lifecycle CO_2 emissions

End of life / Demolition

Currently, HusCompagniet has the least influence on the end of life phase. Our main contribution is through the selection of more readily recycled or reused building material.

We continue to partner with demolition firms that focus on reuse of materials, and encourage circular and other innovations that further close the loop in the lifecycle of a house.

Functionalism House	Climate-improved House
22%	**78%**
of lifecycle CO_2 emissions	of lifecycle CO_2 emissions

House construction

Target 2025: Zero scope 1 emissions from the fleet of company vehicles

Target 2030: Carbon neutral scope 1 and 2 emissions from operations, of entities owned in 2025

Functionalism House	Climate-improved House
2%	**3%**
of lifecycle CO_2 emissions	of lifecycle CO_2 emissions

Living in the house – refurbishment

Functionalism House	Climate-improved House
11%	**11%**
of lifecycle CO_2 emissions	of lifecycle CO_2 emissions

Living in the house – energy consumption

Target 2025: 60% of Houses ordered with renewable energy sources

HusCompagniet will further explore and provide alternative energy technologies to our customers.

Functionalism House	Climate-improved House
11%	**15%**
of lifecycle CO_2 emissions	of lifecycle CO_2 emissions

The proportion of CO_2 emissions by lifecycle phase are based on HusCompagniet's archetype house and the use of district heating. When the archetype house utilises gas heating, materials account for 25%, construction for 1%, use for 66%, and end of life for 9% of lifetime CO_2 emissions. When the archetype house utilizes geo thermal heating, materials account for 54%, construction 3%, use 24%, and end of life 19% of lifetime CO_2 emissions.

Exploring timber for sustainable building

According to the Nordic Council of Ministers, realising the vision of a carbon-neutral and circular building sector will be impossible without addressing CO_2 emissions embedded in building materials and processes, which combined make up 11% of global CO_2 emissions. Today, timber is recognised as a renewable and readily available construction material, which has significant potential to contribute to curbing carbon emissions in the building sector. Ensuring that timber is sustainably sourced is of equal importance.

We are pleased that our key building materials suppliers have increased focus on sustainable timber. Currently, a majority, around 70%, of our timber is from Forest Stewardship Council (FSC)-certified sources in our Danish operations, while our Swedish operations exclusively uses locally sourced, certified sustainable timber.

It is our ambition to continue to identify and test feasible, low-carbon building solutions and work with our suppliers. In order to realise further CO_2 savings from our design processes, we will continue to explore the potential of various products, such as cross laminated timber (CLT), and closely follow developments in sustainable building materials.

Nordic Council of Ministers: Accelerating low-carbon construction with wood
Yale School of the Environment: Global Forest Atlas
Reuters: Is FSC certification worth the paper it's printed on?; March 2020

Sustainable timber

Sustainable timber refers to timber that has been harvested responsibly from well-managed forests that are continuously replenished and ensure that there is no damage to local flora and fauna. Sustainably sourced timber has the potential to significantly drive CO_2 emissions reductions from construction, enabling a circular approach to protecting ecosystems.

Third-party, market-based certification schemes, such as the FSC and Programme for the Endorsement of Forest Certification (PEFC) are voluntary standards developed in response to the lack of internationally-binding agreements regarding the protection of forests. Today, around 11% of global forest area is certified to one or more standards. In Canada, Central Europe, England, and the Scandinavian countries, more than half of the forest area is certified. Still, a key challenge relates to traceability and control of compliance with certification schemes, and there has been criticism of key certification schemes relating to lack of monitoring and control of certified logging activities.

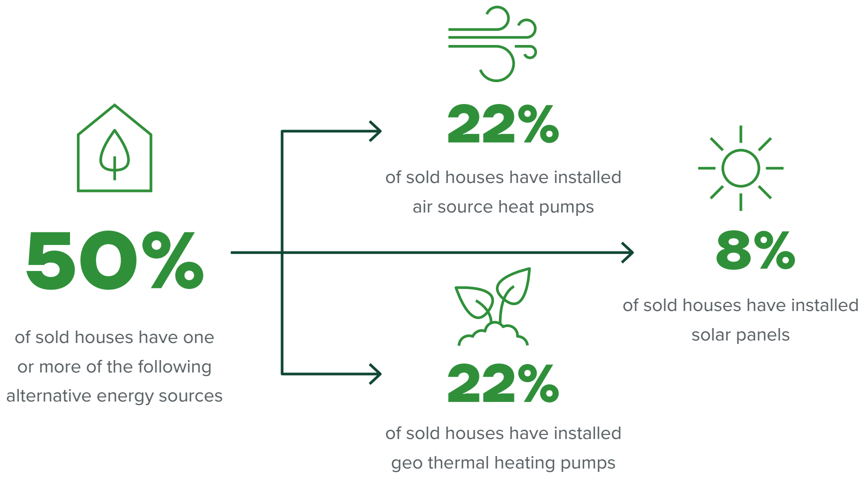
Continuing to champion alternative energy sources in our homes

We know from the rchetype house LCA analysis that alternative heating solutions have a substantial impact on the total lifecycle CO_2 emissions of a home. For instance, replacing gas heating with geothermal heating reduces lifetime emissions by over 50%, from 14.9kg to 6.8kg CO_2eq /m²/year.

In our main Nordic markets, and in Denmark in particular, market forces and policy intervention point towards gas heating being phased out in the coming years. For our part, HusCompagniet actively educates our sales force and customers on the diminishing case for gas heating. Of the houses sold to customers in 2020, 5% had gas heating, down from 9% in 2019. Going forward, we expect that gas heating in new homes will be further phased out.

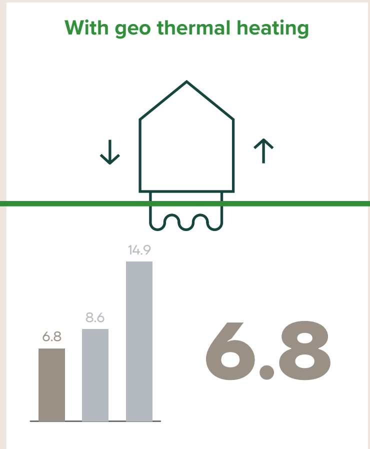
Last year, we set a target increase the proportion of homes delivered with one or more alternative energy sources to 60% by 2025. In 2020, we saw an increase in HusCompagniet houses sold with green energy solutions from 48% in 2019 to 50% of homes delivered in 2020 We saw a significant increase in air-to-water heating systems, which were installed in 22% of homes delivered, up from 9% in 2019. However, installation of solar panels has decreased during the same period, mainly driven by regulatory intervention related to gas heating. Solar panels are often installed together with gas heating, because of municipal residential building requirements. As we see a decline in new homes with gas heating, we also see a decline in solar panel installations. At the same time, geothermal and district heating installation saw slight reductions. Still, overall installations of renewable energy solutions in HusCompagniet homes has increased between 2019 and 2020, keeping us on-track to meet our 2025 target.

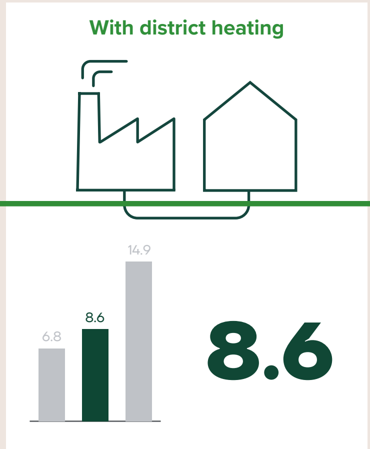
Percentage of houses sold with renewable energy sources in 2020

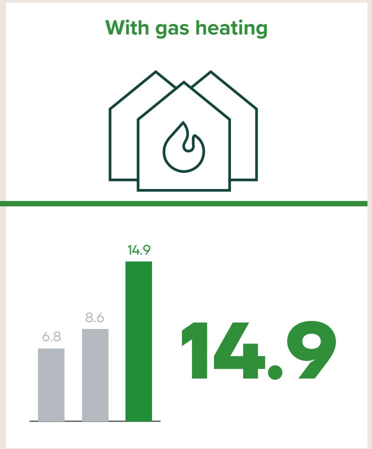


Selection of heating source is important to reduce lifecycle CO_2 emissions for our archetype house

CO_2 emissions of the archetype house by heating source
(lifecycle CO_2 emissions in kgCO_2e/m²/year)







70%

of all houses have an energy class of D or lower

The green transition requires both renovation and new-builds

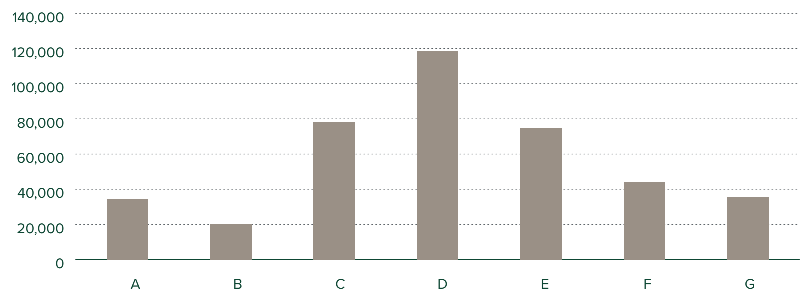
To reach the EU's climate neutrality target for 2050, it is critical to ensure a transition towards a more sustainable building stock, requiring both renovation and new-builds. At HusCompagniet, we build new homes at high energy efficiency standards, corresponding to the Danish Energy Agency's class A. Almost 75% of buildings in the EU were built before energy performance standards existed. In Denmark, nearly 70% of all houses have an energy class of D or lower.

The lifecycle carbon footprint of an archetype HusCompagniet house is between 6.7 and 8.6 kg CO_2e/m²/year, depending on the heating type. In the debate surrounding the climate case for new-builds, the global warming potential (GWP) for new buildings are often based on a CO_2 baseline that is significantly above that of HusCompagniet's archetype house, our most sold house. The reality is that the carbon case for new-builds, as well as renovation projects, greatly depends on factors such as selection of building materials and energy source, and the scope of potential renovation.

While the construction of a new house incurs more CO_2 emissions than the renovation of an older house, older houses tend to be less energy efficient, making the CO_2 footprint during its use phase higher than in a new house. We are actively exploring opportunities to reduce the CO_2 embedded in our building materials, our construction process, the use phase of our homes, and the end-of-life.

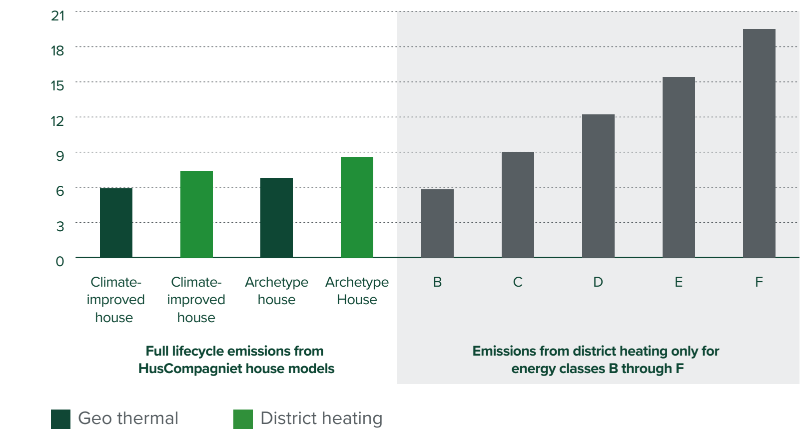
A successful green transition must include both new-builds and renovation, and we applaud that both activities have been included in the EU Taxonomy for sustainable activities, so long as the relevant technical criteria are met. At HusCompagniet, we welcome this development towards a uniform classification system of sustainable activities, ensuring a level playing field and providing investors and stakeholders with clarity on how companies' activities are aligned with the green transition.

Number of houses by energy class in Denmark



Houses in energy class C – F emit more CO2 in heating alone than the full lifecycle emissions of our house types

CO_2e / m² / year



Reducing CO_2 emissions in our own operations

Last year, HusCompagniet announced a target to become carbon neutral in our scope 1 and 2 emissions by 2030. We also committed to the EV100 initiative, transitioning to fully electric fleet by 2025.

In 2020, we achieved total carbon emissions reductions across scope 1 and 2 of 5%, from 1,949 tonnes of CO_2e in 2019 to 1,853 tonnes in 2020. Scope 1 CO_2 emissions have been reduced by 12% compared to 2019, resulting from decreased business travel and more virtual meetings, likely resulting from COVID-19 restrictions. On the other hand, scope 2 CO_2 emissions increased by 1% during 2020, linked to increased activity and output. At the same time, we achieved lower carbon intensity of our operations, from 7.9 to 7.3 kg of CO_2 per m^2, indicating increased CO_2 efficiency in our operations.

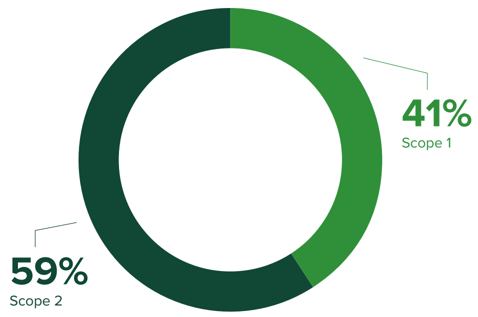
We have been working to install electric vehicle (EV) charging infrastructure at our offices in Hillerød, Odense and Kolding, and working towards further roll-out during 2021 as we move towards our 2025 target. We are monitoring developments in the EV market closely. While remaining firmly committed to the full electrification of our fleet, we expect viable EV solutions to hit the market in the coming years. Still, we are optimistic that increased demand will continue to drive technological innovation over the coming years and bring EVs to market with ranges that meet the needs of our employees, especially our construction managers, who spend most of their time on the road or on construction sites.

Integrating climate risks and opportunities into our strategic decision-making

At HusCompagniet, we support the FSB Task Force on Climate-related Financial Disclosures (TCFD) Recommendations, and this year we have expanded our work on the TCFD, specifically related to governance of our climate-related risks and opportunities. Our TCFD disclosures can be found on page 48.

The TCFD Recommendations are a set of voluntary climate-related financial risk disclosures that provide consistent, useful information to investors. Increasingly, the TCFD recommendations are becoming integrated into HusCompagniet's strategic thinking, our investors' decision-making, and even regulatory requirements.

Scope 1 and 2 emissions by source



Climate actions planned for 2021

- Continue rolling out EV charging infrastructure across our offices in Denmark
- Launch our Climate-improved House as part of our customer offering
- Explore and test low-carbon solutions and building materials, such as cross-laminated timber (CLT), paper wool, etc., in collaboration with key materials suppliers
- Offer DGNB-certified B2B projects and educate internal DGNB consultation to assess and certify our houses

Case: Sustainable building standards and certification with our B2B customers

In our B2B business, we develop semi-detached projects for customers, ranging from private investors to asset managers, pension funds and other institutional investors. A long investment time horizon naturally calls for a long-term view on sustainability-related risks and opportunities.

DGNB, a leading global certification system for sustainable buildings, is based on the three central sustainability areas of ecology, economy and sociocultural issues. The performance of green buildings is evaluated by means of certification criteria.

At HusCompagniet, we are exploring our product portfolio's alignment with the DGNB criteria, with the aim of DGNB-certified projects for our customers. This is relevant for both our B2B offerings as well as our B2C offering. It is our assessment that HusCompagniet's houses currently live up to the standard – that certification will be about collection of documentation rather than improving performance. We are working to document our existing standardised building process, and we expect to be able to offer DGNB-certification to our clients in 2021. This is clearly a strategic area for HusCompagniet and will serve as an incubator for integrating a holistic approach to sustainability into our broader offerings.

To ensure that we have capacity in-house to assess and certify our projects, it is our ambition to train an internal DGNB system consultant during 2021. HusCompagniet is also closely following the Green Building Council Denmark's efforts to assess the compatibility of DGNB requirements with the upcoming EU Taxonomy classification for sustainable activities.

In parallel, our internal engineering team is working with an external consultant to test our Climate-improved House against the voluntary sustainable building class (frivillig bæredygtighedsklasse) proposed by the Danish government. This effort is supported by Realdania, and will serve to provide learnings and insights for the relevant Ministries involved, the construction sector as a whole, as well as for HusCompagniet. The voluntary requirements are expected to become mandatory regulatory requirements in the future. By participating in this effort, HusCompagniet has gained knowledge that will prepare us for future requirements.

Focus on our people and partners in a global pandemic

The COVID-19 pandemic has redefined how many people around the world work. We are pleased to report that our efficiency and quality levels have been maintained, and most importantly, that our people have maintained pre-pandemic levels of safety.

As an asset-light house builder, people are at the core of our business at HusCompagniet, because we deliver family homes, and because we rely on the capabilities of our employees to do so safely and at high standards of quality. The knowledge and insights of our people are among our strongest assets. We support and engage our people, through focusing on safety, well-being, diversity and inclusion.

HusCompagniet has a lean structure, and we work with local subcontractors for the majority of construction. This operating model gives us a high degree of agility and efficiency, which we relied on to adjust our organisation following the COVID-19 lockdowns in early 2020. Fortunately, we were able to rehire a majority of the employees once the market indicated that demand would carry on at pre-pandemic levels in picked up again.

On the other hand, our operating model also means that we must invest additional efforts in our subcontractors, to further improve performance on safety, quality, and sustainability standards. Over the years, we have built long-term, recurring working relationships with our suppliers and subcontractors, which has led to an efficient, standardised operating model across projects.

Health and safety continues to be a priority area

The safety of our employees and subcontractors is an unwavering priority for HusCompagniet. We acknowledge that there is more work to be done on the front of subcontractor safety and have taken the first steps in 2019 and 2020 to substantially scale up our efforts. Our commitment is to reduce the lost-time injury frenquency (LTIf) by 30% by 2025 and by 50% in 2030, respectively, compared to 2019, for both our own employees and contractors. This is ambitious, however we remain passionately committed to achieving these targets.

This year, we achieved a 5% reduction in our overall LTIf, from 12.0 in 2019 to 11.4 in 2020. We reduced the LTIf for our own employees by 66%, from 15.2 to 5.3, corresponding to a reduction from 11 injuries to 4. LTIf for subcontractors increased by 30%, from 10.7 to 13.9. The strong improvement in safety for own employees has been driven, in part, by our focus on nail-gun related injuries, both on construction sites and in our factory in Vårgårda, Sweden, which accounted for 4 out of 11 injuries in 2019. The LTIf reduction of our own employees puts us on track to realise our safety targets, while we are keenly aware that the safety of our subcontractors remains a challenge that will require our continuous focus and relentless attention.

In 2019, we established a safety performance baseline for both our own employees and our subcontractors, and we committed to further integrating safety into our internal reporting processes. Our subcontractor safety performance reporting now covers 87% of subcontractor spend, up from 83% response rate last year. It is possible that a contributor to the increase of subcontractor LTIf is in part due to increased reporting, rather than diminishing performance. We value transparent and accurate reporting, as it is the outset for improving safety performance, and will work to push towards complete coverage.

This year, we took a considerable step forward in our safety work and reporting and we implemented more preventive safety measures. To lay the groundwork for improved safety reporting and performance, we integrated proactive and preventive safety registration on-site into LetsBuild, our online project planning app. This addition enables our construction managers and

66%

reduction in LTif for our own employees since 2019 subcontractors to register safety incidents and pre-emptive safety risk observations in an app that is already used in the construction process

Importantly, and in alignment with our approach to sustainability as a leadership agenda, we have further integrated safety in HusCompagniet's governance. Going forward, our Board of Directors will receive safety updates twice a year to monitor progress against our targets and ensure that the safety of our people and partners remain at the very top of our agenda.

Our updated Standards of Business Conduct and Supplier Code of Conduct further detail our expectations of both employees and subcontractors, and we are firmly committed to uphold the highest safety standards on our construction sites.

Lastly, we will further invest in safety, by engaging an external expert to strengthen our safety programme, establish safety KPIs, and inform our focused efforts for both our own employees and subcontrators. During 2021, these will be integrated into our safety reporting processes and management systems.

Employee well-being during challenging times

The physical and mental well-being of our people is of utmost importance to HusCompagniet. Meeting our customers' expectations every day requires us to bring together a broad range of people and skillsets, from sales to architecture, and construction management. To improve employee engagement and wellbeing, we continue to work with development and engagement initiatives that improve team dynamics and communication.

Safety overview	2019	2020
LTIf	**12.0**	**11.4**
LTIf - own employees	15.2	5.3
LTIf - subcontractors	10.7	13.90
LTIs	**31**	**30**
LTIs - own employees	11	4
LTIs - subcontractors	20	26
Total lost days	**430**	**440**
Lost days - own employees	65	51
Lost days - subcontractors	365	389
Fatalities	**0**	**0**

Lost-time injuries in 2020 for own blue- and white-collar employees	Days of absence
Sawing accident from production	17
Injury resulting from collision with an object at the office	2
Injury resulting from collision with an object at the office	2
Back injury from lifting object	30

Since 2018, HusCompagniet has used a psychometric tool to measure and improve employees' awareness of strengths and development areas, and to promote understanding of different personality types working together. This is part of our goal to enable better communication both among our employees and in client engagement, and we have had positive feedback and commitment from many employees.

This year, we conducted an employee satisfaction survey, covering all employees in Denmark. Measuring areas such as satisfaction and loyalty, the survey yielded a response rate of 89%, with a satisfaction score of 77%, and a loyalty score of 85%. We are pleased with this performance, which is comparable with the national and the industry benchmarks. We also achieved an employee Net Promoter Score (eNPS) of +47, scoring well above the national industry benchmark of +39.

The findings of the employee engagement survey are being used to improve employee well-being at HusCompagniet. The results have been shared with local managers, who are tasked with engaging their teams to develop action plans based on the survey results. Our organisational structure, with smaller teams, lends itself well to anchoring efforts at the local level, with our central HR team following progress on local action plans. As such, implementation initiatives will be customised to suit the needs of each department at the discretion of managers, who drive our local efforts to improve employee well-being across our organisation.

Having completed a successful roll out of the employee engagement survey across our Danish operations, we plan to expand it to the entire company in 2021. During 2021, we will develop a shorter survey that follows up on employee well-being on a quarterly basis, to supplement the annual survey.

+47

employee Net Promoter Score (eNPS)

Addressing diversity & inclusion in the construction sector

At HusCompagniet, we strive towards a diverse and inclusive work environment. A diverse workforce can bring many advantages to an organisation. The starting point is providing equal opportunity for people of all ages, genders, nationalities, religions, political opinions, and abilities.

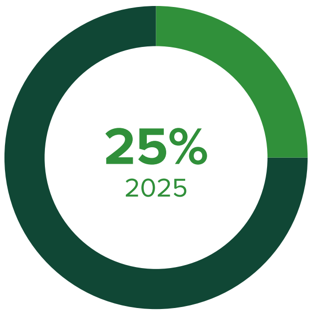
The construction sector has traditionally been a male-dominated industry, which poses a challenge for the industry and for HusCompagniet. The starting point for improving the gender diversity of our workforce is to monitor the demographics of our employees, with the aim to track and increase gender balance over time. As of 31 December 2020, the underrepresented gender is female and constituted 20% of our workforce, the same as last year.

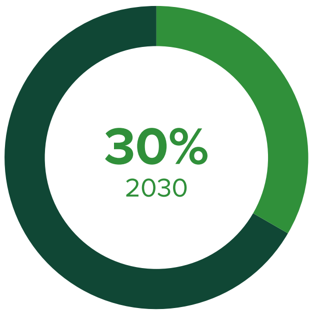
People are encouraged to apply for HusCompagniet positions, irrespective of gender, age, nationality, sexual orientation, religion or ethnicity, and decisions regarding recruitment, promotion and dismissal are not influenced by these. Our employees have equal opportunities for career development and management ambitions, which are discussed as part of the yearly performance reviews.

The tone set at the top is important, not least when it comes to diversity and inclusion. In 2020, women comprised of 20% of our management, which remained stable compared to 2019. In 2020, other levels of management are defined by the executive management and their direct reports with employee responsibilty. HusCompagniet has set a target to increase the representation of women in management to 25% by 2025 and 30% by 2030.

HusCompagniet welcomed new members of our Board of Directors in 2020. Our Board now consists of two women and four men, achieving our target of at least two female board members by 2025. The composition of the Board of Directors of HusCompagniet is therefore in accordance with the Danish Business Authority's guidelines on equal gender distribution on the Board of Directors. Still, these milestones and targets do not represent endpoints, but rather stepping stones along the way towards improving diversity and inclusion.

In 2020 we had 20% women in management, and we have set targets for 2025 and 2030





Case: Driving excellence in leadership

During 2019, we conducted leadership training for all construction managers. The courses promoted action-oriented and communication-focused leadership.

We made plans to roll out similar leadership courses for the rest of HusCompagniet management during 2020. As COVID-19 took hold of the world and shut down offices across Denmark, leadership courses were consequently postponed. When the pandemic allows, we will continue leadership training for managers throughout the company.

Committed to responsible business practices

Working against corruption, and in support of environmental responsibility, human rights, and labour rights throughout our value chain, is part of HusCompagniet and any company's license to operate. We are aware that the sector in which we operate is often scrutinised for challenges related to business ethics, labour relations and working conditions. Through our long-standing, recurring business relationships, we are well-positioned to address responsible business principles in collaboration with suppliers and subcontractors. In 2020, we strengthened our policy framework, developing our Sustainability Policy, Anti-Corruption and Business Ethics Policy, and Diversity Policy. Further, we revised our Standards of Business Conduct and Supplier Code of Conduct.

Strengthened governance to combat corruption

At HusCompagniet, we have a zero tolerance policy to corruption and bribery in any form, and we are firmly committed to conducting our business responsibly. In 2020, we developed and implemented our first Anti-Corruption and Business Ethics Policy, which details our approach to combating corruption, and sets out our company's position on the matter. We also revised our internal Standards of Business Conduct to reinforce the new policy.

As a company operating in the construction sector, we are aware that our main business ethics risks lie in our collaboration with third parties. As such, we take active measures to ensure that our business partners understand and uphold our ethical standards. All our suppliers are required to adhere to our Supplier Code of Conduct, which was revised in 2020 to reflect our recent commitment to the UN Global Compact and align with our Anti-Corruption and Business Ethics Policy.

At HusCompagniet, we consider responsible business practices to be foundational to a transparent, efficient, and prosperous business environment, and we will continue to strengthen our understanding of business ethics risks throughout our organisation and in our collaboration with business partners.

Our whistleblower system provides our employees and business partners with a confidential channel for addressing concerns or breaches of our ethical standards without fear of reprisal. No breaches to our Anti-Corruption Policy were identified during 2020.

Case: HusCompagniet's whistleblower system

HusCompagniet has a whistleblower system in place, providing our employees, suppliers and subcontractors, customers and other stakeholders a voluntary alternative to report serious offences or suspected serious offences anonymously, without fear of reprisal. The whistleblower system runs independently from HusCompagniet and reports are screened by an appointed third party before being forwarded to key internal stakeholders for further assessment.

No reports have been filed since we established the whistleblower system in 2018. The whistleblower system has, however, been revised and migrated to a new third party provider in 2020. We are committed to raising awareness of the system among our stakeholders, to ensure that any experienced or suspected wrongdoings are reported and addressed properly. Reports can be filed to our whistleblower system online via a link on our website, with the ability to maintain anonymity throughout the process. The whistleblower system is outlined in our whistleblower policy.

Respect for labour rights and human rights

HusCompagniet is committed to respecting human rights and labour rights as set out in the Universal Declaration of Human Rights and the fundamental Conventions of the International Labour Organization (ILO). We work to advance these principles both in our own organisation and among our business partners, subcontractors and suppliers. During 2020, we developed our Sustainability Policy, and revised our internal Standards of Business Conduct and Supplier Code of Conduct to reflect our commitment to the United Nations Global Compact (UNGC) and its principles related to human rights and labour rights, among other areas. HusCompagniet respects our employees' right to freedom of association and collective bargaining.

The construction industry in general has been scrutinised for labour issues, particularly related to vulnerable groups, such as migrant workers. This is a dilemma across geographies because the legal minimum wage may not necessarily reflect a living wage. We have minimum wage requirements integrated into our subcontractor agreements, and contractually secured our right to audit. HusCompagniet does not tolerate social dumping, and will terminate sub-contractors who engage in this practice.

Going forward, we will continue to work with our suppliers and subcontractors to promote sound working conditions and protect human and labour rights throughout HusCompagniet's value chain.

Environmental responsibility

HusCompagniet's role as a home provider means that we must pay special attention to the natural environment in which our homes are built, and our impact on it. Today, as the world converges on a science-based and global effort to avoid the most catastrophic impacts of climate change, stakeholder attention is also turning towards natural habitats, biodiversity, ecosystems, and the natural boundaries of our planet.

Our contribution is further increasing focus on the full life cycle of a home, and the integration of circular thinking and environmental stewardship. We aim to further understand and integrate environmental and biodiversity considerations in our business model, from the ecosystems of the land we build on, to our construction processes and materials. This will include, for instance, increasing the re-use and recyclability of our building materials, and improving waste and water management on our construction sites.

This year, we have introduced several additional environmental metrics recommended by the Sustainability Accounting Standards Board (SASB), such as # of homes with Energimærkning and the average score and we will continue to closely monitor developments and our impact on the natural environment.

We have also developed an internal standard describing the process for taking environmental and societal considerations into account when evaluating a potential land purchase. The process serves the purpose of ensuring that HusCompagniet performs all necessary due diligence to inform the final decision on the purchase and the mitigation of any risks. Consideration of the environmental impacts of our operations is integrated throughout our value chain, from potential purchase of land to the handover of the customer's home.

The investigations to inform land purchase decisions include geotechnical analysis, environmental reports, archaeological surveys, and preliminary on-site examinations in cooperation with local stakeholders. Further, investigations related to infrastructure and demography is conducted in collaboration with external experts. In collaboration with local municipalities, we obtain necessary development plans for land plots, which includes requirements for plot ratio, common and green areas, as well as necessary infrastructure.

Sustainable sourcing

As HusCompagniet continues to explore sustainable materials for our homes, sustainable sourcing will be a future area of focus and collaboration, to improve supply availability and traceability.

When working with suppliers and subcontractors, HusCompagniet requires compliance with all applicable regulation. All purchasing agreements with suppliers and subcontractors include a requirement to comply with the Supplier Code of Conduct, which includes elements of human and labour rights, anti-corruption, and environmental sustainability. We encourage our suppliers to further promote its principles within their own organisations and supply chains. Non-compliance, or where a supplier or subcontractor demonstrates a lack of improvement, may result in termination of the business relationship.

In 2020, we updated our policy framework, including the development of our Sustainability Policy and update of our Supplier Code of Conduct. All new contracts as well as annual renewals of existing contracts will require suppliers to sign our updated Code of Conduct, which covers the principles of the UN Global Compact.

HusCompagniet negotiates the purchase of key material categories directly with manufacturers, centralising a large portion of our procurement and enabling long-term relations with key material suppliers. With this centralised procurement, the risk of business ethics breaches is somewhat mitigated. Additionally, substantial purchasing decisions are made at the relevant authority level, and approval processes have been put in place. Supplier agreements above a specific threshold must be approved by our Executive Board or Group Purchasing department.

Smaller materials categories are sourced from builder merchants, and subcontractors used for the construction process are typically managed locally to enable flexibility. We are aware that flexible and decentralised decision-making have the downside of potentially increased risk in terms of business ethics.

Case: Engaging our suppliers to reduce materials emissions and improve traceability

With the transition of the Danish energy grid to renewable energy over the coming years, the focus on CO_2 reductions will shift upstream in the value chain, where scope 3 CO_2 emitted in the production of building materials will become proportionally larger in the total lifecycle emissions of a house.

Last year, we set an ambitious target to reduce the total life cycle emissions of HusCompagniet house by 70% in 2030. To reach this target, we are engaging with key materials suppliers to develop low-carbon solutions and enhance traceability of the materials we use.

To drive our scope 3 reductions, we are focused on increasing the use of timber in our designs, and reducing the amount of conventional cement, bricks and steel, which are more carbon-intensive materials. In our Danish business we are working with Bygma, one of our key materials suppliers, to identify opportunities for integrating sustainability into our purchasing processes and improve traceability of the materials that we purchase, a key example being timber.

Risk Management

HusCompagniet is exposed to numerous risks, some of which are market-driven, some industry-related, some climate-related while others are more directly related to HusCompagniets' business. These risks can negatively impact HusCompagniet in terms of its reputation, future activities and earnings. The Group aims to mitigate these risks through effective risk management.

The Board of Directors, the audit committee and the Executive Management are ultimately responsible for the Group's risk management. The Group Chief Financial Officer has the day-to-day responsibility to comply with the framework, develop HusCompagniets' risk management concept and report developments in the main risk areas to the Board of Directors.

Risk management is based on ongoing monitoring to identify relevant risks. As part of the risk management process, relevant risks are classified in relation to probability and impact. Based on the classification, necessary measures are taken to reduce the likelihood of occurrence and reduce the potential impact of negative effects.

For HusCompagniet to continue to be a sustainable business, we must anticipate and adapt to changes in our markets to create new strategic opportunities – especially related to climate risk. Managing the associated risks rigorously and systematically is key in order for us to create and protect value over the short, medium and long term.

The Group has identified eight risks that it considers to be of material impact and likelihood. The description and assessment of each risk, and the mitigation strategies deployed are described in the following.

1 **Macroeconomic risk**
2 **Supply chain risk**
3 **Our people**
4 **IT systems and information**
5 **Climate change**
6 **Execution of strategy**
7 **Change in regulation**
8 **Health and safety**

Pandemic COVID-19

The COVID-19 pandemic and the ensuing government policies have an uncertain impact on the Group and the related social and economic effects may impact the Group's business, financial condition, results of operations, cash flow and prospects.

Although the COVID-19 pandemic had a significant impact on the world in 2020, its effects have not been categorised as a specific key risk. The COVID-19 pandemic is currently affecting businesses and will continue to do so in 2021, and the Group will continue to monitor and address potential risks arising from the COVID-19 situation.

In 2020, the mitigating actions related to the COVID-19 pandemic included adjustment of FTEs in Q1 2020 and renegotiating sub-contractor prices for more competitive pricing towards customers. Also, the Group introduced a new product, the "comfort package" program (tryghedspakken), in Denmark to support potential customers purchasing a house who become unemployed before their house is delivered or are unable to sell their existing house before the time of delivery.

Top risks

	Macroeconomic risk	Supply chain risk	Our people	IT systems and information
Risk	The Group is subject to general macroeconomic conditions, and an economic slowdown could adversely affect demand for the houses and land it sells. External factors that could affect our ability to generate revenue include the rate of employment, mortgage availability, property prices, interest rate changes and GDP growth In general, the Group operates in stable low risk economies and the Danish detached market has historically had low volatility and is structurally supported by demographic transition.	The Group setup means exposure to and reliance on third-party suppliers, contractors, sub-contractors and other service providers in executing its projects. Shortage of materials and/or subcontractors may result in price pressure or lack of labour for execution. This could cause liquidity strain due to the "payment at delivery" model and cost in terms of delay penalties.	The Group depends upon its management team and on the expertise of its key personnel, and may be unable to attract and retain a highly skilled and experienced workforce. Development of skilled employees is critical to delivery of the Group's strategy of profit and volume growth through quality and efficiency.	The Group continues to integrate its IT systems to enhance control and drive efficiency. The failure of any of these systems, could restrict the Group's operations. Failure to comply with data regulations could also trigger significant financial penalties and reputational damage. Finally cyber-attacks could impose a risk.
Mitigation	The Group diversifies its business by operating an agile and asset light business model and only acquiring a small number of highly selective strategic land plots with a high turnover rate. Total share of land bank is approximately 20%. The Group also operates a flexible cost base as most construction projects are outsourced to sub-contractors, which add resilience to the business model in face of downturns. Such resilience was demonstrated in 2020 when societe was battling the pandemic and consequences An order book of around six months enables rightsizing in due time and scale the business accordingly.	Strong relationship established with subcontractors during boom and bust periods. The Group reduces its reliance on individual contractors by always engaging with several contractors. An overheated market can be partly mitigated through yearly negotiations on longer-term master agreements, and also by cascading cost to customers. The sustainability journey opens up for a larger variety of materials, thus reducing dependency of suppliers.	HR processes including retaining and recruiting talent are increasingly important to the Group. An employee survey conducted in 2020 returned good scores and will be an integral tool in the HR process going forward. The Group has a key focus on maintaining an attractive workplace with competitive compensation packages and a long term incentive programme has been introduced with a view to retaining key personnel.	The Group mitigates security risks through a strong access control to the IT systems, including multifactor and continuous updates of IT equipment and software. This year, two applications, including the ERP will be upgraded to a new version, to further improve data security A disaster recovery strategy is implemented, under which data is placed in two separate data centres. Daily backup is stored in a separate location for 14 days and a yearly exercise of disaster recovery is performed. IT policy is in place and a GDPR policy was implemented in 2018.

Top risks

	Climate change	Execution of strategy	Change in regulation	Health and safety
Risk	For HusCompagniet, climate change and the expected transition to a low-carbon economy poses financial challenges and, importantly, opportunities. Long-, medium-, and short-term climate-related risks include market risks such as shifts in consumer preferences towards low-carbon homes, policy and legal risks stemming from carbon taxes and tariffs, and acute and chronic physical risks, such as extreme weather events and related spill-over effects in the long-term.	The Group may not be able to successfully implement its strategies. In particular, the Group may fail to implement its semi-detached business.	The Group is subject to complex and substantial regulations of which the application, interpretation or enforcement are subject to change. Regulation towards sustainable housing is expected to increase over the coming years, requiring necessary R&D investment in product development from house builders.	The Group's sub-contractors may fail to operate in accordance with high ethical and safety standards and in accordance with applicable laws and regulation.
Mitigation	The Group integrates considerations on climate-related risks and opportunities into our strategy and operations. HusCompagniet publicly supports and have begun the implementation of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We have begun development of low-carbon home offerings and renewable energy solutions, to harness the opportunities posed by climate-related forces. At the same time, we identify opportunities to mitigate climate-related financial risks, and have further set ambitious targets to reduce our carbon emissions.	The B2B-strategy requires the right competences to engage complex projects. The department has staffed up, adding new competencies and are further supported by the Group functions. Processes are being developed for efficient execution. Further, the Group has initiated a process to look into DGNB certification to prepare for sustainable building requirements. Initial analysis show that HusCompagniet is compliant with such regulation.	The Group prepares for future regulatory changes by launching the Climate-improved house. The Group has further engaged in the Governments "Klimapartnerskaber" in 2020. Initiating DGNB certification process for 2021 – See Execution of strategy. Generally, the business model is highly adaptive, given outsourcing and flexibility towards future sustainable material preferences.	Implementation of safety measuring system during Q2 2021, through an online project management tool. "Let's build" Further, a Code of Conduct policy is in place and training of construction managers and engaging subcontractors at building sites is engaged on frequent basis as well as a strong focus when onboarding new companies.

ESG disclosures and data

ENVIRONMENTAL	ESG data / disclosures	2019	2020	Unit
Energy consumption				
Nasdaq E.3, FSR/Nasdaq CPH/CFA	Total Energy consumption	14,750	14,954	mWh
Nasdaq E.3	Energy from electricity consumption	10,568	11,077	mWh
Nasdaq E.3	Energy from district heat and thermal heating	527	534	mWh
Nasdaq E.3	Energy from natural gas for heating	387	304	mWh
Nasdaq E.3	Diesel consumption	317,866	296,293	mWh
Nasdaq E.3	Petrol consmption	10,314	9,894	mWh
GHG Emissions				
Nasdaq E.1.1	Total CO_2-e emissions (Scope 1 & 2)	1,949	1,853	Metric tonnes
Nasdaq E.1.1, FSR/Nasdaq CPH/CFA	Direct CO_2-e emissions (Scope 1)	878	776	Metric tonnes
Nasdaq E.1.2, FSR/Nasdaq CPH/CFA	Indirect CO_2-e emissions (Scope 2 - market-based)	1,071	1,077	Metric tonnes
GHG Intensity				
Nasdaq E.2	CO_2-e emissions per m2 delivered (Scope 1 + 2 - market-based)	7.9	7.3	kg/m2
SASB, IF-HB-410a.1	Number of homes with Energimærkning for energy efficiency[1]	100%	100%	%[2]
SASB, IF-HB-410a.1	Average score of Energymærkning [1]	BR18 & Lavenergi (based on sales)	BR18 & Lavenergi	Score
Renewable energy				
Nasdaq E.5, FSR/Nasdaq CPH/CFA	Renewable energy percentage	80%	80%	%
SASB, IF-HB-410a.1	Number of homes with Energimærkning for energy efficiency[1]	100%	100%	%[2]
SASB, IF-HB-410a.1	Average score of Energymærkning [1]	BR18 & Lavenergi (based on sales)	BR18 & Lavenergi	Score
Nasdaq E.1.3	Downstream emissions: Percentage of homes sold with renewable energy technologies	48%	50%	%
Land use & ecological impacts				
SASB F-HB-160a.2	Number of (1) lots and (2) homes sold in regional with High or Extremely High Baseline Water Stress[1]	[1]	0[3]	#
SASB F-HB-160a.1	Number of (1) lots and (2) homes delivered on redevelopment sites[5]	22%	20%	#
Nasdaq E.7, SASB IF-HB-160a.4	Process to integrate environmental considerations into site selection, design, development and construction[1]	[1]	See page 41	Description

[1] new metrics in 2020

[2] unit expressed in % instead of #

[3] all of the countries in which HusCompagniet operates are low or low to medium water stress, according to the World Resources Institute

[4] excludes covid-related and blue collar layoffs

[5] comprise detached and semi-detached houses in Denmark. Data not available in Sweden

SASB: Home Builders Standard

Nasdaq: Nasdaq ESG Guide 2.0

FSR/NasdaqCPH/CFA: ESG key figures in the annual report

ENVIRONMENTAL	ESG data / disclosures			
Climate risks				
SASB IF-HB-410a.4, TCFD	Description of risks and opportunities related to incorporating resource efficiency into home design, and how benefits are communicated to customers		See TCFD disclosure table on page 48	Discussion & analysis
SASB IF-HB-420a.2, TCFD	Description of climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risks		See TCFD disclosure tableSS on page 48	Discussion & analysis

SOCIAL	ESG data / disclosures	2019	2020	Unit
FTE & Turnover				
FSR/Nasdaq CPH/CFA	FTE (conitued operations)	436	452	#
Nasdaq S.3, FSR/Nasdaq CPH/CFA	Employee turnover ratio[1]	14%[4]	15%[4]	Ratio
Health & safety				
Nasdaq S.7, SASB IF-HB-320a.1	LTI (lost-time injuries) total - own employees and subcontractors	32	30	#
Nasdaq S.7, SASB IF-HB-320a.1	LTI own employees - blue and white collar	11	4	#
Nasdaq S.7, SASB IF-HB-320a.1	LTI subcontractors	21	26	#
Nasdaq S.7, SASB IF-HB-320a.1	LTIf (lost-time injury frequency) total - own employees and subcontractors	12.0	11.4	Frequency
Nasdaq S.7, SASB IF-HB-320a.1	LTIf own employees - blue and white collar	15.2	5.3	Frequency
Nasdaq S.7, SASB IF-HB-320a.1	LTIf - subcontractors	10.7	13.9	Frequency
FSR/Nasdaq CPH/CFA	Sick leave	2.2%	2.8%	Days per FTE
Diversity				
Nasdaq S.2, FSR/Nasdaq CPH/CFA	Gender Pay Ratio[1]	[1]	1.2	Ratio
Nasdaq S.4, FSR/Nasdaq CPH/CFA	% women in the company	19.1%	19.8%	%
FSR/Nasdaq CPH/CFA	% women in management	20.0%	20.0%	%
Nasdaq S.6	Non-discrimination policy	[1]	See page 39	Description
Nasdaq S.9	Child- and forced-labour policy	[1]	Sustainability policy	Description

GOVERNANCE	ESG data / disclosures	2019	2020	Unit
Nasdaq G.1, FSR/Nasdaq CPH/CFA	Gender diversity on the Board of Directors - underepresented gender	17.0%	33.0 %	#
Nasdaq S.1, FSR/Nasdaq CPH/CFA	CEO Pay Ratio[1]	[1]	11.56	Ratio
FSR/Nasdaq CPH/CFA	Board Meeting Attendace Rate[1]	[1]	99.0%	Ratio

[1] new metrics in 2020

[2] unit expressed in % instead of #

[3] all of the countries in which HusCompagniet operates are low or low to medium water stress, according to the World Resources Institute

[4] excludes covid-related and blue collar layoffs

[5] comprise detached and semi-detached houses in Denmark. Data not available in Sweden

SASB: Home Builders Standard

Nasdaq: Nasdaq ESG Guide 2.0

FSR/NasdaqCPH/CFA: ESG key figures in the annual report

FSB Task Force for Climate-related Financial Disclosures

	TCFD Recommendation	2020 Disclsoures
Governance	**Describe the board's oversight of climate-related risks and opportunities**	The HusCompagniet Board of Directors has the ultimate oversight of climate-related risks and opportunities, and ESG-related issues, including those related to climate. Sustainability and climate are an item in the Board's annual wheel, meaning that climate risks are considered at least once annually, or more frequently as needed. Climate-related risks are an important part of HusCompagniet's overall ESG risk considerations, and are incorporated into strategic discussions, in annual business planning, and in annual reporting.
	Describe management's role in assessing and managing climate-related risks and opportunities	The Executive Management team is responsible for assessing and managing climate-related risks. The Group CEO and Group CFO are actively involved in the sustainability strategy process, and the operationalis action of the sustainability focus areas is owned by the Head of Business Development. In 2019, we set out to establish a Sustainability Committee. As we worked with sustainability and climate throughout 2020, it became clear that our Executive Management team and leaders across our business were actively engaged, which led to the decision to further integrate sustainability and climate into the organisation, in place of a formal Committee. Ultimate oversight of progress against sustainability ambitions remains with the Board and Executive Management.
Strategy	**Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term**	Last year, HusCompagniet conducted the first assessment of the risks and opportunities that we may be exposed to as a result of climate change, in accordance with the TCFD recommendations. This year, we revisited the findings, adjusted the timeframes to better reflect our internal planning processes and the TCFD recommendations, and updated some of our expectations. Updated time frames: 0-3 years is considered to be short-term, 4-10 years to be medium-term, and more than 10 years to be long-term. **Short-term (0-3 years) risks identified:** Political risk from increased prices on emissions or standards; Political push to bring new low-carbon products to market before they are fully tested; Political preference for incentivising renovations instead of new-builds; Technology-related risks from investment in unsuccessful new, renewable technologies; The physical risks identified were all expected to manifest in the longer term. **Medium-term (4-10 years) risks identified:** Reputational risks from potential shifts in consumer and market preferences towards low-carbon products; Political ambitions of allocating more landmass to nature, resulting which could result in reduced availability of plots suitable for commercial development **Long-term (more than 10 years) risks identified:** Physical risks from: reduced availability of lots without exposure to flooding or other weather hazards available for development; Construction times marginally prolonged from chronic changes in weather patterns, such as heavier rainfall and increased temperatures; Rising sea levels and heightened risk of flooding may impact the availability of development plots; Increased accuracy in pricing physical climate risks into mortgage and insurance policies may affect demand

	TCFD Recommendation	2020 Disclsoures
Strategy	**Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term**	HusCompagniet continues to identify the potential opportunities from climate change. To address the current and expected shift in consumer demand towards more sustainable house offerings, we have announced our Climate-improved House, and increased the share of our homes with renewable energy solutions. Read more on pages 33-34 of this Report. Sustainable house offerings might also lead to increased market share in the house market as well as in new markets, as consumer preferences shift towards low-carbon solutions. This development might be further accelerated if increased climate-related damage on the existing property mass results in an increased demand for new houses.
	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	In 2019, we conducted our first qualitative scenario analysis was conducted in alignment with the TCFD recommendations. The analysis explored the implications to the business model and strategy in the context of three scenarios based on groupings of IEA, IPCC, WEC scenarios, and other publicly available scenarios. The three scenarios explored were: a scenario based on "business as usual" and current policies, a scenario based on stated political commitments, and a decarbonisation scenario resulting in no more than a 2°C increase in average global temperatures. Each scenario included an overlay of the physical risks posed by the corresponding temperature increase based on data projecting the physical changes specific to Denmark prepared by DMI in accordance with the IPCC scenarios. The analysis showed that our business model can be made resilient in all three scenarios. In 2020, we continued to use these insights when considering long-term exposure, and we plan to refresh the analysis as more data becomes available.
Risk management	**Describe the organisation's processes for identifying and assessing climate-related risks**	In 2019, the management conducted a detailed assessment of risks and opportunities in line with the TCFD classifications, which was refreshed for 2020. As we continue to work towards our ambitions and targets, risk management procedures will be put into place. HusCompagniet follows the developments of green building standards and certifications closely. We continue to increase our understanding and integration of physical climate risks into decision-making and strategy.
	Describe the organisation's processes for managing climate-related risks	Climate risks are evaluated on an annual basis, and action will be if and when needed. We continue to strengthen our ongoing processes for climate risk management, and are currently investigating integrating this with our other ERM processes.

	TCFD Recommendation	2020 Disclsoures
Metrics and targets	**Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management**	We identify climate-related risks through the process of prioritising sustainability focus areas. Climate considerations have also informed our product development. Processes for integrating climate-related risks and opportunities were initiated in 2020, and will be continued in 2021.
	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	See pages 43-45 in this Report
	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	See pages 25 in this Report
	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	See pages 25 in this Report

Shareholder information

The share

HusCompagniet was listed on Nasdaq Copenhagen on 18 November 2020, becoming part of the mid-cap index. At year-end 2020, the closing price was DKK 125 and HusCompagniet had a market capitalization of DKK 2.5 billion. The share price gained 6% during the listing period in 2020, from a closing price on the first day of trading of DKK 117.5.

Share information /Shareholder structure

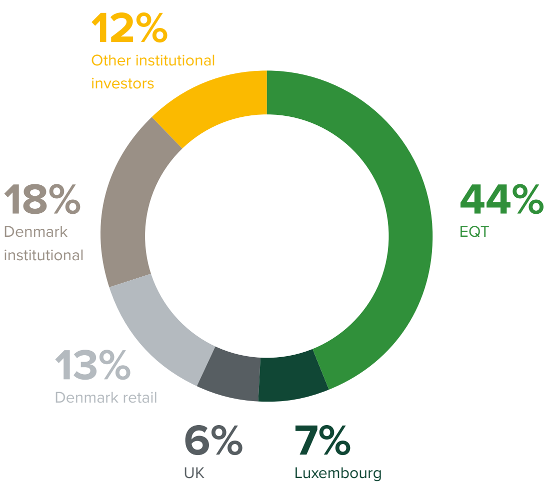
HusCompagniet A/S' share capital is nominally DKK 100,000,000 divided into 20,000,000 shares each with a nominal value of DKK 5 and carrying one vote.

At 30 December 2020, HusCompagniet had more than 3,000 registered shareholders collectively holding 95% of the share capital. Two shareholders had at year end notified HusCompagniet A/S of holding 5% or more of the share capital:

- EQT VI Limited holds 44.2% of the share capital
- Henderson Global Investors Limited holds 6.5% of the share capital

HusCompagniet held 136,752 treasury shares at year end, corresponding to 0.7% of the share capital. The treasury shares cover the commitments under the current share-based incentive program.

Geographic exposure



Share-based incentive schemes/ restricted stock units

In total, 136,831 RSUs were issued on 23 November 2020, of which 18,589 were granted to the Executive Management and 118,242 were granted to other employees. The fair value of the RSUs at grant was DKK 16.0 million. The related cost is expensed over the vesting period. A total amount of DKK 0.4 million was recognised as staff costs in the income statement for 2020.

Capital structure

The primary objective of HusCompagniet's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. HusCompagniet manages its capital structure and makes adjustments to in response to changes in economic conditions. To maintain or adjust the capital structure, HusCompagniet may adjust dividend payments to shareholders, acquire its own shares or issue new shares.

HusCompagniet has a target leverage of below 2.0x net debt to EBITDA before special items considering the Group's cash flow profile.

The Company will generally work towards a leverage ratio of around 2.0x. If the leverage ratio is below 1.5x and capital is not committed or expected to be short-term committed towards investments, the Company will seek to return capital to shareholders in addition to the initial pay-out ratio through dividends and/or share buybacks.

The financial leverage at year-end 2020 was 2.0x net debt to EBITDA before special items.

Dividends

The Board of Directors has adopted a dividend policy with a target initial pay-out ratio of at least 50% of reported profit for the year. The inital dividend payment is expected to be paid out in the second quarter of 2021 on the basis of the results of the financial year ended 31 December 2020. The dividend policy is subject to change at the discretion of the Board of Directors, and there can be no assurance that the Group's performance will facilitate adherence to the dividend policy and that in any given year a dividend will be proposed or declared.

The Board of Directors proposes that an ordinary dividend of DKK 3.00 per share be paid for the 2020 financial year. The proposed dividend per share adds up to a total dividend payout of approximately DKK 60 million, corresponding to payout ratio of 65% of the consolidated profit after tax.

The level of the payout ratio reflects an extraordinary year due to listing and related special items.

Insiders and trading windows

Members of HusCompagniet A/S's Board of Directors and Executive Board are listed in the Company's register of permanent insiders. These persons and their related parties are allowed to buy or sell shares in the Company only during the four weeks immediately following the publication of each interim financial report, quarterly trading statements or annual report. If in possession of inside information, such persons are prohibited from trading even during the said four-week period for as long as such information remains inside information. The Company may solely buy or sell its own shares during the four-week period immediately preceding each interim financial report, quarterly trading statement or annual report, and the Company may not trade whilst in possession of inside information.

Communication with investors

To ensure that capital market participants, including current and prospective shareholders, are able to make well-informed investment decisions, HusCompagniet hosts conference calls with the Executive Management each quarter following the release of financial reports and trading statements. The Executive Management and Investor Relations also meet current and potential investors on a regular basis at roadshows and equity conferences.

Analyst coverage

The company is covered by three equity research providers, Danske Bank Markets, Nordea and Citi Bank. The company is not normally available for dialogue about financial matters in the four-week period leading up to the publication of an interim financial report, trading statements or the annual report.

Financial calendar

Deadline for proposals to the agenda of the Annual General Meeting	26 February 2021
Annual General Meeting	12 April 2021
Trading statement for the period ending 31 March 2021	21 May 2021
Interim report for the period ending 30 June 2021	18 August 2021
Trading statement for the period ending 30 September 2021	16 November 2021

HusCompagniet share information

No. of shares: 20,000,000

Listing: Nasdaq Copenhagen

Trading symbol: HUSCO

Index: Nasdaq Copenhagen mid-cap

Corporate governance

HusCompagniet has a two-tier management structure comprising the Board of Directors and the Executive Management. There are no overlapping members. The Board of Directors is responsible for the overall and strategic management and proper organisation of the Group's business and operations. On behalf of the shareholders, the Board of Directors supervises HusCompagniet's organisation, day-to-day management and results.

33%

female board members in 2020.

The Board of Directors sets guidelines on the day-to-day responsibilities and obligations of the Executive Management. The Board of Directors and the Executive Management further assess HusCompagniet's business processes, the organisation, strategy, risks, business objectives and controls. A set of rules of procedure governs the work of HusCompagniet's Board of Directors. These rules are reviewed annually by the Board of Directors and updated as necessary. The rules set out the guidelines for the activities of the Board of Directors.

Board of Directors

The Board of Directors consist of six members and has appointed a Chairperson and a Vice Chairperson. Three members of the Board of Directors are regarded as independent. The Board of Directors represents broad international business experience and skills considered relevant to HusCompagniet. The Board of Directors evaluates its work on an annual basis, and determines once a year the qualifications, experience and skills needed for the Board of Directors to best perform its tasks. All Board Members are up for election at each annual general meeting. The Board of Directors meets 5 times a year and holds extraordinary meetings when required. Due to listing preparations 14 Board meetings were held in 2020.

The Board's annual wheel covers all essential areas of the business, including sustainability and climate, to govern the Group's commitment to address climate change

In alignment with the CFA Society Denmark, FSR – Danish Auditors, and Nasdaq Copenhagen recommendations for ESG key indicators, we have included our Board attendance rate for 2020 in our ESG data table (see page 46).

Composition and Competencies

During 2020, HusCompagniet has been preparing for our listing, resulting in a number of changes to the Board composition, including the election of Claus V. Hemmingsen, Anja Bach Eriksson and Magnus Tornling to the Board of Directors. With their respective comprehensive experience and competences, they have each strengthened the Board of Directors.

At the Annual General Meeting to be held on 12 April 2021, Magnus Tornling and Stefen Martin Baungaard will nok seek re-election. Accordingly, the Board of Directors will propose re-election of Claus V. Hemmingsen, Anja B. Eriksson, Ylva Ekborn and Mads Munkholt Ditlevsen, and election of Bo Rygaard and Stig Pastwa. Bo Rygaard is Danish and CEO of Dreyers Foundation. In addition, he is Chairperson of the board at Netcompany Group A/S, among other board memberships. Bo Rygaard brings extensive managerial experience from industry-related areas, including real estate and development, both in Denmark and internationally. Stig Patswa is Danish and Partner in Copenhagen Infrastructure Partners P/S. In addition, he holds Danish and International board memberships, including board membership in Apleona HSG Facility Management AG. Stig Patswa brings extensive commercial and managerial experience with a strong financial background as both CFO and CEO from executive roles and non-executive directorships in several large Danish corporations and institutions.

Every year, the Board of Directors conducts a self-evaluation and will engage external assistance for the evaluation at least every third year. Given the recent formation of the Board and listing of the company, no formal evaluation was carried out in 2020. The next evaluation will be performed for 2021 in time for the AGM in 2022. The evaluation will include the areas of effectiveness, performance, achievements and competencies needed by the Board of Directors to perform its duties and the conclusions of the evaluation will form basis for the proposed future composition of the Board of Directors.

The current composition of the Board of Directors reflects the importance of a sustained focus to ensure diversity in a broad perspective, including qualifications and competencies as well as international experience and gender.

Diversity

HusCompagniet strives towards diversity in the composition of the Board of Directors, including gender as well as international experience, qualifications and competencies.

HusCompagniet is strongly focused on promoting diversity and equal opportunities as we believe that diversity leads to better performance and decision making. The construction sector has traditionally been and still is a male-dominated sector, which poses a challenge for both HusCompagniet and other companies within the sector. Yet, we aim to reach our ambitious targets and we are compliant with regulatory guidelines.

At Board level, HusCompagniet has communicated a 2025 target that 25% of the total members on the Board of Directors should be female and a target that 30% of members should be females by 2030. We reached our 2030 target in 2020 as our Board of Directors currently consists of two female- and four male directors. The composition of the Board of Directors as such is in accordance with the Danish Business Authority's guidelines on equal gender distribution on the Board of Directors.

Board committees

In order to support the Board of Directors, HusCompagniet has established an Audit Committee and a Remuneration & Nomination Committee. The purpose of the Board committees is to report and make recommendations to the Board of Directors on committee related matters. The overall purposes of the Audit Committee and Remuneration & Nomination Committee, respectively, can be found here Huscompagniet - Governance - Committees.

Remuneration

In our policies and reports, we aim to be transparent in terms of our structure and size. HusCompagniet has adopted the following general remuneration structure for the Board of Directors and Executive Management:

Targets are closely aligned with the Company's strategy and will typically include targets relating, e.g., to EBITDA, number of houses sold and houses delivered as well as ESG related targets as deemed relevant by the Board of Directors.

In alignment with the CFA Society Denmark, FSR – Danish Auditors, and Nasdaq Copenhagen recommendations for ESG key indicators, we have added both CEO pay ratio and gender pay ratios to our ESG disclosures (see page 46).

Our remuneration policy was adopted 5 November 2020 at an extraordinary general meeting in connection with the listing of HusCompagniet and is available here HusCompagniet-Remuneration-Policy.pdf (q4cdn.com).

As a listed company we have also released our first remuneration report, which can be found here https://investors.huscompagniet.com/English/governance/AGM.

Reporting on Corporate Governance

HusCompagniet is committed to complying with corporate governance standards and creating transparency around the Company's affairs in order to maintain the trust of the Company's shareholders and stakeholders.

HusCompagniet reports on compliance with the Committee on Corporate Governance's Recommendations on Corporate Governance and the Board of Directors reviews the recommendations in force on a regular basis and at least once a year. The Board of Directors and the Executive Management share the committee's views in all material respects, and HusCompagniet complies with 46 out of the 47 recommendations.

HusCompagniet deviates from one recommendation as the company publishes trading statements for Q1 and Q3 instead of quarterly reports. We believe trading statements will provide shareholders and other relevant stakeholders with sufficient information on the company's financials.

HusCompagniet's position on the Recommendations on Corporate Governance as well as explanations for recommendations that HusCompagniet has opted to deviate from, can be found in the corporate governance statement available here HusCompagniet-Corporate-Governance-Statement-2020.pdf (q4cdn.com).

44.2% of the shares in HusCompagniet is controlled by EQT, a member of the Danish Venture Capital and Private Equity Association ("DVCA") as per 31 December 2020. The company also strives to comply with the corporate governance guidelines issued by DVCA. These guidelines are available at www.dvca.dk. Mads Ditlevsen is EQT's partner responsible for HusCompagniet and a member of the Board of Directors.

New policies in place

During 2020, we conducted a thorough review of our existing policies and conduct guidelines to accommodate requirements and recommendations of Nasdaq Copenhagen issuer rules, and reflect our recent commitment to the UN Global Compact. Together, these policies govern and further guide our overall efforts towards responsible business conduct and governance. In 2021 we will focus on further implementating business conduct guidelines The relevant policies are available here Huscompagniet - Governance - Governance Documents.

General meeting

The next annual general meeting will be held on 12 April 2021 at 10.00 (CET), which will be held as a virtual general meeting.

Corporate Governance

Board of Directors

Claus V. Hemmingsen

Chairperson (Independent),
Chair of Remuneration and Nomination Committee

Member since: May 2020

Nationality:
Danish

Education:
London Business School, MBA from IMD, International Directors Programme, INSEAD

Other positions:
Managing Director, CVH Consulting ApS. Chairman: Maersk Drilling (The Drilling Company of 1972 A/S) and DFDS A/S. Board member: A.P. Møller Holding A/S, A.P. Møller og Hustru Chastine Mc-Kinney Møllers Fond til almene Formaal, Den A.P. Møllerske Støttefond, Bacher A/S, Maersk Mc-Kinney Moller Center for Zero Carbon Shipping, Global Maritime Foundation, Det Forenede Dampskibs-Selskabs Jubilæumsfond

Competencies:
Extensive international, commercial and managerial experience, including HSSE & Sustainability, M&A, capital markets and non-executive directorships.

Holdings
Direct: 31,712
Indirect: 14,741

Anja B. Eriksson

Vice-Chairperson (Independent),
Chair of Audit Committee

Member since: July 2020

Nationality:
Danish

Education:
M.Sc. in Applied Economics and Finance, B.Sc. International Business from Copenhagen Business School, Young Managers Programme and Negotiation Dynamics from INSEAD Business School

Other positions:
Scandinavian Corporate Finance advisors A/S (Chairman), M.J. Eriksson Holding (Chairman), Anders Nielsen & Co. A/S (Chairman), M.J Eriksson A/S (Board member), M-Tec Helding Danmark ApS (Board member), Pihl & Søn A/S (Board member) Trackunit ApS (Board member)

Competencies:
Extensive experience from leading roles in the financial and construction industries, with a strong commercial focus, having driven change processes, M&A transactions, sale and HSSE.

Holdings
Direct: 16,910
Indirect: 14,269

Steffen Martin Baungaard

Board member (not independent)

Member since: April 2019

Nationality:
Danish

Education:
Bachelor of Architectural Technology and Construction Management HD (A),

Other positions:
Arkil Holding A/S (Vice Chairman), MBP A/S (Board Member), Frederikshøj Ejendomme A/S (Board Member), Carl Ras A/S (Board Member), Nordic Waterproofing AB (Board Member), Brøndum A/S (Board Member)

Competencies:
Extensive Industry-specific experience in the construction sector, with executive roles being former Group CEO of HusCompagniet A/S and before that CEO NCC Enfamiliehuse A/S

Holdings
Direct: 167,981

Corporate Governance

Board of Directors

Ylva Ekborn

Board member (independent),
Member of of Audit Committee,
Member of Remuneration and Nomination Committee

Member since: July 2019

Nationality:
Swedish

Education:
M.Sc. in Economics and Business Administration, Stockholm School of Economics

Other positions:
CEO PostNord Strålfors Group, Postnord Strålfors Oy (Chairman), PostNord Strålfors AS

Competencies:
Extensive experience from executive positions in both B2C and B2B companies in the Nordic region with a strong focus on driving strategic business development, commercial development, M&A strategies and digital transformation.

Holdings
Indirect: 4,026

Mads Munkholt Ditlevsen

Board member (not independent),
Member of Remuneration and Nomination Committee

Member since: August 2015

Nationality:
Danish

Education:
M.Sc. in Finance & Accounting, Copenhagen Business School

Other positions:
Partner at EQT Partners, Head of EQT Partners Denmark. DVCA (Board Member), Banking Circle (Vice Chairman), Zebra A/S (Board Member)

Competencies:
Extensive experience within Private Equity, Mergers & Acquisitions, investments, operations and financing working out of Copenhagen and Hong Kong.

Holdings
No shares

Magnus Tornling

Board member (not independent),
Member of of Audit Committee

Member since: May 2020

Nationality:
Norwegian

Education:
M.Sc. in Finance, Norwegian School of Management

Other positions:
Partner at EQT Partners, Head of EQT Partners Norway, AutoStore AS (Board Member), Recover Nordic AS (Board Member)

Competencies:
Extensive experience within Private Equity, Corporate Finance, Investment banking and equity capital markets working out of Norway.

Holdings
No shares

Corporate Governance

Executive Board

Martin Ravn-Nielsen

Group CEO

Nationality:
Danish

Education:
Finance

Previous experience:
MD NCC Enfamiliehuse Head of sales Eurodan-huse, Various leadership positions within HusCompagniet.

Holdings
Direct: 160,910
Indirect: 58,346

Mads Dehlsen Winther

Group CFO

Nationality:
Danish

Education:
M.Sc. in Auditing and Accounting, M.Sc. in Economics and Business Administration, Copenhagen Business School

Other positions:
Maersk Supply Service A/S (Board Member)

Previous experience:
Maersk, Sadolin & Albæk, Deloitte, PwC

Holdings
Direct: 43,671

Indirect: 57,858

Financial statements

Income statement – consolidated

DKK'000	Note	2020	2019
Revenue	2.1	3,598,408	3,495,923
Cost of Sales		-2,842,835	-2,780,423
Gross profit		**755,573**	**715,500**
Staff cost	2.2, 2.3	-296,330	-290,446
Other external expenses		-113,114	-99,718
Other operating income		311	905
Operating profit before depreciation and amortisation (EBITDA) before special items	2.4	**346,440**	**326,242**
Special items	2.4	-78,879	-17,476
Operating profit before depreciation and amortisation (EBITDA) after special items		**267,561**	**308,766**
Depreciation and amortisation	4.1, 4.2	-47,357	-37,836
Operating profit (EBIT)		**220,204**	**270,930**
Financial income	5.4	27,897	14,094
Financial expenses	5.4	-73,106	-64,889
Profit before tax from continuing operations		**174,995**	**220,135**
Tax on profit from continuing operations	6.1	-16,419	-51,691
Profit for the period from continuing operations		**158,576**	**168,444**
Profit/(loss) after tax for the period from discontinued operations	6.2	-66,411	-168,211
Profit for the period		**92,165**	**233**
Profits attributable to:			
Equity owners of the Company		92,165	233

DKK'000	Note	2020	2019
Earnings per share:	2.5		
Earnings per share (EPS Basic)		4.6	0.0
Diluted earnings per share (EPS-D)		4.6	0.0
Earnings per share (EPS Basic) continuing operations		7.9	8.4
Diluted earnings per share (EPS-D) continuing operations		7.9	8.4
Earnings per share (EPS) (DKK) from discontinued business		-3.3	-8.4
Diluted earnings per share (EPS-D) (DKK) from discontinued business		-3.3	-8.4

Statement of other comprehensive income DKK'000	Note	2020	2019
Profit for the year		**92,165**	**233**
Other comprehensive income			
Items that may be reclassified to the income statement in subsequent periods			
Foreign currency translation differences, subsidiary		3,236	78
Other comprehensive income, net of tax		**3,236**	**78**
Total comprehensive income for the year		**95,401**	**311**
Total comprehensive income attributable to:			
Equity owners of the Company		95,401	311

Balance sheet – consolidated

DKK'000	Note	2020	2019
Assets			
Non-current assets			
Goodwill	4.1	2,036,580	2,027,554
Intangible assets	4.1	46,472	53,303
Right-of-use assets	4.2	93,717	114,449
Property, plant and equipment	4.2	19,945	25,563
Deferred tax asset	6.1	4,634	43,374
Total non-current assets		**2,201,348**	**2,264,243**
Current assets			
Inventories	3.1	359,661	402,927
Contract assets	3.2	547,977	687,676
Trade and other receivables	3.3	207,451	153,076
Prepayments		13,378	9,242
Income tax receivable	6.1	0	0
Cash and cash equivalents*		77,916	1,010,822
Total current assets		**1,206,382**	**2,263,743**
Total assets		**3,407,730**	**4,527,986**

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DKK'000	Note	2020	2019
Equity and liabilities			
Equity			
Share capital	5.1	100,000	14,689
Retained earnings and other reserves		1,757,192	1,762,658
Total equity		**1,857,192**	**1,777,347**
Liabilities			
Non-current liabilities			
Borrowings	5.2	671,163	683,465
Lease liabilities	5.3	82,812	99,877
Provisions	3.4	9,520	8,020
Deferred tax liability	6.1	2,966	19,745
Other liabilites		0	6,098
Total non-current liabilities		**766,461**	**817,205**
Current liabilities			
Borrowings	5.2	448	1,010,142
Lease liabilities	5.3	20,563	21,020
Trade and other payables	5.5	402,998	674,669
Contract liabilities	3.2	102,501	11,505
Prepayments from customers	3.2	13,718	2,399
Provisions	3.4	31,407	32,078
Income tax payable	6.1	35,905	36,180
Other liabilities		176,537	145,441
Total current liabilities		**784,077**	**1,933,434**
Total liabilities		**1,550,538**	**2,750,639**
Total equity and liabilities		**3,407,730**	**4,527,986**

Reference to off-balance sheet notes: Leasing contracts not yet effective 6.3, Related parties 6.5, and Contingent liabilities 3.4

* For more information about the new bank facility agreement please refer to note 5.2

Statement of cash flows – consolidated

DKK'000	Note	2020	2019
Cash flow from operating activities			
Profit before tax from continuing operations		174,995	220,135
Profit before tax from discontinued operations		-16,190	-192,349
Changes in working capital	3.5	-19,903	7,121
Adjustments for non-cash items	6.4	92,999	199,442
Interest received		27,897	14,152
Interest paid incl. interest on lease payments		-72,753	-67,075
Corporation tax paid		-45,758	-46,993
Net cash generated from operating activities		**141,287**	**134,433**
Cash flow from investing activities			
Acquisition of assets recognised as property, plant and equipment		-19,646	-15,163
Acquisition of assets recognised as intangible assets		-11,383	-28,300
Net cash generated from investing activities		**-31,029**	**-43,463**
Cash flow from financing activities			
Repayment of long-term debt	5.2	-805,903	-102,312
Proceeds from loans	5.2	675,000	7,612
Repayment of lease liabilities	5.2	-20,964	-20,647
Net cash generated from financing activities		**-151,867**	**-115,347**
Total cash flows		**-41,609**	**-24,377**
Cash and cash equivalents at 1 January		109,610	136,260
Net foreign currency gains or losses		9,466	-2,273
Cash and cash equivalents at 31 December		**77,467**	**109,610**

DKK'000	Note	2020	2019
Cash and cash equivalents			
Cash at bank and on hand		77,916	1,010,822
Cash and cash equivalents as at 31 December		**77,916**	**1,010,822**
Bank overdrafts		-448	-901,212
Net cash and cash equivalents as at 31 December		**77,467**	**109,610**

Statement of changes in equity – consolidated

DKK'000	Share capital	Foreign currency translation reserve	Retained earnings	Proposed dividend	Total
2020					
Equity at 1 January	**14,689**	**532**	**1,762,126**	**0**	**1,777,347**
Profit for the period	**0**	**0**	**92,165**	**0**	**92,165**
Other comprehensive income:					
Foreign currency translation differences	0	3,236	0	0	3,236
Total other comprehensive income	**0**	**3,236**	**0**	**0**	**3,236**
Transactions with owners of the Company:					
Increase in capital	85,311	0	-85,311	0	0
Share-based payment	0	0	444	0	444
Purchase of own shares	0	0	-16,000	0	-16,000
Proposed dividends	0	0	-60,000	60,000	0
Total transactions with owners of the Company	**85,311**	**0**	**-160,867**	**60,000**	**-15,556**
Equity on 31 December	**100,000**	**3,768**	**1,683,424**	**60,000**	**1,857,192**
2019					
Equity at 1 January	**14,689**	**454**	**1,761,893**	**0**	**1,777,036**
Profit for the period	**0**	**0**	**233**	**0**	**233**
Other comprehensive income:					
Foreign currency translation differences	0	78	0	0	78
Total other comprehensive income	**0**	**78**	**0**	**0**	**78**
Transactions with owners of the Company:					
Total transactions with owners of the Company	**0**	**0**	**0**	**0**	**0**
Equity on 31 December	**14,689**	**532**	**1,762,126**	**0**	**1,777,347**

Capital structure

The primary objective of HusCompagniet's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. HusCompagniet manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, HusCompagniet may adjust the dividend payments to shareholders, acquire its own shares or issue new shares. HusCompagniet has a target leverage of below 2.0x net debt to EBITDA before special items considering the Group's cash flow profile.

The Company will generally work towards a leverage ratio of around 2.0x. If the leverage ratio is below 1.5x and capital is not committed or expected to be short term committed towards investments, the Company will seek to return capital to shareholders in addition to the initial pay-out ratio through dividends and/or share buybacks.

The financial leverage at year-end 2020 was 2.0x net debt to EBITDA before special items.

Dividends

The Board of Directors has adopted a dividend policy with a target initial pay-out ratio of at least 50% of reported profit for the year. The first dividend payment is expected to be paid out in the second quarter of 2021 on the basis of the results of the financial year ended 31 December 2020. The dividend policy is subject to change at the discretion of the Board of Directors, and there can be no assurance that the Group's performance will facilitate adherence to the dividend policy and that in any given year a dividend will be proposed or declared.

The Board of Directors proposes that an ordinary dividend of DKK 3.00 per share be paid for the 2020 financial year. The proposed dividend per share adds up to a total dividend payout of approximately DKK 60 million, corresponding to payout of 65% of the consolidated profit after tax.

The level of the payout ratio reflects an extraordinary year due to listing and the related special items.

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Section 1

Basis of preparation

HusCompagniet A/S ('HusCompagniet', previously named 'Diego HC Topco A/S') is a company incorporated and domiciled in Denmark. The Group is a leading provider of single-family detached houses in Denmark. The Group's core activity is the design, sale and delivery of customizable high-quality detached houses in Denmark to consumers predominantly built on-site on third-party (customer-owned) land. The Group also designs, sells and delivers semi-detached houses in Denmark to consumers, predominantly on land it owns, and since January 2020 to professional investors, both on land it owns and on land owned by such investors. Investors in the semi-detached business-to-business segment often lease or sell the houses to end-users. The Group is also present in Sweden, where it produces prefabricated wood-framed detached houses in its factory, which are finalized on-site and in most cases facilitated by third-party sales agents.

During September 2020, the Group closed down its German and Swedish brick house activities. In accordance with IFRS 5, the activities have in the consolidated financial statements been treated as discontinued operations. Accordingly, the net results of these activities are for year ended 31 December 2020 and 2019, respectively, presented separately in one line in the income statement.

HusCompagniet and its subsidiaries are collectively referred to in the financial statement as the ""Group"". The annual report has been approved by the Board of Directors at its meeting 17 March 2021. The annual report will be presented to the shareholders af HusCompagniet A/S for approval at the annual general meeting.

The accounting policies are, except for the amendment listed in Note 1 General accounting policies, unchanged compared to the consolidated financial statements as reflected in annual consolidated financial statements as at and for the year ended 31 December 2019.

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Note 1.1 General accounting policies

Basis of preparation

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as endorsed by the EU (""IFRS"") and additional disclosure requirements for Danish listed companies.

The consolidated financial statements have been prepared on a historical cost basis, except as noted in the various accounting policies.

These consolidated financial statements are expressed in DKK, as this is HusCompagniet A/S's functional and presentation currency. All values are rounded to the nearest thousand DKK '000 where indicated.

A few reclassifications have been made in the profit and loss account and comparative figures have been corrected.

Basis of consolidation

The consolidated financial statements comprise HusCompagniet A/S and entities controlled by HusCompagniet A/S. Control is achieved when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The financial statements for the subsidiaries are prepared for the same accounting period as HusCompagniet using consistent accounting policies.

On consolidation, intragroup balances and intragroup transactions are eliminated in full.

These consolidated financial statements include the accounts of HusCompagniet and its subsidiary companies, which are listed in note 6.8.

Foreign currency translation

Transactions and balances

Foreign currency transactions are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are recognised in the Income Statement under financial items. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Group companies

On consolidation, the assets and liabilities in foreign operations are translated into DKK at the spot rate of exchange prevailing at the reporting

Note 1.1 General accounting policies (continued)

date and their income statements are translated at spot exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in Other Comprehensive Income.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operations, and are translated at the closing rate of exchange.

Implementation of new or amended standards and interpretations

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's consolidated annual financial statements for the year ended 31 December 2019, except for the adoption of new standards effective as of 1 January 2020. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The following amendments and interpretations apply for the first time in 2020, but do not have an impact on the consolidated financial statements of the Group.

- Amendments to IAS 1 and IAS 8: Definition of Material
- Amendments to IFRS 3 Business Combinations
- Amendments to IFRS 9, IAS 39 and IFRS 7 regarding the IBOR-reform.
- Amendments to IFRS 16 Covid-19-Related Rent Concessions
- Amendments to references to the conceptual framework in ifrs standards

The Group has been listed during the year and is consequently implementing IFRS 8 and IAS 33. The implementation of the standard had have no impact on the financial statement.

Standards issued but not yet effective IASB has issued amended standards which have not yet entered into force, and which have consequently not been incorporated into the consolidated financial statements for 2020. None of these amended standards and interpretations are expected to have any significant impact on our financial statements.

The Group expects to implement the new standards when they become effective. It has been assessed that the implementation of the new standards will not have any significant effect on the recognition and measurement of the balance sheet at 1 January 2021.

Note 1.2 Introduction to significant estimates and judgements

In preparing the consolidated financial statements, management made various judgements, estimates and assumptions concerning future events that affected the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and assumptions are reviewed on an ongoing basis and have been prepared taking the financial market situation into consideration, but still ensuring that one-off effects which are not expected to exist in the long term do not affect estimation and determination of these key factors.

The Group has not been materially affected by covid-19 but there are still some uncertainties related to the economic development in Denmark and Sweden and how it will affect the house developing market. The most significant risks are assessed to be restrictions on building activities and construction sites related to an increase in the number of infections and a lower demand on houses due to a declining economy.

Based on the above assumptions the estimates are assessed to be unchanged from previous years.

Significant estimates and judgements covering specific accounts are placed in each section to which they relate.

Significant judgements	**Note**
Percentage-of-completion profit recognition	2.8
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Significant estimates	
Guarantee provisions	3.8
Impairment of non-financial assets	4.5
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Note 1.3 Application of materiality

The consolidated financial statements are a result of processing large numbers of transactions and aggregating those transactions into classes according to their nature or function. When aggregated, the transactions are presented in classes of similar items in the consolidated financial statements.

If a line item is not individually material, it is aggregated with other items of a similar nature in the consolidated financial statements or in the notes.

The disclosure requirements are substantial in IFRS and the Group provides these specific required disclosures unless the information is considered immaterial to the economic decision-making of the readers of the financial statements or not applicable.

Section 2

EBITA

This section provides information regarding the Group's performance in 2020, including the effects of non-recurring items on EBITA.

The development of primary costs, staff costs and remuneration, and information about the Group's low exposure towards currency risk on transaction level is also contained in this section.

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Note 2.1 Segment information

For management purposes, the Group is organised into business units based on its products and services as well as geographical location. The Group has three reportable segments, as follows:

- The detached houses in Denmark segment, which comprise brick houses built on site and plots

- The semi-detached houses in Denmark segment, which comprise brick houses built on site and plots, includes both business-to-business and business-to-consumers

- The Swedish business comprise detached prefab houses

The Group has discontinued two reportable segments, Brick Houses in Sweden and the operation in Germany during the reporting period. Please refer to Note 6.2 for further disclosure.

No operating segments have been aggregated to form the above reportable operating segments.

Executive Management is responsible for operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is for 2020 evaluated based on EBITA and is measured consistently with operating profit (EBIT) plus amortisation in the consolidated financial statements. The Groups amortisations, financing (including financial income and financial expenses) and income taxes are managed on a Group basis and are not allocated to operating segments. Assets and Liabilities are not allocated to segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Note 2.1 Segment information

2020

DKK'000	Denmark: Detached houses	Denmark: Semi-detached houses	Swedish Business	Total continuing operations	Brick houses Sweden (discontinued)	Germany (discontinued)	Total segments
Revenue							
External customers	3,209,020	116,854	272,534	3,598,408	60,174	122,338	3,780,919
Total revenue	**3,209,020**	**116,854**	**272,534**	**3,598,408**	**60,174**	**122,338**	**3,780,919**
Income/(expenses)							
Cost of goods	-2,579,858	-90,092	-172,886	-2,842,835	-63,683	-114,834	-3,021,352
Segment gross profit	**629,162**	**26,762**	**99,648**	**755,573**	**-3,509**	**7,503**	**759,567**
Gross margin	**19.6%**	**22.9%**	**36.6%**	**21.0%**	**-5.8%**	**6.1%**	**20.1%**
Other operating income	311	0	0	311	0	0	311
Staff costs	-249,468	-14,722	-32,140	-296,330	-3,989	-8,019	-308,338
Other operating expenses	-79,755	-3,631	-29,728	-113,114	-2,872	-9,350	-125,335
Segment EBITDA	**300,250**	**8,410**	**37,781**	**346,440**	**-10,370**	**-9,866**	**326,205**
EBITDA margin	**9.4%**	**7.2%**	**13.9%**	**9.6%**	**-17.2%**	**-8.1%**	**8.6%**
Depreciation	-21,914	-1,171	-6,377	-29,462	-4,507	-4,232	-38,201
Segment EBITA before special items	**278,337**	**7,239**	**31,403**	**316,979**	**-14,877**	**-14,098**	**288,004**
EBITA margin	**8.7%**	**6.2%**	**11.5%**	**8.8%**	**-24.7%**	**-11.5%**	**7.6%**

2019

DKK'000	Denmark: Detached houses	Denmark: Semi-detached houses	Swedish Business	Total continuing operations	Brick houses Sweden (discontinued)	Germany (discontinued)	Total segments
Revenue							
External customers	3,108,072	181,481	206,370	3,495,923	109,551	100,223	3,705,697
Total revenue	**3,108,072**	**181,481**	**206,370**	**3,495,923**	**109,551**	**100,223**	**3,705,697**

Note 2.1 Segment information (continued)

DKK'000	2020
Reconciliation of profit	
Segment EBITA before special items from continuing operations	316,979
Segment EBITA before special items from discontinued operations	-28,975
Special items	-60,163
Amortisations	-17,895
Financial income	36,028
Financial expenses	-87,168
Loss before tax from discontinued operations	16,190
Profit before tax from continuing operations	**174,995**

DKK'000	2019
Reconciliation of profit	
Segment revenue from continuing operations	3,495,923
Segment revenue from discontinued operations	209,774
Cost of sales	-2,995,696
Staff costs	-316,135
Other external expenses	-124,225
Other operating income	739
Special items	-136,591
Depreciation and amortization	-47,011
Financial income	14,152
Financial expenses	-73,144
Loss before tax from discontinued operations	192,349
Profit before tax from continuing operations	**220,135**

DKK'000	2020	2019
Revenue from external customers		
Denmark	3,325,874	3,289,553
Sweden	332,708	315,921
Germany	122,338	100,223
Sweden (Discontinued operations)	-60,174	-109,551
Germany (Discontinued operations)	-122,338	-100,223
Total revenue	**3,598,408**	**3,495,923**

The revenue information above is based on the locations of the customers.

No individual customer amounts to more than 10% of the consolidated revenue.

DKK'000	2020	2019
Non-current operating assets		
Denmark	1,867,914	1,890,752
Sweden	328,799	325,881
Germany	0	4,235
Total non-current operating assets	**2,196,714**	**2,220,868**

The non-current operating assets information above is based on the locations of the assets' physical location.

Non-current assets for this purpose consist of property, plant and equipment, right-of-use assets, goodwill and intangible assets.

Note 2.1 Segment information (continued)

2020

DKK'000	Denmark: Detached houses	Denmark: Semi-detached houses	Swedish Business	Total continuing operations	Brick houses Sweden (discontinued)	Germany (discontinued)	Total segments
Revenue per segment and category - Contracted sales							
Sales value houses sold on customers building sites	2,564,958	27,633	272,534	2,865,125	60,174	122,338	3,047,636
Sales value houses sold on own building sites	372,272	89,221	0	461,493	0	0	461,493
Sales of land plots	144,326	0	0	144,326	0	0	144,326
Other revenue	311	0	0	311	0	0	311
Total Contracted sales	**3,081,866**	**116,854**	**272,534**	**3,471,255**	**60,174**	**122,338**	**3,653,766**
Revenue per segment and category - Non-contracted sales							
Show houses	127,154	0	0	127,154	0	0	127,154
Other revenue	0	0	0	0	0	0	0
Total Non-contracted sales	**127,154**	**0**	**0**	**127,154**	**0**	**0**	**127,154**
Total Revenue	**3,209,020**	**116,854**	**272,534**	**3,598,408**	**60,174**	**122,338**	**3,780,919**

Note 2.1 Segment information (continued)

2019

DKK'000	Denmark: Detached houses	Denmark: Semi-detached houses	Swedish business	Total continuing operations	Brick houses Sweden (Discontinued)	Germany (discontinued)	Total segments
Revenue per segment and category - Contracted sales							
Sales value, houses sold on customers' building sites	2,353,914	38,744	206,370	2,599,028	109,551	90,638	2,799,217
Sales value, houses sold on own building sites	528,710	142,737	0	671,447	0	9,585	681,032
Sales of land plots	220,705	0	0	220,705	0	0	220,705
Other revenue	0	0	0	0	0	0	0
Total contracted sales	**3,103,329**	**181,481**	**206,370**	**3,491,180**	**109,551**	**100,223**	**3,700,954**
Revenue per segment and category - Non-contracted sales							
Sales value, houses sold on own building sites	4,743	0	0	4,743	0	0	4,743
Other revenue	0	0	0	0	0	0	0
Total non-contracted sales	**4,743**	**0**	**0**	**4,743**	**0**	**0**	**4,743**
Total revenue	**3,108,072**	**181,481**	**206,370**	**3,495,923**	**109,551**	**100,223**	**3,705,697**

DKK'000	2020	2019
Revenue per continuing and discontinued operations		
Total revenue from continuing operations	3,598,408	3,495,923
Total revenue from discontinued operations	182,511	-209,774
Total revenue	**3,780,919**	**3,705,697**

The Group is engaged in construction and civil works activities in Denmark and Sweden.

The Group's brick house activity in Sweden and the Group's activities in Germany were discontinued in September 2020. Please refer to note 6.2 for further disclosure hereof.

Non-contracted sales are recognised on delivery (point-in-time). Contracted sales are recognised over time. Payment is typically due at the time of final delivery of the construction, however a small deposit is paid upon contract negotiation. The Group receives a bank guarantee in connection with the start-up of each contract, and is entitled to payment for work performed, including profit, during the project. Construction contracts with professional investors may also include payments on account.

Contracted sales comprise the sale of houses constructed on the customers land, or houses sold on own land that are covered by a customer contract before construction is started.

Conversely, non-contracted sales comprise the sale of houses constructed on own land to which no customer contract has been entered into before construction starts.

Note 2.2 Costs including staff costs and remuneration

DKK'000	2020	2019
Staff costs		
Wages and salaries	317,329	258,293
Defined contribution plans	17,885	16,054
Other social security costs	10,674	9,908
Other staff costs	0	6,191
Share-based remuneration	444	0
Transfered to Special items	-49,698	0
Total	**296,330**	**290,446**
Average number of full-time employees	452	436

The 2019 numbers do not include discontinued business of DKK 25.7 million and an average of 47 full-time employees. Key management personnel is defined as the Executive Management, and disclosures are provided below.

DKK'000	2020	2019
Remuneration of Board of Directors		
Base salary and non-monetary benefits	1,249	1,142
One-time bonus award*	7,558	0
Total remuneration	**8,807**	**1,142**
Remuneration of Executive Management.		
Base salary and non-monetary benefits	5,638	10,731
Share-based remuneration	139	0
Bonus	4,736	2,441
One-time bonus award*	25,245	0
Severance payment	11,641	0
Total remuneration	**47,398**	**13,172**

DKK'000	2020	2019
Remuneration to the Executive Management		
Martin-Ravn Nielsen (CEO from May 2020):		
Salary	2,442	0
Bonus	2,447	0
One-time bonus award*	14,900	0
Share-based payment	82	0
	19,871	**0**
Mads Dehlsen Winther (CFO from September 2019):		
Salary	3,196	959
Bonus	2,289	490
One-time bonus award*	10,345	0
Share-based payment	57	0
	15,887	**1,449**

* Executive management (amongst other employees) were eligible to receive a cash-based bonus ("One-time Bonus") subject to the completion of the listing of the Group. Costs related to one-time bonus awards are classified as special items.

The long-term incentive programme is described in note 2.3.

Note 2.3 Share-based payments

Share-based payments

In accordance with the Company's Remuneration Policy, individual members of the Executive Management participate in a long-term incentive programme consisting of restricted share units ("RSUs"), which was implemented on 23 November 2020. Participants of the RSU programme are granted RSUs which entitle the participant to receive for free a number of shares in the Company equivalent to the number of vested RSUs upon vesting as described below.

The RSUs will vest over a three-year vesting period. Vesting is not conditional upon achieving any financial or non-financial targets, but is, however, conditional upon (i) the participant remaining employed with the Group for a period of three years from the date of grant, or the participant becoming a good leaver during the vesting period in which case only a proportionate portion of RSUs shall vest, and (ii) the participant having complied in all respects with the general terms and conditions as determined by the Board of Directors.

Participation in the RSU programme is offered to members of the Executive Management as an element of remuneration as in incentive for the Executive Management to remain focused on value creation and achievement of the Company's long-term objectives. As determined by the Board of Directors, a selected number of employees of the Company in key positions may also be eligible to participate in long-term incentive programmes on terms similar to those of the Executive Management.

On 18 November 2020, the Company purchased 136,752 own shares to be held in treasury. The treasury shares cover the long-term incentive programme.

Fair value measurement

The Group measures share-based payments at fair value at the grant date.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are vailable to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

DKK'000	Executive management	Other empoloyees	Total shares
Number of shares			
Outstanding at 1 January 2020	0	0	0
Granted 23 November 2020	18,589	118,242	136,831
Outstanding at 31 December 2020	**18,589**	**118,242**	**136,831**
Number of restricted shares that may be sold at 31 December 2020	0	0	0

The avarage remaining term to vesting for outstanding restricted shares at 31 December 2020 was approx. 2.9 years.

The fair value of the RSU grant at the grant date totalled DKK 16.0 million. In 2020, an expense of DKK 0.4 million was recognised in the income statement in respect of the incentive program (2019: nil). The fair value of the RSU at the grant date was calculated based on the share price at grant date.

Note 2.4 Special items

DKK'000	2020	2019
Special items		
• Insurance compensation	-34,747	0
• Cost related to IPO	90,759	0
• Strategic organisational changes	10,048	6,919
• Costs in connection with acquisition and vendor due diligence	9,272	10,557
• Other special items	3,547	0
Total special items	**78,879**	**17,476**

Insurance compensation is related to compensation for prepaid insurances from the bankruptcy estate of the insurance company Qudos Insurance, where HusCompagniet had taken out insurances. IPO-related costs comprise various consultancy fees as part of the IPO and bonuses for a number of employees for a successful transaction, including but not limited to the CEO, the CFO, the former CEO and board members. Strategic organisational changes include severance payments to former senior management and employees.

Reconciliation of EBITDA		
Operating profit before depreciation and amortisation	**267,561**	**308,766**
Special items	78,879	17,476
Operating profit before depreciation and amortisation (EBITDA) before special items	**346,440**	**326,242**

The Group presents certain financial measures in the consolidated financial statements that are not defined under IFRS. It is Management's belief that these measures provide valuable supplemental information to investors and the Group's management, as they allow for an evaluation of trends and the Group's performance.

Since such financial measures are not calculated in the same way by all companies they are not always comparable to measures used by other companies. These financial measures should therefore not be considered to be a replacement for measurements as defined under IFRS. Definitions provided in section 6.9 provide information in greater detail regarding definitions of financial performance measures.

Note 2.5 Earnings per share

DKK	2020	2019
Profit for the year	92,165,243	233,267
Average number of shares	20,000,000	20,000,000
Average number of treasury shares	-3,799	0
Average number of outstanding shares	**19,996,201**	**20,000,000**
Dilution from share options	3,799	0
Average number of outstanding shares, diluted	20,000,000	20,000,000

DKK'000	2020	2019
Attributable to shareholders of HusCompaniet:		
Loss from discontinued business	-66,411	-168,211
Profit from continuing business	158,576	168,444
Profit for the year	92,165	233

In calculating dilution from RSU, 3,799 shares (2019: 0), could potentially dilute the profit per share in the future.

	2020	2019
Earnings per share (EPS) (DKK)	4.6	0.0
Diluted earnings per share (EPS-D) (DKK)	4.6	0.0
Earnings per share (EPS) (DKK) from continuing business	7.9	8.4
Diluted earnings per share (EPS-D) (DKK) from continuing business	7.9	8.4
Earnings per share (EPS) (DKK) from discontinued business	-3.3	-8.4
Diluted earnings per share (EPS-D) (DKK) from discontinued business	-3.3	-8.4

The 2020 per share calculations for continuing business and discontinued business are based on corresponding key figures in profit per share.

Note 2.6 Financial risk management

Currency Risk
The Group is exposed to currency fluctuations from it's activities in Germany and Sweden. The subsidiaries in the two counties are not affected, as income and costs are denominated in the local functional currency.

Management continuously assesses the significance of the Group's activities denominated in foreign currencies.

Total revenue generated in SEK for 2020 amounted to 273 million DKK (2019: 206 million DKK). Due to the reduced continuing business activities related to SEK the management consider the Groups exposure to SEK as low.

Note 2.7 Accounting policy

Revenue
Revenue comprises completed construction contracts and construction contracts in progress (contracted sales) and sales of showhouses (non-contracted sales).

Contracted sales
Contracted sales are recognised over time according to percentage-of-completion based on input from costs recognised, as all performance obligations are fulfilled on an ongoing basis through-out the construction period. The contracted sales contracts are considered to comprise of only one performance obligation, as all components are considered interrelated, and any changes to a contract will therefore be recognised as changes to the original contract and not as a separate performance obligation. The Group acts as primarily responsible for the delivery of the performance obligation and carries the risks related to the construction and is therefore considered as the principal.

The contracts are not assessed to have a significant financing component. The time value of the transaction price for contracts with a duration that exceeds 12 months is assessed insignificant, as the Group does not consume the main part of the costs before the end of the contract phase. Therefore, an adjustment of the transaction price with regards to a financing component in the contracts with customers is not required. Payment is typically due at the time of final delivery of the construction, however a small deposit is paid upon contract negotiation. The Group receives a bank guarantee in connection with the start-up of each contract, and is entitled to payment for work performed, including profit, during the project.

Contract modifications are recognised when they have been approved by all parties to the contract. Modifications and the associated revenue are accounted for based on an assessment of the stand-alone price of the modifications and an actual assessment of the elements of the contract with the other performance obligations under the sales contract.

The transfer of control and recognition of revenue are determined using input methods based on costs incurred relative to total estimated costs for the contracts, as these methods are considered to best depict the continuous transfer of control.

The selling price is measured by reference to the total expected income from each contract and the stage of completion at the reporting date. The stage of completion is determined on the basis of the costs incurred and the total expected costs.

If the outcome of a construction contract cannot be estimated reliably, revenue is only recognised corresponding to costs incurred and indirect production costs, if it is probable that these will be recovered.

The Group expenses incremental costs of obtaining a contract, as the amortisation period of the asset that the entity otherwise would have recognised is less than one year.

Note 2.7 Accounting policy (continued)

Costs in connection with sales work to secure contracts are recognised as costs in the income statement in the financial year in which they are incurred.

Non-contracted sales

For non-contracted sales, revenue is recognised in the income statement when the performance obligation is fulfilled. This is defined as the point in time when control of the non-contracted construction (sales of houses constructed on own land for which no customer contract has been entered info before construction starts) is transferred to the customer, the amount of revenue can be measured reliably and collection is probable. The transfer of control to customers takes place according to agreed delivery date. Furthermore, revenue is only recognised when it is highly probable that a significant reversal in the revenue amount will not occur.

Cost of sales

Cost of sales include costs of raw materials and consumables incurred in generating the revenue for the year.

Other external expenses

Other external expenses include the period's expenses relating to the Group's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, low-value and short-term leases, etc.

Other operating income

Other operating income includes income from secondary activities such as gains/losses from sale of property, plant and equipment.

Staff costs

Staff costs include wages and salaries, including compensated absence, share-based payments and pensions, as well as other social security contributions, etc. made to the Group's employees.

The item is net of refunds made by public authorities.

The Group has established a long-term bonus-based share programme in accordance with the current remuneration policy.

Share-based payments are recognised over the period in which the participant renders the service entitling him/her to the payment. This is, in principle, from the date of grant until the date on which the vesting conditions may have been met.

The LTI programme is classified as an equity-settled plan. The value of services received as consideration for the granted right to restricted shares is measured at the fair value of the shares at the date of grant. The fair value of the granted right to restricted shares is not subsequently adjusted. The component of the fair value that can be attributed to employees that do not meet the vesting conditions is adjusted and recognised over the vesting period.

In the consolidated financial statements, the cost is recognised as staff costs and a set-off to the recognised cost is recognised in equity over the vesting period.

In the parent company, costs associated with the LTI programme related to participants employed by subsidiaries are recognised in investments in subsidiaries, and a set-off to the recognised cost is recognised in equity over the vesting period. The LTI programme is classified as an equity-settled plan.

Special items

Special items include significant income and costs of a special nature in terms of the Group's revenue-generating operating activities which cannot be attributed directly to the Group's ordinary operating activities. Such income and costs include costs related to significant restructuring of processes and fundamental structural adjustment, as well as gains or losses arising in this connection, and which are significant.

Special items also include items such as impairment of goodwill, gains and losses on the disposal of activities and transaction cost from business combinations.

These items are classified separately in the Income Statement, in order to provide a more accurate and transparent view of the Group's recurring operating profit.

Note 2.8 Significant estimates and judgements

Construction contracts, including estimated recognition and measurement of revenue and contribution margin

At contract inception, management assesses that the contracts involve a high degree of individual customisation and satisfy the criteria for recognition over time. The assessment is based on an analysis of, among other things, the contract provisions on:

- The degree of customisation, including the alternative use potential of buildings and civil works
- The time of transfer of legal title
- Payment terms, including early termination of contract
- Enforceable right to payment for performance completion to date.

For construction contracts, management considers that they constitute a single performance obligation and that the recognition of the selling price of contracts over time is best depicted by using an input method based on costs incurred relative to budgeted project costs.

Variable elements of consideration are not recognised in revenue until it is highly probable that a reversal of the amount of consideration will not occur in future periods.

Percentage-of-completion profit recognition

A fundamental condition for being able to estimate percentage-of-completion profit recognition is that project revenues and project costs can be established reliably. This reliability is based on such factors as compliance with the Group's systems for project control and that project management has the necessary skills.

The assessment of project revenues and project costs is based on a number of estimates and assessments that depend on the experience and knowledge of project management in respect of project control, training and the prior management of project. There is a risk that the final result will differ from the profit accrued based on percentage-of-completion. At year-end, recognised revenues from contract assets amounted to DKK 567 million (2019: DKK 779 million); refer to note 3.2 Contract assets.

Section 3

Working capital

This section provides information regarding the development in the Group's working capital. This includes notes to understand the development in construction contracts and related guarantee commitments.

Information to understand the Group's low exposure towards credit risk is also contained in this section

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Note 3.1 Inventories

(DKK'000)	2020	2019
Raw materials	7,152	7,517
Show-houses and semi-detached houses (non-contracted)	118,097	228,719
Land	239,912	171,691
Write-down inventories	-5,500	-5,000
Total inventories	**359,661**	**402,927**

Note 3.2 Contract assets

(DKK'000)	2020	2019
Selling price of contract assets	566,969	778,934
Prepayments from customers	-121,493	-102,763
	445,476	**676,171**
Calculated as follows:		
Contract assets	547,977	687,676
Contract liabilities	-102,501	-11,505
	445,476	**676,171**
Prepayments from customers regarding construction contracts not yet started	**13,718**	**2,399**

(DKK'000)	2020	2019
Delivery obligations		
Within one year	2,442,900	2,273,197
After one year	245,106	38,741

There are no detained payments related to contract assets.

Note 3.2 Contract assets (continued)

Construction contracts (assets/liabilities)
Contract assets comprise the selling price of work performed where the Group does not yet have an unconditional right to payment, as the work performed has not yet been approved by the customer.

Contract liabilities comprise agreed, unconditional payments received on account for work yet to be performed. During 2020, the entire contract liability recognised at the beginning of the period has been recognised as revenue.

Payment is typically due at the time of final delivery of the construction, however a small deposit is paid upon contract negotiation. The Group receives a bank guarantee in connection with the start-up of each contract, and is entitled to payment for work performed, including profit during the project.

The decrease in contract assets in 2020 reflects the fact that the numbers of finalised and delivered projects increased in December 2020 compared to last year.

Contract liabilities showed an increase due to another mix of progress versus payments received.

Prepayments from customers are reduced compared to last year due to another mix of progress versus payments received.

Note 3.3 Trade receivables

(DKK'000)	2020	2019
Trade receivables	65,449	127,676
Provision for expected credit losses	-27,715	-28,369
Other receivables	169,717	53,769
As at 31 December	**207,451**	**153,076**
Provision for expected credit losses at 1 January	-28,369	-21,163
Exchange rate adjustment	-237	63
Arising during the year	-497	-9,747
Utilised	1,388	2,478
Provision for expected credit losses at 31 December	**-27,715**	**-28,369**

The Group receives security in the form of a bank guarantee or deposit in connection with the start-up of construction contracts and there is therefore limited risk of loss on trade receivables in connection with the Group's receivable from sales activities. The Group's trade receivables consist of invoices issued shortly before delivering the house, and no key is delivered until payment is received. The decrease in trade receivables is due to an increase in houses delivered December 2020.

Provision for losses mainly relates to special situation in Germany, where local management had entered into trades without adequate securing receivables according to the group's policies. Amounts are included in special items.

Provision for losses trade receivables in 2019 is recognised following the decision to close-down of brick houses in Sweden and Germany as well as re-assessment of provision made at year-end 2018. Amounts related to Sweden and Germany are included in discontinued operations.

Credit risks are generally managed by regular credit rating of customers and business partners. The Group has no material risks relating to a single customer or business partner. The credit risk exposure relating to dealing with private counterparties is estimated to be limited.

Write-downs for bad and doubtful debts are consequently negligible.

Other receivables include restricted cash.

Note 3.4 Guarantee commitments and contingent liabilities

(DKK'000)	2020	2019
Guarantee provision at 1 January	40,098	27,360
Exchange rate adjustment	82	-23
Arising during the year	31,291	34,649
Utilised	-30,544	-21,888
Guarantee provision at 31 December	**40,927**	**40,098**
Distributed in the balance as follows:		
Non-current liabilities	9,520	8,020
Current liabilities	31,407	32,078

At year-end, the guarantee provision amounted to DKK 41 million (2019: DKK 40 million). Provisions for future costs of guarantee commitments at one- and five- year reviews of houses delivered are recognized at the amounts expected at the balance sheet date to be required to settle the commitment.

This estimate is based on calculations, assessments by company management and experiences gained from past transactions.

Contingent liabilities

The Company is regularly involved in minor disputes, but was not a party to any major dispute at 31 December 2020.

The Company is jointly taxed with its Danish group entities and acts as management company. The Company is jointly and severally liable with other jointly-taxed group entities for payment of income taxes for the income years 2016 onward and for withholding taxes in the group of jointly-taxed entities falling due for payment on or after 1 January 2016.

Collateral

DKK 115 million of cash and short-term deposits is held in restricted accounts and released when the completed houses are delivered to the customers (2019: DKK 28 million). Restricted accounts are classified as other receivables.

The Company had issued guarantees to trade creditors of DKK 42 million as at 31 December 2020 (2019: DKK 46 million).

Contractual obligations

The Group has no material obligations not already recognised as liabilities in the financial statements.

Note 3.5 Changes in working capital

(DKK'000)	2020	2019
(Increase)/decrease in construction contracts & Inventory	289,673	-53,860
(Increase)/decrease in trade and other receivables	-49,755	-73,517
Increase/(decrease) in trade and other payables	-262,968	134,498
Total	**-23,050**	**7,121**

Note 3.6 Financial risk management

Credit risk

HusCompagniet is exposed to customers' inability to meet their financial obligations. To address this risk, the Group obtains a bank guarantee on the agreed selling price from all customers before construction starts and the customers pay on delivery. In contracts where the scope and price is subsequently changed, the bank guarantee is updated if Management considers the change to be significant. This eliminates the risk of debtor loss, as all payment rights are secured before the houses are delivered.

It is the Group's assessment that the exposure to credit risk is not significant. The current loss on debtors in 2018 and 2019 was caused by a deviation from group policy in Germany and is related to special circumstances regarding the close-down of brick houses in Sweden and Germany. The amount is recognized in special items.

Impairment of other receivables amounted to nil in 2020 and 2019.

Note 3.7 Accounting policy

Inventories
Inventories are measured at the lower of cost and net realisable value.

The cost price of raw materials includes costs of bringing each product to its present location and condition. Cost of raw materials is measured on a first-in/first-out basis.

Work in progress and finished houses (non-contracted construction)
The cost of work in progress and finished houses (non-contracted), includes costs of direct materials and labour.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Provisions
Provisions differ from other liabilities because there is a degree of uncertainty concerning when payment will occur or concerning the size of the amount required to settle the provision.

Provisions are recognised in the balance sheet when a legal or informal commitment exists due to an event that has occurred and it is probable that an outflow of resources will be required to settle the commitment and the amount can be estimated reliably.

Trade and other receivables
Receivables are measured at amortised cost. Write-down to counter losses is made according to the simplified expected credit loss model, after which the total loss is recognised immediately in the profit and loss account at the same time as the receivable is recognised in the balance sheet on the basis of expected loss during the total lifetime of the receivable.

The effective rate of interest used at the time of initial recognition is used as the discount rate for the individual receivable or portfolio.

Other receivables are deposits on leaseholds. On initial recognition, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR) less impairment. The EIR amortisation is included in financial income in the income statement. The losses arising from impairment are recognised as financial expenses in the income statement.

Other liabilities
Other liabilities which include debt to public authorities, employee-related costs payable and accruals etc. are measured at amortised cost.

Cash and cash equivalents
Cash and cash equivalents comprise cash at banks and on hand and demand deposits.

For the purpose of the consolidated financial statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, net of outstanding overdrafts.

Note 3.8 Significant estimates and judgements

Guarantee commitments
Provisions for future costs due to guarantee commitments are recognised at the amount expected to be required to settle the commitment at the balance sheet date. This estimate is based on calculations, assessments by company management and experiences gained from past transactions.

At year-end, guarantee provisions amounted to DKK 41 million (2019: DKK 40 million), refer to note 3.3 Provisions and contingent liabilities.

Section 4

Investments

In this section the Group's investments are explained. This includes investments in intangible and intangible assets, and how these are tested for impairment.

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Note 4.1 Goodwill and Intangible assets

Goodwill (DKK'000)	Goodwill	Total
2020		
Cost at 1 January	**2,108,254**	**2,108,254**
Exchange rate adjustments	9,026	9,026
Cost at 31 December	**2,117,280**	**2,117,280**
Amortisation and impairment losses at 1 January	80,700	80,700
Amortisation and impairment losses at 31 December	**80,700**	**80,700**
Carrying amount at 31 December	**2,036,580**	**2,036,580**
2019		
Cost at 1 January	**2,112,394**	**2,112,394**
Exchange rate adjustments	-4,140	-4,140
Cost at 31 December	**2,108,254**	**2,108,254**
Amortisation and impairment losses at 1 January	0	0
Impairment losses	80,700	80,700
Amortisation and impairment losses at 31 December	**80,700**	**80,700**
Carrying amount at 31 December	**2,027,554**	**2,027,554**

Note 4.1 Goodwill and Intangible assets (continued)

Intangible assets (DKK'000)	Trademarks	Software development	Total
2020			
Cost at 1 January	**29,166**	**71,676**	**100,842**
Additions	0	11,383	11,383
Exchange rate adjustments	0	-5	-5
Cost at 31 December	**29,166**	**83,054**	**112,220**
Amortisation and impairment losses at 1 January	29,166	18,373	47,539
Amortisation	0	17,895	17,895
Impairment losses	0	313	313
Exchange rate adjustments	0	0	0
Amortisation and impairment losses at 31 December	**29,166**	**36,581**	**65,747**
Carrying amount at 31 December	**0**	**46,472**	**46,472**
2019			
Cost at 1 January	**29,166**	**43,495**	**72,661**
Additions	0	28,300	28,300
Exchange rate adjustments	0	-119	-119
Cost at 31 December	**29,166**	**71,676**	**100,842**
Amortisation and impairment losses at 1 January	29,166	10,205	39,371
Amortisation	0	8,269	8,269
Exchange rate adjustments	0	-101	-101
Amortisation and impairment losses at 31 December	**29,166**	**18,373**	**47,539**
Carrying amount at 31 December	**0**	**53,303**	**53,303**

Note 4.2 Property, plant and equipment and rights of use assets

Tangible assets (DKK'000)	Right of use assets, Motor vehicles	Right of use assets, property	Other Fixtures and fittings, tools and equipment	Leasehold improvement	Total
2020					
Cost at 1 January	**29,657**	**116,704**	**45,146**	**20,476**	**211,983**
Exchange rate adjustments	0	895	145	-2	1,038
Additions	1,114	8,719	4,936	2,018	16,788
Remeasurement of lease liabilities	0	-6,984	0	0	-6,984
Disposals	-1,137	0	-7,070	0	-8,208
Cost at 31 December	**29,634**	**119,334**	**43,157**	**22,492**	**214,617**
Depreciation and impairment 1 January	**8,983**	**22,929**	**27,261**	**12,798**	**71,971**
Exchange rate adjustments	0	-119	-41	-4	-164
Depreciation	4,716	15,260	7,893	3,182	31,051
Impairment losses	0	1,826	1,905	970	4,702
Depreciation of disposals	0	0	-6,603	0	-6,603
Depreciation and impairment 31 December	**13,699**	**39,896**	**30,415**	**16,946**	**100,956**
Carrying amount at 31 December	**15,935**	**79,438**	**12,742**	**5,545**	**113,662**

Impairment losses are mainly related to discontinued business. Please refer to note 6.2.

Note 4.2 Property, plant and equipment and rights of use assets (continued)

Tangible assets (DKK'000)	**Right of use assets, Motor vehicles**	**Right of use assets, property**	**Other Fixtures and fittings, tools and equipment**	**Leasehold improvement**	**Total**
2019					
Cost at 1 January	**0**	**0**	**74,822**	**16,566**	**91,388**
Exchange rate adjustments	0	-915	-173	-21	-1,109
Transfer to rigths of use assets	31,294	0	-31,294	0	0
Effect of implementation IFRS 16, 1 January	0	117,666	0	0	117,666
Additions	5,074	3,133	4,414	3,931	16,552
Remeasurement of lease liabilities	-6,116	-3,180	0	0	-9,296
Disposals	-595	0	-2623	0	-3,218
Cost at 31 December	**29,657**	**116,704**	**45,146**	**20,476**	**211,983**
Depreciation and impairment 1 January	**0**	**0**	**25,326**	**9,743**	**35,069**
Exchange rate adjustments	0	0	-25	14	-11
Transfer to rigths of use assets	3,963	0	-3,963	0	0
Depreciation	5,020	19,157	7,753	3,041	34,971
Impairment losses	0	3,772	0	0	3,772
Depreciation of disposals	0	0	-1,830	0	-1,830
Depreciation and impairment 31 December	**8,983**	**22,929**	**27,261**	**12,798**	**71,971**
Carrying amount at 31 December	**20,674**	**93,775**	**17,885**	**7,678**	**140,012**

Note 4.3 Impairment

Goodwill and intangible assets with indefinite lives

At 31 December 2020, Management tested the carrying amount of goodwill for impairment based on the allocation of the cost of goodwill on the geographic segments.

(DKKm)	**2020**	**2019**
Cost at 1 January		
Denmark	1,761	1,761
Sweden	276	267
Carrying amount 31 December	**2,037**	**2,028**

In each individual case, the recoverable amount is calculated as the highest of the value in use and fair value less selling costs. The below descriptions state the value on which the recoverable amount is based.

The recoverable amount is based on the value in use determined using expected net cash flows based on budgets for the years 2021-2024 approved by Management and with a pre-tax discount factor of 10.7% (2019: 10.7%).

The contribution margin for the budget period is estimated based on the average historical contribution margin.

The budgeted revenue is expected to increase by an average of 14 % in the budget period (2019: 10-11%).

The budgeted revenue is driven from expectations for the future based on historical and future order-log. The Group has had succes with a historical very strong design combined with competitive prices and a large volume of showparks. The Group's market initiatives with many show houses, first in the market with continuous innovative new solution for the benefit of the house buyer and a business model where the buyer first pays house upon delivery is a significant factor in driving the future revenue.

The weighted average growth rate used in connection with extrapolation of future net cash flows for the years after 2024 is estimated to 2% (2019: 2%). The growth rate is not assessed to exceed the long-term average growth rate within the Company's markets.

Sensitivity analysis

Management assesses that a probable changes in the basic assumptions would not cause the carrying amount of goodwill would exceed recoverable value.

Note 4.4 Accounting policy

Goodwill
At the acquisition date goodwill is recognised in the balance sheet at cost as described under Business combinations. Subsequently, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but is tested for impairment at least once a year. Goodwill is written down to the recoverable amount if the carrying amount is higher than the computed recoverable amount. The recoverable amount is computed as the present value of the expected future net cash flows from the enterprises or activities to which the goodwill is allocated. Impairment of goodwill is not reversed.

The carrying amount of goodwill is allocated to the Group's cash-generating units at the acquisition date. Identification of cash-generating units is based on the management structure and internal financial control.

Intangible assets

Trademarks
Trademarks are initially recognised at cost. Subsequently, trademarks are measured at cost less accumulated amortisation and impairment. Trademarks are amortised on a straight-line basis over their estimated useful lives up to no more than 10 years.

Trademarks are tested for impairment on an annual basis using the relief-from-royalty method and based on future free cash flows expected to be generated by the individual trademark during the following five years and and projections for subsequent years.

Software development projects

Software development projects that are clearly defined and identifiable where the technical equality, sufficient resources, and a potential future market or potential for use in the group can be demonstrated and where it is intended to manufacture, market or use project.

These assets are recognised as intangible assets if the cost price can be reliably determined and there is sufficient reasonable assurance that future earnings or the net selling price may cover production, sales, administration and development costs.

Other development costs are recognised in the income statement under research and development costs, as costs likely to be held.

Recognised development costs are measured at cost less accumulated depreciation and impairment losses. Cost includes salaries, depreciation and other costs attibutable to the Group's development activities and borrowing costs from specific and general borrowing that relate directly to the development of development projects.

Upon completion of the development work, development projects are amortised on a straight-line basis over the assessment period economic life from the time the asset is ready for use. The amortisation period usually constitutes 3-5 years. The amortisation basis is reduced by any write-downs.

Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, other plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost comprises the purchase price and costs of materials, components, suppliers, direct wages and salaries and indirect production costs until the date when the asset is available for use.

Depreciation is provided on a straight-line basis over the expected useful lives, which are 3-5 years for operating assets and equipment, and 3-5 years for leasehold improvements.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it will measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions at the acquisition date.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for the non-controlling interest over the net identifiable assets acquired and liabilities assumed.

Lease agreements

The Company has lease contracts for leaseholds, vehicles and other equipment used in its operations. Lease of leaseholds generally has lease terms between 3 and 5 years, while vehicles generally have lease terms between 5 and 6 years. Generally, the Company is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension and termination options and variable lease payments. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

The lease obligation is measured at amortised cost using the effective interest rate method. The lease obligation is remeasured when changes in the underlying contractual cash flows occur from e.g. changes in an index or a borrowing rate, changes in determining whether extension and termination options are reasonably certain to be exercised.

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less

Note 4.4 Accounting policy (continued)

any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease agreements. Subsequently the right-of-use asset is measured at cost less accumulated depreciation and impairment losses.

The right-of-use asset is adjusted for changes in the lease obligation as a consequence of changes in lease terms or changes in the cash flows of the lease agreement upon changes in an index or a borrowing rate.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Leaseholds:	3-5 years
Cars:	5-6 years

The Company presents lease assets and lease obligations separately in the balance sheet.

The Company also has certain leases of other equipment with lease terms of 12 months or less and leases of office equipment with low value. The Company applies the short-term lease and lease of low-value assets' recognition exemptions for these leases.

Note 4.5 Significant estimates and judgements

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset.

The value in use calculation is based on a Discounted Cash Flow model.

The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested.

The recoverable amount is sensitive to the discount rate used for the DCF model as well as the

Note 4.5 Significant estimates and judgements (continued)

expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill with indefinite useful lives recognised by the Group.

The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in Note 4.4.

Leases – Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease. Therefore, it uses its incremental borrowing rate to measure lease liabilities. The incremental borrowing rate is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rate therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the incremental borrowing rate using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating). In determining its incremental borrowing rate, the Company groups its lease assets in two categories in which the Company assesses that the lease agreements and the underlying assets in each category have the same characteristica and risk profile. The categories are as follows:

- Leaseholds
- Cars

The Company determines its incremental borrowing rate for the above categories in relation to the first recognition in the balance sheet. Moreover, it is determined in connection with subsequent changes in the underlying contractual cash flows upon changes in the estimation of a changed assessment of the use of the extension or termination options or in case of altered agreements.

In the determination of the incremental borrowing rate for leaseholds the Company has performed its determination based on an interest rate from a mortgage loan with a loan maturity that resembles the maturity of the lease agreements. The rate on the financing of the part where a mortgage loan cannot be accomplished, has been estimated based on a reference rate with a supplement of a credit margin from the Company's existing credit facilities. The Company has adjusted the credit margin for lessor's right to take back the asset in case of violation of the lease payments (secured debt).

The Company has determined its incremental borrowing rate on lease agreements regarding cars with basis on a reference rate with a credit margin from the Company's existing credit facilities. The apllied incremental borrowing rates are 5-6%.

Section 5

Funding and capital structure

This sections includes information regarding the Group's capital structure, and information on how the activities and investments of the Group is funded.

Information regarding the Group's exposure towards liquidity and interest rate risk is also contained in this section.

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Note 5.1 Equity

(DKK'000)	Nominal value	Number of shares
2020		
Share capital		
Share capital at 1 January (issued and fully paid)	14,689	14,688,999
Additions	85,311	5,311,001
Share capital at 31 December	**100,000**	**20,000,000**
2019		
Share capital		
Share capital at 1 January (issued and fully paid)	14,689	14,689
Additions	0	0
Share capital at 31 December	**14,689**	**14,689**

The Company's share capital is nominally DKK 100,000,000 divided into 20,000,000 shares of DKK 5 each or multiples hereof. On 5 November 2020 HusCompagniet A/S increased its share capital by a nominal amount of DKK 85,311,001 from DKK 14,688,999 to DKK 100,000,000. The share capital increase was issued through free reserves.

The Company purchased 136.752 number of treasury shares the 18 November 2020. The treasury shares coveres the long-term incentive programme. The long-term incentive programme is described in further detail in note 2.3.

Note 5.2 Borrowings and non-current liabilities

(DKK'000)	2020	2019
Borrowings		
Non-current liabilities	753,974	783,342
Current liabilities	21,011	1,031,162
Total carrying amount	**774,985**	**1,814,504**
Nominal value	796,204	1,855,290
Interest-bearing borrowings, incl. leases liabilities		
Interest-bearing borrowings, 1 January	1,814,504	1,558,267
Additions	675,000	7,612
Implementing IFRS 16	13,416	117,666
Change short-time bank overdraft	-900,764	264,200
Repayments	-826,866	-122,959
Other (amortised cost, remeassurement leasing liabilities IFRS 16 etc.)	-6,066	-7,274
Exchange rate adjustments	5,761	-3,008
Interest-bearing borrowings, 31 December	**774,985**	**1,814,504**

DKK'000	Currency	Interest rate	Average interest rate	Carrying amount
2020				
Bank borrowings	DKK	Floating	3.24%	671,611
Commitments on leasing agreements	DKK	Fixed-rate	5.80%	103,375
				774,985
2019				
Bank borrowings	DKK	Floating	3.70%	1,693,607
Commitments on leasing agreements	DKK	Fixed-rate	4.38%	120,897
				1,814,504

Investments in subsidiaries have been provided as security for balances with Nordea and Danske Bank, covering all bank borrowings. As part of the listing the Group entered into a new bank facility agreement. This has implied that for accounting purposes under IFRS the Group will no longer have a gross position of cash and short term bank overdrafts. Cash and cash equivalents at 31 December 2019 of: DKK 1,011 million was under the previous financing agreement of the Group in terms of availability nettet with short term bank overdraft of DKK 901 million, i.e. the net available cash and cash equivalent amount to the net of DKK 110 million.

Note 5.3 Lease liabilities

(DKK'000)	2020	2019
Lease liabilities		
Maturity of lease liabilities		
Due within 1 year	20,563	21,020
Due between 1 and 5 years	56,178	58,919
Due after 5 years	26,634	40,958
Total lease liabilities 31 December	103,375	120,897
Lease liabilities recognised in balance sheet		
• Hereof current lease liabilities	20,563	21,020
• Hereof non-current lease liabilities	82,811	99,877
Amounts recognised in income statement		
Interest expenses related to lease liabilities	6,146	5,697
Costs related to short-term leases (included in cost of sales)	14	17
Costs related to leasing contracts of low value (included in operating expenses)	0	59
Total amount recognised in income statement	**6,160**	**6,580**

Reference is made to note 4.2 for statement of right of use assets in connection with lease liabilities

Note 5.4 Financial income and expenses

Financial income and financial expenses (DKK'000)	**2020**	**2019**
Financial income		
Interests received from banks*	27,853	14,062
Exchange rate gains	0	2
Other financial income	44	30
Total financial income	**27,897**	**14,094**
Financial expenses		
Interest paid to banks*	59,202	55,621
Interest lease liabilities	6,146	5,697
Exchange rate losses	40	62
Other financial cost	7,718	3,509
Total financial expenses	**73,106**	**64,889**
Net financials	**-45,209**	**-50,795**

* Interest income and expenses from financial assets and financial liabilities measured at amortised cost.

Note 5.5 Financial risk management

HusCompagniet group's activities and capital structure is exposed to a variety of financial risks: Market risks (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. Group management oversees the management of these risks in accordance with the Group's risk management policies.

This section includes description of the risks related to liquidity risk and interest rate risk. Please refer to section 2 for description of currency risk, and section 3 for description of credit risk.

Liquidity risk

HusCompagniet does not receive payment until construction is finished and the house is handed over to the client.

Accordingly, the Group needs sufficient credit facilities to fund constructions in progress.

The Group continues monitoring the need of liquidity. At 31 December 2020, the Group has an undrawn credit facility of DKK 400 million to ensure that the Group is able to meet its obligations (2019: DKK 449 million). Management considers the credit availability to be sufficient for the next 12 months.

The below presented cash flows are non-discounted amounts, on the earliest possible date at which the Group can be required to settle the financial liability. Floating interest payments on bank borrowings have been determined applying a forward curve on the underlying interest rate at the reporting date.

Note 5.5 Financial risk management (continued)

Contractual maturity analysis of financial liabilities (DKK'000)	Due within 1 year	Due between 1 and 3 years	Due between 3 and 5 years	Due after 5 years	Total contractual cash flow	Carrying amount
2020						
Non-derivative financial liabilities						
Trade and other payables	402,998	0	0	0	402,998	402,998
Bank Borrowings	10,918	20,925	695,925	0	727,768	671,611
Lease liabilities	29,258	41,218	23,149	29,831	123,456	103,375
Other Liabilities	176,537	0	0	0	176,537	176,537
Total non-derivative financial liabilities	**619,711**	**62,143**	**719,074**	**29,831**	**1,430,759**	**1,354,520**
Total non-derivative financial liabilities	**619,711**	**62,143**	**719,074**	**29,831**	**1,430,759**	**1,354,520**
2019						
Non-derivative financial liabilities						
Trade and other payables	674,669	0	0	0	674,669	674,669
Bank Borrowings	1,071,290	732,177	0	0	1,803,467	1,693,607
Lease liabilities	27,794	51,377	17,110	47,987	144,268	120,897
Other Liabilities	145,441	0	0	0	145,441	145,441
Total non-derivative financial liabilities	**1,919,194**	**783,554**	**17,110**	**47,987**	**2,767,845**	**2,634,614**
Total non-derivative financial liabilities	**1,919,194**	**783,554**	**17,110**	**47,987**	**2,767,845**	**2,634,614**

The presented cash flows are non-discounted amounts, on the earliest possible date at which the Group can be required to settle the financial liability. Floating interest payments on bank borrowings have been determined applying a forward curve on the underlying interest rate at the reporting date.

Interest rate risk

HusCompagniet is exposed to fluctuations in market interest rates primarily related to the Group's long-term loan with floating rates.

The Group aims to keep a reasonable part of its borrowings at fixed interest rates.

At 31 December 2020 the Group's long-term debt is kept at floating rates.

If the interest rate increased (decreased) by 1% the effect on interest during 2020 would have been DKK 6.7 million (2019: DKK 16.9 million).

* As part of the listing the Group entered into a new bank facility agreement. This has implied that for accounting purposes under IFRS the Group will no longer have a gross position of cash and short term bank overdrafts. Cash and cash equivalents at 31 December 2019 of: DKK 1,011 million was under the previous financing agreement of the Group in terms of availability nettet with short term bank overdraft of DKK 901 million, i.e. the net available cash and cash equivalent amount to the net amount of DKK 110 million.

Categories of financial assets and financial liabilities measured at amortised cost (DKK'000)	2020	2019
Cash and receivables*	77,916	1,010,822
Receivables	207,451	153,076
Bank Borrowings	671,611	1,693,607
Lease liabilities	103,375	120,897
Trade and other payables	402,998	674,669
Other liabilities	176,537	145,441

It is estimated that the fair value of financial assets and liabilities corresponds to carrying amount in balance sheet.

Note 5.6 Accounting policy

Equity

Dividends

The expected dividend payment for the year is disclosed as a separate item in equity. Proposed dividends are recognised as a liability at the date they are adopted by the annual general meeting (declaration date).

Foreign currency translation reserve

The reserve comprises currency translation adjustments arising on the translation of financial statements of foreign subsidiaries from their functional currencies into the presentation currency used by HusCompagniet.

Financial income and expenses

Financial income and expenses comprise interest income and expenses including interest on leases, cost of permanent loan facilities, gains and losses on securities, receivables, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities, etc.

Financial assets

Financial assets are classified as receivables. The Group determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at fair value plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

Financial liabilities

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, carried at amortised cost. This includes directly attributable transaction costs.

The Group's financial liabilities comprise trade payables, borrowings and other payables(primarily staff-related costs not due for payment).

Section 6

Other disclosures

This section includes other disclosures required by IFRS or additional disclosure requirements for Danish listed companies.

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Note 6.1 Tax

(DKK'000)	2020	2019
Tax		
Tax for the year can be specified as follows		
Tax on profit from continued operations	16,419	51,691
Tax on profit from discontinued operations	50,221	-24,139
Income taxes in the income statement	**66,640**	**27,552**
Current tax continued operations		
Income tax	34,613	36,937
Movement in deferred tax	-21,648	14,774
Adjustment relating to previous years	3,454	-20
Income taxes in the income statement	**16,419**	**51,691**
Profit before tax	**174,995**	**220,134**
Tax rate, Denmark	22.00%	22.00%
Tax at the applicable rate	38,499	48,430
Non-taxable income	-42,231	-17,754
Expenses not deductible for tax purposes	18,118	19,975
Adjustments relating to prior years	3,452	-20
Effective change in tax rate	0	0
Other	-1,419	1,060
Tax expense for the year	**16,419**	**51,691**
Effective tax rate, %	**9.38%**	**23.48%**

Expenses not deductible for tax purpose in 2020 primarily relates to costs related to transactions (incl. IPO). Expense not deductible for tax purpose 2019 primarily relates to impairment goodwill.

	2020	2019
Deferred tax		
Deferred tax at 1 January	**-23,629**	**-13,564**
Recognised in profit or loss, continued business	-21,646	14,774
Recognised in profit or loss, discontinued business	46,584	-24,139
Adjustments relating to prior years	137	0
Exchange differences	223	-700
Deferred tax at 31 December	**-1,669**	**-23,629**

Note 6.1 Tax (continued)

Deferred tax is presented in the statement of financial position as follows:

(DKK'000)	Deferred tax asset 2020	Deferred tax liability 2020	Deferred tax asset 2019	Deferred tax liability 2019
Intangible assets	-10,224	0	0	481
Right-of-use assets and Property, plant and equipment	2,164	0	0	-642
Construction contracts	-19,835	0	0	20,103
Other payables	1,100	0	0	-11
Tax loss carried forward	31,429	2,966	43,374	-186
Deferred tax	**4,634**	**2,966**	**43,374**	**19,745**

Corporation tax payable (DKK'000)	2020	2019
Corporation tax payable at 1 January	**36,179**	**46,105**
Foreign exchange adjustments	211	151
Adjustment of corporation tax related to prior year	3,738	-20
Current tax including jointly taxed subsidiaries, from continued business	38,056	36,937
Current tax including joinly tax subsidaries, from discontinued business	3,247	0
Corporation tax paid during the year	-45,526	-46,993
Corporation tax payable at 31 December	**35,905**	**36,180**

Note 6.2 Discontinued operations

In 2019, the Group decided to close down its German activities and to focus on its original core market segments. The decision was driven by the difficulty of establishing a network of suppliers to support its business and of establishing significant brand recognition in a new large market. Also in 2019, the Group decided to cease its Swedish brick-house business activities due to the substantial differences in the supply and sales process in Sweden as compared to Denmark and due to Swedish customer preferences for wood rather than brick houses. The German and Swedish brick house activities were closed down during September 2020.

As part of the discontinuation of the operations assets were impaired by DKK 7.5 million at 30 September 2020. The impairment has been recognised in the Group's result under discontinued operations.

(DKK'000)	2020	2019
Revenue	182,583	209,774
Expenses	-186,275	393,924
Impairment	-6.567	0
Operating income	**-10,259**	**-184,151**
Finance Costs	-5,931	8,199
Profit/(loss) before tax from discontinued operations	**-16,190**	**-192,349**
Tax on profit/(loss)	-50,221	24,139
Profit/(loss) after tax for the period from discontinued operations	**-66,411**	**-168,211**
Earnings per share (EPS) (DKK) from discontinued business	-3.3	-8.4
Diluted earnings per share (EPS-D) (DKK) from discontinued business	-3.3	-8.4

The net cash flows generated /(incurred) by the business segments brick houses in Sweden and the operations in Germany are, as follows:

(DKK'000)	2020	2019
Operating	17,093	-1,104
Investing	0	119
Financing	-4,067	-124,340
Net cash inflow/(outflow)	**13,026**	**-125,325**

Note 6.3 Leasing contracts not yet effective

The Company leases properties and equipment under leasing contracts. The term of the leases are usually between 1-13 years with possible extension. None of the leasing contracts include conditional lease payments. Beginning 1 January 2019 the Company has implemeted IFRS16 and therefore leasing contracts is included in right of use assets.

Leasing contracts not effective before after year-end is not included in rights of use assets and is included in below statement of total contractual obligations.

(DKK'000)	0-1 year	1-5 years	> 5 years	Total
2020				
Leasing contracts not yet effective	987	8,219	2,682	11,888
Total contractual obligations	**987**	**8,219**	**2,682**	**11,888**
2019				
Leasing contracts not yet effective	913	7,643	11,558	20,114
Total contractual obligations	**913**	**7,643**	**11,558**	**20,114**

Note 6.4 Other non-cash items

(DKK'000)	2020	2019
Amortisation and impairment losses of intangible assets	18,209	8,269
Depreciation of property, plant and equipment	29,148	15,263
Movements in provisions recognised in the income statement	828	1,951
Non-cash financial items	44,814	46,872
Other non-cash items	**92,999**	**72,355**

Note 6.5 Related parties

Transactions with Executive Management & Board of Directors

Transactions with Executive Management & Board of Directors include transactions with companies controlled by the Executive Management & Board of Directors. Reference is made to note 2.2 and note 2.3.

Related parties with a significant influence

Related parties with a significant influence include EQT's fond VI.

Significant transactions between the Group and related parties with a significant influence

There were no transactions between the Group and related parties with a significant influence in 2020 (2019: no transactions).

Note 6.6 Auditor's fee

Fees to auditors (DKK'000)	Group 2020	Group 2019	Parent 2020	Parent 2019
Audit Services	1,000	1,059	215	276
Assurance engagmenets*	5,060	97	5,021	97
Tax advice services	74	247	0	182
Other non-audit services*	4,563	690	3,621	664
Total	**10,697**	**2,093**	**8,857**	**1,219**

*The fee for non-audit services and assurance engagements delivered by EY Godkendt Revisionspartnerselskab to the Group amounts to DKK 9.6 million (2019: DKK 0.8 million) and consists of other assurance engagements related the IPO, advisory, tax assistance and tax services, sundry accounting advisory.

Note 6.7 Events after the balance sheet date

No other material events have occurred between 31 December 2020 and the date of publication of this annual report that have not already been included in this annual report and that would have a material effect on the assessment of the company's financial position.

Note 6.8 List of Group companies

Investment in group companies comprise the following at 31 December 2020.

Name	**Country of incorporation**	**% equity interest 2020**	**% equity interest 2019**
HusCompagniet Holding A/S	Denmark	100%	100%
HusCompagniet Danmark A/S	Denmark	100%	100%
RækkehusCompagniet A/S	Denmark	100%	100%
Strandroseparken område B ApS	Denmark	100%	100%
Strandroseparken område C ApS	Denmark	100%	100%
Svenska Huscompagniet AB	Sweden	100%	100%
VårgårdaHus AB	Sweden	100%	100%
HusCompagniet Sverige AB	Sweden	100%	100%
Svenska HusCompagniet Fastighetsutveckling AB	Sweden	100%	100%
Svenska HusCompagniet Fastighetsutveckling Allerum 1 AB	Sweden	100%	100%
Svenska HusCompagniet Fastighetsutveckling Allerum 2 AB	Sweden	100%	100%
Die Haus-Compagnie GmbH*	Germany	100%	100%

* Die Haus-Compagnie GmbH, Deutschland sind eine vollständig konsolidierte Tochtergesellschaft, die Freistellungsbestimmung in § 264, Absatz 3 HGB nutzen.

Note 6.9 Definitions

Definition of key figures and ratios

The financial ratios under consolidated key figures have been calculated as follows:

Gross margin	Gross profit x 100 / Revenue
EBITA margin margin before special items	EBITA before special items x 100 / Revenue
EBITA margin margin after special items	EBITA after special items x 100 / Revenue
Earnings per share*	Profit for the year excl. non-controlling interests / Average number of outstanding shares
Diluted earnings per share*	Profit for the year excl. non-controlling interests / Diluted average number of outstanding shares
Dividend per share	Proposed dividend for the year / Number of shares at the end of the year
Market value	Number of outstanding shares x share price end of year
NIBD/EBITDA before special items	Net interest bearing debt, year-end / EBITDA before special items

*Earnings per share (EPS) and diluted earnings (EPS-D) are determined in accordance with IAS 33

Glossary

EBITDA before special items: Operating profit before depreciations, amortisations, financial items, tax and special items

EBITA before special items: Operating profit before amortisations, financial items, tax and special items

EBITA: Operating profit before amortisation, financial items and tax

EBIT: Operating profit before financial items and tax

Net working capital (NWC): Trade receivables, other receivables and other current operating assets less trade payables, other payables and other current operational liabilities

Net interest bearing debt: Cash less bank loans and other loans less bank debt less lease liabilities

Special items: Special items comprise non-recurring income and expenses, reference to note 2.4

Margin before special items: Consists of defined margins adjusted for special items

Key figures and ratios

The ratios have been calculated in accordance with www.keyratios.org/ issued by CFA Society Denmark. The ratios mentioned in the five-year summary are calculated as described in the definitions above.

ESG key figures have been calculated in accordance with FSR - Danish Auditors, CFA Society Denmark and Nasdaq’s 15 suggestions on standardised ESG key figures for the annual report.

Note 6.10 Accounting policy

Current income tax

The parent company is jointly taxed with all Danish subsidiaries. The current Danish corporation tax is allocated between the jointly-taxed companies in proportion to their taxable income. The jointly-taxed companies are taxed under the on-account tax scheme.

Tax for the year comprises current tax and changes in 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 amounts recognised in other comprehensive income is recognised in other comprehensive income.

Current tax payable is recognized in current liabilities and deferred tax is recognised in non-current liabilities. Tax receivable is recognised in current assets and deferred tax assets are recognised in non-current assets.

Deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the period, adjusted for tax on the taxable income of prior periods and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable values.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Discontinued business

Discontinued operations are a considerable component of the entity the operations and cash flows of which can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the entity and that have either been disposed of or is classified as held for sale and expected to be disposed of within one year according to a formal plan. Net profit/(loss) from discontinued operations and value adjustments after tax of the associated assets and liabilities and gains/losses on sale are presented as a separate line in the income statement with restated comparative figures for 2019. Revenue, expenses, value adjustments and tax of discontinued operations are disclosed in the notes. Assets and related liabilities for discontinued operations are reported as separate line items in the balance sheet without restatement of comparative figures. Cash flows from the operating, investing and financing activities of discontinued operations are disclosed in note 6.2

Note 6.11 Significant estimates and judgements

Recovery of deferred tax assets

Deferred tax assets are recognised for all unused tax losses, in the to the extent that it is considered likely that tax surpluses in which deficits can be offset. Determining the amount recognised for deferred tax assets are based on estimates of the likely timing of the and the amount of future taxable profits.

From 2019 the Group has changed the transfer-pricing setup. A marketing contribution is provided from Denmark to Sweden and Germany to ensure that an appropriate EBIT result is achieved in the respective countries.

The Group has applied for reopening of tax return in Sweden, Germany and Denmark for the years 2015-2018.

As of December 31, 2020, the Group estimated that tax losses with a tax value of 21,8 million DKK will be realised in the context of reopening transfer-pricing adjustments for the years 2015-2018.

Parent Company

Income statement – parent

DKK'000	Note	2020	2019
Revenue		15,725	15,916
Staff cost	2	-11,813	-12,873
Other external expenses		-1,747	-1,911
Operating profit before depreciation and amortisation (EBITDA) before special items		**2,165**	**1,132**
Special items	3	-99,677	-12,861
Operating profit before depreciation and amortisation (EBITDA) after special items		**-97,511**	**-11,729**
Depreciation and amortisation		0	0
Operating profit (EBIT)		**-97,511**	**-11,729**
Share of result of subsidiary companies after tax	6	226,332	42,290
Financial expenses	4	-48,294	-39,427
Profit before tax		**80,527**	**-8,866**
Tax on profit	5	11,638	-9,099
Profit for the year		**92,165**	**233**
Profits attributable to:			
Equity owners of the Company		92,165	233

Statement of other comprehensive income DKK'000	Note	2020	2019
Profit for the year		**92,165**	**233**
Other comprehensive income			
Items that may be reclassified to the income statement in subsequent periods			
Foreign currency translation differences, subsidiary		3,236	163
Other comprehensive income, net of tax		**3,326**	**163**
Total comprehensive income for the year		**95,401**	**396**
Total comprehensive income attributable to:			
Equity owners of the Company		95,401	396

Balance sheet – parent

DKK'000	Note	2020	2019
Assets			
Non-current assets			
Deferred tax asset		0	3,264
Investments in subsidiaries	6	2,964,196	2,734,641
Total non-current assets		**2,964,196**	**2,737,905**
Current assets			
Income tax receivable	5	18,332	8,333
Receivables from affiliated companies		51,126	62,603
Total current assets		**69,458**	**70,936**
Total assets		**3,033,654**	**2,808,841**

DKK'000	Note	2020	2019
Equity and liabilities			
Equity			
Share capital		100,000	14,689
Retained earnings and other reserves		1,757,191	1,762,658
Total equity		**1,857,191**	**1,777,347**
Liabilities			
Non-current liabilities			
Interest-bearing long term debt	9	671,163	616,713
Total non-current liabilities		**671,163**	**616,713**
Current liabilities			
Credit institutions	9	0	403,353
Trade and other payables		28,530	9,872
Payables to affiliated companies		471,280	0
Other liabilities		5,490	1,556
Total current liabilities		**505,300**	**414,781**
Total liabilities		**1,176,463**	**1,031,494**
Total equity and liabilities		**3,033,654**	**2,808,841**

Reference to off-balance sheet notes: Other disclosures 9

Statement of cash flows – parent

DKK'000	Note	2020	2019
Cash flow from operating activities			
Profit before tax		80,527	-8,866
Changes in working capital	7	22,592	-9,151
Adjustments for non-cash items	8	-178,038	-2,863
Interest paid		-39,844	-34,216
Corporation tax received		4,903	5,294
Net cash generated from operating activities		**-109,860**	**-49,802**
Cash flow from financing activities			
Change in intercompany balances		482,757	-62,603
Repayment of long-term debt	9	-695,000	-60,000
Proceeds from loans	9	675,000	0
Net cash generated from financing activities		**462,757**	**-122,603**
Total cash flows		**352,897**	**-172,405**
Cash and cash equivalents at 1 January		-337,353	-164,950
Net foreign currency gains or losses		-15,544	2
Cash and cash equivalents at 31 December		**0**	**-337,353**

DKK'000	Note	2020	2019
Cash and cash equivalents			
Cash at bank and on hand		0	0
Cash and cash equivalents as at 31 December		**0**	**0**
Bank overdrafts		0	-337,353
Net cash and cash equivalents as at 31 December		**0**	**-337,353**

Statement of changes in equity – parent

DKK'000	Share capital	Revaluations reserve under the equity method	Retained earnings	Proposed dividend	Total
2020					
Equity at 1 January	**14,689**	**417,584**	**1,345,074**	**0**	**1,777,347**
Profit for the period	**0**	**0**	**92,165**	**0**	**92,165**
Reserve for Net Revaluation according to Equity Method	**0**	**226,332**	**-226,332**	**0**	**0**
Other comprehensive income:					
Foreign currency translation differences, subsidiary	0	3,235	0	0	3,235
Total other comprehensive income	**0**	**3,235**	**0**	**0**	**3,235**
Transactions with owners of the Company and other equity transactions:					
Increase in capital	85,311	0	-85,311	0	0
Value of share-based payment	0	0	444	0	444
Purchase of own shares	0	0	-16,000	0	-16,000
Proposed dividends	0	0	-60,000	60,000	0
Total transactions with owners of the Company and other equity transactions	**85,311**	**0**	**-160,867**	**60,000**	**-15,556**
Equity on 31 December	**100,000**	**647,151**	**1,050,040**	**60,000**	**1,857,191**
2019					
Equity at 1 January	**14,689**	**303,962**	**1,458,385**	**0**	**1,777,036**
Merger 1 January 2019	**0**	**71,254**	**-71,254**	**0**	**0**
Profit for the period	**0**	**0**	**233**	**0**	**233**
Reserve for Net Revaluation according to Equity Method	**0**	**42,290**	**-42,290**	**0**	**0**
Other comprehensive income:					
Foreign currency translation differences	0	78	0	0	78
Total other comprehensive income	**0**	**78**	**0**	**0**	**78**
Transactions with owners of the Company and other equity transactions:					
Total transactions with owners of the Company and other equity transactions	**0**	**0**	**0**	**0**	**0**
Equity on 31 December	**14,689**	**417,584**	**1,345,074**	**0**	**1,777,347**

Parent Company financial statements

Notes

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Note 1 Summary of significant accounting policies

Basis of preparation

HusCompagniet A/S is a merger of Diego HC A/S and Diego HC TopCo A/S, with Diego HC TopCo A/S as the continuing company (name is changed to HusCompagniet A/S). The merge is effective 1 January 2020. Key figures and comparable figures in the financial statements have been adjusted according to this. The merger has been accounted for in accordance with the pooling-of-interest method by which the net assets of the merged companies are recognised as of 1 January 2020. The separate financial statements are prepared in accordance with International Financial Reporting Standards as endorsed by the EU ("IFRS") and additional requirements of the Danish Financial Statements Act, applying to large reporting class D entities.

The separate financial statements have been prepared on a historical cost basis, except as noted in the various accounting policies.

These separate financial statements are expressed in DKK, as this is HusCompagniet's functional and presentation currency. All values are rounded to the nearest thousand DKK '000 where indicated.

Investments in subsidiaries

The Company's investments in subsidiaries are accounted for using the equity-method.

Under the equity method, the investments in subsidiaries are initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Company's share of net assets of the subsidiary since the acquisition date. Goodwill relating to the subsidiary is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit or loss reflects the Company's share of the results of operations of the subsidiary. Any change in OCI of those investees is presented as part of the Company's OCI. In addition, when there has been a change recognised directly in the equity of the subsidiary, the Company recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Company and the subsidiaries are eliminated in the subsidiary

The aggregate of the Company's share of profit or loss of an subsidiary is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests of the subsidiary.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Company.

After application of the equity method, the Company determines whether it is necessary to recognise an impairment loss on its investment in its subsidiaries. At each reporting date, the Company determines whether there is objective evidence that the investment in the subsidiary is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the subsidiary and its carrying value, and then recognises the loss as 'Share of profit of a subsidiary' in the income statement.

Note 2 Costs including staff costs and remuneration

DKK'000	2020	2019
Staff costs		
Wages and salaries	55,001	12,756
Defined contribution plans	96	0
Other social security costs	21	18
Other staff costs	0	99
Share-based remuneration	139	0
Transferred to special items	-43,444	0
Total	**11,813**	**12,873**
Average number of full-time employees	2	2

DKK'000	2020	2019
Remuneration of Board of Directors		
Base salary and non-monetary benefits	1,249	1,142
One-time bonus award*	7,558	0
Total remuneration	**8,807**	**1,142**
Remuneration of Executive Management.		
Base salary and non-monetary benefits	5,638	10,731
Share-based remuneration	139	0
Bonus	4,736	2,441
One-time bonus award*	25,245	0
Severance payment	11,641	0
Total remuneration	**47,398**	**13,172**

DKK'000	2020	2019
Remuneration to the Executive management		
Martin-Ravn Nielsen (CEO from May 2020):		
Salary	2,442	0
Bonus	2,447	0
One-time bonus award*	14,900	0
Share-based payment	82	0
	19,871	**0**
Mads Dehlsen Winther (CFO from September 2019):		
Salary	3,196	959
Bonus	2,289	490
One-time bonus award*	10,345	0
Share-based payment	57	0
	15,887	**1,449**

* Executive management (amongst other employees) were eligible to recevibe a cash-based bonus ("One-time Bonus") subject to the completion of the listing of the Group. Costs related to one-time bonus awards are classified as special items.

* Part of the management remuneration is partly paid by group companies.

The long term incentive programme is described in note 2.3 in Group.

Note 3 Special items

(DKK'000)	2020	2019
• Strategic organisational changes	6,279	6,325
• Costs in connection with acquisition and vendor due diligence	7,700	6,536
• Cost related to IPO	85,258	0
• Other special items	440	0
Total special items	**99,677**	**12,861**

(DKK'000)	2020	2019
Reconciliation of EBITDA		
Operating profit before depreciation and amortisation	-97,511	-11,729
Special items	99,677	12,861
Operating profit before depreciation and amortisation (EBITDA) before special items	**2,165**	**1,132**

IPO related costs comprises of various consultency fee's related the listing and to bonuses for a number of employees for a successful transaction, including but not limited to CEO, CFO, former CEO and board members. Strategic organisation changes includes severance payment for former senior management and employees.

Note 4 Finance costs

(DKK'000)	2020	2019
Interests paid to banks*	44,282	39,304
Exchange rate losses	11	31
Other financial cost	4,001	92
Total financial costs	**48,294**	**39,427**

* Interest income and expenses from financial assets and financial liabilities measured at amortised cost.

Note 5 Income taxes

(DKK'000)	2020	2019
Current tax		
Income tax	-18,332	-8,333
Movement in deferred tax	3,264	-746
Adjustment relating to previous years	3,430	-20
Income taxes in the income statement	**-11,638**	**-9,099**

Adjustment relating to previous years is due to limitid interest deduction.

Profit before tax	**80,527**	**-7,806**
Tax rate, Denmark	22.00%	22.00%
Tax at the applicable rate	17,716	-1,950
Non-taxable income	-49,793	-9,304
Expenses not deductible for tax purposes	17,010	1,462
Adjustments relating to prior years	3,430	-20
Other	0	713
Tax expense for the year	**-11,638**	**9,099**
Effective tax rate, %	**-14%**	**103%**
Deferred tax		
Deferred tax at 1 January	**-3,264**	**-2,518**
Recognised in profit or loss	3,264	-746
Deferred tax at 31 December	**0**	**-3,264**

Note 5 Income taxes (continued)

Deferred tax is presented in the statement of financial position as follows:

(DKK'000)	Deferred tax asset 2020	Deferred tax liability 2020	Deferred tax asset 2019	Deferred tax liability 2019
Tangible assets	0	0	3,264	0
Deferred tax	**0**	**0**	**3,264**	**0**

(DKK'000)	2020	2019
Corporation tax payable at 1 January	**-8,333**	**-5,274**
Current tax including jointly taxed subsidiaries	-18,332	-8,333
Corporation tax paid during the year	4,903	5,294
Adjustment relating to prior year	3,430	-20
Corporation tax payable at 31 December	**-18,332**	**-8,333**

Note 6 Investments in subsidiaries

Investments in subsidiaries (DKK'000)	2020	2019
Cost at 1 January	2,317,057	2,317,057
Additions	0	0
Cost at 31 December	**2,317,057**	**2,317,057**
Share of result at 1 January	417,584	375,218
Share of results	226,332	42,290
Other comprehensive income	3,223	76
Share of results at 31 December	**647,139**	**417,584**
Net book value	**2,964,196**	**2,734,641**

Reference is made to note 6.8 in the consolidated financial statements for overview of subsidiaries.

Note 7 Changes in working capital

(DKK'000)	2020	2019
Increase/(decrease) in trade and other payables	22,529	-9,151
Total	**22,529**	**-9,151**

Note 8 Adjustments for non-cash items

(DKK'000)	2020	2019
Share of result in subsidiary companies	-226,332	-42,290
Non-cash financial items	48,294	39,427
Other non-cash items	**-178,038**	**-2,863**

Note 9 Interest-bearing borrowings

(DKK'000)	2020	2019
Interest-bearing borrowings, 1 January	1,020,066	902,453
Additions	675,000	0
Change short-term bank overdraft	-337,353	172,403
Other (amortised cost, etc.)	8,450	5,210
Repayments	-695,000	-60,000
Interest-bearing borrowings, 31 December	**671,163**	**1,020,066**

Investments in subsidiaries have been provided as security for the Groups balances with Nordea and Danske Bank, covering all bank borrowings.

Note 10 Other disclosures

For the following disclosures reference is made to the consolidated financial statements:

- Guarantee commitments and contingent liabilities (note 3.4)
- Equity (note 5.1)
- Related parties (note 6.5)
- Events after the balance sheet date (note 6.7)
- Auditors fee (note 6.6)

Receivables from affiliated companies at 31 December 2020 stated in the balance sheet relates primarily to tax payments in joint taxation. Balances are uninterdeent and settled on an ongoing basis. No write-downs have been made on balances in 2020 or 2019.

There are no losses on group receivables, so an expected credit loss is considered to be very limited.

The Company was engaged in the below related parties transactions:

(DKK'000)	2020	2019
Sales of services (Management fee and allocated income) from subsidiaries	15,725	15,916
Total	**15,725**	**15,916**

Statement by Management

The Board of Directors and the Executive Board have today discussed and approved the annual report of HusCompagniet A/S for 2020.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of 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 2020 and of the results of their operations and cash flows for the financial year 1 January – 31 December 2020.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Parent Company's activities and financial matters, results for the year, cash flows and financial position as well as a description of material risks and uncertainties that the Group and the Parent Company face.

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

Virum, 17 March 2021

Executive Board:

Martin Ravn-Nielsen
Group CEO

Mads Dehlsen Winther
Group CFO

Board of Directors:

Claus V. Hemmingsen
Chairperson

Anja B. Eriksson
Vice chairperson

Steffen Martin Baungaard

Ylva Ekborn

Mads Munkholt Ditlevsen

Magnus Tornling

Independent auditor's report

To the shareholders of HusCompagniet A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of HusCompagniet A/S for the financial year 1 January – 31 December 2020, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies, for the Group and the Parent Company. The consolidated financial statements and the parent company financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of 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 2020 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January – 31 December 2020 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Our opinion is consistent with our long-form audit report to the Audit Committee and the Board of Directors.

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.

To the best of our knowledge, we have not provided any prohibited non-audit services as described in article 5(1) of Regulation (EU) no. 537/2014.

Appointment of auditor

On 18 November 2020, HusCompagniet A/S completed its Initial Public Offering and was admitted to trading and official listing on Nasdaq Copenhagen. We were appointed as auditor of HusCompagniet A/S prior to the official listing on Nasdaq Copenhagen.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year 2020. These matters were addressed during our audit of the financial statements as a whole and in forming our opinion thereon. We do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the "Auditor's responsibilities for the audit of the financial statements" section, including in relation to the key audit matters below. Accordingly, our audit included the design and performance of procedures to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Recognition and measurement of construction contracts and related revenue recognition

Accounting policies and information regarding revenue recognition related to construction contracts are disclosed in notes 1.1, 1.2 og 3.2 to the consolidated financial statements.

The Group's main activity and revenue comes from sale and delivery of detached and semi-detached houses under construction contracts with private customers or professional investors, where the delivery of the houses typically extends over a longer period. Due to characteristics of the projects and in accordance with the accounting policies, HusCompagniet recognizes and measures revenue on these construction contracts over time based on input-based accounting methods as the performance obligation usually is considered fulfilled throughout the construction.

Recognition and measurement of construction contracts involve estimates and judgments by Management to assess percentage-of-completion at the balance sheet date, cost of completion of the houses, including costs related to warranties or disputes. Changes to these accounting estimates during the construction phase, can have a material impact on revenue, production costs and results.

Therefore, we consider recognition of construction contracts as a key audit matter in respect of the financial statements.

How our audit addressed the above key audit matters

Our audit procedures included:

- Assessment of the assumptions and methodology applied by Management to calculate the sales value of construction contracts and recognition and accrual of revenue. We have considered the approach taken by Management, assessed key assumptions and obtained corroborative evidence for the explanations provided by comparing key assumptions to past performance, contract estimate, our past experience of similar transactions and Management's forecast supporting the calculated sales value.

- Analysis of selected contracts to assess and compare recognised revenue, including any contract modifications, and production cost to contract estimate, current project economy and the latest forecast of cost to complete, including any costs related to warranties or disputes.

- Discuss the status of houses in progress with members of Management, the finance function and project management.

- For the purpose of assessing dispute and/or litigation, we obtained letters of attorney from the Group's external and internal attorneys and discussed with members of Management and the finance function cases subject to disputes to provide an assessment hereof.

- Focused on ensuring that policies and processes for performing management estimates have been applied consistently to uniform contracts and in accordance with previous years.

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

Based on the work we have performed, we conclude that the 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 the Management's review.

Management's responsibilities for the 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 International Financial Reporting Standards as adopted by the EU and additional requirements of 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 Parent 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 as to 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 additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 Group and the Parent 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements and the parent company financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Copenhagen, 17 March 2021

EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Torben Bender State Authorised Public Accountant mne21332	Thomas Bruun Kofoed State Authorised Public Accountant mne28677

HusCompagniet

HusCompagniet A/S
Plutovej 3
DK-8700 Horsens
(+45) 75 64 57 99
www.HusCompagniet.dk

CVR: 36972963

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