HusCompagniet

Co-creating the homes of tomorrow – today

Annual report 2021

Our purpose

Co-creating the homes of tomorrow – today

Content

Letters from Management

Read letters from our Chairperson Claus V. Hemmingsen and our CEO Martin Ravn-Nielsen. The Board of Directors proposes a dividend of DKK 7.35 per share

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Sustainability

Sustainability is an integral part of our strategy, and we consistently pursue our ambitions of operating a responsible business, securing our people, and playing an active part in reducing climate change.

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Testing the Climate-Improved house against the voluntary sustainable building class

Read more about the results

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At a glance

HusCompagniet a leading Nordic single-family housebuilder

HusCompagniet is a leading provider of detached houses in Denmark. We also facilitate semi-detached houses to both private consumers and professional investors and have a presence in Sweden where we produce prefabricated wood-framed houses through the VårgårdaHus brand.

The Group operates an asset-light and flexible delivery model with on-site building, primarily on customer-owned land. The construction is outsourced to subcontractors, and visibility of the order book allow a flexible cost base.

HusCompagniet has 16 offices with showrooms and more than 60 show houses throughout Denmark and Sweden, and offers digital sales through the online platform “HusOnline”.

2007
Company aquired. HusCompagniet brand established in 2010

455
employees

16
Office locations in Denmark and Sweden

25,500
houses built since establishment, trailing 40 years back

Our purpose

Co-creating the homes of tomorrow – today

Our segments

Detached
Read more
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Semi-detached
Read more
On page 12

Sweden
Read more
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Performance Highlights

Revenue (DKK)

Segment split

81%
Detached
(2020: 89%)

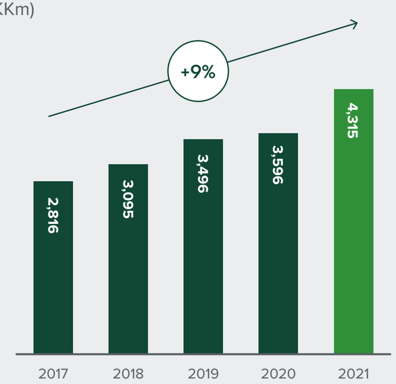
12%
Semi-detached
(2020: 3%)

7%
Sweden
(2020: 8%)

Revenue and EBITDA are adjusted for discontinued operations in 2017-2019. Discontinued operations comprise Germany and the Swedish brick house activity closed in September 2020.

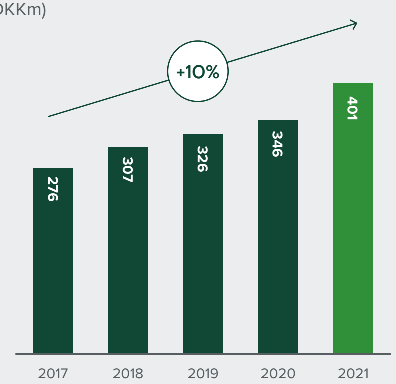
Revenue

(DKKm)



EBITDA before special items

(DKKm)



401m
EBITDA before special items (DKK)

9.3%
EBITDA margin

237m
Free cash flow (DKK)

4.8/5.0
Based on more than 4,000 reviews on Trustpilot

1,831
houses built in 2021

2,376
houses sold in 2021

Our sustainability journey

Sustainability targets

Find more information about our sustainability targets
On page 31

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

Sustainability in 2021

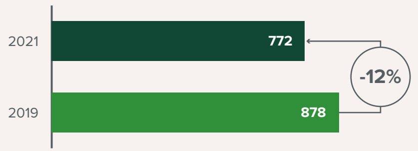
Read more about our sustainability
On page 29

CO_2 emissions /m², scope 1+2

(Metric tonnes CO_2eq /m² location based)

Total direct CO_2-emissions, Scope 1

(Metric tonnes CO_2eq)



Our sustainable focus areas and related SDG's

Aspire to impact	Climate			People			Responsible business		
11 Sustainable cities and communities	9 Industry, innovation and infrastructure	7 Affordable and clean energy	13 Climate action	8 Decent work and economic growth	5 Gender equality; 10 Reduced inequalities	8 Decent work and economic growth	16 Peace, justice and strong institutions	12 Responsible consumption and production	8 Decent work and economic growth; 10 Reduced inequalities
Sustainable cities and communities	Climate – building materials	Climate – customer use phase	Climate – own operations	Employee well-being	Diversity & inclusion	Health & safety	Responsible business	Sustainable sourcing	Labour rights and human rights
2025 Targets	35% reduction in emissions from building materials	60% houses ordered with renewable energy sources	Zero scope 1 emssions through 100% electric owned and leased vehicle fleet	Reduce sick leave below 2%	2/6 females on the BoD 25% females in management	Reduce Ltif by 30%	N/A - annual targets are set	N/A - annual targets are set	N/A - annual targets are set

Letter from the Chairperson

Continuing the sustainability journey

The past year has once again been extraordinary, with the COVID-19 pandemic continuing to impact our lives and businesses. In the wake of lockdowns, demand for new-builds increased significantly, and HusCompagniet generated strong growth rates.

The year also marked challenges, especially for our employees, who have gone an extra mile in a year with high building activity combined with distressed supply chains and bottlenecks around subcontractors. A tremendous effort was made across the organisation, and to all our colleagues, I owe a special thanks.

As we have entered 2022 with considerable uncertainty as a consequence of the Russian war against Ukraine, it is clear that risks are present to the macroeconomic environment, which may also impact HusCompagniet. I'm afraid it will be another year requiring additional efforts, pro-active decision making and flexibility from many parties.

Engaging our stakeholders

Climate change is one of the defining challenges of our time and the building industry has a key responsibility to participate in the sustainable transition. The Paris Agreement goals cannot be met without a substantial increase in energy efficiency in the current building stock. 70% of the current building stock in Denmark has an energy label of D or lower, and renovation can only improve energy efficiency to a certain level. Therefore, we truly believe that the sustainable journey requires both renovation and new-builds, and HusCompagniet has an important role to play.

In 2019, we set the target to reduce our CO_2 emissions from our houses by 70% in 2030, and 60% of our houses to have sustainable energy sourcing by 2025. Since then, we have worked ambitiously to reach these targets. We have launched the Climate-Improved house and we have joined partnerships focusing on green transition. From 1 January 2022, HusCompagniet no longer offer gas heating as energy source, thereby removing the last fossil source from our offering, and we are engaging in creating a sustainable journey together with our customers.

We invite our shareholders to follow our journey through transparent reporting. For our 2021 reporting, we have added Taxonomy-eligibility on voluntary basis in spite of HusCompagniet has below 500 employees.

Introducing our purpose

In 2021, we established our new purpose **– Co-creating the homes of tomorrow – today.** Thereby we are combining our quality cost-efficient dream house vision with an ambitious sustainability path for the future in co-creation with our future homeowners, our suppliers, our employees, and our partners. Only through co-creation will we be able to build sustainable dream homes for today and tomorrow. We aim to lead our industry for sustainable house construction of the future, so we can create a positive impact for both our company and society. The purpose of HusCompagniet will be guiding our long-term objectives and our day-to-day actions and decisions.

Professionalising the industry

As part of our strategic ambitions, we also aim to professionalise the industry with a bold digital strategy that will transform the customer journey. We will use our size and scale to leverage data and become digital front-runners and use our digital platform to promote sustainable design and construction that covers the entire value chain. With the best combination of design and construction, we believe we are creating the best opportunity for long-term growth and shareholder value.

Shareholder value

The Board of Directors will propose a dividend payment of DKK 7.35 per share at the Annual General Meeting in April 2022. This will supplement the already completed share buyback programmes totalling DKK 180 million and the recent Q1 2022 share buyback programme of DKK 40 million. We are pleased to be able to create value for our shareholders and will continue to pursue our strategic priorities and aim to drive performance throughout the value chain.

Thank you!

To reach our ambitions, we depend on the continued support and dedication from our colleagues, and based on their outstanding efforts this past year, I feel very optimistic. Also, I would like to express my thanks to our customers for trusting in us, our suppliers and subcontactors for their cooperation and our shareholders for their continued support.

Claus V. Hemmingsen
Chairperson of the Board

Letter from the CEO

Strong performance in challenging markets

Our first year as a listed company brought both opportunities and challenges. The speed of the economic rebound combined with continued restrictions brought changes in customers' prioritisation towards the housing market, and demand for new build was at an extraordinary high level in the first six months of 2021. Building activity remained high throughout the year and fuelled by the high sales rates, and we were able to deliver a record of 1,831 houses in 2021.

Revenue grew by 20% and generated a record revenue of more than DKK 4 billion, and EBITDA of DKK 401 million. Results were driven by strong performance in all three business segments, despite challenging markets. In both our semi-detached and Swedish business, our sales rate increased significantly reaching 387 and 400 units sold for the year.

Managing turbulent waters

Market conditions, however, remained challenging with increasing input costs during the year and distressed supply chains. We have implemented continuous price adjustments and thereby adapting our sales prices according to the market development.

An outstanding performance across our organisation and an exceptional cooperation with our suppliers and subcontractors have made it possible for us to maintain our strong track record of 98% on-time deliveries even under these challenging market conditions.

Our customers are key

Despite all challenges and market constraints, our customer satisfaction score recorded 4.8 out of 5.0 on Trustpilot, being highest in the industry. Our relationships with our customers are built on trust and meeting our customers' expectations is of utmost importance. Our close monitoring of the market development enables us to secure beneficial agreements for us and our customers when we enter contracts – therefore, we do not exit contracts after signing due to pricing issues.

Health and Safety

Health and safety continue to be a key focus area in our business, and we measure the development on an ongoing basis. We are pleased to see that the rate of Lost Time Injury frequency (LTIf) has improved overall, however for our own employees, LTIf increased in 2021. This illustrates the importance in our initiated improvement measures, including the launch of the safety programme "Secure Workplace". We will continue our efforts to improve health and safety, and we aim to reduce the overall LTIf by 30% in 2025 and by 50% in 2030 compared to our baseline year in 2019.

Strong growth drivers in Semi-detached and Sweden

We utilise our unique position as market leader in the detached segment in Denmark, to improve our margins through digitalisation and efficiencies. In 2021, we have further leveraged our position by gaining market shares in our Semi-detached and Swedish business. We see a significant potential in these markets and aim to drive a similar concentration as we have done in the detached market in Denmark. In Denmark, we aim to sell 500 semi-detached houses a year by 2023-2025, and in Sweden we pursue organic growth and search the market for attractive acquisitions.

Outlook

We expect that the high building activity in 2021 will continue into the first half of 2022, and that the challenges in the supply chain and price inflation will persist for months to come. The sales rate normalised in the second half of 2021, settling on an expected lower level for 2022 and we have adjusted the detached organisation accordingly.

The increased geopolitical uncertainty in Europe has further reduced visibility for 2022, yet we are confident that our continued strategic initiatives and timely adjustments will drive performance in all our business segments.

Tremendous effort from our colleagues

I am proud to have the amazing support of our colleagues, whom I wish to thank for a remarkable effort this year. I am confident that they will continue to drive our business with our customers at heart and a clear ambition of reaching our strategic targets in the years to come.

Martin Ravn-Nielsen
Chief Executive Officer

Consolidated key figures

(DKKm)	2021	2020	2019	2018	2017
Income statement					
Revenue	4,315	3,598	3,496	3,095	2,816
Gross profit	875	756	716	671	576
Operating profit before depreciation and amortisation (EBITDA) before special items*	401	346	326	307	276
Special items	0	-79	-17	-40	-10
Operating profit before depreciation and amortisation (EBITDA) after special items*	401	268	309	267	244
Operating profit (EBIT) before special items*	355	299	288	290	250
Operating profit (EBIT)*	355	220	271	250	239
Financial, net	-20	-45	-51	-42	-49
Profit for the year (continued operations)	265	159	168	153	133
Profit for the year (discontinued operations)	0	-66	-168	-63	-21
Profit for the year	265	92	0	90	112
Balance sheet					
Total assets	3,578	3,408	4,528	4,124	3,899
Contract assets, net	725	445	676	591	568
Net working capital	517	433	412	374	404
Net interest bearing debt (NIBD)	713	697	832	807	936
Equity	1,885	1,857	1,777	1,777	1,688
Cash flow					
Cash flow from operating activities	258	141	134	175	21
Cash flow from investing activities	-22	-31	-43	-38	-253
- Hereof from investment in property, plant and equipment	-11	-20	-15	-44	-39
Cash flow from financing activities	-261	-152	-115	-93	178
Free cash flow	237	110	91	137	-233

(DKKm)	2021	2020	2019	2018	2017
Key figures					
Revenue growth	19.9%	2.9%	13,0%	9.9%	
Gross margin**	20.3%	21.0%	20.5%	21.7%	20.5%
EBITDA margin before special items**	9.3%	9.6%	9.3%	9.9%	9.8%
EBITDA margin after special items**	9.3%	7.4%	8.8%	8.6%	8.7%
EBIT margin**	8.2%	6.1%	7.7%	8.1%	8.5%
Earnings Per Share (EPS Basic), DKK ***	13.7	8.0	8.0	5.0	6.0
Diluted earnings per share (EPS-D) (DKK)***	13.7	8.0	8.0	5.0	6.0
Dividend per share, DKK	7.35	3.0			
Share price end of year	118.4	125.0			
Market value (bn)	2.4	2.5			
ROIC	13.2%	8.4%			
ROIC (Adjusted for goodwill)	53.4%	37.1%			
NIBD/EBITDA before special items ratio	1.8	2.0	2.5	2.6	3.4
Average number of employees****	455	452	436	504	468
ESG key Figures					
CO_2-e/m² delivered (Scope 1+2) - market-based	18	20	21		
CO_2-e/m² delivered (Scope 1+2) - location-based	8	10	13		
Direct CO_2e emissions (Scope 1)	727	776	878		
LTIf	9.3	11.4	12		
Sick leave	3.5%	2.8%	2.2%		
Percentage female managers	21%	20%	20%		
Number of female board members	2/6	2/6	1/6		

Revenue and EBITDA are adjusted for discontinued operations in 2017-2019. Discontinued operations comprise Germany and the Swedish brick house activity closed down in September 2020.
Net working capital comparable figures (2019-2020) is adjusted due to change of method.

* Operating profit before depreciation and amortisation (EBITDA) before special items and Operating profit (EBIT) before special items respectively are used as alternative performance measures to reflect a more true and comparable view of the Groups ordinary operations.
** Margins for continued operations
*** Earnings per share, basic and diluted is calculated in accordance with IAS 33. Other key figures are calculated in accordance with the key definitions in Section 6.9
The key figures for the years 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 2017-2018 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

Our markets

HusCompagniet is present in Denmark and Sweden, where we facilitate the construction of detached and semi-detached houses for private costumers and professional investors.

HusCompagniet's core market, new-build detached houses in Denmark, is the most stable segment of the homebuilding market with average completions of approx. 6,000 over the last 40 years. Semi-detached and Sweden has each similar market sizes, where the semi-detached segment has somewhat higher volatility.

Besides building on new land, the detached market in Denmark presents additional opportunity in tear-downs. The current number of new-build detached houses in Denmark is well below 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 represents a 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 18% of HusCompagniet houses built in 2021 replaced an older house.

General market developments in 2021

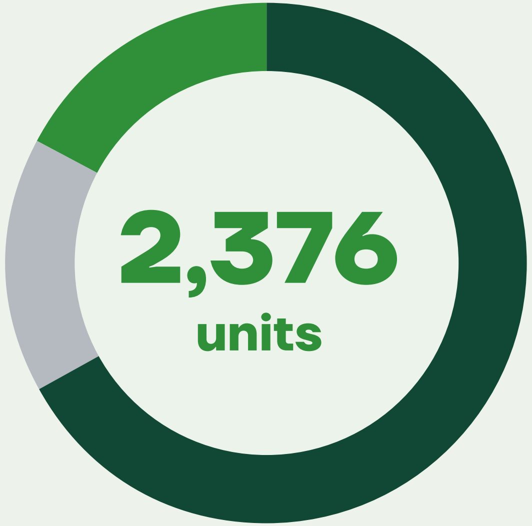
Significant price inflation on certain materials impacted both the Danish and the Swedish market in 2021, and price inflation as well as scarcity in supply of subcontractors affected the markets in Q4, in particular. Also, energy prices increased significantly during 2021. All factors are expected to continue to affect the market in 2022.

~18%

Built in 2021 replaced an older house

Units sold in 2021

Segment split



67%
Detached
(2020: 74%)

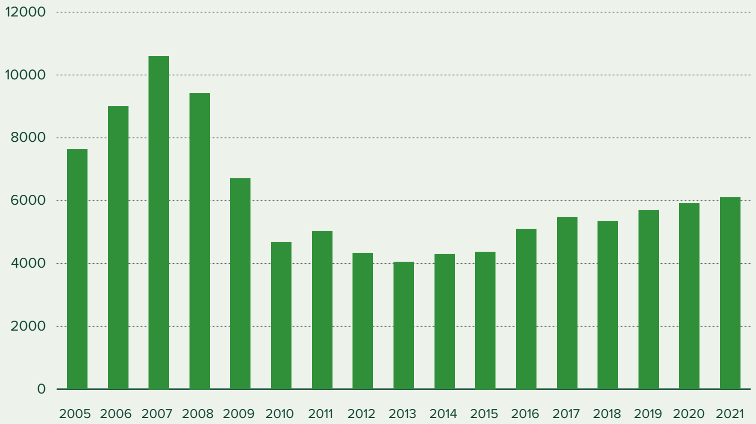
16%
Semi-detached
(2020: 13%)

17%
Sweden
(2020: 13%)

Denmark – detached

In the Danish market for detached houses, HusCompagniet has been market leader since 2021 and today holds a market share of approx. 24%. The four largest competitors together hold a market share of around 26%, while the rest of the market is composed of smaller to mid-size competitors. Since 2007, HusCompagniet has taken a leading role in concentrating the originally highly fragmented market. HusCompagniet aims to maintain its market share while improving profitability.

Completions - Total detached, Denmark



The high building activity for both new-builds and renovation caused bottlenecks, which especially affected the markets in Q4. Given an increased market size in terms of permits, the building activity is expected to continue at a high level in the first half of 2022.

Market and business development

In 2021 market size in terms of completions was 6,105 units and grew by 3% compared to 2020. In terms of permits, market size amounted to 7,714 and grew by 24% compared to 2020.

In 2021, the Danish detached market was characterised by extraordinary high demand in the first six months of 2021, where HusCompagniet experienced a record high sales rate, and we expect that the high building activity will continue in the first half of 2022.

A recent study* shows an increased interest for families to move further away from city centers, where land is available to a larger extent than in areas closer to the big cities. In the wake of the pandemic, we have seen a tendency to further expand the distance from the city, as working from home has increased flexibility and reduced the importance of commute time, yet it is to early too say if this will materialise in a structural change.

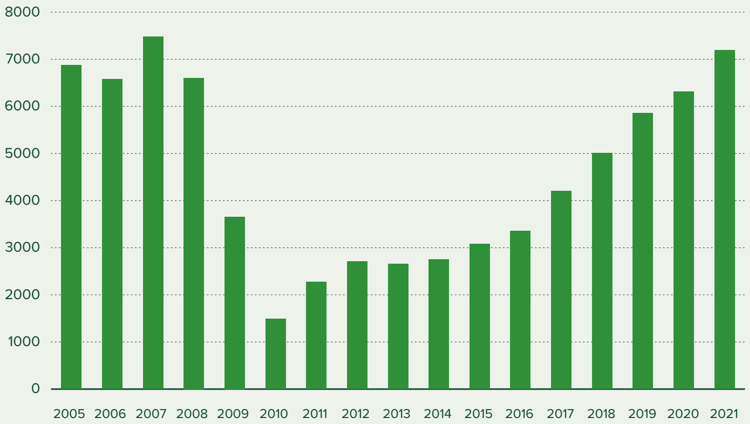
The pandemic also supported a strong activity in the real estate market for both existing houses and new-builds. House buyers have to a larger extent prioritised more space, gardens, and home offices after working from home during lockdowns. The structural changes support the new-build markets, and we therefore await to see if these structural changes will continue after the pandemic.

*Danish Research Institute for Economic Analysis and Modelling "Demografi, socioøkonomi og boligstruktur i danske kommuner", May 2021

Denmark – semi-detached

The Semi-detached market in Denmark is large and highly fragmented, characterised by many small multi-regional construction companies and local builders. The market characteristics are quite similar to the characteristics of the detached market back in 2006. HusCompagniet is aiming at being at the forefront of a concentration of the Danish semi-detached market as well, and in 2021 our market share, in terms of completions, grew from 1.0% to 2.5%. In terms of permits, our market share grew by 1.8% to 4.5% (permit market size, 8,074 units).

Completions - Total Semi-detached, Denmark



Market and business development
Market size (completions) amounted to 7,192 units in 2021 and grew 22% year-on-year. Compared to the detached market, the semi-detached market is more volatile, with a similar average completion rate of approx. 6,000 a year the last 40 years. In total amounts the market is half the size of Detached.

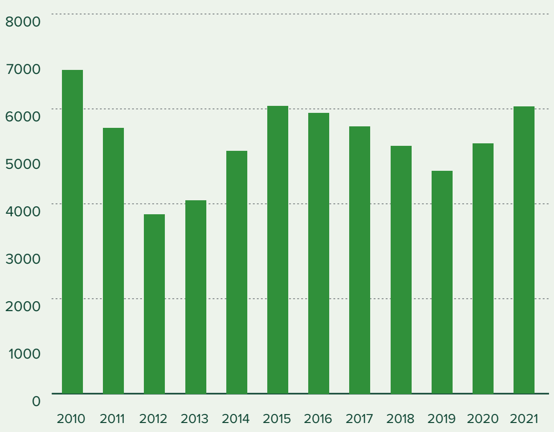
We have been delivering semi-detached houses for private customers over the past 10 years. To further grow our position in this market, we are focusing on developing the business-to-business (B2B) segment by offering building and delivery of semi-detached houses to professional investors, who then lease or sell the houses to end users. Average delivery time in the semi-detached segment from sale to delivery is up to 1.5 year.

We offer the professional investors a highly standardised building process for multiple houses and have built a centralised project team securing an integrated offering. We offer an attractive pricing model, which benefits from our existing supply chain, scale, and competences. In 2021, we achieved a DGNB certification, which is further strengthening our business proposal. Although more volatile than the market for detached houses, the semi-detached market offers an attractive opportunity to further scale our operations in Denmark, and in 2021 alone, we increased our B2B sales to 322 units compared to 227 in 2020, underpinning our proof of concept.

Sweden

The Swedish market for new-builds has been growing over the past couple of years and is characterised by a high degree of fragmentation with only a few large players and around 70% of the market composed by smaller and mid-sized construction companies. HusCompagniet's Swedish subsidiary, VårgardaHus, increased its market share from 4.3% in 2020 to 4.8% in 2021.

Permits, Total detached, Sweden



Market and business development

In terms of permits, the Swedish market grew by 15% for detached houses to 6,047 units. The new-build market activity in 2021 was high, and we increased our sales by 156 units to 400 units compared to 2020, which was above 300 units for the first year.

Following positive market growth after the dip post the financial crisis, the market slowed, due to tightened government induced credit restrictions taking effect in 2018.

The new-build market activity in 2021 has been high despite the COVID-19 induced lockdowns, also supported by softened credit restrictions in April 2020.

We expect the demand to continue at a lower level in 2022. In order to meet the increased sales from 2021 and further pursue growth opportunities, we are in the process of upgrading part of our pre-fab production line through new ways of working and robotics with the target to increase throughput by up to 40%. The upgrade is planned for the summer 2022 and is expected to last for approx. two months.

Equity story

Driving profitable growth and promoting sustainability whilst benefiting from scale to innovate and disrupt the industry

Resilient business model through cycles

- Asset-light structure with outsourced construction and scale benefits from strong relations with suppliers
- High visibility in order book and ability to adapt capacity and costs to market fluctuations
- Limited financial risk with payment guarantee at the time of order
- Strong financial position and high cash generation

Prove of execution

- Danish market leader since 2010 in detached houses
- Documented annual growth through core platform
- Clear benefits from scale and flexible business model
- Growing market shares and leading the concentration of the Danish detached market
- Proven progress in targeting Danish semi-detached and Swedish markets – both highly fragmented markets with attractive growth opportunities

Sustainability

- Driving the sustainability agenda as market leader
- Facilitating house construction of the future with focus on more sustainable housing
- Ongoing initiatives throughout the portfolio to aviod emissions and promote sustainable choices
- Creating a positive impact for both our company, our customers and society

Digital ambitions

- From analogue to fully digital platform
- Professionalising the industry through digitalisation and automation of all elements in the buillding process across segments
- Best-in-class sales process
- Improved customer experience with overview and safety from order to delivery
- Low-complexity projects
- Automation of factories ensuring efficiencies and reduced costs
- After-sales services to retain customers
- Cross-function best-practice across segments

Market drivers

Stable low-risk economies. Strong structural trends in demografics. Limited cyclicality in core market.
Strong growth potential in Danish semi-detached market. Opportunities for both organic and acquisitive growth in Sweden.

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

Innovation
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. Financial strength to offer customers bank guarenteed payment at delivery

Our business

Drivning performance throughout the value chain

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

Design & construction
Customised solutions let customers built their dream home

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

Delivery & after sales services
We deliver detached and semi-detached houses for private and commercial customers, approx. 80% on third-party land

Focus on after-service sales to retain customers

HusCompagniet co-creates houses with our customers and facilitates the construction, primarily on customers' land, through outsourced subcontractors

Value created

Customer value
- 1,831 houses delivered, providing quality houses at competitive prices
- Customer satisfaction score of 4.8 out of 5.0, being highest in the industry

Sustainable products
- Climate-Improved House
- Gas no longer offered as energy source from 1 January 2022
- Energy efficient, comfortable houses

Planet
18 kg CO_2 e/m^2 delivered (scope 1-2) - market-based in 2021, reduced 14% from 2019

Safety and well-being at work
- LTIf 9.3 down from 12.0 in 2019
- eNPS engagement score of +41

Shareholder value
- DKK 270m returned to shareholders since listing
- 4.3 DKKbn in revenue
- 132 DKKm in shareholder dividends

Our purpose

Co-creating the homes of tomorrow – today

Strategy

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

The vision of HusCompagniet is to lead the market evolution and set the standard for sustainable construction practices – changing the way people think of sustainable homes and living. We need to drive the agenda, not just follow it, and we need our stakeholders to participate. We have in 2021 defined a corporate purpose that looks beyond our bottom line and call for other stakeholders in the market to join us in promoting more sustainable behaviour and drive the green transition of house construction. Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

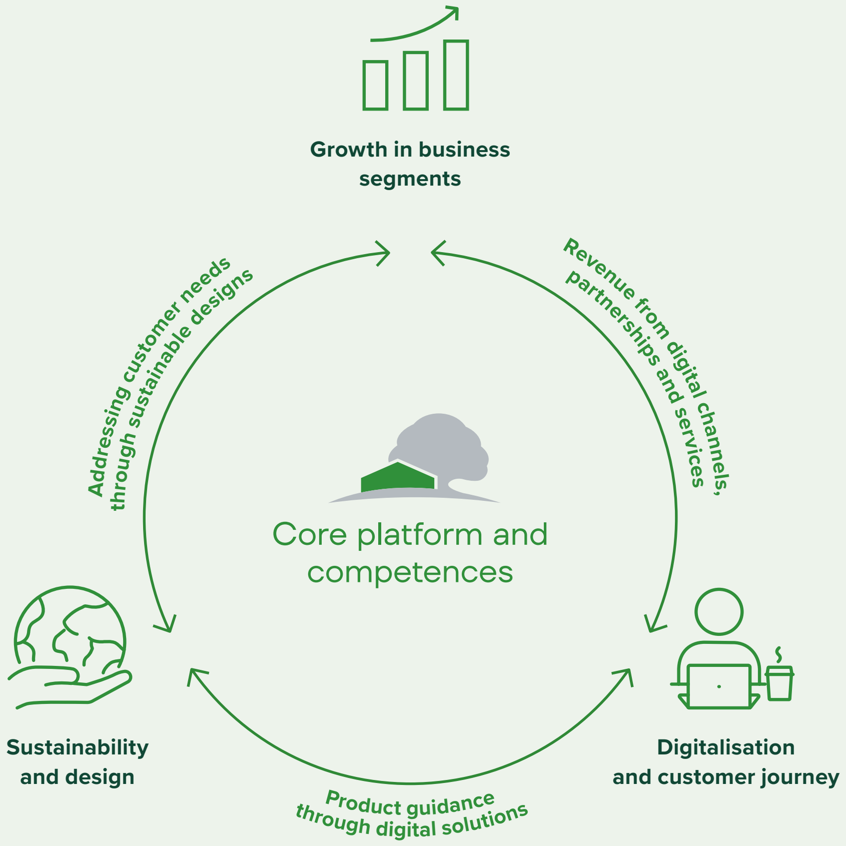
We have defined a purpose that can unify us in a joint direction, attract talent and loyal customers, and drive innovation and new thinking in our industry. In short, a purpose that lifts our business strategy and strengthens our role in society, so we are not just proud of the homes we build, but also how we build them. Our purpose will guide both long-term objectives and short-term actions and decisions. This is the only way we can co-create the homes of tomorrow – today.

Roadmap to growth and value creation

We have built our current position through dedicated customer focus, continuous innovation, and a key focus on customer-centric, professional end-to-end solutions. We co-create houses with our customers and facilitates the construction, primarily on customers own land and through outsourced subcontractors. The customer-centric concept and low-risk delivery model make our business model resilient and adaptable to market cycles.

In our efforts to lead the future of house building, we believe that digitalisation and sustainability are fundamental to raise industry standards and drive continuous growth in all our business segments and at the very core lies the platform and competencies.

We strengthen our core through digitalisation, sustainable solutions and growth in all business segments



Growth in business segments

Detached in Denmark

The detached market in Denmark is our core market and main business segment, where we aim to maintain our clear leadership position and with focus on continued margin improvement.

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

Our continued development in the Danish detached market will be driven by a continued effort to provide a leading customer experience throughout the phase of building the houses as well as after handing over the keys to our customers. We benefit from our scale which makes it possible for us to source in high volumes, and our brand is widely recognised for high quality and customer service.

Our flexible business model allows us to quickly adapt to changes in the supply and demand structure and to safeguard continuous competitive offerings to our customers.

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 will drive margin improvements.

Our strategic targets for the detached market in Denmark are to grow in line with the market growth while building closer customer relationships and improving our margins through further digitalisation.

Semi-detached B2B in Denmark

Our semi-detached business-to-business segment in Denmark focuses on the building and deliveries of semi-detached houses to professional investors, who then lease or sell the houses to end-users. Competition in the Danish market is highly fragmented, with many small multi-regional construction companies and local builders engaged.

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 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 subcontractors for the higher volumes. In combination with being built in blocks of multiple units, this provides a very efficient building process with digital tools.

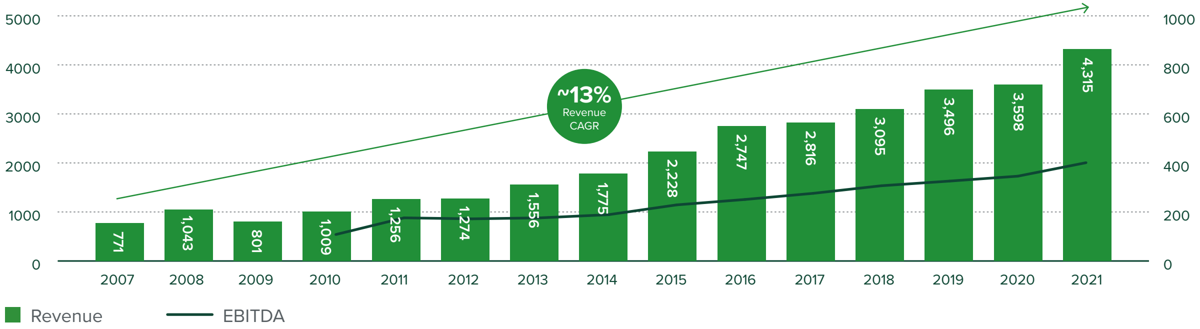
Our sustainable endeavours are also embedded in our business-to-business offerings, and we are to provide DGNB-certified projects for our customers. DGNB certification is based on three central sustainability areas of ecology, economy and sociocultural issues, and HusCompagniet closed the first DGNB agreement in November 2021.

Our strategic targets are to increase our market share and sell 500 semi-detached B2B houses a year by 2023-2025.

~67%

annual revenue growth in the semi-detached segment in the last 2 years

Long term financial development



Swedish market segment

In our Swedish business, our value proposition is adapted to strong local preferences. Our 43 house models is based on a standardised pre-fab concept. The core features include value for money, responsive customer service and a strong local sales agent structure. We see a significant growth opportunity in the Swedish market, which we aim to realize through augmented product offerings and optimisation of the agent network.

Sales focus is on three densely populated hub regions in a market characterised by a high degree of fragmentation. The headquarters and pre-fab production facility is located in Vårgårda. A key strategic project in 2022 is to upgrade and automate the pre-fab production line through robotics with the target to increase capacity by up to 40%. The upgrade will be completed during the summer of 2022.

Vårgårdahus

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

The 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.

Our strategic ambition is to increase market share through consolidation of the market. Growth will be driven organically as well as through potential acquisitions.

We have laid the digital foundation

Our newly implemented ERP system, which integrate customer relationship management and business intelligence functionalities, provides a detailed overview and control of the business. In addition, our sales provision system for our sales force supports margin over volume and is combined with value-added services in both add-on products, post-sale, and post-delivery add-ons.

In 2021 we have launched 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. Further, we continue to expand the use of Power BI in the organisation.

Digitalisation and customer journey

We have a bold digital vision that will transform the customer journey and make HusCompagniet’s platform scalable. We will use our size and scale to leverage data and become digital front-runners and we will offer personalised products and new services to our customer through digital and partnership channels that fit our customer needs at the right time. We will also use our digital platform to promoting sustainable design and construction, and we will build a scalable platform that covers the entire value chain and business segments to ensure that we can maintain our growth ambitions.

In the order-to-delivery process, our services are based on a best-in-class construction planning and management system combined with a safety incident and inspection system.

A key strategic focus area is to drive further sales in the customer use phase after delivery. Here we currently have a limited selection of partnerships and services to offer, but our ambition is to build a strong partnership offering through a digital platform to provide a broad range of support services for our customers, including among others a maintenance subscription programme.

As part of our digital ambitions, we launched a 100% digital offering in November 2020 "HusOnline". The key element being that customers can access the tool or platform in their own time without having to depend on an available sales force or opening houses. The platform has been well received by our customers yet the transition to fully digital purchase takes time. The offering is an important part of the transition towards implementing many digital applications along the house purchasing journey.

"To be able to sit at home and design the house has made the process much more pleasant. I could go through all the options in my own time and in the end design the house of my dreams. I am very satisfied with the result and now I am just excited for the house to be finished so I can move in."

Brian Lindskov Andersen, HusOnline customer
Grejs, 7100 Vejle, Denmark

Sustainability and design

Sustainability is embedded in our operating framework as an integral part of the strategic agenda, making it a systematic focus throughout our business.

It is our vision to lead the market evolution and set the standard for sustainable house building. 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 2021 we reached 48%, down from 50% in 2020, mainly due to increased use of district heating. We welcome this transition as an alternative to gas. From 1 January 2022, HusCompagniet no longer offer gas as a heating source.

In Denmark, oil burners have not been allowed as energy source for new-builds since 2013, and we stopped offering oil burners prior to that. With gas now phased out, fossil energy heating sources are therefore no longer part of our offering and we continue to advise customers on renewable energy sources.

Our 2030 target is to achieve a 70% reduction in lifecycle CO_2 emissions. One way of reaching that has been the launch of our Climate-Improved house, which 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 2022 we will be investigating further improvements and upgrades of our general building materials packages for indoor surfaces and floors as well as outdoor facades, foundations, and terrain decks with a view to further reducing CO_2 emissions.

Also, to reduce CO_2 emissions in the customer use phase, we have introduced energy packages offering heat pumps, solar and battery systems, and preparation of car charging stations.

In our own operations we are aiming at reaching zero emissions through a 100 % electric vehicle fleet in 2025.

In our efforts to reach our ambition of reducing CO_2 emissions by 70% in 2030, we aim to play a responsible role in the necessary green transition and action to reducing climate change.

Follow up on 2021 guidance

Outlook for 2021
Initial financial outlook for 2021 issued at 6 November 2020.

Revenue	EBITA before special items	Operating profit (EBIT)
3,800 - 4,150 m(DKK)	350 - 360 m(DKK)	325 - 335 m(DKK)

Financial leverage
Expected leverage ratio below 2.0x net debt to last twelve months EBITDA before special items (bsi) at the end of 2021.

Upgrade in May 2021
On the 5 May 2021, we upgraded the full-year 2021 guidance due to higher than expected sales.

Revenue	EBITDA before special items	EBITA before special items	Operating profit (EBIT)
4,100 - 4,250 m(DKK)	390 - 400 m(DKK)	360 - 370 m(DKK)	335 - 345 m(DKK)

On 5 November we added EBITDA (bsi) to the 2021 guidance as a transition to the 2022 guidance, where EBITDA bsi replaced EBITA bsi.

2021 results
Realised 2021 figures came in at around top range of guidance, with underlying expected margin levels.

Revenue	EBITDA before special items	EBITA before special items	Operating profit (EBIT)	Financial gearing
4,315 m(DKK)	401 m(DKK)	372 m(DKK)	355 m(DKK)	1.8x net debt to EBITDA bsi (LTM)

Outlook for 2022

HusCompagniet introduces full-year 2022 guidance:

Revenue	EBITDA before special items	Operating profit (EBIT)
4,350 – 4,650 m(DKK)	420 – 450 m(DKK)	370 – 400 m(DKK)

HusCompagniet expects a leverage ratio below 2.0x net debt to LTM EBITDA before special items at the end of 2022.

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 2021 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.

Assumptions for the 2022 outlook

The outlook above is based on HusCompagniets usual solid forecast and provides for an ambitious guidance for 2022. In the meantime, the geopolitical situation has not been as unstable as it currently looks for the past 50 years or more.

The potential impact on macroeconomic factors and elements possibly adversely affecting HusCompagniet are significant and uncertainty is at an unprecedented high level. HusCompagniets business model, agility and strong financial position provides us with what we believe to be the necessary platform and flexibility to proactively act on changes in the market environment. As described earlier in this report sales normalised already towards the end of 2021 and we took action to adjust the organisation in Q1 2022. Further action may be necessary during what could become a highly volatile 2022.

The 2022 guidance is based on no severe disruption of supply chains emerging and on raw material prices not significantly exceeding current levels. Further, due to the current market situation, it is expected that projects in the semi-detached segment will have a prolonged delivery process and encounter delays in building permits, which may postpone some revenue recognition into 2023.

In Sweden, an investment to automate and increase utilisation of capacity in the factory is planned for 2022, consequently closing the factory up to two months. The upgrade is expected to increase the production capacity by up to 40%.

- Current expectations for 2022 sales are between 1,900 and 2,100 houses. Changed from 2,200 and 2,400 houses due to lower expected market levels in the detached segment.
- Current expectations for 2022 deliveries are between 2,020 and 2,160 houses.
- Revenue from the semi-detached segment is assumed to be around DKK 500 million.
- Share of deliveries on own land is expected to be below 10% due to the current size of the land bank. Long-term target remains at around 20%.
- Current expectations for capital expenditures are DKK 40–60m and comprise investments in digitalisation, automation, B2B and sustainability.
- Full year cash conversion (free cash flow to EBITDA) is expected to be at least 60% despite the increased capex level.
- No significant special items are expected.

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 pursuing 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 two to four years. (23-25)

Sweden

For the Swedish business our target is to drive profitable growth in the business and increase market share by means of organic growth and potential acquisitions.

Financial review

HusCompagniet achieved a record number of both sales and deliveries in 2021, exceeding lasts year records. Supported by strong demand, sales totalled 2,376 houses after an extraordinary high sales rate in the first six months of 2021. Sales were up 24% from 1,921 houses in 2020.

The high building activity continued throughout the year, and HusCompagniet delivered a record high 1,831 houses in 2021 up 12% from 1,638 in 2020.

The year was characterised by high market activity, price inflation on materials and subcontractors and towards end of year both price inflation and scarcity of subcontractors impacted the fourth quarter, in particular. HusCompagniet continously adjusted prices according to the market development and were able to overall protecting margin levels despite a challenging market environment.

The building process

All of our houses are built by subcontractors, and to ensure our suppliers and subcontractors 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 suppliers 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 subcontractors 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 subcontractors 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.

Revenue

HusCompagniet reported a total revenue of DKK 4,315 million in 2021, up 20% from DKK 3,598 million in 2020. The increase was mainly due to an increase in the number of houses delivered to a total of 1,831 up 11.8% from 1,638 houses. The extraordinary high sales rate in H1 2021 generated high building activity. The average sales price (ASP) was overall on par with full year 2020 level, reflected and underlying geographic mix. From Q1 through Q4, the ASP increased from DKK 2.0 million to DKK 2.2 million, showing increasing levels in all segments.

Gross margin

Gross margin was 20.3% against 21.0% in 2020. The gross margin was affected by increasing prices on input cost, materials, and subcontractors, offset by increased sales prices during the year. The share of own land was slightly lower for both detached and semi-detached, totalling 19.5% against 20.5% in 2020.

Despite lower share of own land sold, the detached segment had higher gross margin compared to 2020, where the gross margin level also reflected the enhanced margin focus. Also, Sweden's gross margin exceeded 2020 level, despite a challenging year and longer backlog - with high price inflation on materials and subcontractors and bottlenecks emerging during the year.

EBITDA before special items

Reported EBITDA before special items was DKK 401 million, up 16% compared with DKK 346 million in 2020. This corresponds to an EBITDA margin before special items of 9.3% compared to a margin of 9.6% in 2020. Staff cost and other external expenses (SG&A) amounted to DKK 474 million and increased from DKK 409 million. The increase was due to ramp up of the organisation and increased provisions due to the higher sales rate. Ratio to revenue was 11.0% in 2021 compared to 11.4% in 2020.

Amortisation and depreciation

Amortisation and depreciation amounted to DKK 46 million compared to DKK 47 million in 2020. Amortisation mainly consists of developing projects including ERP system. Depreciation mainly refers to leasing contracts. In 2021, Depreciation amounted to DKK 29 million (DKK 29 million in 2020), and Amortisation amounted to DKK 17 million (DKK 18 million in 2020).

Special items

No special items incurred in 2021. In 2020, special items amounted to DKK 79 million and was mainly related to the listing in November 2020.

20%

Gross margin

Units	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY-20	FY-21	Change
Sales	387	465	540	529	626	721	545	484	1921	2376	24%
Deliveries	352	384	365	537	394	424	390	623	1638	1831	12%

EBIT
Reported EBIT amounted to DKK 355 million, an increase of DKK 135 million or 61% from DKK 222 million in 2020. Improved operating profit improved the results significantly, whilst 2020 was affected by extraordinarily high special items due to the listing in November 2020.

Net financials
Reported net financials was an expense of DKK 20 million compared to an expense of DKK 45 million in 2020. Improvement was primarily due to lower interest paid to banks, positively impacted by the new loan agreement, HusCompagniet entered in October 2020.

Profit for the year before tax for continued operations
Profit for the year before tax from the continued operations was DKK 335 million in 2021, an increase of DKK 160 million or 91% from DKK 175 million in 2020. 2020 was impacted by special items of DKK 79 million.

Taxation
Reported tax for 2021 was DKK 70 million against DKK 16 million in 2020. The low 2020 tax level was 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 realised in 2002. We expect the transfer-pricing change to be finalised in 2022, and that no further adjustments will take effect.

Net profit
Net profit generated was DKK 265 million against DKK 92 million in 2020, as profit from discontinued operations amounted to an expense of DKK 0 million against an expense of DKK 66 million in 2020.

Cash flows
Operating activities
Net cash generated from operating activities was DKK 258 million compared with DKK 141 million in 2020. The higher cash flow was mainly supported by the higher operating profit.

Investing activities
Net investments of DKK 22 million were generated during 2021, against DKK 31 million in 2020. The development was mainly due to lower investments in property, plant and equipment.

Free cash flow
Free cash flow was DKK 237 million against DKK 110 million in 2020, mainly driven by changes in operating activities. Cash conversion was 59.0% (free cash flow to EBITDA).

Financing activities
Financing activities was negative DKK 261 million, against negative DKK 152 million in 2020. In 2021, dividends to shareholders of DKK 60 million was paid and shares of DKK 180 million was purchased through share buyback.

We entered new loan agreement in 2020 that enabled us to make a down payment and reduce our combined term loan by DKK 130 million.

Balance sheet
Financing
Net interest-bearing debt totalled DKK 713 million at 31 December 2021 against DKK 697 million at 31 December 2020. The net interest-bearing debt to EBITDA ratio was 1.8x compared to 2.0x in 2020.

Equity
The Group's equity increased by DKK 28 million in 2021, to stand at DKK 1,885 from DKK 1,857 million. The increase was based on the profit for the period offset by dividends paid of DKK 60 million and purchase of own shares DKK 180 million, subject to annulment at the 2022 Annual General Meeting.

Net working capital
Net working capital totalled DKK 517 million at 31 December 2021, up from DKK 433 million at 31 December 2020. The change was partly caused by an DKK 261 million increase in contract assets due to higher building activity partly offset by a DKK 151 million change in trade and other payables. Inventories decreased by DKK 44 million due to reduced land expose.

Contract assets
Net contract assets amounted to DKK 725 million compared to DKK 445 million in 2020. Excluding contract liabilities, contract assets amounted to DKK 809 million against DKK 548 million in 2020.

The contract work in progress (CWIP) at 31 December 2021 was affected by increased building activity compared to 2020. Contract liabilities were largely affected by a high

59%

Cash conversion

level of deposits due to the negative interest rate environment. Deposit level was high in 2021, but relatively lower compared to prior year.

Order backlog

The order backlog (gross) as of 31 December 2021 amounted to DKK 3,735 million compared to DKK 2,688 million in 2020. The higher backlog was due to higher sales in 2021 compared to 2020, with an extraordinarily high level in H1 2021. Adjusted for backlog share recognised as revenue, orderbook (net) amounted to DKK 2,855 million against 2,089 million in 2020.

Deliveries amounted to 1,831 houses, which exceeded the 2020 figure of 1,638. In 2021, 19.5% of deliveries were houses built on own land (20.5% in 2020). In detached, the share of own land was 14.5% against 17.0% in 2020.

As of 31 December 2021, HusCompagniet's land bank comprised 271 individual land plots (including show houses and project houses) valued at DKK 207 million. 2020 Land bank comprised 487 land plot valued at DKK 228 million. Land at low value was sold in the period and new land plots at higher value were purchased.

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 0 million in 2021 against a DKK 66 million loss in 2020. 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 7.35 per share for the 2021 financial year be distributed following the Annual General Meeting to be held on 8 April 2022. No dividend will be paid out on treasury shares.

Events after the balance sheet date

No material events have occurred between 31 December 2021 and the date of publication of this annual report that have not already been included in the annual report and that would have a material effect on the assessment of the Group’s financial position.

The geopolitical uncertainty has increased significantly in Europe in 2022. The Russian invasion of Ukraine and the continued Covid-19 pandemic is not expected to have material impact on the Group in 2022 although this assessment is subject to uncertainty especially towards the development of the conflict in Ukraine. The events may have substantial effect on macroeconmic factors and disruption of supply chains. HusCompagniet can be directly impacted by supply chain deficiencies for certain materials such as timber and tiles, and indirectly due to a general pressure on energy and freight cost.

The possible social and economic effects that potentially could impact the Group’s operations and supply chain, and is being carefully monitored by Management.

Units	2020	2021
Sales	**1,921**	**2,376**
Detached	1,417	1,589
Semi detached	260	387
Sweden	244	400
Deliveries	**1,638**	**1,831**
Detached	1,355	1,441
Semi detached	92	176
Sweden	191	214

	2020	2021
Orderbook value (DKKm) gross	**2,688**	**3,735**
Detached	2,123	2,695
Semi detached	348	627
Sweden	217	413
Orderbook value (DKKm) net	**2,089**	**2,855**
Detached	1,558	2,059
Semi detached	340	434
Sweden	191	362
Share of own land (Denmark)	**20.5%**	**19.5%**
Detached	17.0%	14.5%
Semi detached	70.7%	60.8%

Q4 Figures

DKK'm	Q4 2021*	Q4 2020*	FY 2021	FY 2020
Income statement				
Revenue	1.201	1,012	4.315	3.598
Gross profit	237	218	875	756
Operating profit before depreciation and amortisation (EBITDA)* before special items	116	118	401	346
Special items	(0)	(59)	-	(79)
Operating profit before depreciation and amortisation (EBITDA) after special items	116	59	401	267
Operating profit (EBIT) before special items	104	110	355	299
Operating profit (EBIT)	104	51	355	220
Financial, net	(6)	(17)	(20)	(45)
Profit for the year (continued operations)	82	64	265	159
Profit for the year (discontinued operations)	0	(38)	(13)	(66)
Profit for the year	82	25	252	92
Financial position as of 31 December				
Total assets	3.578	3.408	3.647	3.408
Contract assets, net	725	445	725	445
Net working capital	517	433	504	433
Net interest bearing debt (NIBD)	713	697	713	697
Equity	1.885	1.857	1.872	1.857

* Unaudited
** Operating profit before depreciation (EBITDA) 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 ordinary operations.

DKK'm	Q4 2021*	Q4 2020*	FY 2021	FY 2020
Cash flow				
Cash flow from operating activities	280	66	258	141
Cash flow from investing activities	-10	-18	-22	-31
- hereof from investment in property, plant and equipment	-4	-7	-11	-20
Cash flow from financing activities	6	-78	-261	-152
Free cash flow	271	48	237	110
Key figures				
Revenue growth	18.6%	2.0%	19.9%	3.0%
Gross margin	19.7%	21.6%	20.3%	21.0%
EBITDA margin before special items	9.7%	11.7%	9.3%	9,6%
EBITDA margin after special items	9.7%	5,9%	9.3%	7,4%
EBIT margin	8.7%	5.0%	8.2%	6.1%

* Unaudited
*** Continued operations

Key figures Q4

Revenue
HusCompagniet reported total revenue of DKK 1,201 million in Q4 2021 up 18.6% from DKK 1,012 million in Q4 2020. The increase was positively affected by higher number of deliveries. Deliveries in the quarter comprised 623, up 16.0% from 537 in Q4 2020.

Average selling price (ASP) was DKK 2.2 million, on par with Q4 2020. The ASP increased in all segment y-o-y, and the overall development was a result of higher level of semi-detahed delivieres and lower number of detached deliveries compared to prior year.

Gross margin
Gross profit was DKK 237 million against DKK 218 million, corresponding to a margin of 19.7% and 21.6%, respectively. Gross margin was 19.7% against 21.6% in Q4 2020. Q4 2021 was impacted by price inflation and scarcity in subcontractors while Q4 2020, was at an extraordinary high level due to temporary Corona discounts from suppliers and subcontractors.

EBITDA before special items
Reported EBITDA before special items was DKK 116 million compared with DKK 119 million in Q4 2020, corresponding to an EBITDA margin before special items of 9.7% compared to a margin of 11.7% in 2020.

Staff cost and other external expenses (SG&A) amounted to DKK 121 million against DKK 100 million. The increase was primarily due to ramp up of the organisation and change in quarterly phasing year-over-year.

Special items
Special items amounted to DKK 0 million in 2021, against DKK 59 million in Q4 2020. The level in 2020 was mainly due to the listing in November 2020.

Profit for the period
Profit for the period from continued operations was DKK 82 million in 2021 up 28% from DKK 64 million in Q4 2020.

Cash flow

Operating activities
Net cash generated from operating activities was DKK 280 million compared with DKK 66 million in Q4 2020. The increase was mainly driven by higher profit before tax and changes in working capital due to high level of deliveries.

Investing activities
Net investments of DKK 10 million were made during Q4 2021, against DKK 18 million in Q4 2020. Mainly driven by investments in Property, plant and equipment.

Free cash flow
Free cash flow was DKK 271 million, against DKK 48 million in 2020. The increase was mainly driven by changes in operating activities due to high number of deliveries. Q4 2020 level was affected by one-offs related to the listing in November 2020. Cash conversion in Q4 2021 was 233%.

Financing activities
Financing activities was negative DKK 6 million, against negative DKK 78 million in 2020. The financing activities in 2020 were affected by the repayment of long-term debt and proceeds from a new loan agreement.

623

houses delivered in Q4 2021

Units	Q4 2020	Q4 2021
Sales	**529**	**484**
Detached	378	249
Semi Detached	82	149
Sweden	69	86
Deliveries	**537**	**623**
Detached -DK	473	443
Semi Detached	13	124
Sweden	51	56

Segments

We introduced our three segments in 2020. Detached and Semi-detached in Denmark and our Swedish business.

Detached is our largest segment comprising 81% of total revenue in 2021. Semi-detached and Sweden comprised 12% and 7%, respectively.

Denmark – detached

Revenue amounted to DKK 3,492 million, up 8.8% from DKK 3,209 million. The increase was driven by increased activity from both sales and deliveries. Average selling price (ASP) was DKK 2.3 million. Sales was 1,589 an increased 12% from 1,417. After an extraordinary high level in H1 2021, sales normalised in Q3 2021.

Deliveries was 1,441 houses, up 6.3% from 1,355 houses. Gross profit was DKK 693 million against DKK 629 million, the gross margin was 19.8% against 19.6%

The gross margin exceeded last year level in H1 2021 and were lower in H2 2021. Scarcity in subcontractors affected the 2021 level, whereas the 2020 level was positively affected in H2 by Corona discounts. Q4 2021 gross margin came in at 18.9% against 20.0% in Q4 2020.

Despite an increased cost pressure and scarcity of subcontractors in Q4 2021 affecting the gross margin level in Q4 2021, the overall high level was kept and increased year-over-year. This also despite share of own land deliveries decreased from 17.0% to 14.5%.

EBITDA before special items at DKK 311 million against DKK 300 million, corresponding to a margin 8.9% against 9.4% The EBITDA margin increased from Q1 through Q3 2021. Staff costs increased primarily due to ramp up of the organisation and higher level of provision due to the high sales rate.

Denmark - Semi-detached houses

Revenue amounted to DKK 504 million, up 330% from DKK 117 million in 2020. The increase was driven by significant higher sales rate and consequently increased building activity. 176 units were delivered in 2021 against 92 in 2020.

The sales rate amounted to 387, up 49% from 260 unit in 2020. 322 were B2B sales against 227 in 2020.

Gross margin was 12.5% against 22.9% in 2020. The development was mainly due to change in allocation key inter segment implemented in 2021. Q4 2021 gross margin came in at 14.4% against 34.3% in Q4 2020.

Share of own land deliveries was 60.8% compared to 70.7% in 2020.

EBITDA was DKK 44 million against DKK 8 million in 2020. EBITDA margin came in at 8.7% against 7.2%, up 1.5%-point year-over-year.

Average selling price (ASP) was DKK 1.8 million and on par with 2020. Lower level of own land deliveries were offset by relatively higher ASP on 2021 own land projects.

Sweden

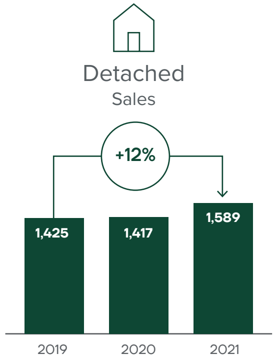
Revenue amounted to DKK 319 million, up 16.9% from DKK 273 million in 2020. Building activity was high and deliveries came in at 214 units up 12% against 191 units in 2020. Sales rate was record high at 400 units against 244 in 2020.

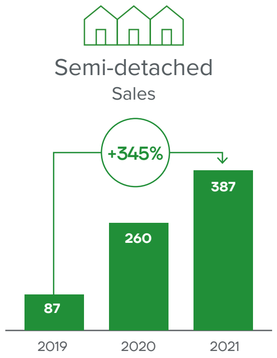
The gross margin was 37.4% against 36.6% in 2020. Q4 Gross margin came in at 36.4% against 38.5%.

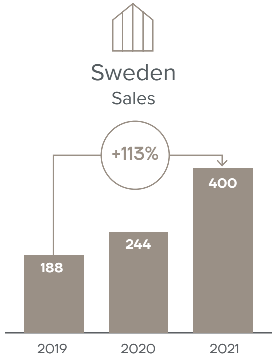
EBITDA before special items at DKK 47 million, corresponding to an EBITDA margin of 14.6%.

Average selling price (ASP) was DKK 1.5 million against DKK 1.4 million in 2020.

Despite an increased cost pressure and scarcity of subcontractors performance improved in the Swedish segment.







Sustainability

Our progress with sustainability in 2021

Sustainability is an integral part of our strategy, and we consistently pursue our ambitions of operating a responsible business, securing our people, and playing an active part in reducing climate change with an overall ambition of reducing CO_2 emissions by 70% by 2030.

In 2021, we continued our sustainability journey and further integrated ESG throughout our business, from strategy and governance to product innovation and customer offerings. HusCompagniet is committed to achieving our important climate, people and responsible business targets by 2030. With focus on our customers and the next generations, we are working with everyone in the value chain to improve our offerings. We want to take leadership in new decisions because the world needs sustainable homes.

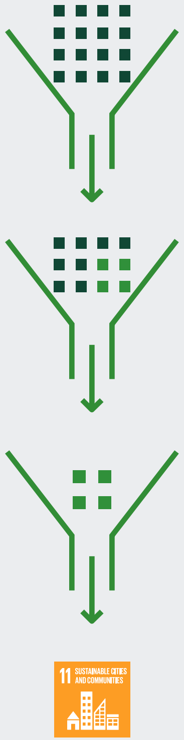
Sustainability issues such as climate change, safety, diversity, and inclusion are at the top of the agenda for investors, customers, and regulators. And as a leading house builder in the Nordics, we are uniquely positioned to contribute to sustainability within our industry and throughout the value chain. We are constantly driving innovation to reduce CO_2 emissions throughout the lifecycle of a house. Besides this, we actively promote respect for human and labour rights, fight corruption, and pioneer low-carbon offerings in the market.

Sustainability reporting

HusCompagniet is a signatory to UN Global Compact and committed to upholding the ten principles of human rights, labour rights, anti-corruption, and the environment. The following report is our Communication on Progress according to that commitment. We are also presenting our Task Force on Climate-Related Financial Disclosures for 2021 along with material sector topics and metrics according to Sustainability Accounting Standards (SASB). Our ESG data are prepared in alignment with the recommended indicators from CFA Society Denmark, FSR – Danish Auditors, and Nasdaq Copenhagen. In 2021 we have also included disclosures according to the EU taxonomy for sustainable activities.

On the following page is an overview of our targets, initiatives, and results in 2021.

Our strategic approach to sustainability



A range of sustainable challenges impact our business and our stakeholders.

We identify and prioritise key challenges. For house building in particular, we identify what lies within our control and what we can influence in the best possible way.

We develop roadmaps, initiatives and programmes to address key challenges.

We aspire to have a transformative impact in SDG 11 and relate our targets to specific SDG's. See page 31 for SDG's linked to our targets.

Our ambitions and targets

	Ambitions	Baseline	Results 2021	Target 2022	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 house • 4.0kg CO_2e per m² per year from the production of building materials	• Climate-improved House launched, with 31% lower CO_2 emissions than defined baseline • First DGNB Gold B2B project sold to NREP • Internal DGNB course organised • Low-carbon solution tested	• Prepare for Danish regulatory requirement for LCA-calculation from 2023 • Analysis results of LCA on 4 house types to be completed in Q1 2022 • Train DGNB consultant and work on DGNB pre/system certification	• 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 – customer use phase**	• 48% of houses ordered with one or more on-site renewable energy technologies	• Natural gas phased out by 1 January 2022 • Education of sales force in advising customers on renewable energy solutions • 48% of houses sold in 2021 were with renewable energy sources	• Continue educating sales force in advising customers on sustainability • With district heating become more renewable, consider 2025 target and add new target	• 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
Climate	**3: Climate – own operations**	• 878 tonnes scope 1 CO_2 emissions (owned and leased company vehicles) • 1,536 tonnes scope 2 CO_2 emissions (purchased electricity and heating)	• Testing of electric company cars initiated and electric vehicle infrastructure at offices expanded	• Continue testing and installing charging infrastructure • Consider entering a PPA (Power Purchase Agreement)	• Zero scope 1 emissions through 100% electric owned and leased vehicle fleet	• Carbon neutral scope 1 and 2 emissions from operations	Target 13.3
People	**4: Employee well-being**	• 2.2% sick leave	• Carried out annual employee satisfaction survey across Danish operations, including new questions about health and safety, diversity and inclusion	• Carry out employee satisfaction survey across our Danish and Swedish operations • Establish baseline for Swedish operations	• 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% female in management	• Two female out of six total members on the Board of Directors • 21% female in management	• Monitor possible new regulatory requirements around gender quotas in Denmark	• Two females out of six total members on the Board of Directors • 25% female in management	• Two female out of six total members on the Board of Directors • 30% female 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	• Reduced overall LTIf from 11.4 in 2020 to 9.3 in 2021 • Top safety issues identified and safety reporting system implemented • Construction managers educated in Q4 2021, as part of launch of initiatives	• Continue implementing initiatives (eg on-site safety inspections, site planning for materials, learning from near misses) • Continue embedding safety in our own and our subcontractors' culture	• 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	• Codes of Conduct reviewed targeted suppliers and employees, based on best practice standards • Tax policy, data ethics policy and working environment policy adopted	• Continue focus on ensuring best pratice policies are in place	• N/A, annual targets set	• N/A, annual targets set	Target 16.5
Responsible business	**8: Sustainable sourcing**	• Supplier Code of Conduct • Whistle-blower system	• Suppliers and subcontractors have signed the updated Code of Conduct • Initiated dialogue with suppliers in documentation on more sustainable products	• Continue engaging with suppliers in creating more sustainable solutions • Continue focus on adoption of CoC throughout the supply chain	• N/A, annual targets set	• N/A, annual targets set	Target 12.6
Responsible business	**9: Labour rights and human rights**	• Employee Guidelines for Values and Ethics • Standards of Business Conduct	• Continue awareness efforts have been conducted towards suppliers and subcontractors	• Continue to work with suppliers and subcontractors to promote sound working conditions	• N/A, annual targets set	• N/A, annual targets set	Target 8.7, 8.8 Target 10.3

Materiality & The UN Sustainable Development Goals

The prioritisation of our material sustainability topics and focus areas are based on the UN Sustainable Development Goals (SDGs) and directs our focus to areas, where we can make a positive impact. At the same time, we acknowledge that the nature of our commercial activities also entails the risk of negative impact, which we have a responsibility to mitigate and minimise.

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 lies primarily in 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 the key role of the water in healthy ecosystems and the importance of efficiency, HusCompagniet, however, 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 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 also uphold these standards with our subcontractors and suppliers.

The lifecycle of a HusCompagniet house

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.

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.

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.

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

Sustainability

Climate change

Climate change is one of the defining challenges of our time. It is an urgent global threat, and how we respond 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.

HusCompagniet's vision is to set a new standard for sustainable construction and changing the way people think and talk about house building and sustainable living. We must drive the agenda, not just follow it.

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.

Being in the construction industry and as market leader, we acknowledge the responsibility to contribute towards a more sustainable development. As a house builder, we have a key impact on climate change, which we address across the lifecycle of a house.

Pursuing ambitious targets

In 2019 we began our journey and set ambitious targets for 2025 and 2030. In doing so, we understand that we need the commitment of our suppliers, and equally important we need to find the right sustainable and cost-efficient solutions for our customers. We believe the sustainable choice should be available for the many, and it is our aim to inspire and enable our customers to reduce the climate impact of their homes in the most cost-efficient way.

It is our ambition to reduce the lifecycle CO_2 emissions from building materials of HusCompagniet homes by 70% by 2030. To achieve this target, we are focusing our efforts at the areas, where we can make the biggest difference. One of the most important areas is in the selection of lower carbon building materials, and we have set a short-term target of a 35% reduction in CO_2 emissions from the production of building materials by 2025.

Transparent reporting

In 2021 we have, by use of external support, evaluated our ESG figures. We have chosen a free reliable data source on emissions factors from “Energistyrelsen” and have restated figures for 2020 and 2019 for comparability. We believe this process will provide a smooth process for 2023 assurance process.

In 2021 we have also added market-based emission figures, and total CO_2emissions (Scope1 & 2 market-based) show an increase of 14%, linked to increased activity and output.

We do not participate in the purchase of certificates, which would significantly improve the figures. We believe the market for purchase of certificates is not a reliable way of reducing emissions and more a way to artificially improve your figures. Instead, HusCompagniet is looking into the opportunity of entering into Power Purchase Agreements. This way we contribute to expand the market for renewable energy and not just buy certificates that claims the usage of existing sources.

We achieved lower carbon intensity of our operations, from 19.8 to 18.4 CO_2 per m^2 indicating increased CO_2 efficiency in our operations, equivalent to a 7% reduction. We also achieved a reduction of 3% year-over-year of indirect CO_2 emissions – location-based.

Scope 1 CO_2 emissions was on par with 2020, and reduced 12% compared to 2019 resulting from decreased business travel and more virtual meetings, likely resulting from COVID-19 restrictions.

From laboratory to portfolio initiatives

2019 provided us with important knowledge of the life-cycle emission (LCA) of our standard house, which constitute around 80% of our sales. 2020 gave us important learnings, when we developed our Climate-Improved house.

In 2021, we launched the Climate-Improved house. We are using the learnings from this process to develop initiatives and as an incubator for low-carbon solutions that can be rolled out across our entire portfolio. The first steps were taken in 2021 and more will come in the coming years. We are in close cooperation with our suppliers to explore and test for low-carbon solutions and building materials.

We believe this will enable us to assess and scale viable solutions that reduce CO_2 emissions throughout the portfolio and achieve our targets. In December 2021, we launched a campaign, offering renewable energy sources at low cost and from 1 January 2022, we no longer offer gas as heating source and all houses sold will include preparation for installation of charging stations.

Sustainable initiatives

We are looking into the opportunity of entering into Power Purchase Agreements to contribute to expanding the renewable energy market.

Climate – building materials in the lifecycle

Reuse, Recycle and Recovery

Production of materials
Target 2025: 35% reduction of CO_2 emission from the production of building materials, base year 2019.

House construction

Living in the house: replacement

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.

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.

Target 2030: 70% reduction of CO_2 emission from the production of building materials through the lifecycle of a house, base year 2019

HusCompagniet's standard house - carbon emissions across the lifecycle of the house*

* The proportion of CO_2 emissions by lifecycle phase are based on HusCompagniet's standard home and the use of geothermal heating

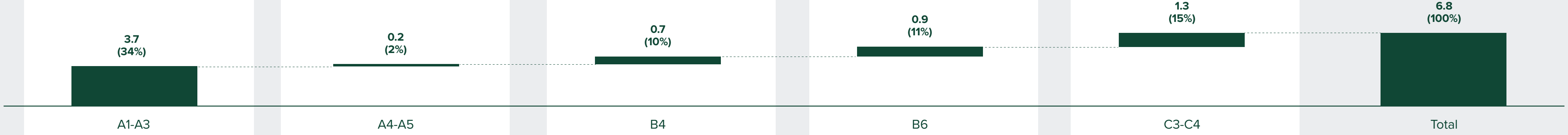
Upstream scope 3 emissions
Emissions from the production of building materials (A1-A3).

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 replacement of building materials and components throughtout the lifecycle of the house (B4).

Downstream scope 3 emissions
Emissions from operational energy use of the house after it is delivered to customer (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).



When assessing climate impact and CO_2 emissions, it is important to take a view of the entire value chain of a house, and the upstream and downstream scope 3 emissions.

The lifecycle of a house starts with CO_2 from the extraction of the raw materials and production of building materials, followed by emissions from the house construction phase. It continues with energy consumption while the customer is living in the house, and finally reaches the end of life, during which the house is demolished, and materials are reused, recycled, or disposed.

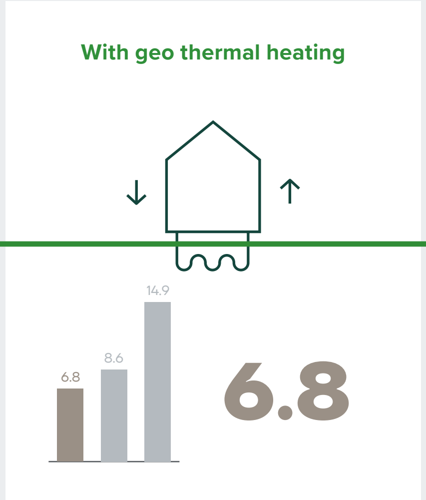
To illustrate the lifetime carbon emissions of a house, we have in 2020 calculated the full lifetime carbon emissions of an standard house (scopes 1, 2 and 3), based on a standard single floor house, our most sold house, accounting for about 80% of our sales. The CO_2 emissions per phase of the lifecycle provides an indication of the impact in each phase. The percentage of CO_2 emissions changes, depending on the type of heating source used. We use the standard definition for the lifecycle of a house of 50 years according to Life-cycle assessment (LCA) measures.

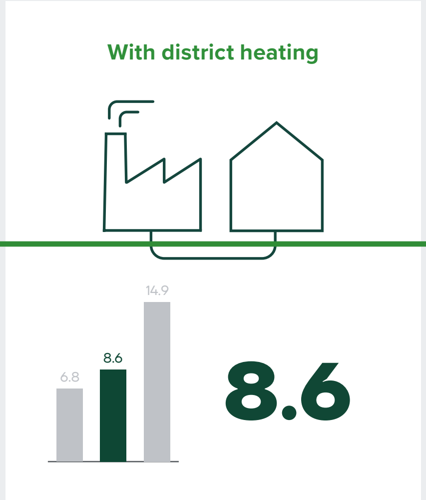
The emissions under HusCompagniet's direct control, are scope 1 and 2 emissions from our own operations, where we have the most control, and where we have set the most ambitious targets. However, a majority of the CO_2 emissions across the lifecycle of a house occurs in other phases, in the form of upstream and downstream scope 3 emissions, where HusCompagniet has an influence, but not direct control.

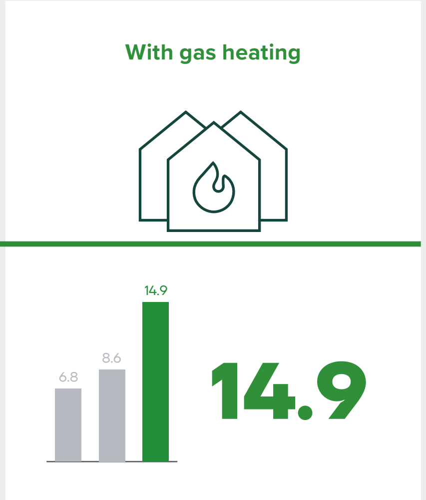
Our role in these phases is more complex, and requires engagement with our suppliers upstream and our customers downstream. As a large player in our sector, we see potential in leveraging our centralised purchasing and product development efforts for emissions reductions across the value chain. We are in dialogue with several suppliers for more sustainable products and documentation requirements.

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

CO_2 emissions of the standard house by heating source
(lifecycle CO_2 emissions in $kgCO_2e/m^2/year$)







The lifecycle emissions of the standard house, and HusCompagniet's potential influence, targets, and actions within each phase. In the short- and medium-term, our focus will be upstream and in the use phase, where we can engage with our suppliers to reduce scope 3 emissions from the production of building materials, and with our customers, offering houses built with less carbon-intensive materials and on-site alternative energy technologies.

In the longer term, we will further focus on end of life, starting with materials selection, shifting towards more 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.

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.

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 represent 11% of global CO_2 emissions. 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, and closely follow developments in more sustainable building materials.

Well prepared for the coming requirements

In March 2021, the Danish government published the National strategy for sustainable construction "National strategi for bæredygtigt byggeri", that set out expected future requirements for CO_2 emission from buildings over a life cycle (LCA). We welcome initiatives towards more sustainable housing and HusCompagniet is well positioned to meet the requirements.We could even wish for even more ambitious requirements.

According to the agreement, all new-builds below 1,000 sqm will require a LCA assessment from 2023, and from 2025 there will be introduced a threshold for maximum kg CO_2e/m²/year. The expected threshold is 10.5 but will be assessed by the end of 2023 based on latest knowledge and data. In 2027 the threshold is expected to fall to 9.0 kg CO_2e/m²/year and for 2029 to 7.5 kg CO_2e/m²/year.

The voluntary sustainable building class "Den Frivillige bæredygtighedsklasse" has equivalently a recommended threshold of 7 kg CO_2e/m²/year in 2025, while reducing the threshold to 5 kg CO_2e/m²/year in 2029.

The lifecycle emissions of the standard house amounts to between 6.8 kg CO_2e/m²/year with geothermal heating, and 8.6 kg CO_2e/m²/year with district heating. In comparison, the Climate-Improved house emits 5.9 kg CO_2e/m²/year with geothermal heating.

The lifecycle emissions of our functionalism house amount to between 8.2 kg CO_2e/m²/year with geothermal heating, and 10.0 kg CO_2e/m²/year with district heating according to our assessments. We therefore expect to secure an LCA of 10.0 CO_2e/m²/year or below in all our offerings. Given the green transition of the energy system and our focus on sustainable solutions as well as our suppliers', we expect further reduction of the live cycle emisison of our houses.

In H1 2022, we will get results of LCA of 9 different show houses (covering 4 of our house types), including an updated assesment of the Climate-Improved house. This is part of a collaboration with BUILD (Aalborg University), where HusCompagniet's data from built houses are used to develop a simplified LCA tool as part of ongoing work to develop a DGNB certification for single family houses. We feel comfortable that our portfolio upholds expected LCA and expect that recalculations of prior LCA will improve as they are done with a conservative approach. The voluntary sustainable building class requirements have prepared us for the coming regulatory requirements. Read more on page 40 on our test against the class.

On a more local level, that of municipalities, we currently see constraints on choice of for example facade materials. These could hinder the introduction of new lower-carbon alternatives.

Case: Development of our Climate-Improved House

In April 2021 we launched our 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 in circularity, reuse, and recycling of materials at the end of the house's life.

The new offering is based on 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 have spanned across engineering, procurement, sales and business development. We have additionally drawn on external expertise to conduct life-cycle analyses on various products and building materials.

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

Paper wool replacing glass/stone wool

0.7

tonnes CO_2 avoided

Timber inner and outer walls replacing aircrete

2.7

tonnes CO_2 avoided

Total reduction from building materials throughout the lifecycle

31%

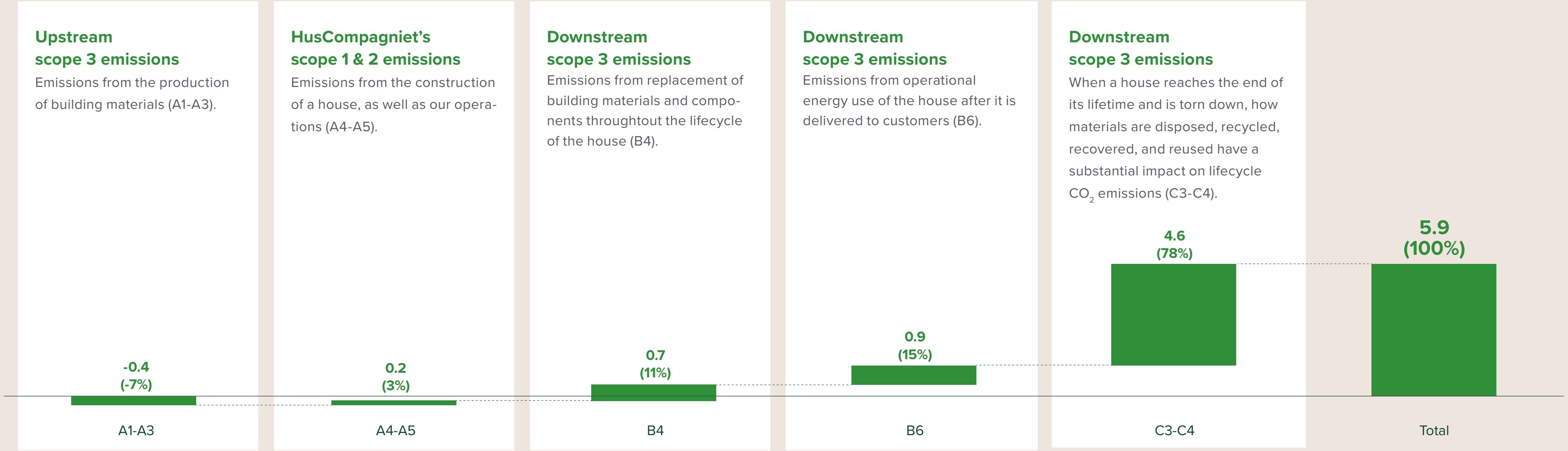
less CO_2 from building materials than our Functionalism House

Sustainable 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 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 by recycled paper.

Our Climate-Improved house is delivered 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. 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 are 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 effective recycling and reuse markets, may further reduce the carbon footprint of our Climate-Improved houses, when they reach their end-of-life stage.

Climate-improved house



Testing the Climate-Improved house against the voluntary sustainable building class

1. Life cycle assessment - the overall climate impact of the building
2. Use of resources on site
3. Total economic analysis - costs for construction, operation and maintenance
4. Operational and maintenance plan for maintaining the indoor climate
5. Documentation of problematic substances
6. Degassings for the indoor climate
7. Detailed demonstration of daylight levels
8. Noise from ventilation systems in homes
9. Room acoustic in homes

Our internal engineering team has worked with an external consultant to test our Climate-Improved house against the voluntary sustainable building class (Den Frivillige Bæredygtighedsklasse) proposed by the Danish government. This effort has been supported by Realdania and will serve to provide learnings and insights for the relevant ministries involved, the construction sector, 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, which are expected to be implemented in Danish law in 2023.

The conclusion has been positive, and our Climate-Improved house meet the requirements for the voluntary sustainable building class for eight of the nine criteria.

Only as regards to room acoustics, our house did not live up to the requirement in the voluntary sustainability class, which is a reverberation time of 0,6 seconds. Our house was measured to 0,7. It is not known what the final requirement will be, but as we are in the testing period, input from the industry concerning the room acoustics is the current benchmark for the industry.

We have also learned that, of the nine criteria, the difference between the Climate-Improved house and our standard offerings are primarily of the overall climate impact of the building (criterion 1, the LCA). This means that all our offerings should meet the remaining eight criteria, with the exception of room acoustics. This illustrates the high quality of HusCompagniet's building process as well as the quality of the house delivered to customers in terms of comfort and the low cost of heating and maintenance.

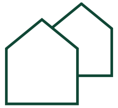
Sustainable energy savings

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.

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. Furthermore, even after renovation, there is a limit to how much the energy performance of the existing building stock can be improved. Most existing houses in Denmark cannot reach an energy class higher than C. This also has an economic and social (comfort-related) impact for the home owner, who will expectively have relatively higher heating costs. We are actively exploring opportunities to reduce the CO_2 embedded in the use phase of our homes, and the end-of-life.

We experience that our customers demand energy efficient homes and see this as an important part of more environmental friendly houses.

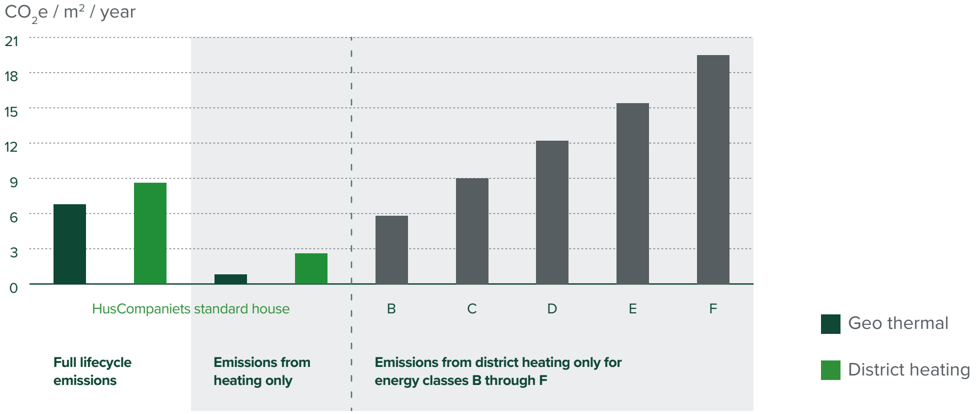
A successful green transition must include both new-builds and renovation, and we applaud that both activities have been included in the EU Taxonomy for sustainable activities, as long as the relevant technical criteria are met. At HusCompagniet, we welcome this development towards a uniform classification 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. Read more on our reporting on Taxonomy- eligibility on page 51.



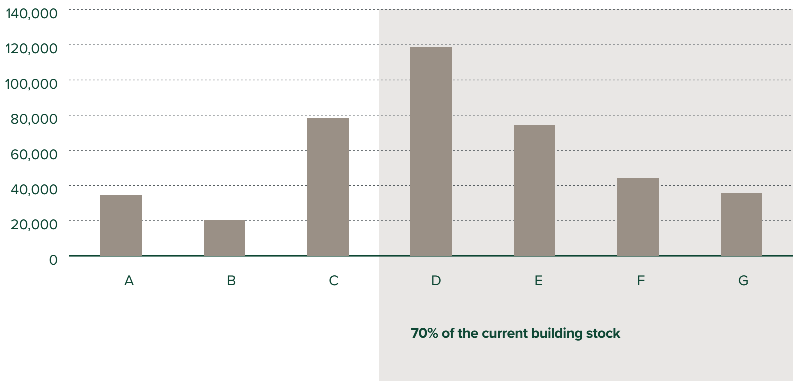
70%

of all houses in Denmark have an energy class of D or lower

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



Number of houses by energy class in Denmark



Avoiding CO_2 emissions in our own operations

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

We have been working to install electric vehicle (EV) charging stations in all offices and completed a full roll out in 2021, as we move towards our 2025 target.

In 2021, we have tested an electric van for our construction managers. Our construction managers have high mileage requirements, and after the testing period we must realise that the technological development of vans cannot yet meet the milage need of our construction managers. For our other cars we focus on shift to EV cars, when a car is replaced by new leasing agreement.

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 enter 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.

Future initiatives

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.

We have initiated a test project with our supplier Bygma, for waste reduction through reuse of rubble in new bricks, thus, reducing waste from the building process and increasing the recycled content of new bricks. Further, we will explore waste sorting on specific sites. We are pursuing additional partnerships to reduce waste further in the construction phase.

A crucial first step in the work on waste reduction is obtaining good data on actual waste quantities of each fraction, and we are in dialogue with some of our waste companies about these data.

Our digitalisation efforts will further optimise materials delivered to the house through automation of material quantification.

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 and closely follow developments in sustainable building materials.

In 2020, we tested cross laminated timber (CLT) as a sustainable alternative in the portfolio. Given the development in timber prices we will for the time being not pursue further implementation of CLT in the portfolio.

We aim to be sustainable while keeping a cost-efficient mindset for our customers, in line with both 'den frivillige bæredygtighedsklasse' and the DGNB certification scheme, sustainability must be seen holistically, covering both environmental, economic and social aspects.

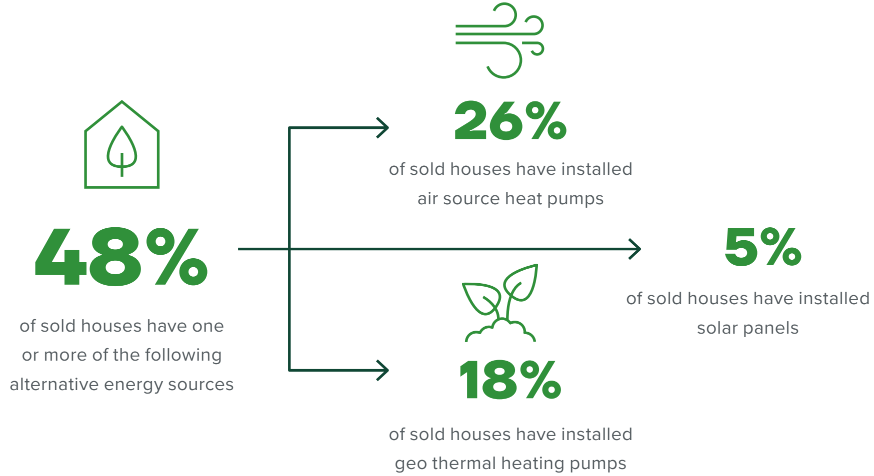
Renewable energy sources in our homes

We know from the standard house Life cycle assesment that alternative heating solutions have a substantial impact on the total lifecycle CO_2 emissions of a home. (see page 36). For instance, replacing gas heating with geothermal heating reduces lifetime emissions by over 50%, from 14.9kg to 6.8kg CO_2eq /m²/year. It was our target to increase the proportion of homes delivered with one or more alternative energy sources to 60% by 2025. In 2021, we saw a slight decrease in houses sold with green energy solutions from 50% in 2020 to 48% in 2021. However, we also saw a decrease in gas to 2% and increase in district heating – and we welcome this transition. From 1 January 2022, HusCompagniet no longer offers gas as heating source. In Denmark, oil burners have not been allowed as an energy source for new-builds since 2013, and we excluded oil burners from our offering prior to that. With gas now phased out, fossil energy heating sources are therefore no longer part of our offering.

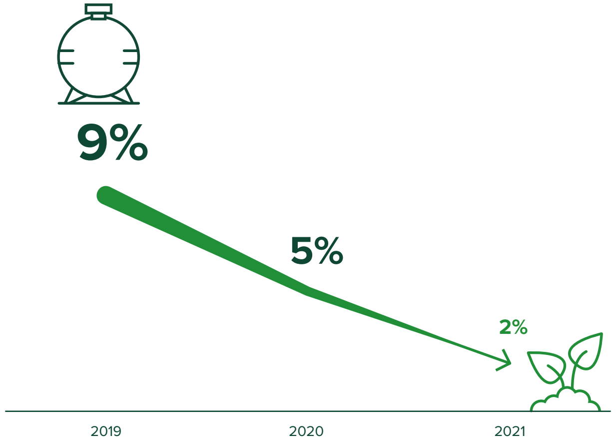
Given the growing spread of district heating, and the expectation that this heating source will gradually have lower emissions than today, we consider to have reached our target when it comes to air source heat pumps and geo thermal heating pumps. Going forward, we will consider whether we should introduce new targets from the use phase of our houses.

Phasing out fossil natural gas in households is an important part of achieving Denmark's common goal of reducing CO_2 emissions by 70% by 2030. Today there are good alternatives to natural gas heating. We actively advise our customers on alternative heating sources to further drive the sustainable development and at the same time provide cost-effective solutions for our customers.

Percentage of houses sold with renewable energy sources in 2021



From 1 january 2022 we stopped offering gas as energy source



Case: First semi-detached DGNB-Gold agreement signed

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 similar (but not equal) to the voluntary sustainable building class where we have tested the Climate-Improved house. The DGNB certification aim to set more ambitious thresholds in order to push the industry towards more sustainable development. DGNB is currently agreed by the industry in Denmark to be the chosen certification due to the holistic approach and the expectation that certified buildings will lift the building quality.

At HusCompagniet, we are exploring our product portfolio's alignment with the DGNB criteria, with the aim of providing DGNB-certified projects for our customers. This is relevant for both our B2B offerings as well as our B2C offering. HusCompagniet currently live up to the Gold-standard and certification will entail collection of documentation rather than improving performance.

In November 2021, we signed our first agreement of a DGNB-Gold project. For the documentation phase we have chosen external support and will benefit from the learnings. Going forward, we have secured general internal knowledge by hiring competencies within sustainability and in addition, we expect to train at least one employee to become DGNB consultants.

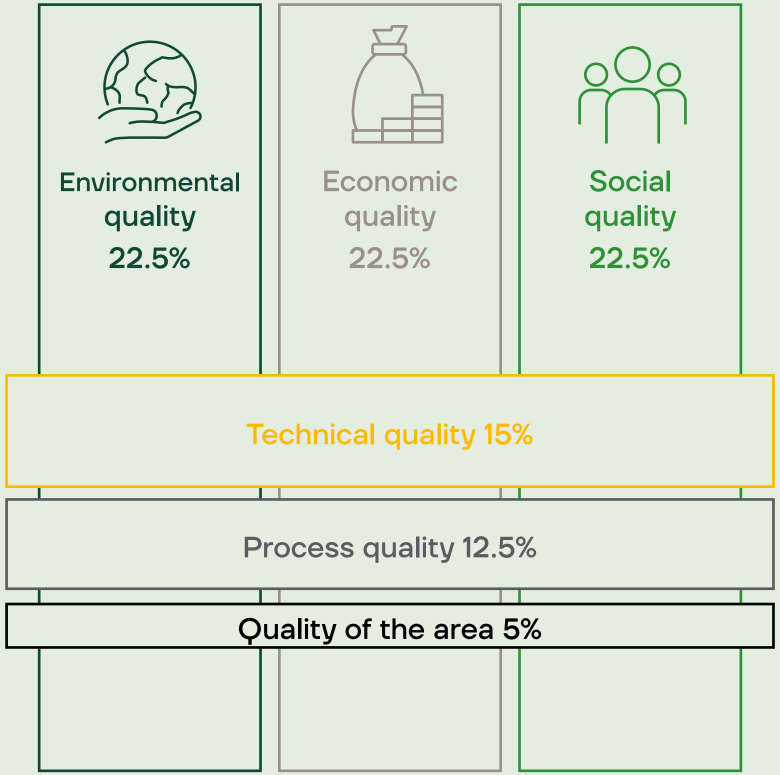
This is clearly a strategic area for HusCompagniet and will serve as an incubator for integrating a holistic approach to sustainability into our broader offerings and we believe the steps taken towards this, will further push our sustainability agenda.

In parallel, our internal engineering team has worked with an external consultant to test our Climate-Improved house against the voluntary sustainable building class (frivillig bæredygtighedsklasse) proposed by the Danish government, see page 40 for details.

The effort is supported by Realdania and serves to provide learnings and insights for the relevant ministries involved, the construction sector, as well as for HusCompagniet.

DGNB

DGNB's six main focus areas



People

Our employees are the most important asset at HusCompagniet, and their knowledge and insights are among our strongest assets. We rely on the capabilities of our employees to facilitate and deliver high-quality homes for families and doing so safely. 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 most of our construction work. This operating model gives us a high degree of agility and efficiency, which we have benefitted from during the past year with exceptionally high sales and building activities.

On the other hand, our operating model also means that we must maintain a close cooperation with our subcontractors to ensure that they also maintain a satisfactory 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.

Employee well-being

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 skill sets, from sales to architecture and construction management. To improve employee engagement and well-being, we continue to work with development and engagement initiatives that improve team dynamics and communication.

HusCompagniet uses a psychometric tool to measure and improve employees' awareness of strengths and development areas, and to promote understanding of different personality types working together. It 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. In 2021, all new employees were also tested according to the system.

Sick leave is a challenge to both employees and the business, and we aim to reduce overall sick leave to 2% in 2025. In 2021, sick leave increased to 3.5% from 2.8% in 2020. The level was impacted by the pandemic and the following restrictions, which caused relativity more sick days reported for the employees and their children. HusCompagniet has a proactive approach for long-term sickness incidents and successful return plans and feel comfortable that the level will decrease again post-pandemic.

Employee satisfaction

Since 2020, we conduct a yearly employee satisfaction survey measuring areas such as satisfaction and loyalty, and in 2021 we added new questions concerning health and safety and diversity and inclusion. The survey which covered our Danish employees, yielded a response rate of 86%, with a satisfaction score of 77%, and a loyalty score of 84%, which are about the same levels as in 2020.

We are very pleased with this performance, which is comparable with both national and industry benchmarks. As part of the survey, we also achieved an employee Net Promoter Score (eNPS) of +41 compared to +47 in 2020. The level reflected a challenging year for our employees. The +41 score is still above both industry and eNPS benchmarks, but we aim to improve the score in 2022 with special focus on optimising the building flow for a sustainable working flow.

The results of the survey 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, is well positioned to anchoring efforts at the local level, with our central HR team following progress on local action plans. As such, the implementation of 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. In 2022, we plan to expand the employee engagement survey to cover the Swedish organisation as well.

Employee turnover increased to 20% from 15% in 2020 in a high activity market, with a high demand for employees with-

77%

Satisfaction score in employee satisfaction in our sector. We expect the relatively high level to decrease again when the market normalises.

Diversity & inclusion

This section includes our statutory reporting on diversity & inclusion. At HusCompagniet, we strive to provide a diverse and inclusive work environment with 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 improve gender balance over time. As of 31 December 2021, the underrepresented gender is female and constituted 21% of our workforce against 20% as of 31 December 2020.

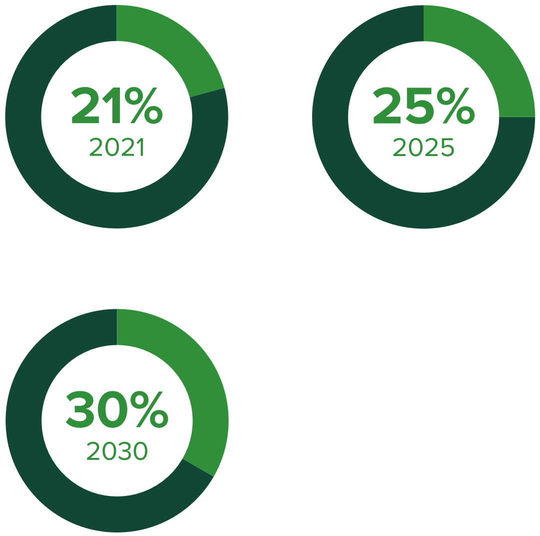
People are encouraged to apply for positions in HusCompagniet, irrespective of gender, age, nationality, sexual orientation, religion or ethnicity, and decisions regarding recruitment, promotion and dismissal are not influenced by these. Our employees have equal opportunities for career development and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

Diversity in management

The tone set at the top Management is important, not least when it comes to diversity and inclusion. In 2021, females comprised 33% of our board of directors, which is in line with our target. The composition of the Board of Directors of HusCompagniet is also in accordance with the Danish Business Authority's guidelines on equal gender distribution on the Board of Directors.

In 2021, other levels of management, defined by the executive management and their direct reports with employee responsibility, had a female representation of 21%. HusCompagniet has set a target to increase the representation of females in management to 25% by 2025 and 30% by 2030.

In 2021, we had 21% of the underrepresented gender in management, and we have set targets for 2025 and 2030



Health and safety

The safety of our employees and subcontractors is an unwavering priority for HusCompagniet. We acknowledge that there is more work to be done regarding employee safety with our subcontractors, and we have taken several steps over the past years to substantially scale up our efforts. Our commitment is to reduce the lost-time injury frequency (LTIf) by 30% in 2025 and by 50% in 2030, respectively, compared to our baseline level in 2019. This target applies to both our own employees and our contractors' employees. This is an ambitious target but we remain fully committed to achieving it. Our Board of Directors receives safety updates at all ordinary Board meetings to monitor progress against our targets and ensure that the safety of our people and partners remain at the very top of our agenda.

Working Environment Policy

In 2021, we formulated a company Working Environment Policy aiming to protect both our employees, and the employees of our subcontractors, suppliers, and customers. In addition to complying with the Danish working environment regulations, the policy also covers a range of initiatives to prevent accidents and ensure that all partners comply with the same working environment standards and procedures, as we do. By analysing risks and monitoring accidents we aim to ensure that we have the right capabilities, processes, and tools applicable.

To monitor safety for both our own employees and our subcontractors, we make regular safety performance reporting. In 2021, the reporting covered 86% of our subcontractors against an 87% response rate last year. We value transparent and accurate reporting, as it is the outset for improving safety performance, and we will work to push towards complete coverage.

As part of our safety reporting, we also have a proactive and preventive safety registration on-site, which is integrated into our online project management system. The system enables our construction managers and subcontractors to register safety incidents and pre-emptive safety risk observation such as near misses, observations and safety incidents in the app, we already use in the construction process.

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.

+41

employee Net Promoter Score (eNPS)

Secure Workplace programme

In 2021, we further invested in strengthening our safety by launching the safety programme “Tryg Arbejdsplads” or “Secure Workplace”. The programme includes a broad range of initiatives including improved reporting, increased focus on construction site layout and special focus on working in hights. The programme also includes initiatives to improve competences among our own and subcontractors’ employees and more visible leadership through regular site visits, among others. The programme was launched with a workshop for top management followed by onboarding workshops for technical and construction management. Implementation of activities will continue through 2022, and the activities have been integrated into our safety reporting and management systems.

Safety reporting

Safety reporting in 2021 resulted in a 19% reduction in our overall LTIf, from 11.4 in 2020 to 9.3 in 2021. We increased the LTIf for our own employees from 5.3 to 10.5, corresponding to an increase in injuries from 4 injuries to 8. LTIf for subcontractors decreased by 36%, from 13.9 to 8.9.

The LTIf for own employees decreased from 15.2 in 2019 to 5.3 in 2020. As incidents are limited, fluctuations can occur, and improvement in reporting quality may also inflate the numbers. Even though the 2021 figure was lower than 2019, the increase in LTif for own employees y-o-y is not satisfactory.

The development illustrates the importance in the investments done on safety programme, launched in H2 2021 and our continued focus on relentless attention.

Safety overview	2019	2020	2021
LTIf	**12.0**	**11.4**	**9.3**
LTIf - own employees	15.2	5.3	10.5
LTIf - subcontractors	10.7	13.9	8.9
LTIs	**31**	**30**	**27**
LTIs - own employees	11	4	8
LTIs - subcontractors	20	26	19
Total lost days	**430**	**440**	**470**
Lost days - own employees	65	51	228
Lost days - subcontractors	365	389	242
Fatalities	**0**	**0**	**0**

Lost-time injuries in 2021 for own blue- and white-collar employees	Days of absence
Hand injury from nailgun accident	1
Knee and back injury from fall from height	1
Neck injury from car accident	5
Broken arm from fall from height	154
Back injury from fall from ladder in 1.2-2 meters height	1
Knee injury from stepping on brick on site	60
Head injury resulting from collisions with obejct on site	5
Electric shock resulting from dehumidifier	1

Responsible business

Working against corruption, and in support of environmental responsibility, human rights, and labour rights throughout our value chain, is an essential part of our license to operate. We are aware, that our sector 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 2021, we strengthened our policy framework with updated Code of Conducts for our suppliers and our employees, which will be communicated and integrated into our contracts, operations, and HR manuals throughout our organisation.

In line with the latest Corporate Governance recommendations, HusCompagniet has also formulated a Tax Policy to ensure compliance with applicable regulations, proper behaviour towards public authorities and payment of taxes as required by law.

Data Ethics Policy

Pursuant to section 99d of the Danish Financial Statement act, C and D sized companies must account for their data ethics policy and work related thereto. We have in 2021 set in place a new data ethics policy, which regulates how we process and use the information and personal data we keep, which are necessary to service our customers, complete our building activities and ensure transparency towards our investors. Our data ethics policy is developed according to the data ethics value compass.

It is key to us, that our customers and other stakeholders can rely on us and the way we process data. Our customers are primarily private individuals, and we use personal data to ensure our customers the best possible service. All data are processed with great care and confidentiality, also in our collaboration with our suppliers. Employees, who due to their work have access to data, are trained in our data ethics and data processing standards. HusCompagniet is continuously implementing and updating IT tools and systems, and we maintain a strict access control to limit security risks. External partners are only allowed access to data for a limited period and only related to the work-related need.

Maintaining ethical standards

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. Our business operations are regulated by our Anti-Corruption and Business Ethics Policy, which details our approach to combating corruption, and formulates our company's position on the matter.

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 reflects our 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 fundamental 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.

0

Concern or breaches reported in 2021

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 2021.

Engaging with our suppliers and subcontractors for sustainable sourcing

As HusCompagniet continues to explore sustainable materials for our homes, sustainable sourcing will continue to be an area of focus and collaboration with a view to further improving 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.

All new contracts as well as annual renewals of existing contracts will require suppliers to sign our Code of Conduct.

HusCompagniet negotiates the purchase of key materials categories directly with manufacturers, centralising a large portion of our procurement and enabling long-term relations with key materials suppliers. The centralised procurement somewhat mitigates the risk of business ethics breaches. 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 potential increased risk in terms of business ethics.

Environmental responsibility

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. Materials used for HusCompagniet houses are mainly locally sourced, reducing the environmental impact of transportation.

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. Our Sustainability Policy, internal Standards of Business Conduct, and Supplier Code of Conduct reflect our commitment to the UN Global Compact (UNGC) and its principles related to human rights and labour rights, among other areas.

We respect 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 subcontractors 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. In 2021, no breaches of our supplier Code of Conduct related to human rights were identified.

Taxonomy-eligibility

2021	Revenue	OPEX	CAPEX
Taxonomy-eligible activities			
7.1 Construction of new buildings	100%	56%	59%
7.4 Installation, maintenance, and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)			1%
Taxonomy non-eligible activities or activities not covered			
Non-eligible activities	0%	44%	40%
Sum of Activities	**100%**	**100%**	**100%**

HusCompagniet has assesed Taxonomy-eligibility for 2021 on voluntary basis, as we are below the 500 employee threshold.

We have identified our 2021 activities that are covered by the Climate Delegated Act in the EU Taxonomy. The detailed legislation for the remaining Taxonomy objectives is not finalised, as the interpretation and implementation of the new classification system are still under development. Therefore, we have taken a conservative approach in defining Taxonomy-eligible activities.

Our accounting policies for the calculations are based on our, using external advisory, best interpretation of the EU taxonomy regulation and delegated acts and the currently available guidelines from the European Commission.

Taxonomy-eligible revenue

Our share of revenue associated with taxonomy-eligible activities in 2021 was 100%. All revenue streams are related to the construction of a house. Approx. 80% is constructed on third party land. For the remaining part, land is owned by HusCompagniet. In the sales process land and house will be divided in two contracts for the private customer. Yet, HusCompagniet does not speculate in land and will solely sell land in connection with construction of a house. Therefore, it is assessed that revenue stream from land is within scope 7.1. and thus, taxonomy eligible.

Net turnover is based on the revenue according to IAS 1.82(a), i.e. IFRS 15 and other revenue if applicable. The denominator of the turnover KPI is based on our consolidated net turnover in accordance with IAS 1.82(a).

Taxonomy-eligible OPEX

Our taxonomy-eligible share of OPEX in 2021 was 56%. The Opex KPI is defined as Taxonomy-eligible Opex divided by our total Opex.

Where both Taxonomy-eligible and Taxonomy-non-eligible economic activities are carried out such as offices, marketing and IT related costs, the Taxonomy-eligible portion of OPEX is determined based on a defined allocation key. We have defined the allocation key from allocated FTE's.

We exclude administration staff in total, even though sustainability initiatives originate from the Business Development department and a sustainability resource has been hired.

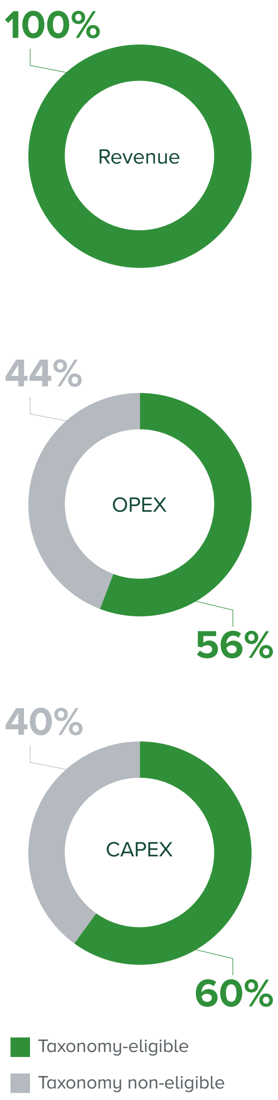
Our sales team are one of the core elements to promote more sustainable house choices, and the full sales team will in 2022 receive training in sustainable advisory. We therefore consider the sales team to be an important factor to enhance sustainable housing choices for the customers, including choice of material, energy source etc.

According to current guidelines, we have also excluded our sales team. We consider our approach to be conservative.

Taxonomy-eligible CAPEX

Our taxonomy-eligible share of CAPEX in 2021 was 60%. The Capex KPI is defined as Taxonomy-eligible Capex divided by our total Capex. Total Capex consists of additions to tangible and intangible fixed assets during the financial year.

All CAPEX additions are assessed individually. The Taxonomy-eligible share of investments primarily relates to 7.1. construction of new buildings. Items include, but are not limited to, investments in development, IT and leased vans for construction managers. For investments in charging stations, we assess the share of CAPEX directly linked to 7.4. Installation, maintenance, and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings).



ESG disclosures and data

ENVIRONMENTAL	ESG data / disclosures	2020	2021	Unit
Energy consumption				
Nasdaq E.3, FSR/Nasdaq CPH/CFA	Total energy consumption	14,954	17,262	mWh
Nasdaq E.3	Energy from electricity consumption	11,077	12,795	mWh
Nasdaq E.3	Energy from district heating and thermal heating	534	1,062	mWh
Nasdaq E.3	Energy from natural gas for heating	304	333	mWh
Nasdaq E.3	Diesel consumption	296,293	295,032	Liters
Nasdaq E.3	Petrol consumption	9,894	13,942	Liters
GHG Emissions				
Nasdaq E.1.1	Total CO_2-e emissions (Scope 1 & 2) - market-based[1]	4,900	5,576	Metric tonnes
Nasdaq E.1.1, FSR/Nasdaq CPH/CFA	Direct CO_2-e emissions (Scope 1)	776	772	Metric tonnes
Nasdaq E.1.2, FSR/Nasdaq CPH/CFA	Indirect CO_2-e emissions (Scope 2 - market-based)[1]	4,124	4,805	Metric tonnes
Nasdaq E.1.2, FSR/Nasdaq CPH/CFA	Indirect CO_2-e emissions (Scope 2 - location-based)	1,740	1,689	Metric tonnes
GHG Intensity				
Nasdaq E.2	CO_2-e emissions per m^2 delivered (Scope 1 + 2 - market-based)	19.8	18.4	kg/m^2
Nasdaq E.2	CO_2-e emissions per m^2 delivered (Scope 1 + 2 - location-based)	10.2	8.1	kg/m^2
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 (based on sales)	Score
Renewable energy				
Nasdaq E.5, FSR/Nasdaq CPH/CFA	Renewable energy percentage (market-based)	40%	35%	%
Nasdaq E.5, FSR/Nasdaq CPH/CFA	Renewable energy percentage (location-based)	65%	69%	%
SASB, IF-HB-410a.1	Number of homes with Energimærkning for energy efficiency (BR18) and (lavenergi)	100%	100%	%
SASB, IF-HB-410a.1	Average score of Energymærkning	BR18 & Lavenergi	BR18 & Lavenergi	
Nasdaq E.1.3	Downstream emissions: Percentage of homes sold with renewable energy technologies	50%	48%	%
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	0	0[3]	#
SASB F-HB-160a.1	Number of (1) lots and (2) homes delivered on redevelopment sites[5]	20%	18%	#
Nasdaq E.7, SASB IF-HB-160a.4	Process to integrate environmental considerations into site selection, design, development and construction[1]	See page 41	See page 50	Description

[1] new metrics in 2021.

[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	2020	2021	Unit
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 Annual report 2020	See TCFD disclosure table page 54	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 Annual report 2020	See TCFD disclosure tabel page 54	Discussion & analysis

SOCIAL	ESG data / disclosures	2020	2021	Unit
FTE & Turnover				
FSR/Nasdaq CPH/CFA	FTE (continued operations)	452	455	#
Nasdaq S.3, FSR/Nasdaq CPH/CFA	Employee turnover ratio[1]	15%[4]	20%[4]	Ratio
Health & safety				
Nasdaq S.7, SASB IF-HB-320a.1	LTI (lost-time injuries) total - own employees and subcontractors	30	27	#
Nasdaq S.7, SASB IF-HB-320a.1	LTI own employees - blue and white collar	4	8	#
Nasdaq S.7, SASB IF-HB-320a.1	LTI subcontractors	26	19	#
Nasdaq S.7, SASB IF-HB-320a.1	LTIf (lost-time injury frequency) total - own employees and subcontractors	11.4	9.3	Frequency
Nasdaq S.7, SASB IF-HB-320a.1	LTIf own employees - blue and white collar	5.3	10.5	Frequency
Nasdaq S.7, SASB IF-HB-320a.1	LTIf - subcontractors	13.9	8.9	Frequency
FSR/Nasdaq CPH/CFA	Sick leave	2.8%	3.5%	Days per FTE
Diversity				
Nasdaq S.2, FSR/Nasdaq CPH/CFA	Gender Pay Ratio[1]	1.2	1.1	Ratio
Nasdaq S.4, FSR/Nasdaq CPH/CFA	% female in the company	19.8%	20.6%	%
FSR/Nasdaq CPH/CFA	% female in management	20.0%	21.0%	%
Nasdaq S.6	Non-discrimination policy	Annual Report 2020	See page 46	Description
Nasdaq S.9	Child- and forced-labour policy	Sustainability policy	Sustainability policy	Description

GOVERNANCE	ESG data / disclosures	2020	2021	Unit
Nasdaq G.1, FSR/Nasdaq CPH/CFA	Gender diversity on the Board of Directors - underepresented gender	33.3%	33.3%	#
Nasdaq S.1, FSR/Nasdaq CPH/CFA	CEO Pay Ratio[1]	11.56	14.63	Ratio
FSR/Nasdaq CPH/CFA	Board Meeting Attendance Rate[1]	99.0	95.0%	Ratio

[1] new metrics in 2021.

[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.

TCFD disclosures

	TCFD Recommendation	2021 Disclosures
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.
Governance	**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.

	TCFD Recommendation	2021 Disclosures
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 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	2021 Disclosures
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 launched our Climate-Improved House and tested it towards the voluntary sustainable building class. Further, from 1 January 2022, we no longer offer gas as an anergy source. Read more on pages 38-40 and page 43 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.
Strategy	**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 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 2021, we continued to use these insights when considering long-term exposure, and we plan to refresh the analysis as more data becomes available.

	TCFD Recommendation	2021 Disclosures
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 2021. 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.
Risk management	**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.

	TCFD Recommendation	2021 Disclosures
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 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 57-59 in this Report
	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	See pages 31 in this Report
	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	See pages 31 in this Report

Risk Management

HusCompagniet is exposed to numerous inherent risks, some of which are market-driven, some industry related and some climate-related while others are more directly related to the Group's reputation.

The Board of Directors are responsible for ensuring the Group's risk exposure is consistent with its target risk profile. The Board of Directors evaluates the appropriate awareness and management processes are in place. Managing the risk process is part of the GROUP CFO's day-to-day responsibility and report developments in the main risk areas to the Audit Committee and Board of Directors.

Risk management is based on ongoing monitoring to identify relevant risks. Our enterprise risk management practice aims to identify, monitor, assess and mitigate risks as early as possible to manage the likelihood and potential impact.

Insurances are assessed on an ongoing basis by Group CFO and the audit committee to ensure sufficient coverage is provided to mitigate the day-to-day concerns. An insurance agency reports their assessment on HusCompagniet' s coverage to the Board of Directors once a year.

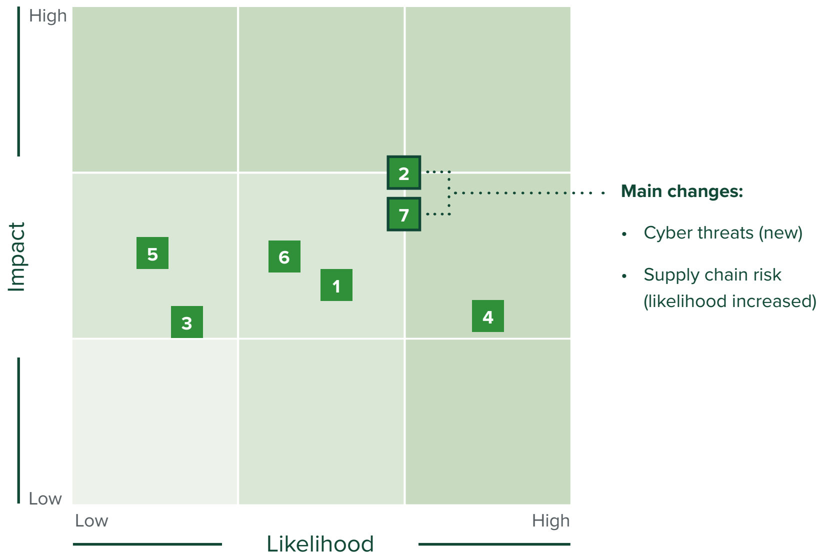
Risk action hierarchy

Board of Directors
↓
Audit Commmitee
↓
Executive Management

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 and 2021, its effects have not been categorised as a specific key risk. The Group has not been serverely inpacted by risk arising from COVID-19 in 2021, despite a slight increase in sick leave. The Group will continue to monitor and address potential risks arising from the COVID-19 situation.

Risk management Matrix 2021



1 Macroeconomic risk
2 Supply chain risk
3 IT systems and information
4 Climate risk and change in regulation
5 Our people
6 Health and safety
7 Cyber threats

Top risks

	Macroeconomic risk	Supply chain risk	IT systems and information	Climate risks and change in regulation
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. Geopolitical uncertainty in Europa could impact external factors. 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, subcontractors 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. 2021 has been affected by distressed supply chains and the risk of further constraints has increased in connection with the geopolitical instability in Europe.	With continuous digitalisation of business processes and implementation of systems to enhance control and drive efficiency, failure of these systems, could restrict the Group's operations. Failure to comply with data regulations could also trigger significant financial penalties and reputational damage.	For HusCompagniet, climate risks and the expected transition to a low-carbon economy can pose financial challenges. 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 increased regulation, carbon taxes and tariffs. Regulation towards sustainable housing is expected to increase over the coming years, requiring necessary R&D investment in product development from house builders.
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. The Group strives to maintain its share of own land projects at around 20% of total house deliveries in Denmark. The Group also operates a flexible cost base as most construction projects are outsourced to subcontractors, which add resilience to the business model in facing down turns. An order book of minimum six months visibility 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.	Operation of critical applications are monitored and managed according to business continuity plan. We ensure segregation of duties in our applications and strong access control to prevent unintended usage. Risk of loss of data is mitigated by a daily backup laced on separate location for 30 days and a disaster recovery strategy is implemented with yearly exercise of disaster recovery. Data protection policy was implemented in 2018.	HusCompagniet integrates considerations on climate-related risks and opportunities into our strategy and operations. The Group has since 2019 implemented and publicly supported the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We have set ambitious 2025 and 2030 targets to reduce carbon emissions, and in our efforts to reach the targets set, we continuously expand our low-carbon offerings in terms of materials and renewable energy solutions. The efforts taken also prepares for future regulatory changes. For our Semi-detached offerings, a DGNB certification process was completed in 2021.

Top risks

	Our people	Health and safety	Cyber threats
Risk	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's subcontractors may fail to operate in accordance with high ethical and safety standards and in accordance with applicable laws and regulation.	The cyber threat has continued to increase. With increased digitalisation of business processes, cyber attack could have financial and reputational consequences for HusCompagniet. Malicious hacking activities or theft of sensitive business data, personal employee data or customer data, which may result in significant business disruption, monetary losses or fines and penalties from authorities. Risk of cyber threats has increased further in 2022 due to increased geopolitical uncertainty in Europe.
Mitigation	HR processes including retaining and recruiting talent are increasingly important to the Group. 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. Employee surveys are conducted on regular basis in order to open a line of communication for all employees to provide feedback and help growth the company.	It is HusCompagniet's ambition to eliminate work related injuries. HusCompagniet has increased the training of construction managers and engaging in subcontractors at building sites as well as maintaining a strong focus on safety when onboarding new companies. Further, implementation of a safety measuring system during 2021 was performed through an online project management tool to ensure a data driven approach to improve safety. A Code of Conduct is being implemented.	The Group IT's strategy comprises a continued effort to protect against cyber threats regarding IT infrastructure and operations. The Group mitigates security risks through a strong access control to the infrastructure including multifactor authentication. Continuous updates of IT equipment and infrastructure provide new technology to support best practice. Furthermore, the IT strategy seeks to improve upon user awareness continuously on data security, especially with respect to passwords, emails, and devices.

Shareholder information

The share price

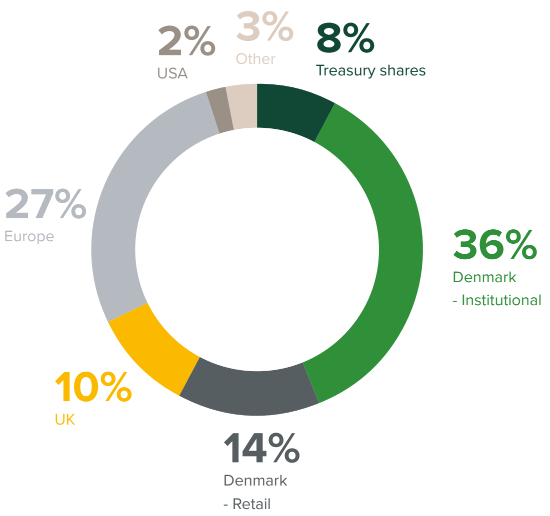
HusCompagniet A/S was listed on Nasdaq Copenhagen on 18 November 2020, becoming part of the mid-cap index. At first trading day the share price was DKK 117. The share price was at DKK 129 in the beginning of 2021 and closed at DK 118.4 at year end. In comparison, the Copenhagen mid-cap index increased 29% in the period.

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 five votes. On 30 December 2021, HusCompagniet had more than 4,700 registered shareholders collectively holding 97% of the share capital. Three shareholders had at year end notified HusCompagniet A/S of holding 5% or more of the share capital:

- Henderson Global Investors Limited
- Handelsbanken Fonder AB
- PFA Asset management

After the listing in November 2020, our selling shareholder, EQT, held 44.2% of the shares in HusCompagniet. Through two Accelerated Bookbuilding (ABB) in May and August, respectively, EQT sold their holding and was as of 19 August 2021 no longer shareholder in HusCompagniet.



HusCompagniet held 1,683,058 treasury shares at year end, corresponding to 8.4% of the share capital. The treasury shares are subject to cancellation, while a minor share cover the commitments under the current share-based incentive program.

Share-based incentive schemes

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. No RSU's were granted in 2021. 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 4.9 million was recognised as staff costs in the income statement for 2021.

Capital structure

The primary objective of HusCompagniet's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximise shareholder value. HusCompagniet manages its capital structure and adjusts 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 2021 was 1.8x net debt to EBITDA before special items.

Updated dividend policy

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. For 2022, HusCompagniet has updated the dividend policy from at least 50% by means of dividend to at least 25% by means of dividend, supplemented by means of share buyback for around 25%.

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 7.35 per share be paid for the 2021 financial year, to be paid out in the second quarter of 2022. No dividend will be paid out on treasury shares. The proposed dividend per share adds up to a total dividend payout of approximately DKK 132 million, corresponding to payout ratio of 50% of the consolidated profit after tax.

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 three-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, can 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 road shows and equity conferences.

Analyst coverage

The company is covered by three equity research providers, Nordea, SEB, and Citi Bank. We are expecting coverage from additional financial institutions during 2022, including Danske Bank. The company is not normally available for dialogue about financial matters in the three-week period leading up to the publication of an interim financial report, trading statements or the annual report.

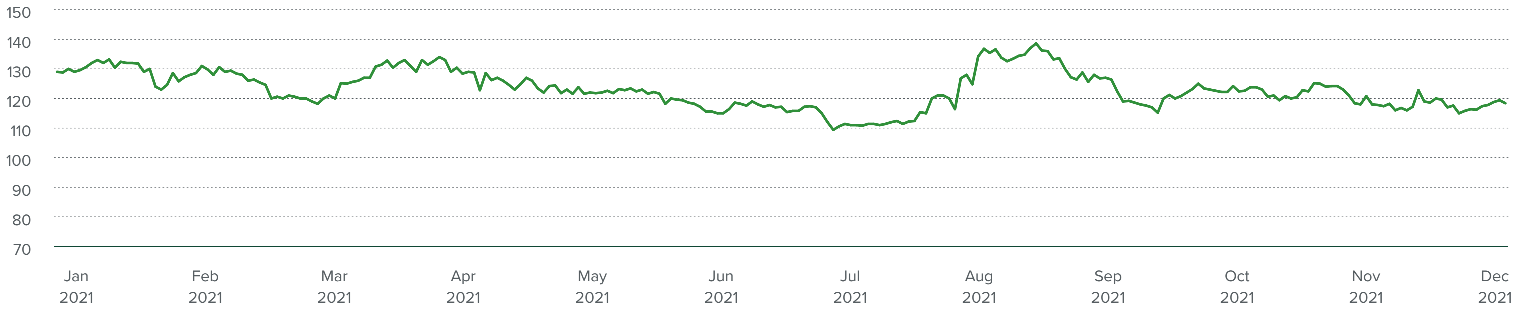
Financial calendar

Deadline for proposals to the agenda of the Annual General Meeting	25 February 2022
Annual General Meeting	8 April 2022
Trading statement for the period ending 31 March 2022	5 May 2022
Interim report for the period ending 30 June 2022	18 August 2022
Trading statement for the period ending 30 September 2022	4 November 2022

HusCompagniet share information

No. of shares: 20,000,000
Listing: Nasdaq Copenhagen
Trading symbol: HUSCO
Index: Nasdaq Copenhagen mid-cap

Shareprice 2021



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 2021

The Board of Directors sets guidelines on the day-today 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. In 2021, the Board of Directors approved a Tax Policy for the company. Further the Board of Directors has considered the company's purpose and discussed how to ensure and promote a good culture and sound values in the company going forward.

Board of Directors

The Board of Directors consist of six members and has appointed a Chairperson and a Vice Chairperson. All six members of the Board of Directors are at end of 2021 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 meet 5 times a year and holds extraordinary meetings when required.

The Board's annual wheel covers all essential areas of the business, including sustainability and climate. The Board attendance rate for 2021 is included in our table shown on next page and our ESG table on page 52.

Composition and Competencies

At the Annual General Meeting on 12 April 2021, Claus V. Hemmingsen, Anja B. Eriksson, Ylva Ekborn and Mads Munkholt Ditlevsen were re-elected, and Bo Rygaard and Stig Pastwa were elected as new members of the Board. With the addition of the two new members, the Board represents comprehensive experience and competences, which is considered crucial for the further realisation of HusCompagniet's strategic targets. The Board's competences are further described on page 66.

Every year, the Board of Directors conducts a self-evaluation and will engage external assistance for the evaluation at least every third year.

In 2021, the Board of Directors' self-evaluation covered a broad range of topics, including evaluation of the Chairpersonship, meeting structure and effectiveness, strategy develo pment, risk management and stakeholder relations among others. All board members participated in the evaluation along with two executives. On the overall topic of whether the Board achieves its mandate, fulfils its responsibilities, and provides value the score was 4.38 of 5.00. Also, questions concerning meeting management and dynamics as well as evaluation of the Chairperson all scored above 4, which is considered to be a clear strength. The Board will use the feedback to further develop the framework for its activities in the coming year. The next evaluation will be performed with external assistance in 2022 in time for the AGM in 2023.

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 have already reached our 2030 target 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 Chairpersonship and committees

The Board of directors has established a Chairpersonship consisting of the Charperson and the Vice Chairperson. They ensure a regular dialogue with the management.

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 purpos-

Board meeting and board committee meeting attendance

	Board	Meetings	Audit Committee	Meetings	Remuneration & Nomination Committee	Meetings	Election period
Claus V. Hemmingsen	●	7/7			●	3/3	1 year
Anja B. Eriksson	●	7/7	●	5/5			1 year
Stig Pastwa (joined in April 2021)	●	5/6	●	4/4			1 year
Ylva Ekborn	●	7/7	●	5/5	●	3/3	1 year
Mads Munkholt Ditlevsen	●	7/7			○	1/1	1 year
Bo Rygaard (joined in April 2021)	●	5/6			●	2/2	1 year
Former members							
Magnus Tormling	●	1/1	○	1/1			1 year
Steffen Martin Baungaard	●	1/1					1 year
Attendance rate		**95%**		**100%**		**100%**	

● Chair of the committee ● Vice Chairperson ● Member of the committee ○ Former member es of the Audit Committee and Remuneration & Nomination Committee, respectively, can be found here: https://investors.huscompagniet.com/English/governance/committees/default.aspx.

Remuneration

In our policies and reports, we aim to be transparent in terms of our structure and size. HusCompagniet has adopted a general remuneration structure for the Board of Directors and Executive Management, where targets are closely aligned with the Company's strategy and typically include targets relating, e.g., to EBITDA, number of houses sold and delivered as well as ESG related targets as deemed relevant by the Board of Directors.

CEO pay ratio and gender pay ratiosare included in our ESG disclosures (see page 53). Our Remuneration Policy is available here: https://s26.q4cdn.com/546028197/files/doc_downloads/2020/11/HusCompagniet-Remuneration-Policy.pdf. The remuneration report for 2021 can be found here: https://investors.huscompagniet.com/English/governance/AGM/default.aspx.

All current board members have in 2021 received compensation fee. Mads Munkholt Ditlevsen has since august received compensation. He has forfeit his remuneration fee. HusCompagniet has opted to donate the waived board fee to Human Practice Foundation.

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. HusCompagniet deviates from just one of the recommendations 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 an explanation for recommendation that HusCompagniet has opted to deviate from, can be found in the corporate governance statement available here: https://s26.q4cdn.com/546028197/files/doc_downloads/2020/11/HusCompagniet-Corporate-Governance-Statement-2021.pdf.

Business policies

HusCompagniet has a set of policies to govern and further guide our overall efforts towards responsible business conduct and governance. In 2021 we have implemented further business conduct guidelines, including codes of conduct for our employees and our suppliers. The relevant policies are available here: https://investors.huscompagniet.com/English/governance/governance-documents/default.aspx.

General meeting

The next Annual General Meeting will be held on 8 April 2022 at 10.00 (CEST). The General meeting will be a physical meeting and held at Bech Bruun Advokatpartnerselskab, Langelinie Allé 35, 2100 Copenhagen, Denmark. In addition, the Annual General Meeting wil be live streamed.

Corporate Governance

Board of Directors

Claus V. Hemmingsen

Chairperson (Independent), Chair of Remuneration and Nomination Committee
Member since: May 2020

Born: 1962 **Gender:** Male **Nationality:** Danish

Position:
Non-executive board-member

Education:
Management Programs, London Business School and Cornell University; Exec. MBA, IMD; International Directors Program, INSEAD

Other positions:
Managing Director, CVH Consulting ApS. Chairperson: Maersk Drilling (The Drilling Company of 1972 A/S), DFDS A/S, Innargi 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*
55,044, changed from 46,453 at 31 December 2020

Anja B. Eriksson

Vice-Chairperson (Independent), Chair of Audit Committee
Member since: July 2020
Born: 1974 **Gender:** Female **Nationality:** Danish

Position:
Director, ATP

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 and High Performance Boards programme at IMD.

Other positions:
Chairperson: M.J. Eriksson Holding, Chairperson: Anders Nielsen & Co. A/S, Board member: M.J Eriksson A/S, Board member: Pihl Holdings A/S, Board member: Pihl & Søn A/S.

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*
33,326 changed from 31,179 at 31 December 2020

Stig Pastwa

Board member (Independent) Member of of Audit Committee
Member since: April 2021

Born: 1967 **Gender:** Male **Nationality:** Danish

Position:
Partner, Copenhagen Infrastructure Partners P/S

Education:
Graduate Diploma, HD (r) Business Administration, Financial and management accounting from Copenhagen Business School. PED from IMD Business School and ADP from London Business School

Other positions:
Member of the Board of Representatives, Hedeselskabet. Member of the Board of Management and Board of Directors of several CIP companies and CI related funds

Competencies:
Extensive commercial and managerial experience, including M&A, with a strong financial background as both CFO and CEO from executive roles and non-executive directorships in several large Danish corporations and institutions.

Holdings*
6,237

* Indirect and direct

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

Born: 1975 **Gender:** Female **Nationality:** Swedish

Position:
CEO PostNord Strålfors Group

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

Other positions:
Postnord Strålfors Oy (Chairperson), 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*
20,247 changed from 12,687 at 31 December 2020

Mads Munkholt Ditlevsen

Board member (Independent),
Member since: August 2015

Born: 1976 **Gender:** Male **Nationality:** Danish

Position:
Partner at EQT Partners, Head of EQT Partners Denmark

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

Other positions:
Brancheforeningen for Aktive Ejere i Danmark (Board Member), Banking Circle (Vice Chairperson), Fonden Human Practice Foundation (Board Member), 3Shape (Board member), Oterra (Vice Chairperson)

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

Holdings
No shares

Bo Rygaard

Board member (Independent), Member of Remuneration and Nomination Committee
Member since: April 2021

Born: 1965 **Gender:** Male **Nationality:**Danish

Position:
CEO, Dreyers Foundation

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

Other positions:
CEO, Dreyers Foundation, Chairperson of the Board Netcompany Group A/S, Chairperson of the Board, Skamol A/S, Chairperson of the Board KFI Erhvervsdrivende Fond, Chairperson of the Board, KV Foundation, , Deputy Chairperson of the Board, Statens Ejendomsselskab A/S, Member of the Board Fondenes Videnscenter, Chairperson of Richters foundation, member of the board of HusCompagniet group A/S.

Competencies:
Extensive managerial experience in industry related areas, including real-estate and development, both in Denmark and internationally and experience as both executive and chairperson in listed companies, currently as Chairperson of the Board of Netcompany Group A/S.

Holdings
No shares

* Indirect and direct

Corporate Governance

Executive Board

Martin Ravn-Nielsen

Group CEO

Born: 1971
Gender: Male
Nationality: Danish

Year of first employment: 2009
In current position since: 2020

Education:
Diploma in Economics and Law from Finansforbundet (Copenhagen)

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

Holdings*
261,861 changed from 219,256 at 31 December 2020

Mads Dehlsen Winther

Group CFO

Born: 1977
Gender: Male
Nationality: Danish

Year of first employment: 2019
In current position since: 2019

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

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

Holdings*
129,304 changed from 101,529 at 31 December 2020

* Indirect and direct

Financial statements

Income statement – consolidated

DKK'000	Note	2021	2020
Revenue	2.1	4,314,783	3,598,408
Cost of Sales	2.1	-3,439,886	-2,842,835
Gross profit		**874,897**	**755,573**
Staff cost	2.2, 2.3	-349,059	-296,330
Other external expenses		-124,900	-113,114
Other operating income		173	311
Operating profit before depreciation and amortisation (EBITDA) before special items	**2.4**	**401,111**	**346,440**
Special items	2.4	0	-78,879
Operating profit before depreciation and amortisation (EBITDA) after special items		**401,111**	**267,561**
Depreciation and amortisation	4.1, 4.2	-46,118	-47,357
Operating profit (EBIT)		**354,993**	**220,204**
Financial income	5.5	300	44
Financial expenses	5.5	-20,761	-45,253
Profit before tax from continuing operations		**334,533**	**174,995**
Tax on profit	6.1	-69,981	-16,419
Profit for the period from continuing operations		**264,552**	**158,576**
Profit / (loss) after tax for the period from discontinued operations	6.2	0	-66,411
Profit for the period		**264,552**	**92,165**
Profits attributable to:			
Equity owners of the Company		264,552	92,165

DKK	Note	2021	2020
Earnings per share:	2.5		
Earnings per share (EPS Basic)		13.7	4.6
Diluted earnings per share (EPS-D)		13.7	4.6
Earnings per share (EPS Basic) continuing operations		13.7	7.9
Diluted earnings per share (EPS-D) continuing operations		13.7	7.9
Earnings per share (EPS) (DKK) from discontinued business		0.0	-3.3
Diluted earnings per share (EPS-D) (DKK) from discontinued business		0.0	-3.3

Statement of other comprehensive income DKK'000	Note	2021	2020
Profit for the year		**264,552**	**92,165**
Other comprehensive income			
Items that may be reclassified to the income statement in subsequent periods			
Foreign currency translation differences, subsidiary		-2,112	3,236
Other comprehensive income, net of tax		**-2,112**	**3,236**
Total comprehensive income for the year		**262,440**	**95,401**
Total comprehensive income attributable to:			
Equity owners of the Company		262,440	95,401

Balance sheet – consolidated

DKK'000	Note	2021	2020
Assets			
Non-current assets			
Goodwill	4.1	2,031,471	2,036,580
Intangible assets	4.1	39,741	46,472
Right-of-use assets	4.2	87,709	93,717
Property, plant and equipment	4.2	20,728	19,945
Deferred tax asset	6.1	28,153	4,634
Other receivables	3.3	4,756	4,360
Total non-current assets		**2,212,558**	**2,205,708**
Current assets			
Inventories	3.1	315,926	359,661
Contract assets	3.2	809,330	547,977
Trade and other receivables	3.3	170,272	203,091
Prepayments		14,203	13,378
Cash and cash equivalents		55,420	77,916
Total current assets		**1,365,151**	**1,202,022**
Total assets		**3,577,709**	**3,407,730**

DKK'000	Note	2021	2020
Equity and liabilities			
Equity			
Share capital	5.1	100,000	100,000
Retained earnings and other reserves		1,784,982	1,757,192
Total equity		**1,884,982**	**1,857,192**
Liabilities			
Non-current liabilities			
Borrowings	5.3	672,058	671,163
Lease liabilities	5.4	73,247	82,812
Provisions	3.4	8,680	9,520
Deferred tax liability	6.1	38,683	2,966
Total non-current liabilities		**792,668**	**766,461**
Current liabilities			
Borrowings	5.3	0	448
Lease liabilities	5.4	23,076	20,563
Trade and other payables	5.6	554,333	402,998
Contract liabilities	3.2	84,730	102,501
Prepayments from customers	3.2	10,081	13,718
Provisions	3.4	34,718	31,407
Income tax payable	6.1	44,998	35,905
Other liabilities		148,123	176,537
Total current liabilities		**900,059**	**784,077**
Total liabilities		**1,692,727**	**1,550,538**
Total equity and liabilities		**3,577,709**	**3,407,730**

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

Statement of cash flows – consolidated

DKK'000	Note	2021	2020
Cash flow from operating activities			
EBITDA, after special items		401,111	267,561
EBITDA, discontinued activities		5,501	-16,190
EBITDA		**406,612**	**251,371**
Adjustments for non-cash items	6.3	11,495	786
Adjustet EBITDA		**418,107**	**252,157**
Changes in working capital	3.5	-84,508	-19,903
Cash flow from operating activities before financial items and taxes		**333,599**	**232,254**
Interest received	5.5	300	44
Interest elements of lease payments	5.5	-5,736	-6,146
Interest paid	5.5	-15,025	-39,107
Corporation tax paid	6.1	-54,661	-45,758
Net cash generated from operating activities		**258,477**	**141,287**
Cash flow from investing activities			
Investment in assets recognised as property, plant and equipment		-11,327	-19,646
Investment in assets recognised as intangible assets		-10,435	-11,383
Net cash generated from investing activities		**-21,762**	**-31,029**

DKK'000	Note	2021	2020
Cash flow from financing activities			
Repayment of long-term debt	5.3	0	-805,903
Proceeds from loans	5.3	0	675,000
Repayment of lease liabilities	5.3	-21,850	-20,964
Dividends to equity holders	6.1	-60,000	0
Dividends from own treasury shares	6.1	410	0
Acquisition of own shares	5.2	-179,990	0
Net cash generated from financing activities		**-261,430**	**-151,867**
Total cash flows		**-24,715**	**-41,609**
Cash and cash equivalents at 1 January		77,467	109,610
Net foreign currency gains or losses		2,668	9,466
Cash and cash equivalents at 31 December		**55,420**	**77,467**
Cash and cash equivalents			
Cash at bank		55,420	77,916
Cash and cash equivalents as at 31 December		**55,420**	**77,916**
Bank overdrafts		0	-448
Net cash and cash equivalents as at 31 December		**55,420**	**77,467**
Free cash flow		**236,715**	**110,258**

The cash flow statement cannot be inferred from the published financial information only

Statement of changes in equity – consolidated

DKK'000	Share capital	Foreign currency translation reserve	Retained earnings	Proposed dividend	Total
2021					
Equity at 1 January	**100,000**	**3,768**	**1,693,424**	**60,000**	**1,857,192**
Profit for the period	**0**	**0**	**264,552**	**0**	**264,552**
Other comprehensive income:					
Foreign currency translation differences	0	-2,112	0	0	-2,112
Total other comprehensive income	**0**	**-2,112**	**0**	**0**	**-2,112**
Transactions with owners of the Company and other equity transactions:					
Share-based payment	0	0	4,930	0	4,930
Purchase of own shares	0	0	-179,990	0	-179,990
Proposed dividends	0	0	-132,276	132,276	0
Dividends, own shares	0	0	410	0	410
Dividends paid	0	0	0	-60,000	-60,000
Total transactions with owners of the Company and other equity transactions	**0**	**0**	**-306,926**	**72,276**	**-234,650**
Equity on 31 December	**100,000**	**1,656**	**1,651,050**	**132,276**	**1,884,982**

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 and other equity transactions:					
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 and other equity transactions	**85,311**	**0**	**-160,867**	**60,000**	**-15,556**
Equity on 31 December	**100,000**	**3,768**	**1,693,424**	**60,000**	**1,857,192**

Capital structure

The primary objective of HusCompagniet's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximise shareholder value. HusCompagniet manages its capital structure and adjusts 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 2021 was 1.8x 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. For 2022, HusCompagniet has updated the dividend policy from at least 50% by means of dividend to at least 25% by means of dividend, supplemented by means of share buyback for around 25%. 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 7.35 per share be paid for the 2021 financial year, to be paid out in the second quarter of 2022. No dividend will be paid out on treasury shares. The proposed dividend per share adds up to a total dividend payout of approximately DKK 132 million, corresponding to payout ratio of 50% of the consolidated profit after tax.

Notes

Section 1

Basis of preparation

Introduction

HusCompagniet A/S is a company incorporated and domiciled in Denmark. HusCompagniet A/S and its subsidiaries are collectively referred to in the financial statement as the “Group”. 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 owned by the Group, and since January 2020 to professional investors, both on land also owned by the Group and on land owned by 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 finalised 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-end 31 December 2021 and 2020 respectively, presented separately in one line in the income statement.

The annual report has been approved by the Board of Directors at their meeting 16 March 2022. 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 1.1 General accounting policies, unchanged compared to last year.

The following notes are presented in Section 1:

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 requirements of the Danish Financial Statements Act.

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

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

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 date and their income statements are translated at spot exchange rates prevailing at the dates of

Note 1.1 General accounting policies (continued)

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 2020, except for the adoption of new standards effective as of 1 January 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The Group has adopted relevant new or amended standards (IFRS) and interpretation (IFRIC) as adopted by the EU and which are effective for the financial year 1 January – 31 December 2021. The Group has assessed that the new or amended standards and interpretations have not had any material impact on the Group's Annual Report in 2021.

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 2022.

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
Leases - Estimating the incremental borrowing rate and lease period	4.5
Significant estimates	
Guarantee provisions	3.8
Assessment of risk of impairment of non-financial assets	4.5
Assessment of recoverbility of deferred tax assets	6.11

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

EBITDA

This section provides information regarding the Group's performance in 2021, including the effects of non-recurring items on EBITDA.

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

The following notes are presented in Section 2:

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

The Group has discontinued two reportable segments, Brick Houses in Sweden and the operation in Germany during the 2020. 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 2021 evaluated based on EBITDA and is measured consistently with operating profit (EBIT) plus amortisation and depreciation in the consolidated financial statements. The Group's depreciation, 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.

A share of 55% semi-detached houses is produced in the detached segment in 2021. All B2C semi-detached houses are built by the detached segment. Hence the B2B department is currently ramping up and lack capacity, some B2B projects are currently being produced by the detached segment. For segment purposes this revenue has been transferred via an inter-segment allocation. The transferred revenue carries a fixed mark-up. Transfer prices between operating segments are conducted on an arm's length basis in a manner similar to transactions with third parties.

Note 2.1 Segment information (continued)

2021	Denmark		Sweden			
DKK'000	Detached houses	Semi-detached houses	Wooden houses	Total continuing operations	Total discontinued operations	Total segments
Revenue						
External customers	3,766,996	229,285	318,502	4,314,783	1,814	4,316,597
Inter-segment	-274,888	274,888	0	0	0	0
Total revenue	**3,492,108**	**504,173**	**318,502**	**4,314,783**	**1,814**	**4,316,597**
Income / (expenses)						
Cost of goods	-3,062,985	-177,417	-199,484	-3,439,886	-8,536	-3,448,422
Inter-segment	263,892	-263,892	0	0	0	0
Segment gross profit	**693,015**	**62,864**	**119,018**	**874,897**	**-6,722**	**868,175**
Gross margin	**19.8%**	**12.5%**	**37.4%**	**20.3%**	**-370.6%**	**20.1%**
Other operating income	173	0	0	173	0	173
Staff costs	-292,666	-16,727	-39,667	-349,059	-4	-349,064
Other operating expenses	-89,492	-2,226	-33,182	-124,900	-769	-125,669
Segment EBITDA	**311,030**	**43,911**	**46,169**	**401,111**	**-7,496**	**393,615**
EBITDA margin	**8.9%**	**8.7%**	**14.5%**	**9.3%**	**-413.3%**	**9.1%**

Note 2.1 Segment information (continued)

2020	Denmark		Sweden			
DKK'000	Detached houses	Semi-detached houses	Wooden houses	Total continuing operations	Total discontinued operations	Total segments
Revenue						
External customers	3,209,020	116,854	272,534	3,598,408	182,512	3,780,919
Inter-segment	0	0	0	0	0	0
Total revenue	**3,209,020**	**116,854**	**272,534**	**3,598,408**	**182,512**	**3,780,919**
Income / (expenses)						
Cost of goods	-2,579,858	-90,092	-172,886	-2,842,835	-178,517	-3,021,352
Inter-segment	0	0	0	0	0	0
Segment gross profit	**629,162**	**26,762**	**99,648**	**755,573**	**3,995**	**759,567**
Gross margin	**19.6%**	**22.9%**	**36.6%**	**21.0%**	**2.2%**	**20.1%**
Other operating income	311	0	0	311	0	311
Staff costs	-249,468	-14,722	-32,140	-296,330	-12,008	-308,338
Other operating expenses	-79,755	-3,631	-29,728	-113,114	-12,222	-125,335
Segment EBITDA	**300,250**	**8,410**	**37,781**	**346,440**	**-20,235**	**326,205**
EBITDA margin	**9.4%**	**7.2%**	**13.9%**	**9.6%**	**-11.1%**	**8.6%**

Note 2.1 Segment information (continued)

DKK'000	2021	2020
Reconciliation of profit		
Segment EBITDA before special items from continuing operations	401,111	346,441
Segment EBITDA before special items from discontinued operations	-9,390	-20,235
Special items from discontinued operations	14,890	-60,163
Depreciation and amortisations	-46,118	-56,096
Financial income	27,458	36,028
Financial expenses	-49,451	-87,168
Loss before tax from discontinued operations	-3,968	16,190
Profit before tax from continuing operations	**334,533**	**174,995**

DKK'000	2021	2020
Revenue from external customers		
Denmark	3,996,280	3,325,874
Sweden	318,694	332,708
Germany	2,006	122,338
Sweden (Discontinued operations)	-192	-60,174
Germany (Discontinued operations)	-2,006	-122,338
Total revenue	**4,314,783**	**3,598,408**

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	2021	2020
Non-current operating assets		
Denmark	1,866,704	1,872,274
Sweden	317,701	328,799
Germany	0	0
Total non-current operating assets	**2,184,405**	**2,201,073**

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, other receivables, goodwill and intangible assets.

Note 2.1 Segment information (continued)

2021	Denmark		Sweden			
DKK'000	Detached houses	Semi-detached houses	Wooden houses	Total continuing operations	Total discontinued operations	Total segments
Revenue per segment and category - Contracted sales						
Sales value, houses sold on customers' building sites	2,820,321	111,628	318,502	3,250,452	0	3,250,452
Sales value, houses sold on own building sites	390,886	392,544	0	783,430	0	783,430
Total Contracted sales	**3,211,206**	**504,173**	**318,502**	**4,033,881**	**0**	**4,033,881**
Revenue per segment and category - Non-contracted sales						
Show- and project houses	139,679	0	0	139,679	0	139,679
Other revenue	1,151	0	0	1,151	1,814	2,964
Sale of land plots	140,072	0	0	140,072	0	140,072
Total Non-contracted sales	**280,901**	**0**	**0**	**280,901**	**1,814**	**282,715**
Total Revenue	**3,492,108**	**504,173**	**318,502**	**4,314,783**	**1,814**	**4,316,597**

Note 2.1 Segment information (continued)

2020

DKK'000	Denmark: Detached houses	Denmark: Semi-detached houses	Sweden: Wooden houses	Total continuing operations	Total discontinued operations	Total segments
Revenue per segment and category - Contracted sales						
Sales value, houses sold on customers' building sites	2,564,958	27,633	272,534	2,865,124	182,512	3,047,636
Sales value, houses sold on own building sites	372,272	89,221	0	461,493	0	461,493
Total Contracted sales	**2,937,230**	**116,854**	**272,534**	**3,326,618**	**182,512**	**3,509,130**
Revenue per segment and category - Non-contracted sales						
Show- and project houses	127,154	0	0	127,154	0	127,154
Other revenue	311	0	0	311	0	311
Sale of land plots	144,326	0	0	144,326	0	144,326
Total Non-contracted sales	**271,791**	**0**	**0**	**271,791**	**0**	**271,791**
Total Revenue	**3,209,020**	**116,854**	**272,534**	**3,598,408**	**182,512**	**3,780,919**

DKK'000	2021	2020
Revenue per continuing and discontinued operations		
Total revenue from continuing operations	4,314,783	3,598,408
Total revenue from discontinued operations	1,814	182,511
Total revenue	**4,316,597**	**3,780,919**

The Group is engaged in construction 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 house project, 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 (semi detached includes land plots) that are covered by a customer contract before construction is started.

Conversely, non-contracted sales comprise of:

1. The sale of houses constructed on own land to which no customer contract has been entered into before construction starts.

2. The sale of detached land-plots to which no customer contract has been entered into before purchase and development of the land plots.

Note 2.2 Costs including staff costs and remuneration

DKK'000	2021	2020
Staff costs		
Wages and salaries	313,665	317,329
Defined pension contribution plans	19,083	17,885
Other social security costs	11,381	10,674
Share-based remuneration	4,930	444
Transferred to Special items	0	-49,698
Total	**349,059**	**296,330**
Average number of full-time employees	455	452

Key management personnel is defined as the Executive Management, and disclosures are provided below.

DKK'000	2021	2020
Remuneration of Board of Directors		
Base salary and non-monetary benefits	2,915	1,249
One-time bonus award*	0	7,558
Total remuneration	**2,915**	**8,807**
Remuneration of Executive Management		
Base salary and non-monetary benefits	7,547	5,638
Share-based remuneration	725	139
Bonus	5,610	4,736
One-time bonus award*	0	25,245
Severance payment	0	11,641
Total remuneration	**13,882**	**47,398**

DKK'000	2021	2020
Remuneration of Executive Management		
Martin-Ravn Nielsen (CEO from May 2020):		
Salary	4,125	2,442
Bonus	3,095	2,447
Share-based	400	82
One-time bonus award*	0	14,900
	7,620	**19,871**
Mads Dehlsen Winther (CFO from September 2019):		
Salary	3,422	3,196
Bonus	2,515	2,289
Share-based payment	325	57
One-time bonus award*	0	10,345
	6,262	**15,887**

* In 2020 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 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.

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 available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

DKK'000	Executive management	Other employees	Total shares
Number of shares at January 2020	**0**	**0**	**0**
Granted during the year	18,589	118,163	136,752
Exercised during the year	0	0	0
Forfeited during the year	0	0	0
Outstanding at 31 December 2020	**18,589**	**118,163**	**136,752**
Outstanding at 1 January 2021	**18,589**	**118,163**	**136,752**
Granted during the year	0	0	0
Exercised during the year	0	0	0
Forfeited during the year	0	-9,414	-9,414
Outstanding at 31 December 2021	**18,589**	**108,749**	**127,338**
Number of restricted shares that may be sold at 31 December 2021	0	0	0

The average remaining term to vesting for outstanding restricted shares at 31 December 2021 was approx. 1.9 years.

The fair value of the RSU grant at the grant date totalled DKK 16.0 million. In 2021, an expense of DKK 4.9 million was recognised in the income statement in respect of the incentive program (2020: 0.4 million). 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	2021	2020
Special items		
• Insurance compensation	0.0	-34,747
• Cost related to IPO	0.0	90,759
• Strategic organisational changes	0.0	10,048
• Costs in connection with Acquisition and Vendor Due Dilligence	0.0	9,272
• Other special items	0.0	3,547
Total special items	**0**	**78,879**

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.

	2021	2020
Reconciliation of EBITDA		
Operating profit before depreciation and amortisation	**401,111**	**267,561**
Special items	0	78,879
Operating profit before depreciation and amortisation (EBITDA) before special items	**401,111**	**346,440**

The Group presents certain financial measures in the consolidated financial statements that are not defined under IFRS. It is the Management's belief that these measures provide valuable supplemental information to investors and the Group's management, as they allow for 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	2021	2020
Profit for the year	264,552,060	92,165,243
Average number of shares	20,000,000	20,000,000
Average number of treasury shares	-695,964	-3,799
Average number of outstanding shares	**19,304,036**	**19,996,201**
Dilution from share options	40,778	3,799
Average number of outstanding shares, diluted	**19,344,814**	**20,000,000**

DKK'000	2021	2020
Attributable to shareholders of HusCompaniet:		
Loss from discontinued business	0	-66,411
Profit from continuing business	264,552	158,576
Profit for the year	264,552	92,165

In calculating dilution from RSU, 45,584 shares (2020: 3,799), could potentially dilute the profit per share in the future.

	2021	2020
Earnings per share (EPS) (DKK)	13.7	4.6
Diluted earnings per share (EPS-D) (DKK)	13.7	4.6
Earnings per share (EPS) (DKK) from continuing business	13.7	7.9
Diluted earnings per share (EPS-D) (DKK) from continuing business	13.7	7.9
Earnings per share (EPS) (DKK) from discontinued business	0.0	-3.3
Diluted earnings per share (EPS-D) (DKK) from discontinued business	0.0	-3.3

The 2021 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 its activities in Sweden. The subsidiary in the country is not affected, as income and costs are denominated in the local functional currency.

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

Total revenue generated in SEK for 2021 amounted to 318 million DKK (2020: 273 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), land plots and sales of showhouses (non-contracted sales).

Contracted sales

Contracted sales are recognised over time according to percentage-of-completion based on construction time, as all performance obligations are fulfilled on an ongoing basis throughout 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 construction days incurred relative to total estimated construction time 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 construction time.

Note 2.7 Accounting policy (continued)

If the outcoume 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.

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 (sale of land plot or 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 (LTI) in accordance with the current remuneration policy.

Share-based payments are recognised over the period in which the participant renders the service entitling the participant 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 if 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 potential alternative use of buildings
- The time of transfer of legal title
- Payment terms, including options of early termination of contract
- Enforceable right to payment for performance completion to date.

For construction contracts, management considers if they constitute a single performance obligation and if 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.

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 864 million (2020: DKK 567 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.

The following notes are presented in Section 3:

Note 3.1 Inventories

(DKK'000)	2021	2020
Raw materials	9,766	7,152
Show houses and semi-detached houses	140,718	118,097
Land	165,442	239,912
Write-down inventories	0	-5,500
Total inventories	**315,926**	**359,661**
Herof, unsold inventories	253,939	270,070

Write-down inventories in 2020 was due to 34 land plot where the assessed realisable value were lower than cost price of the land plots. The land plots were sold in 2021.

Unsold inventories comprise of raw materials, unsold land and unsold houses constructed on own land to which no customer contract has been entered into before construction starts (typically showhouses). As these houses are constructed before being sold, they are recoignized as inventories, and can therefore not be recognized as contracted work-in-progress.

Note 3.2 Contract assets

(DKK'000)	2021	2020
Selling price of contract assets	859,079	566,969
Invoicing on account	-134,478	-121,493
	724,601	**445,476**
Calculated as follows:		
Contract assets	809,330	547,977
Contract liabilities	-84,730	-102,501
	724,601	**445,476**
Prepayments from customers regarding construction contracts not yet started	**10,081**	**13,718**

Note 3.2 Contract assets (continued)

(DKK'000)	2021	2020
Delivery obligations		
Within one year	3,553,226	2,442,900
After one year	185,976	245,106

There are no detained payments related to contract assets.

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 2021, 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 house project, 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 increase in contract assets in 2021 reflects an increase in building activity compared to last year.

Contract liabilities were largely affected by a high level of deposits due to the negative interest rate environment. Deposit level was high in 2021, but relatively low compared to prior year.

Delivery obligations are relative higher than 2020 due to the increased activity level in 2021.

Credit risk on contract assests is generally managed by regular credit rating of customers and business partners. The credit risk exposure relating to dealing with private counterparties is estimated to be limited.

Note 3.3 Trade and other receivables

(DKK'000)	2021	2020
Trade receivables	82,455	65,449
Provision for expected credit losses	-16,620	-27,715
Other receivables	109,193	169,717
As at 31 December	**175,027**	**207,451**
Provision for expected credit losses at 1 January	**-27,715**	**-28,369**
Exchange rate adjustment	213	-237
Arising during the year	-55	-497
Utilised	103	1,388
Reversed	10,835	0
Provision for expected credit losses at 31 December	**-16,620**	**-27,715**

Note 3.3 Trade and other receivables (continued)

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 increase in trade receivables is due to an increase in activity in 2021 compared to 2020.

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

Provision for losses on trade receivables in 2020 and 2021 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 credit risk exposure relating to dealing with private counterparties is estimated to be limited.

Write-downs for bad and doubtful debts are consequently negligible except for debt in discontinued business which constitues the main part of provision for expected credit losses in both 2020 and 2021.

Other receivables include restricted cash. Due to negative interest rates customers have increasingly chosen to pay in advance instead of providing a bank guaranteee. The cash are located on a restricted bank account until the house is delivered to the customer.

Note 3.4 Guarantee commitments and contingent liabilities

(DKK'000)	2021	2020
Guarantee provision at 1 January	**40,927**	**40,098**
Exchange rate adjustment	45	82
Arising during the year	32,948	31,291
Utilised	-30,522	-30,544
Guarantee provision at 31 December	**43,398**	**40,927**
Distributed in the balance as follows:		
Non-current liabilities	8,680	9,520
Current liabilities	34,718	31,407

At year-end, the guarantee provision amounted to DKK 43 million (2020: DKK 41 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 Group is regularly involved in disputes. In 2021 the Group entered an arbitration which is expected to be settled in 2022. The Group expects a positive outcome of the dispute but has recognised a provision.

Collateral

DKK 64 million of cash and short-term deposits is held in restricted accounts and released when the completed houses are delivered to the customers (2020: DKK 115 million). Restricted accounts are classified as other receivables.

The Company had issued guarantees to trade creditors of DKK 39 million as of 31 December 2021 (2020: DKK 42 million).

Contractual obligations

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

Note 3.5 Net working capital

(DKK'000)	2021	2020
Inventories	315,926	359,661
Contract assets	809,330	547,977
Trade and other receivables	175,028	207,451
Prepayments	14,203	13,378
Trade and other payables	-554,333	-402,998
Contract liabilities	-84,730	-102,501
Prepayments from customers	-10,081	-13,718
Other liabilities	-148,124	-176,538
Total	**517,219**	**432,712**

(DKK'000)	2021	2020
Change in working capital		
Inventories	-43,735	-43,266
Contract assets	261,353	-139,699
Trade and other receivables	-32,423	54,375
Prepayments	825	4,136
Trade and other payables	-151,335	271,671
Contract liabilities	17,771	-90,996
Prepayments from customers	3,637	-11,319
Other liabilities	28,414	-24,999
Cash flow effect	**84,508**	**19,903**

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 the 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.

Impairment of other receivables amounted to nil in 2021 and 2020.

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.

The cost price of land plots includes indirect costs such as development costs etc. bringing the land to its present condition.

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.

Work in progress is discribed further in Note 3.2 Contract assets.

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 includes restricted cash. 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.

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 43 million (2020: DKK 41 million), refer to note 3.4 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.

The following notes are presented in Section 4:

Note 4.1 Goodwill and Intangible assets

Goodwill (DKK'000)	Goodwill	Total
2021		
Cost at 1 January	**2,117,280**	**2,117,280**
Exchange rate adjustments	-5,109	-5,109
Cost at 31 December	**2,112,171**	**2,112,171**
Impairment losses at 1 January	80,700	80,700
Impairment losses at 31 December	**80,700**	**80,700**
Carrying amount at 31 December	**2,031,471**	**2,031,471**
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**
Impairment losses	80,700	80,700
Impairment losses at 31 December	**80,700**	**80,700**
Carrying amount at 31 December	**2,036,580**	**2,036,580**

Note 4.1 Goodwill and Intangible assets (continued)

Intangible assets (DKK'000)	Trademarks	Software development	Software development projects in progress	Total
2021				
Cost at 1 January	**29,166**	**83,054**	**0**	**112,220**
Additions	0	5,211	5,224	10,435
Exchange rate adjustments	0	0	0	0
Cost at 31 December	**29,166**	**88,265**	**5,224**	**122,655**
Amortisation and impairment losses at 1 January	29,166	36,581	0	65,747
Amortisation	0	17,166	0	17,166
Impairment losses	0	0	0	0
Exchange rate adjustments	0	0	0	0
Amortisation and impairment losses at 31 December	**29,166**	**53,748**	**0**	**82,914**
Carrying amount at 31 December	**0**	**34,516**	**5,224**	**39,741**
2020				
Cost at 1 January	**29,166**	**71,676**	**0**	**100,842**
Additions	0	11,383	0	11,383
Exchange rate adjustments	0	-5	0	-5
Cost at 31 December	**29,166**	**83,054**	**0**	**112,220**
Amortisation and impairment losses at 1 January	29,166	18,373	0	47,539
Amortisation	0	17,895	0	17,895
Impairment losses	0	313	0	313
Exchange rate adjustments	0	0	0	0
Amortisation and impairment losses at 31 December	**29,166**	**36,581**	**0**	**65,747**
Carrying amount at 31 December	**0**	**46,472**	**0**	**46,472**

Note 4.2 Property, plant and equipment and right-of-use assets

(DKK'000)	Right of use assets, Motor vehicles	Right of use assets, property	Other Fixtures and fittings, tools and equipment	Leasehold improvements	Total
2021					
Cost at 1 January	**29,634**	**119,334**	**43,157**	**22,492**	**214,617**
Exchange rate adjustments	1	-146	281	-1	135
Additions	7,619	10,431	9,313	1,613	28,976
Remeasurement of lease liabilities	0	0	0	0	0
Disposals	-2,600	-1,524	-3,261	0	-7,385
Cost at 31 December	**34,654**	**128,095**	**49,490**	**24,104**	**236,344**
Depreciation and impairment 1 January	**13,699**	**39,896**	**30,415**	**16,946**	**100,956**
Exchange rate adjustments	0	794	296	114	1,204
Depreciation	5,283	15,368	6,249	2,052	28,952
Impairment losses	0	0	0	0	0
Depreciation of disposals	0	0	-3,206	0	-3,206
Depreciation and impairment on 31 December	**18,982**	**56,058**	**33,754**	**19,112**	**127,905**
Carrying amount at 31 December	**15,672**	**72,037**	**15,736**	**4,992**	**108,439**

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

(DKK'000)	Right-of-use assets, Motor vehicles	Right-of-use assets, property	Other Fixtures and fittings, tools and equipment	Leasehold improvements	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 on 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 4.3 Impairment

Goodwill

At 31 December 2021, Management tested the carrying amount of goodwill for impairment based on the allocation of the cost of goodwill on the geographic segments.

(DKK'000)	2021	2020
Cost at 1 January		
Denmark	1,760,712	1,760,712
Sweden	271,758	275,867
Carrying amount on 31 December	**2,031,470**	**2,036,579**

In each individual case, the recoverable amount is calculated as the highest of the value in use. 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 year 2022 approved by the Management and with a discount factor of 8.5% after tax (2020: 8.5%).

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 11 % in the budget period (2020: 14%).

The budgeted revenue is driven from expectations for the future based on historical and future orderlog. The Group has had success with a historically very strong design combined with competitive prices and a large volume of show parks. The Group's market initiatives with many show houses, being first in the market with continuous innovative new solution for the benefit of the house buyer and a business model where the buyer pay for the 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 2022 is estimated to 2% (2020: 2%). The growth rate is not assessed to exceed the long-term average growth rate within the Group's markets.

Sensitivity analysis

The Management assesses that probable changes in the basic assumptions would not cause the carrying amount of goodwill to 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.

Software development projects
Software development projects are capitalised when they are clearly defined and identifiable when 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 other external costs.

Development projects are measured at cost less accumulated amortisation 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 other external 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 Group 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 Group 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 the management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. The Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

Note 4.4 Accounting policy (continued)

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 flow 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 Group 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 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 Group presents lease assets and lease obligations separately in the balance sheet.

The Group also has certain leases of other equipment with lease terms of 12 months or less and leases of office equipment with low value. The Group 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 1 year 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 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 4.3.

Leases - Estimating the incremental borrowing rate
The Group 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 Group 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 Group '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 Group 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 Group groups its lease assets in two categories in which the Group 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

Note 4.5 Significant estimates and judgements

(continued)

The Group 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 Group 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 Group's existing credit facilities.

The Group 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 Group 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 applied incremental borrowing rates are 5-6%.

Section 5

Funding and capital structure

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

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

The following notes are presented in Section 5:

Note 5.1 Equity

(DKK'000)	Nominal value	Number of shares
2021		
Share capital		
Share capital at 1 January (issued and fully paid)	100,000	20,000,000
Additions	0	0
Share capital at 31 December	**100,000**	**20,000,000**
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**

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.

Note 5.2 Treasury shares

Number of shares	2021	2020
Treasury shares at 1 January	136,752	0
Acquisition of treasury shares	1,546,306	136,752
Treasury shares at 31 December	**1,683,058**	**136,752**
Market value of treasury shares based on quoted share price at 31 December, DKK million	199,274,067	17,094,000

Until 1 November 2025, the Board of Directors are authorised to approve the acquisition of Shares (treasury shares), on one or more occasions, with a total nominal value of up to 10% of the share capital of the Company from time to time, provided that the Company's hold of treasury shares after such acquisition does not exceed 10% of the share capital. The consideration paid for such Shares may not deviate more than 10% from the official price quoted on Nasdaq Copenhagen at the date of the acquisition as determined by the Board of Directors. Based on this authorisation, the Board of Directors has authorised Executive Management to initiate share buy-backs of treasury shares to fully cover the Company's obligations under its long-term incentive programme. The treasury shares are held for the purpose of cancellation and HusCompagniets commitments under RSU incentive programmes.

Note 5.3 Borrowings and non-current liabilities

(DKK'000)	2021	2020
Borrowings		
Non-current liabilities	745,305	753,974
Current liabilities	23,076	21,011
Total carrying amount	**768,381**	**774,985**
Nominal value	792,101	796,204
Interest-bearing borrowings, incl. leases liabilities		
Interest-bearing borrowings at 1 January	774,985	1,814,504
Additions	15,204	675,000
Implementing IFRS 16	0	13,416
Change short-time bank overdraft	0	-900,764
Repayments	-22,343	-826,866
Other (amortised cost, reassesment leasing liabilities IFRS 16 etc.)	1,355	-6,066
Exchange rate adjustments	-820	5,761
Interest-bearing borrowings at 31 December	**768,381**	**774,985**

Note 5.3 Borrowings and non-current liabilities

(continued)

(DKK'000)	Currency	Interest rate	Average interest rate	Carrying amount
2021				
Bank borrowings	DKK	Floating	1.55%	672,057
Commitments on leasing agreements	DKK	Fixed-rate	5.79%	96,323
				768,381
2020				
Bank borrowings	DKK	Floating	3.24%	671,611
Commitments on leasing agreements	DKK	Fixed-rate	5.80%	103,375
				774,985

Note 5.4 Lease liabilities

(DKK'000)	2021	2020
Lease liabilities		
Maturity of lease liabilities		
Due within 1 year	23,076	20,563
Due between 1 and 5 years	51,584	56,178
Due after 5 years	21,663	26,634
Total lease liabilities at 31 December	96,323	103,375
Lease liabilities recognised in balance sheet		
Hereof short-term lease liabilities	23,076	20,563
Hereof long-term lease liabilities	73,246	82,811
Amounts recognised in income statement		
Interest expenses related to lease liabilities	5,736	6,146
Costs related to leases less than 12 months (included in cost of sales)	0	14
Costs related to leasing contracts of low value (included in operating expenses)	0	0
Total amount recognised in income statement	**5,736**	**6,160**

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

Note 5.5 Financial income and expenses

(DKK'000)	2021	2020
Financial income		
Interests received from banks	231	0
Exchange rate gains	1	0
Other financial income	68	44
Total financial income	**300**	**44**
Financial expenses		
Interest paid to banks	12,832	31,349
Interest lease liabilities	5,736	6,146
Exchange rate losses	19	40
Other financial cost	2,174	7,718
Total financial expenses	**20,761**	**45,253**
Net financials	**-20,461**	**-45,209**

Note 5.6 Financial risk management

HusCompagniet's Group's activities and capital structure are 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

The Group 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. 31 December 2021, the Group has an undrawn credit facility of DKK 400 million to ensure that the Group is able to meet its obligations (2020: DKK 400 million). The 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 5.6 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
2021						
Non-derivative financial liabilities						
Trade and other payables	554,333	0	0	0	554,333	554,333
Bank borrowings	10,463	20,925	685,463	0	716,850	672,058
Lease liabilities	28,227	37,774	23,807	21,835	111,643	96,323
Other liabilities	148,124	0	0	0	148,124	148,124
Total non-derivative financial liabilities	**741,146**	**58,699**	**709,270**	**21,835**	**1,530,950**	**1,470,837**
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**

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 has a 3 year bank agreement based on an agreed interest rate margin.

At 31 December 2021 the Group's long-term debt is kept at floating rates.

If the interest rate increased (decreased) by 1% the effect on interest during 2021 would have been DKK 6.7 million (2020: DKK 6.7 million, 2019: 16.9 million).

Note 5.6 Financial risk management (continued)

(DKK'000)	2021	2020
Categories of financial assets and financial liabilities		
Cash and receivables	55,420	77,916
Receivables	175,028	207,451
Bank borrowings	672,058	671,611
Lease liabilities	96,323	103,375
Trade and other payables	554,333	402,998
Other liabilities	148,124	176,538

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

Note 5.7 Accounting policy

Equity

Dividends

The expected dividend payment for the year is disclosed as a separate item in equity. Proposed dividends are recognized 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 disclosures required by the Danish Companies Act.

The following notes are presented in Section 6:

Note 6.1 Tax

(DKK'000)	2021	2020
Tax		
Tax for the year can be specified as follows:		
Tax on profit from continued operations	69,981	16,419
Tax on profit from discontinued operations	3,968	50,221
Income taxes in the income statement	**73,949**	**66,640**
Current tax continued operations		
Tax for the year from continued operations can be specified as follows:		
Income tax	58,378	34,613
Movement in deferred tax	11,597	-21,646
Adjustment relating to previous years	2	3,452
Income taxes in the income statement	**69,981**	**16,419**
Profit before tax	**334,533**	**174,995**
Tax rate, Denmark	22.00%	22.00%
Calculated tax at the applicable rate for continued operations	73,597	38,499
Non-taxable income	-5,227	-42,231
Expenses not deductible for tax purposes	12	18,118
Adjustments related to prior years	6	3,452
Effective change in tax rate	-310	0
Other	1,903	-1,419
Tax expense for the year	**69,981**	**16,419**
Effective tax rate, %	**20.92%**	**9.38%**

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

Note 6.1 Tax (continued)

(DKK'000)	2021	2020
Deferred tax		
Deferred tax at 1 January	**-1,669**	**-23,629**
Recognised in profit or loss, continued business	11,597	-21,646
Recognised in profit or loss, discontinued business	1,042	46,584
Adjustments relating to prior years	-355	137
Exchange differences	-82	223
Deferred tax at 31 December	**10,531**	**-1,669**

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

(DKK'000)	Deferred tax asset 2021	Deferred tax liability 2021	Deferred tax asset 2020	Deferred tax liability 2020
Intangible assets	0	6,447	-10,224	0
Right-of-use assets and property, plant and equipment	2,331	0	2,164	0
Construction contracts	0	32,235	-19,835	0
Other payables	0	0	1,100	0
Tax loss carried forward	25,822	0	31,429	2,966
Deferred tax	**28,153**	**38,682**	**4,634**	**2,966**

(DKK'000)	2021	2020
Corporation tax payable		
Corporation tax payable at 1 January	**35,905**	**36,179**
Foreign exchange adjustments	-102	211
Adjustment of corporation tax related to prior year	1,983	3,738
Current tax including jointly taxed subsidiaries, from continued business	58,382	38,056
Current tax including jointly taxed subsidiaries, from discontinued business	3,491	3,247
Corporation tax regarding previus years tranferred from other receivables	0	0
Corporation tax paid during the year	-54,661	-45,526
Tax related to financial instruments	0	0
Corporation tax payable at 31 December	**44,998**	**35,905**

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.

Costs incurred in 2021 has been on a lower level than expected hence provision for close down costs have been partly reversed.

Note 6.2 Discontinued operations (continued)

(DKK'000)	2021	2020
Revenue	1,814	182,583
Expenses	3,687	-186,275
Impairment	0	-6,567
Operating income	**5,501**	**-10,259**
Finance costs	-1,533	-5,931
Profit / (loss) before tax from discontinued operations	**3,967**	**-16,190**
Tax on profit / (loss)	-3,968	-50,221
Profit / (loss) after tax for the period from discontinued operations	**0**	**-66,411**
Earnings per share (EPS) (DKK) from discontinued business	0.0	-3.3
Diluted earnings per share (EPS-D) (DKK) from discontinued business	0.0	-3.3

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

(DKK'000)	2021	2020
Operating cash flow	-15,723	17,093
Investing cash flow	0	0
Financing cashflow	10	-4,067
Net cash inflow / (outflow)	**-15,713**	**13,026**

Note 6.3 Other non-cash items

(DKK'000)	2021	2020
Movements in provisions recognised in the income statement	2,471	828
Movement in provisions regarding discontinued business	4,629	0
Non-cash financial items	4,395	-42
Other non-cash items	**11,495**	**786**

Note 6.4 Related parties

Transactions with Executive Management & Board of Directors
Transactions with the 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
HusCompagniet A/S has no related parties with control of the Group and no related parties with significant influence other than key management personnel – mainly in the form of the Board of Directors and the Executive Management.

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 besides remuneration in 2021 (2020: no transactions besides remuneration).

Note 6.5 Auditor's fee

Fees to auditors (DKK'000)	Group 2021	Group 2020	Parent 2021	Parent 2020
Audit Services	1,752	1,000	656	215
Assurance engagements*	0	5,060	0	5,021
Tax advice services	18	74	11	0
Other non-audit services*	159	4,563	159	3,621
Total	**1,929**	**10,697**	**826**	**8,857**

* The fee for non-audit services and assurance engagements delivered by EY Godkendt Revisionspartnerselskab to the Group amounts to DKK 0.2 million (2020: DKK 9.6 million) and consists of other assurance engagements, advisory, tax assistance and tax services, sundry accounting advisory.

Note 6.6 Events after the balance sheet date

No material events have occurred between 31 December 2021 and the date of publication of this annual report that have not already been included in the annual report and that would have a material effect on the assessment of the Group's financial position.

The geopolitical uncertainty has increased significantly in Europe in 2022. The Russian invasion of Ukraine and the continued Covid-19 pandemic is not expected to have material impact on the Group in 2022 although this assessment is subject to uncertainty especially towards the development of the conflict in Ukraine. The events may have substantial effect on macroeconmic factors and disruption of supply chains. HusCompagniet can be directly impacted by supply chain deficiencies for certain materials such as timber and tiles, and indirectly due to a general pressure on energy and freight cost.

The possible social and economic effects that potentially could impact the Group's operations and supply chain, and is being carefully monitored by the Management.

Note 6.7 List of Group companies

Investment in Group companies comprise the following at 31 December 2021.

Name	Country of incorporation	% equity interest 2021	% equity interest 2020
HusCompagniet Holding A/S	Denmark	100%	100%
HusCompagniet Danmark A/S	Denmark	100%	100%
RækkehusCompagniet A/S	Denmark	100%	100%
Svenska Huscompagniet AB (Discontinued)	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* (Discontinued)	Germany	100%	100%

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

Note 6.8 Definitions

Definition of key figures and ratios

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

Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
EBITDA margin before special items	$\frac{\text{EBITDA before special items x 100}}{\text{Revenue}}$
EBITA margin after special items	$\frac{\text{EBITA after special items x 100}}{\text{Revenue}}$
Earnings per share*	$\frac{\text{Profit for the year excl. non-controlling interests}}{\text{Average number of outstanding shares}}$
Diluted earnings per share*	$\frac{\text{Profit for the year excl. non-controlling interests}}{\text{Diluted average number of outstanding shares}}$
Dividend per share	$\frac{\text{Proposed dividend for the year}}{\text{Number of shares at the end of the year}}$
Market value	Number of outstanding shares x share price end of year
NIBD/EBITDA before special items	$\frac{\text{Net interest bearing debt, year-end}}{\text{EBITDA before special items}}$
Average selling price	$\frac{\text{House delivered revenue}}{\text{Number of houses delivered}}$
Return on invested capital before tax	$\frac{\text{Operating profit (EBIT) before special items x 100}}{\text{Average invested capital}}$
Free cash flow	$\frac{\text{Cash flow from operating activities}}{\text{Capex}}$

* 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

EBITDA: Operating profit before depreciations, amortisations, 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, prepayments 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

ASP (average selling price): House delivered revenue / Number of houses delivered

Invested capital: NWC + property, plant and equipment, right-of-use (ROU) assets, intangible assets including goodwill and customer relationships less long-term provisions

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 6.9 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 recognised 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.

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 6.10 Significant estimates and judgements

Recovery of deferred tax assets
Deferred tax assets are recognised for all unused tax losses, 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 and the amount of future taxable profits.

Parent Company

Income statement – parent

DKK'000	Note	2021	2020
Revenue		10,240	15,725
Staff cost	2	-13,860	-11,813
Other external expenses		-3,856	-1,747
Operating profit before depreciation and amortisation (EBITDA) before special items		**-7,476**	**2,165**
Special items	3	0	-99,677
Operating profit before depreciation and amortisation (EBITDA) after special items		**-7,476**	**-97,511**
Depreciation and amortisation		0	0
Operating profit (EBIT)		**-7,476**	**-97,511**
Share of result from subsidiaries after tax	6	291,229	226,332
Financial expenses	4	-26,712	-48,294
Profit before tax		**257,041**	**80,527**
Tax on profit	5	7,514	11,638
Profit for the year		**264,555**	**92,165**
Profits attributable to:			
Equity owners of the Company		264,555	92,165

Statement of other comprehensive income DKK'000	Note	2021	2020
Profit for the year		**264,555**	**92,165**
Other comprehensive income			
Items that may be reclassified to the income statement in subsequent periods			
Foreign currency translation differences, subsidiary		-2,114	3,236
Other comprehensive income, net of tax		**-2,114**	**3,236**
Total comprehensive income for the year		**262,441**	**95,401**
Total comprehensive income attributable to:			
Equity owners of the Company		262,441	95,401

Balance sheet – parent

DKK'000	Note	2021	2020
Assets			
Non-current assets			
Investments in subsidiaries	6	3,253,311	2,964,196
Total non-current assets		**3,253,311**	**2,964,196**
Current assets			
Income tax receivable	5	27,145	18,332
Receivables from affiliated companies		16,088	51,126
Total current assets		**43,234**	**69,458**
Total assets		**3,296,545**	**3,033,654**

DKK'000	Note	2021	2020
Equity and liabilities			
Equity			
Share capital		100,000	100,000
Retained earnings and other reserves		1,784,982	1,757,191
Total equity		**1,884,982**	**1,857,191**
Liabilities			
Non-current liabilities			
Borrowings	9	672,058	671,163
Total non-current liabilities		**672,058**	**671,163**
Current liabilities			
Credit institutions		2,673	0
Trade and other payables		753	28,530
Payables to affiliated companies		731,459	471,280
Other liabilities		4,620	5,490
Total current liabilities		**739,505**	**505,300**
Total liabilities		**1,411,562**	**1,176,463**
Total equity and liabilities		**3,296,545**	**3,033,654**

Reference to off-balance sheet notes: Other disclosures 10.

Statement of cash flows – parent

DKK'000	Note	2021	2020
Cash flow from operating activities			
EBITDA, after speical items		-7,476	-97,512
EBITDA		**-7,476**	**-97,512**
Adjustments for non-cash items	8	4,930	0
Adjustet EBITDA		**-2,546**	**-97,512**
Changes in working capital	7	-28,647	22,592
Cash flow from operating activities before financial items and taxes		**-31,193**	**0**
Interest paid		-26,712	-39,844
Corporation tax received		-1,299	4,903
Net cash generated from operating activities		**-59,204**	**-109,860**
Cash flow from financing activities			
Change in intercompany balances		295,217	482,757
Repayment of long-term debt	9	0	-695,000
Proceeds from loans		3,568	675,000
Dividends from own treasury shares		410	0
Dividends to equity holders		-60,000	0
Acquisition of own shares		-179,990	0
Net cash generated from financing activities		**59,204**	**462,757**
Total cash flows		**0**	**352,897**
Cash and cash equivalents at 1 January		0	-337,353
Net foreign currency gains or losses		0	-15,544
Cash and cash equivalents at 31 December		**0**	**0**

DKK'000	Note	2021	2020
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	0
Net cash and cash equivalents as at 31 December		**0**	**0**

The cash flow statement cannot be inferred from the published financial information only.

Statement of changes in equity – parent

DKK'000	Share capital	Revaluations reserve under the equity method	Retained earnings	Proposed dividend	Total
2021					
Equity at 1 January	**100,000**	**647,151**	**1,050,040**	**60,000**	**1,857,191**
Profit for the period	**0**	**0**	**264,555**	**0**	**264,555**
Reserve for net revaluation according to equity method	**0**	**291,229**	**-291,229**	**0**	**0**
Other comprehensive income:					
Foreign currency translation differences, subsidiary	0	-2,114	0	0	-2,114
Total other comprehensive income	**0**	**-2,114**	**0**	**0**	**-2,114**
Transactions with owners of the Company and other equity transactions:					
Value of share-based payment	0	0	4,930	0	4,930
Purchase of own shares	0	0	-179,990	0	-179,990
Dividends, own shares	0	0	410	0	410
Proposed dividends	0	0	-132,276	132,276	0
Dividends paid	0	0	0	-60,000	-60,000
Total transactions with owners of the Company and other equity transactions	**0**	**0**	**-306,926**	**72,276**	**-234,650**
Equity on 31 December	**100,000**	**936,266**	**716,440**	**132,276**	**1,884,982**

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	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
Dividends paid	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**

Parent Company financial statements

Notes

In this section

Note 1 Summary of significant accounting policies

Basis of preparation

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.

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 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	2021	2020
Staff costs		
Wages and salaries	16,054	55,001
Defined contribution plans	0	96
Other social security costs	18	21
Share based payment	725	139
Movement in bonus provision	-2,937	0
Transferred to special items	0	-43,444
Total	**13,860**	**11,813**
Average number of full-time employees	2	2

DKK'000	2021	2020
Remuneration of Board of Directors		
Base salary and non-monetary benefits	2,915	1,249
One-time bonus award*	0	7,558
Total remuneration	**2,915**	**8,807**
Remuneration of Executive Management		
Base salary and non-monetary benefits	7,547	5,638
Share-based remuneration	725	139
Bonus	5,610	4,736
One-time bonus award*	0	25,245
Severance payment	0	11,641
Total remuneration	**13,882**	**47,399**

DKK'000	2021	2020
Remuneration to the Executive management		
Martin-Ravn Nielsen (CEO from May 2020):		
Salary	4,125	2,442
Bonus	3,095	2,447
Share-based payment	400	82
One-time bonus award*	0	14,900
	7,620	**19,871**
Mads Dehlsen Winther (CFO from September 2019):		
Salary	3,422	3,196
Bonus	2,515	2,289
Share-based payment	325	57
One-time bonus award*	0	10,345
	6,262	**15,887**

* In 2020 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.

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	2021	2020
Strategic organisational changes	0	6,279
Costs in connection with acquisition and vendor due dilligence	0	7,700
Cost related to IPO	0	85,258
Other special items	0	440
Total special items	**0**	**99,677**

DKK'000	2021	2020
Reconciliation of EBITDA		
Operating profit before depreciation and amortisation	-7,476	-97,511
Special items	0	99,677
Operating profit before depreciation and amortisation (EBITDA) before special items	**-7,476**	**2,165**

Special items in 2020 was IPO related costs comprises of various consultency fees 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. There has been no special items in continued business in 2021.

Note 4 Finance costs

DKK'000	2021	2020
Interests paid to banks*	24,882	44,282
Exchange rate losses	2	11
Other financial cost	1,828	4,001
Total financial costs	**26,712**	**48,294**

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

Note 5 Income taxes

DKK'000	2021	2020
Current tax		
Income tax	-7,518	-18,332
Movement in deferred tax	0	3,264
Adjustment relating to previous years	4	3,430
Income taxes in the income statement	**-7,514**	**-11,638**
Profit before tax	**257,041**	**80,527**
Tax rate, Denmark	22.00%	22.00%
Tax at the applicable rate	56,548	17,716
Non-taxable income	-64,070	-49,793
Expenses not deductible for tax purposes	0	17,010
Adjustments relating to prior years	8	3,430
Effective change in tax rate	0	0
Other	0	0
Tax expense for the year	**-7,514**	**-11,636**
Effective tax rate, %	**-3%**	**-14%**
Deferred tax		
Deferred tax at 1 January	**0**	**-3,264**
Recognised in profit or loss		3,264
Exchange differences	0	0
Deferred tax at 31 December	**0**	**0**

DKK'000	2021	2020
Corporation tax receivable		
Corporation tax receivable at 1 January	**-18,332**	**-8,333**
Adjustment of corporation tax at 1 January, from deferred tax	0	0
Current tax including jointly taxed subsidiaries	-7,518	-18,332
Corporation tax paid during the year	-1,299	4,903
Adjustment related to prior year	0	3,430
Corporation tax receivable at 31 December	**-27,149**	**-18,332**

Note 6 Investments in subsidiaries

Investments in subsidiaries (DKK'000)	2021	2020
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	647,139	417,584
Share of results	291,229	226,332
Other comprehensive income	-2,114	3,223
Share of results at 31 December	**936,254**	**647,139**
Net book value	**3,253,311**	**2,964,196**

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

Note 7 Changes in working capital

DKK'000	2021	2020
Increase / (decrease) in trade and other payables	-28,647	22,592
Total	**-28,647**	**22,592**

Note 8 Adjustments for non-cash items

DKK'000	2021	2020
Non-cash financial items	4,930	0
Other non-cash items	**4,930**	**0**

Note 9 Borrowings

DKK'000	2021	2020
Interest-bearing borrowings, 1 January	671,163	1,020,066
Additions	0	675,000
Change short-term overdraft	0	-337,353
Other (amortised cost, etc.)	895	8,450
Repayments	0	-695,000
Interest-bearing borrowings, 31 December	**672,058**	**671,163**

Investments in subsidiaries have been provided as security for the Group's 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 6.4)
- Auditors fee (note 6.5)
- Events after the balance sheet date (note 6.6)
- Receivables and payables from affiliated companies at 31 December 2021 stated in the balance sheet relates primarily to tax payments in joint taxation and cash pool. Balances are uninterdeent and settled on an ongoing basis. No write-downs have been made on balances in 2021 or 2020.

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

The Parent has provided collateral for bank loan amounting to DKK 1,075 million in 2021 (2020: DKK 1,075 million)

The Company was engaged in the below related parties transactions:

DKK'000	2021	2020
Sales of services (Management fee and allocated income) from subsidaries	10,240	15,725

Statement by Management

The Board of Directors and the Executive Board have today discussed and approved the annual report of HusCompagniet A/S for 2021.

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 2021 and of the results of their operations and cash flows for the financial year 1 January – 31 December 2021.

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 2022

Executive Board:

Martin Ravn-Nielsen
Group CEO

Mads Dehlsen Winther
Group CFO

Board of Directors:

Claus V. Hemmingsen
Chairperson

Anja B. Eriksson
Vice chairperson

Stig Pastwa

Ylva Ekborn

Mads Munkholt Ditlevsen

Bo Rygaard

Independent auditor's report

To the shareholders of HusCompagniet A/S

Report on the audit of the Consolidated Financial Statements and Parent Company Financial Statements

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 2021, which comprise income statement, statement of other comprehensive income, balance sheet, statement of cash flow, statement of changes in equity 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 2021 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 2021 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Subsequent to HusCompagniet A/S being listed on Nasdaq Copenhagen, we were initially appointed as auditors of HusCompagniet A/S on 12 April 2021.

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 2021. 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 and 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.
- Discussions of 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, actions taken to eliminate threats or safeguards applied.

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.

Report on compliance with the ESEF Regulation

As part of our audit of the financial statements of HusCompagniet A/S we performed procedures to express an opinion on whether the annual report for the financial year 1 January – 31 December 2021 with the file name HusCompagniet-Group-2021-12-31.zip is prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the Consolidated Financial Statements.

Management is responsible for preparing an annual report that complies with the ESEF Regulation. This responsibility includes:

- The preparing of the annual report in XHTML format;
- The selection and application of appropriate iXBRL tags, including extensions to the ESEF taxonomy and the anchoring thereof to elements in the taxonomy, for financial information required to be tagged using judgement where necessary;
- Ensuring consistency between iXBRL tagged data and the Consolidated Financial Statements presented in human readable format; and
- For such internal control as Management determines necessary to enable the preparation of an annual report that is compliant with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance on whether the annual report is prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained, and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error. The procedures include:

- Testing whether the annual report is prepared in XHTML format;
- Obtaining an understanding of the company's iXBRL tagging process and of internal control over the tagging process;
- Evaluating the completeness of the iXBRL tagging of the Consolidated Financial Statements;
- Evaluating the appropriateness of the company's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified;
- Evaluating the use of anchoring of extension elements to elements in the ESEF taxonomy; and
- Reconciling the iXBRL tagged data with the audited Consolidated Financial Statements.

In our opinion, the annual report for the financial year 1 January – 31 December 2021 with the file name HusCompagniet-Group-2021-12-31.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

Copenhagen, 17 March 2022

EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

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