

HusCompagniet Danmark A/S

Plutovej 3  
8700 Horsens  
CVR. 26866278



Introducing our  
Climate-improved  
House



# Annual report 2020

The annual report was presented and approved at  
the Company's annual general meeting on, 29 June 2021

# Management's review

## Company details

HusCompagniet Danmark A/S  
Plutovej 3  
8700 Horsens  
Denmark

Telephone: 88 62 30 00  
Website: [www.huscompagniet.dk](http://www.huscompagniet.dk)

CVR no.: 26866278  
Fiscal year: 1. January - 31. December

### Board of Directors:

Mads Dehlsen Winther  
Søren Haugaard  
Martin Ravn-Nielsen

### Executive Board:

Martin Ravn-Nielsen

### Auditor

EY Godkendt Revisionspartnerselskab  
Dirch Passers Allé 36  
2000 Frederiksberg

## Management's review

### Business review

The Company constructs and sell houses and landplots to private consumers.

HusCompagniet Danmark A/S is a subsidiary of HusCompagniet A/S to which we refer to the consolidated financial statements for more information.

### Financial review

Net revenue totaled DKK 3.326 million for 2020, compared to DKK 3.290 million in 2019, corresponding to an increase of 1%. The increase in revenue was mainly driven by an increase in the number of delivered houses. We also experienced an increase in the average price of houses. Further a positive development was driven by the share of own land being

EBITDA totaled DKK 362 million for 2020, compared to 299 million in 2019, corresponding to a increase of 10%. The increase in EBITDA is mainly attributable to the increase in our activities.

Profit before tax totaled DKK 336 million for 2020, compared to DKK 274 million in 2019.

### Non-financial matters

HusCompagniet Danmark A/S is a leading single-family housebuilder company.

### Special risks

The Company has not drawn up any separate Risk report, as the parent company has done so for the entire Group.

The Report is rendered in the parent company's consolidated financial statement and may be downloaded from the site. <http://investors.huscompagniet.com/Danish/overblik/default.aspx>

### Recognition & measurements uncertainties

At contract inception, management assesses that the contracts involve a high degree of individual customisation and satisfy the criteria for recognition over time.

The assessment is based on an analysis of, among other things, the contract provisions on:

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

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

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

Reference is made to note 2.8 for more details

## Management's review

### Statutory CSR report

The Company has not drawn up any separate CSR report, as the parent company has done so for the entire Group. The report is rendered in the parent company's annual report and may be downloaded from the site <http://investors.huscompagniet.com/Danish/overblik/default.aspx>

### Account of the gender composition of Management

At HusCompagniet, we strive towards a diverse and inclusive work environment. A diverse workforce can bring many advantages to an organisation. The starting point is providing equal opportunity for people of all ages, genders, nationalities, religions, political opinions, and abilities. The construction sector has traditionally been a male-dominated industry, which poses a challenge for the industry and for HusCompagniet. The starting point for improving the gender diversity of our workforce is to monitor the demographics of our employees, with the aim to track and increase gender balance over time. As of 31 December 2020, the underrepresented gender is female and constituted 20% of our workforce, the same as last year.

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

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

### Unusual circumstances

There have been no unusual circumstances which have influenced the results for the year.

### Events after the balance sheet data

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

### Outlook

Our target is to pursue continued growth in line with the detached market segment whilst maintaining strong margins.

## Key Figures

DKK'm	2020	2019	2018	2017	2016
<b>Income statement</b>					
Revenue	3.326	3.290	2.873	2.620	2.546
Gross profit	658	632	588	506	487
Operating profit before depreciation and amortisation (EBITDA) before special items	329	300	283	250	256
Operating profit (EBIT)	346	282	272	240	250
Financial Income/Expenses, net	-10	-9	-4	-1	0
Profit for the year	336	274	209	186	395
<b>Balance sheet</b>					
Total assets	2.274	2.067	1.724	1.490	1.136
Equity	1.487	1.226	1.013	804	619
<b>Cash flow</b>					
Cash flow from operating activities	182	243	307	157	117
Cash flow from investing activities	-5	-8	-10	-21	-16
- Hereof from investment in property, plant and equipment	-5	-8	-10	-21	-14
Cash flow from financing activities	-1.174	-6	-31	66	-8
Free cash flow	177	235	297	136	101
<b>Key figures</b>					
Revenue growth	1%	14%	10%	3%	23%
Gross margin	20%	19%	20%	19%	19%
EBITDA margin before special items	10%	9%	10%	10%	10%
EBITDA margin after special items	11%	9%	10%	10%	10%
Average number of employees	320	316	299	291	252

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

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

Huscompagniet Danmark A/S is a merge of HusCompagniet Sjælland A/S, HusCompagniet Fyn A/S, HusCompagniet Sønderjylland A/S, FM-Søkjær Enterprise A/S samt HusCompagniet Midt- og Nordjylland A/S, with HusCompagniet Midt-Nordjylland A/S as the continuing company (name changes to HusCompagniet Danmark A/S). The merge is effective 1 January 2019. Key figures and comparable figures in the financial statements have been adjusted according to this.

## Management review

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## INCOME STATEMENT

DKK'000	Note	2020	2019
Revenue	2.1	3.325.858	3.289.553
Cost of Sales		-2.668.292	-2.657.332
<b>Gross profit</b>		<b>657.566</b>	<b>632.221</b>
Staff cost	2.2	-291.506	-294.040
Other external expenses		-37.560	-38.884
Other operating income		56	387
<b>Operating profit before depreciation and amortisation (EBITDA) before special items</b>	<b>2.3</b>	<b>328.556</b>	<b>299.684</b>
Special items	2.4	33.153	-595
<b>Operating profit before depreciation and amortisation (EBITDA) after special items</b>		<b>361.709</b>	<b>299.089</b>
Depreciation and amortisation	4.1	-16.010	-16.980
<b>Operating profit (EBIT)</b>		<b>345.699</b>	<b>282.109</b>
Financial expenses	5.4	-9.841	-8.545
<b>Profit before tax</b>		<b>335.858</b>	<b>273.564</b>
Tax on profit	6.1	-74.491	-60.841
<b>Profit for the period</b>		<b>261.367</b>	<b>212.723</b>

### Profits attributable to:

DKK'000	2020	2019
Equity owners of the Company	261.367	212.723



## STATEMENT OF OTHER COMPREHENSIVE INCOME

DKK'000	Note	2020	2019
<b>Profit for the year</b>		261.367	212.723
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to the income statement in subsequent periods</i>			
Foreign currency translation differences, subsidiary		0	-7
<b>Other comprehensive income, net of tax</b>		<b>0</b>	<b>-7</b>
<b>Total comprehensive income for the year</b>		<b>261.367</b>	<b>212.716</b>

### Total comprehensive income attributable to:

DKK'000	Note	2020	2019
Equity owners of the Company		261.367	212.716



## BALANCE SHEET

DKK'000	Note	2020	2019
<b>Assets</b>			
<b>Non-current assets</b>			
Right-of-use assets	4.1	34.067	42.632
Property, plant and equipment	4.1	8.745	10.889
<b>Total non-current assets</b>		<b>42.812</b>	<b>53.521</b>
<b>Current assets</b>			
Inventories	3.1	314.303	339.361
Contract assets	3.2	521.897	601.156
Trade and other receivables	3.3	166.184	74.914
Prepayments		375	858
Receivable from affiliated companies		1.228.367	0
Cash and cash equivalents*		0	997.123
<b>Total current assets</b>		<b>2.231.126</b>	<b>2.013.412</b>
<b>Total assets</b>		<b>2.273.938</b>	<b>2.066.933</b>

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

## BALANCE SHEET - Continued

DKK'000	Note	2020	2019
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	5.1	2.001	2.001
Retained earnings and other reserves		1.485.233	1.223.866
<b>Total equity</b>		<b>1.487.234</b>	<b>1.225.867</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liabilities	5.3	27.040	34.518
Provisions	3.4	7.273	8.273
Deferred tax liability	6.1	17.148	19.372
Other liabilities		0	4.713
<b>Total non-current liabilities</b>		<b>51.461</b>	<b>66.876</b>
<b>Current liabilities</b>			
Borrowings	5.2	0	6
Lease liabilities	5.3	10.042	9.020
Trade and other payables	5.5	353.495	583.036
Contract liabilities	3.2	74.275	5.517
Prepayments from customers	3.2	13.520	47
Provisions	3.4	29.092	26.490
Income tax payable	6.1	76.715	60.364
Payable to affiliated companies		62.352	1.566
Other liabilities		115.752	88.144
<b>Total current liabilities</b>		<b>735.243</b>	<b>774.190</b>
<b>Total liabilities</b>		<b>786.704</b>	<b>841.066</b>
<b>Total equity and liabilities</b>		<b>2.273.938</b>	<b>2.066.933</b>

Reference to off-balance sheet notes: Related parties 6.4, and Contingent liabilities 3.4

## STATEMENT OF CASH FLOWS

DKK'000	Note	2020	2019
<b>Cash flow from operating activities</b>			
Profit before tax from continuing operations		335.858	273.564
Changes in working capital	3.5	-110.884	1.703
Adjustments for non-cash items	6.2	27.454	36.124
Interest paid incl. interest on lease payments		-9.841	-8.545
Corporation tax paid		-60.365	-59.921
<b>Net cash generated from operating activities</b>		<b>182.222</b>	<b>242.925</b>
<b>Cash flow from investing activities</b>			
Acquisition of assets recognised as property, plant and equipment		-5.301	-7.583
<b>Net cash generated from investing activities</b>		<b>-5.301</b>	<b>-7.583</b>
<b>Cash flow from financing activities</b>			
Proceeds from payables to affiliated companies	5.2	-1.167.581	2.181
Repayment of long-term debt	5.2	0	1.566
Repayment of lease liabilities	5.2	-6.456	-10.002
<b>Net cash generated from financing activities</b>		<b>-1.174.037</b>	<b>-6.255</b>
<b>Total cash flows</b>		<b>-997.117</b>	<b>229.087</b>
Cash and cash equivalents at 1 January		997.117	768.030
<b>Cash and cash equivalents at 31 December</b>		<b>0</b>	<b>997.117</b>
<b>Cash and cash equivalents</b>			
Cash at bank and on hand		0	997.123
<b>Cash and cash equivalents as at 31 December</b>		<b>0</b>	<b>997.123</b>
Bank overdrafts		0	-6
<b>Net cash and cash equivalents as at 31 December</b>		<b>0</b>	<b>997.117</b>

## STATEMENT OF CHANGES IN EQUITY

2020			
DKK'000	Share capital	Retained earnings	Total
Equity at 1 January	2.001	1.223.866	1.225.867
Profit for the period	0	261.367	261.367
Other comprehensive income:			
Total other comprehensive income	0	0	0
Transactions with owners of the Company and other equity transactions:			
Total transactions with owners of the Company and other equity transactions	0	0	0
Equity on 31 December	2.001	1.485.233	1.487.234

  

2019			
DKK'000	Share capital	Retained earnings	Total
Equity at 1 January	2.000	1.011.151	1.013.151
Profit for the period	0	212.723	212.723
Total other comprehensive income	0	-7	-7
Transactions with owners of the Company and other equity transactions:			
Increase in capital	1	-1	0
Total transactions with owners of the Company and other equity transactions	1	-1	0
Equity on 31 December	2.001	1.223.866	1.225.867

### Capital structure

The Capital structure in HusCompagniet Danmark is based on intercompany loans from parent Company which are maintained and adjusted accordingly as necessary for HusCompagniet Danmark A/S.

The primary objective of HusCompagniet Group capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

HusCompagniet manages its capital structure and makes adjustments to it in light of changes in economic conditions.

To maintain or adjust the capital structure, HusCompagniet may adjust the dividend payments to shareholders, acquire its own shares or issue new shares. HusCompagniet has a target leverage of below 2.0x net debt to EBITDA before special items considering the Group's cash flow profile.

## SECTION 1: BASIS OF PREPARATION

### Introduction

HusCompagniet Danmark A/S ('HusCompagniet Danmark') is a company incorporated and domiciled in Denmark. The Company is principally engaged in construction and sale of single-family-houses in Denmark.

The following is a summary of the significant accounting policies adopted by HusCompagniet Danmark referred to in these financial statements as the "Company".

General accounting policies applied to the financial statements as a whole are described below. Significant accounting policies covering specific accounts are placed in each section to which they relate.

These Financial Statements for the Company are for the year ended 31 December 2020.

The financial statements were approved by the shareholders at the general meeting on 29 June 2021, signed by chairman Mads Dehlsen Winther.

The accounting policies described below have been applied consistently to the financial year and the comparative figures. For standards implemented prospectively, comparative figures are not restated.

### The following notes are presented in Section 1:

- 1.1 General accounting policies
- 1.2 Introduction to significant estimates and judgements
- 1.3 Application of materiality

## Note 1.1 General accounting policies

### Basis of preparation

The 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 C entities.

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

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

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

### Foreign currency translation

Transactions and balances

Foreign currency transactions are initially recorded by the Company 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.

### Implementation of new or amended standards and interpretations

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

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

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

### Note 1.1 General accounting policies

#### Standards issued but not yet effective

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

The Company 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 financial statements at 1 January 2021.

### Note 1.2 Introduction to significant estimates and judgements

In preparing the financial statements, management made various judgements, estimates and assumptions concerning future events that affected the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Significant estimates and judgements covering specific accounts are placed in each section to which they relate.

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 Company's has not been materially affected by covid-19 but there are still some uncertainties related to the economic development in Denmark 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.

	<b>Note</b>
<b>Significant judgements</b>	
Percentage-of-completion profit recognition	2.7
Leases - Estimating the incremental borrowing rate and lease period	4.5
<b>Significant estimates</b>	
Guarantee provisions	3.8

### Note 1.3 Application of materiality

The 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 financial statements.

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

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

## SECTION 2: EBITA

### Introduction

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

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

### The following notes are presented in Section 2:

- 2.1 Revenue
- 2.2 Costs including staff costs and remuneration
- 2.3 Share based payments
- 2.4 Special items
- 2.5 Financial risk management
- 2.6 Accounting policy
- 2.7 Significant estimates and judgements

## 2.1 Revenue

### Revenue per segment and category - Contracted sales 2020

DKK'000	Denmark		
	Detached houses	Semi-detached houses	Total segments
Sales value houses sold on customers building sites	2.564.958	27.633	2.592.590
Sales value houses sold on own building sites	372.272	89.460	461.732
Sales of land plots	144.326	0	144.326
Other revenue	56	0	56
<b>Total Contracted sales</b>	<b>3.081.611</b>	<b>117.093</b>	<b>3.198.704</b>

### Revenue per segment and category - Non-contracted sales 2020

DKK'000	Denmark		
	Detached houses	Semi-detached houses	Total segments
Sales value houses sold on own building sites	127.154	0	127.154
Other revenue	0	0	0
<b>Total Non-contracted sales</b>	<b>127.154</b>	<b>0</b>	<b>127.154</b>

<b>Total Revenue</b>	<b>3.208.765</b>	<b>117.093</b>	<b>3.325.858</b>
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### 2019

DKK'000	Denmark		
	Detached houses	Semi-detached houses	Total segments
Sales value houses sold on customers building sites	2.353.914	38.744	2.392.658
Sales value houses sold on own building sites	528.710	142.737	671.447
Sales of land plots	220.705	0	220.705
<b>Total Contracted sales</b>	<b>3.103.329</b>	<b>181.481</b>	<b>3.284.810</b>

### Revenue per segment and category - Non-contracted sales 2019

DKK'000	Denmark		
	Detached houses	Semi-detached houses	Total segments
Sales value houses sold on own building sites	4.743	0	4.743
<b>Total Non-contracted sales</b>	<b>4.743</b>	<b>0</b>	<b>4.743</b>

<b>Total Revenue</b>	<b>3.108.072</b>	<b>181.481</b>	<b>3.289.553</b>
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The Company is engaged in construction and civil works activities in Denmark.

Non-contracted sales is recognised on delivery (point-in-time). Contracted sales is recognised over time. Payment is typically due at the time of final delivery of the construction, however a small deposit is paid upon contract negotiation. The bank 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 comprises sale of houses constructed on the customers land, or houses sold on own land that are covered by a customer contract before construction is started.

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



## Note 2.2 Costs including staff costs and remuneration

### Staff costs

DKK'000	2020	2019
Wages and salaries	274.575	272.868
Defined contribution plans	13.872	12.962
Other social security costs	2.853	2.985
Other staff costs	0	5.225
Share-based remuneration	205	0
<b>Total</b>	<b>291.505</b>	<b>294.040</b>
Average number of full-time employees	320	316

By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to management is not disclosed

The long-term incentive programme is described in note 2.3

## Note 2.3 Share-based payments

### Share-based payments

In accordance with the Groups' Remuneration Policy, individual members of the Group's 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 Group 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 an incentive for the Executive Management to remain focused on value creation and achievement of the Company's long-term objectives. As determined by the Board of Directors, a selected number of employees of the Company in key positions may also be eligible to participate in long-term incentive programmes on terms similar to those of the Executive Management.

On 18 November 2020, the Group purchased 136,752 own shares to be held in treasury. The treasury shares cover the long-term incentive programme. The number of shares granted to the Company's employee's are listed below.

### 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.

	Executive management	Other employees	Total shares
<b>Number of shares</b>			
Outstanding at 1 Januar 2020	0	0	0
Granted 23 November 2020	0	63.009	63.009
<b>Outstanding at 31 December 2020</b>	<b>0</b>	<b>63.009</b>	<b>63.009</b>

The average remaining term to vesting for outstanding restricted shares at 31 December 2020 was approx. 2.9 years. The fair value of the RSU grant at the grant date totalled DKK 7.5 million at Company level. In 2020, an expense of DKK 0.2 million was recognised in the income statement at Company level in respect of the incentive program (2019: nil). The fair value of the RSU at the grant date was calculated based on the share price at grant date.

## Note 2.4 Special items

DKK'000	2020	2019
<b>Special items</b>		
-Insurance compensation	-34.747	0
-Cost related to IPO	525	0
-Strategic organisational changes	1.069	595
<b>Total special items</b>	<b>-33.153</b>	<b>595</b>

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. Strategic organisational changes include severance payments to former senior management and employees.

## Reconciliation of EBITDA

DKK'000	2020	2019
<b>Operating profit before depreciation and amortisation</b>	<b>361.709</b>	<b>299.089</b>
Special items	-33.153	595
<b>Operating profit before depreciation and amortisation (EBITDA) before special items</b>	<b>328.556</b>	<b>299.684</b>

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

Since such financial measures are not calculated by all companies in the same way, 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. The definition section 6.7 provides information in greater detail regarding definitions of financial performance measures. Information regarding special items is included in note 2.4

## Note 2.5 Financial risk management

### Currency Risk

The Company is not exposed to currency fluctuations from its activities.

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

**Revenue**

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

**Contracted sales**

Contracted sales are recognized over time according to percentage-of-completion in relation to costs recognized, as all performance obligations are fulfilled on an ongoing basis through-out the construction. 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 recognized as changes to the original contract and not as a separate performance obligation. The Company 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 Company 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 Company 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.

Any 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 standalone price of the modifications and an actual assessment of the elements of the contract with the other performance obligations under the sales contract.

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

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

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

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

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

**Non-contracted sales**

For non-contracted sales revenue is recognized in the income statement when the performance obligation is fulfilled. This is defined as the point in time when control of the non-contracted construction (sales of houses constructed on own land for which no customer contract has been entered into 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 recognized 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 Company'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 Company's employees.

The item is net of refunds made by public authorities.

The Group has established a long-term bonus-based share programme in accordance with the current remuneration policy. Share-based payments are recognised over the period in which the participant renders the service entitling him/her to the payment. This is, in principle, from the date of grant until the date on which the vesting conditions may have been met.

The LTI programme is classified as an equity-settled plan. The value of services received as 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 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.

**Special items**

Special items include significant income and costs of a special nature in terms of the Company's revenue-generating operating activities which cannot be attributed directly to the Company'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 that by nature are non-recurring, specifically impairment of goodwill, gains and losses on the disposal of activities and transaction cost from a business combinations.

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

## Note 2.7 Significant estimates and judgements

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

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

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

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

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

### Percentage-of-completion profit recognition

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

The assessment of project revenues and project costs is based on a number of estimates and assessments that depend on the experience and knowledge of project management in respect of project control, training and the prior management of project. There is a risk that the final result will differ from the profit accrued based on percentage-of-completion. At year-end, recognized revenues amounted to DKK 541 million (2019: DKK 654 million); refer to note 3.2 Contract assets.

### SECTION 3: Working Capital

#### Introduction

This section provides information regarding the development in the Company'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:

- 3.1 Inventories
- 3.2 Contract assets
- 3.3 Trade and other receivables
- 3.4 Guarantee commitments and contingent liabilities
- 3.5 Changes in working capital
- 3.6 Financial risk management
- 3.7 Accounting policy
- 3.8 Significant estimates and judgements

#### Note 3.1 Inventories

DKK'000	2020	2019
Raw materials	2.134	2.679
Show-houses and semi-detached houses (non-contracted)	118.097	188.165
Land	199.572	153.517
Write-down inventories	-5.500	-5.000
<b>Total inventories</b>	<b>314.303</b>	<b>339.361</b>

#### Note 3.2 Contract assets

DKK'000	2020	2019
Selling price of contract assets	540.889	654.398
Invoicing on Accounts	-93.267	-58.759
	<b>447.622</b>	<b>595.639</b>
Calculated as follows:		
Contract assets	521.897	601.156
Contract liabilities	-74.275	-5.517
	<b>447.622</b>	<b>595.639</b>
Prepayments from customers regarding construction contracts not yet started	<b>13.520</b>	<b>47</b>

Delivery obligations	2020	2019
Within one year	<b>2.226</b>	<b>2.091</b>
After one year	<b>245</b>	<b>39</b>

#### Construction contracts (assets/liabilities)

Contract assets comprise the selling price of work performed where the Company does not yet have an unconditional right to payment, as the work performed has not yet been approved by the customer.

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

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

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

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

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

**Note 3.3 Trade and other receivables**

DKK'000	2020	2019
Trade receivables	16.489	36.922
Provision for expected credit losses	-2.670	-2.603
Other receivables	152.366	40.595
<b>As at 31 December</b>	<b>166.185</b>	<b>74.914</b>
DKK'000	2020	2019
<b>Provision for expected credit losses at 1 January</b>	-2.603	-2.443
Exchange rate adjustment	0	0
Arising during the year	-67	-160
Utilised	0	0
<b>Provision for expected credit losses at 31 December</b>	<b>-2.670</b>	<b>-2.603</b>

The Company 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 Company's receivable from sales activities. The Company's trade receivables consist of invoices issued shortly before delivering the house, and no key is delivered until payment is received. The decrease in trade receivables is due to an decrease in houses delivered January 2021

**Note 3.4 Guarantee commitments and contingent liabilities**

DKK'000	2020	2019
<b>Guarantee provision at 1 January</b>	34.763	24.164
Exchange rate adjustment	0	0
Arising during the year	29.413	34.763
Provisions related to business combinations		
Utilised	-27.810	-24.164
<b>Guarantee provision at 31 December</b>	<b>36.366</b>	<b>34.763</b>
Distributed in the balance as follows:		
Non-current liabilities	7.273	8.273
Current liabilities	29.092	26.490

At year-end, the guarantee provision amounted to DKK 36 million (2019: DKK 35 million). Provisions for future costs regarding 1 and 5 years review of the delivered houses due to guarantee commitments are recognized at the amount expected to be required to settle the commitment on the balance-sheet date.

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

**Contingent liabilities**

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

The Company is jointly taxed with its other Danish companies in the HusCompagniet Group. The Company is jointly and severally liable with other jointly taxed group entities for payment of income taxes for the income years 2016 and forward and withholding taxes falling due for payment on or after 1 January 2016 in the group of jointly taxed entities.

**Collateral**

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

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

**Contractual obligations**

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

### Note 3.5 Changes in working capital

DKK'000	2020	2019
(Increase)/decrease in construction contracts & Inventory	173.075	-58.571
(Increase)/decrease in trade and other receivables	-90.787	-36.282
Increase/(decrease) in trade and other payables	-193.172	96.556
<b>Total</b>	<b>-110.884</b>	<b>1.703</b>

### Note 3.6 Financial risk management

#### Credit risk

HusCompagniet is exposed towards customers' inability to meet their financial obligations. To address this risk, the Company obtains a bank guarantee on agreed sales price from all customers before construction starts and the customers pay by deliverable. In contracts where the scope and price is subsequently changed, the bank guarantee is updated, if the change by Management is considered significant. This means that there are no debtor loss, as all payments rights are secured before delivery of the houses.

It is the Company's assessment that the exposure towards credit risk is not significant.

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

### Note 3.7 Accounting policy

#### Inventories

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

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

#### Work in progress and finished houses (non-contracted construction)

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

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

#### Provisions

Provisions differ from other liabilities in that 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 recognized in the balance sheet when a legal or informal commitment exists due to an event that has occurred, 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 amortized 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 in the total lifetime of the receivable.

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

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

#### Other liabilities

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

#### Cash and cash equivalents

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

For the purpose of the financial statement of cash flows, cash and cash equivalents consists 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 recognized at the amount expected to be required to settle the commitment on the balance-sheet date. This estimate is based on calculations, assessments by company management and experiences gained from past transactions.

At year-end, the guarantee provision amounted to DKK 36 million (2019: DKK 35 million), refer to note 3.4 Provisions and contingent liabilities.



## SECTION 4: INVESTMENTS

### Introduction

In this section the Company'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:

- 4.1 Property, plant and equipment and rights of use assets
- 4.2 Accounting policy
- 4.3 Significant estimates and judgements

### Note 4.1 Property, plant and equipment and rights of use assets

#### 2020

DKK'000	Right of use assets, Motor vehicles	Right of use assets, property	Other Fixtures and fittings, tools and equipment	Leasehold improvements	Total
<b>Cost at 1st January</b>	0	53.540	19.380	13.614	86.534
Exchange rate adjustments	0	0	0	0	0
Additions	0	8.719	2.249	2.018	12.986
Remeasurement of lease liabilities	0	-7.564	0	0	-7.564
Disposals	0	0	-642	0	-642
<b>Cost at 31 December</b>	<b>0</b>	<b>54.695</b>	<b>20.987</b>	<b>15.632</b>	<b>91.315</b>
<b>Depreciation and impairment 1 January</b>	0	10.908	14.469	7.636	33.013
Exchange rate adjustments	0	0	0	0	0
Depreciation	0	9.720	3.863	2.427	16.010
Impairment losses	0	0	0	0	0
Depreciation of disposals	0	0	-521	0	-521
<b>Depreciation and impairment 31 December</b>	<b>0</b>	<b>20.628</b>	<b>17.811</b>	<b>10.063</b>	<b>48.502</b>
<b>Carrying amount at 31 December</b>	<b>0</b>	<b>34.067</b>	<b>3.177</b>	<b>5.569</b>	<b>42.813</b>

#### 2019

DKK'000	Right of use assets, Motor vehicles	Right of use assets, property	Other Fixtures and fittings, tools and equipment	Leasehold improvements	Total
<b>Cost at 1st Jan</b>	0	0	48.011	9.683	57.694
Exchange rate adjustments	0	0	0	0	0
Transfer to rights of use assets	29.149	0	-29.149	0	0
Effect of implementation IFRS 16, 1 January	0	48.904	0	0	48.904
Additions	0	2.181	1.526	3.931	7.638
Remeasurement of lease liabilities	0	2.455	0	0	2.455
Disposals	-29.149	0	-1.008	0	-30.157
<b>Cost at 31 December</b>	<b>0</b>	<b>53.540</b>	<b>19.380</b>	<b>13.614</b>	<b>86.534</b>
<b>Depreciation and impairment 1 January</b>	0	0	14.933	5.503	20.436
Exchange rate adjustments	0	0	0	0	0
Transfer to rights of use assets	3.671	0	-3671	0	0
Additions from business combinations	0	0	0	0	0
Depreciation	0	10.908	3939	2133	16.980
Impairment losses	0	0	0	0	0
Depreciation of disposals	-3.671	0	-732	0	-4.403
<b>Depreciation and impairment 31 December</b>	<b>0</b>	<b>10.908</b>	<b>14.469</b>	<b>7.636</b>	<b>33.013</b>
<b>Carrying amount at 31 December</b>	<b>0</b>	<b>42.632</b>	<b>4.911</b>	<b>5.978</b>	<b>53.521</b>

## Note 4.2 Accounting policy

### 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 for leasehold improvements.

### Lease agreements

The Company has lease contracts for leaseholds, used in its operations. Lease of leaseholds generally has lease terms between 3 and 5 years.

Generally, the Company is restricted from assigning and subleasing the leased assets.

There are several lease contracts that include extension and termination options and variable lease payments. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

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

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

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

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

#### Note 4.3 Significant estimates and judgements

##### Leases - Estimating the incremental borrowing rate

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

##### - Leaseholds

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

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

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

## SECTION 5: FUNDING AND CAPITAL STRUCTURE

### Introduction

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

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

### The following notes are presented in Section 5:

- 5.1 Equity
- 5.2 Borrowings and non-current liabilities
- 5.3 Lease liabilities
- 5.4 Financial income and expenses
- 5.5 Financial risk management
- 5.6 Accounting policy

### Note 5.1 Equity

#### Share capital

	2020		2019	
	Nominal value (DKK'000)	Number of shares	Nominal value (DKK'000)	Number of shares
Share capital at 1 January (issued and fully paid)	2.001	2.001	2.000	2.000
Additions	0	0	1	1
<b>Share capital at 31 December</b>	<b>2.001</b>	<b>2.001</b>	<b>2.001</b>	<b>2.001</b>

The Company's share capital is nominally DKK 2,001,000 divided into 2,001,000 shares of DKK 1 each or multiples hereof. Capital injection of DKK 1,000 made in 2019 is related to merger with HusCompagniet Sjælland A/ S, HusCompagniet Fyn A/S, HusCompagniet Sønderjylland A/ S and FM -Søkjær Entreprise A/ S.

### Note 5.2 Borrowings and non-current liabilities

#### Borrowings

DKK'000	2020	2019
Non-current liabilities	27.040	34.518
Current liabilities	10.042	9.026
<b>Total carrying amount</b>	<b>37.082</b>	<b>43.544</b>
Nominal value	41.272	49.524

#### Interest-bearing borrowings

DKK'000	2020	2019
Interest-bearing borrowings, 1 January	43.544	25.695
Additions	8.719	2.187
Implementing IFRS 16	0	47.255
Repayments	-9.130	-34.047
Other (amortised cost, reassessment leasing liabilities IFRS 16 etc.)	-6.051	2.454
<b>Interest-bearing borrowings, 31 December</b>	<b>37.082</b>	<b>43.544</b>

#### 2020

DKK'000	Currency	Interest rate	Average interest rate	Carrying amount
Bank borrowings	DKK	Floating	3,24%	-
Commitments on leasing agreements	DKK	Fixed-rate	5,45%	37.082
				37.082

#### 2019

DKK'000	Currency	Interest rate	Average interest rate	Carrying amount
Bank borrowings	DKK	Floating	3,70%	6
Commitments on leasing agreements	DKK	Fixed-rate	6,00%	43.538
				43.544

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

As part of the listing, the Group entered into a new bank facility agreement. This has implied that for accounting purposes under IFRS the Company will no longer have cash and cash equivalents. The cash pool is after this classified as receivables from affiliated companies

**Note 5.3 Lease liabilities****Lease liabilities**

	2020	2019
DKK'000		
<b>Maturity of lease liabilities</b>		
Due within 1 year	10.042	9.020
Due between 1 and 5 years	25.353	28.627
Due after 5 years	1.687	5.705
<b>Total lease liabilities 31 December 2020</b>	<b>37.082</b>	<b>43.352</b>
Lease liabilities recognized in balance sheet		
- Hereof short-term lease liabilities	10.042	9.020
- Hereof long-term lease liabilities	27.040	34.518

**Amounts recognized in income statement**

	2020	2019
DKK'000		
Interest expenses related to lease liabilities	2.276	2.698
<b>Total amount recognized in income statement</b>	<b>2.276</b>	<b>2.698</b>

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

**Note 5.4 Financial income and expenses****Financial income and financial expenses**

	2020	2019
DKK'000		
<b>Financial expenses</b>		
Interest paid to banks*	4.760	3.686
Interest lease liabilities	2.276	2.698
Exchange rate losses	1	0
Other financial cost	2.805	2.161
<b>Total financial expenses</b>	<b>9.841</b>	<b>8.545</b>

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

## Note 5.5 Financial risk management

The Company's activities and capital structure is exposed to a variety of financial risks: Market risks (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's management oversees the management of these risks in accordance with the Company'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 Company does not receive payment until construction is finished and the house is handed over to the client.

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

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

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

### Contractual maturity analysis of financial liabilities

#### 2020

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 flows	Carrying amount
<b>Non-derivative financial liabilities</b>						
Trade and other payables	353.495	0	0	0	353.495	353.495
Bank Borrowings	0	0	0	0	0	0
Lease liabilities	14.638	16.593	8.353	1.688	41.272	37.082
Other Liabilities	115.751	0	0	0	115.751	115.751
<b>Total non-derivative financial liabilities</b>	<b>483.884</b>	<b>16.593</b>	<b>8.353</b>	<b>1.688</b>	<b>510.518</b>	<b>506.328</b>
<b>Total financial liabilities</b>	<b>483.884</b>	<b>16.593</b>	<b>8.353</b>	<b>1.688</b>	<b>510.518</b>	<b>506.328</b>

#### 2019

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 flows	Carrying amount
<b>Non-derivative financial liabilities</b>						
Trade and other payables	583.036	0	0	0	583.036	583.036
Bank Borrowings	6	0	0	0	6	6
Lease liabilities	11.374	20.802	11.507	3.347	47.030	43.538
Other Liabilities	88.144	0	0	0	88.144	88.144
<b>Total non-derivative financial liabilities</b>	<b>682.560</b>	<b>20.802</b>	<b>11.507</b>	<b>3.347</b>	<b>718.216</b>	<b>714.724</b>

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

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

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

If the interest rate increased (decreased) by 1% the effect on interest during 2020 would have been DKK 0 million (2019: DKK 0,1 million)

## Note 5.5 Financial risk management - continued

### Categories of financial assets and financial liabilities

DKK'000	2020	2019
Cash and receivables	0	997.123
Receivables	166.184	74.914
Bank Borrowings	0	6
Lease liabilities	37.082	43.538
Trade and other payables	353.495	583.036
Other liabilities	115.752	88.144
Payable to affiliated companies	62.352	1.566

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

## Note 5.6 Accounting policy

### Equity

#### Dividends

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

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



**SECTION 6: OTHER DISCLOSURES**

**Introduction**

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:**

- 6.1 Tax
- 6.2 Other non-cash items
- 6.3 Related parties
- 6.4 Auditor's fee
- 6.5 Events after the balance sheet date
- 6.6 List of Group companies
- 6.7 Definitions
- 6.8 Accounting policy

**Note 6.1 Tax**

**Current tax**

DKK'000	2020	2019
Income tax	76.715	60.363
Movement in deferred tax	-2.224	478
Adjustment relating to previous years	0	0
<b>Income taxes in the income statement</b>	<b>74.491</b>	<b>60.841</b>
<b>Profit before tax</b>	<b>335.858</b>	<b>273.564</b>
Tax rate, Denmark	22,00%	22,00%
Calculated Tax at the applicable rate for continued operations	73.889	60.184
Non-taxable income	0	0
Expenses not deductible for tax purposes	602	657
Adjustments relating to prior years	0	0
Effective change in tax rate	0	0
Other	0	0
<b>Tax expense for the year</b>	<b>74.491</b>	<b>60.841</b>
<b>Effective tax rate, %</b>	<b>22,18%</b>	<b>22,24%</b>

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

**Deferred tax**

DKK'000	2020	2019
<b>Deferred tax at 1 January</b>	<b>19.371</b>	<b>18.893</b>
Recognised in profit or loss, continued business	-2.224	0
Adjustments relating to prior years	0	478
Exchange differences	0	0
<b>Deferred tax at 31 December</b>	<b>17.147</b>	<b>19.371</b>

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

DKK'000	Deferred tax asset		Deferred tax liability	
	2020	2019	2020	2019
Intangible assets	0	0	0	-286
Right-of-use assets and Property, plant and equipment	0	0	-1.587	-445
Inventories	0	0	19.835	20.103
Provisions	0	0	-1.100	0
<b>Deferred tax</b>	<b>0</b>	<b>0</b>	<b>17.148</b>	<b>19.372</b>

**Corporation tax payable**

DKK'000	2020	2019
<b>Corporation tax payable at 1 January</b>	<b>60.364</b>	<b>59.922</b>
Tax at the applicable rate	76.715	60.363
Corporation tax paid during the year	-60.364	-59.921
<b>Corporation tax payable at 31 December</b>	<b>76.715</b>	<b>60.364</b>

**Note 6.2 Other non-cash items**

DKK'000	2020	2019
Depreciation of property, plant and equipment	16.010	16.980
Movements in provisions recognised in the income statement	1.603	10.599
Non-cash financial items	9.841	8.545
<b>Other non-cash items</b>	<b>27.454</b>	<b>36.124</b>

**Note 6.3 Related parties****Transactions with Executive Management & Board of Directors**

Transactions with Executive Management & Board of Directors include transactions with companies controlled by the Executive Management & Board of Directors.

**Related parties with a significant influence**

Related parties with a significant influence include HusCompagniet A/S.

The direct owner of the Company is HusCompagniet Holding A/S.

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

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

The Company was engaged in the below related parties transactions:

**Note 6.4 Auditor's fee****Fees to auditors**

DKK'000	2020	2019
Audit Service	410	364
Assurance engagements	0	0
Tax advice services	10	39
Other non-audit services	3	33
<b>Total</b>	<b>422</b>	<b>436</b>

#### Note 6.5 Events after the balance sheet date

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

#### Note 6.6 List of Group companies

Other related parties at 31 December 2020.

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

## Note 6.7 Definitions

### Financial ratios

#### EBITDA before special items (EBITDA)

Operating profit excluding amortisation and depreciation and special items.

#### Operating profit (EBITDA) before special items

Operating profit before special items

### Financial ratios

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios "Recommendations and Financial Ratios".

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$	
EBITDA margin (before and after special items)	$\frac{\text{EBITDA before special items x 100}}{\text{Revenue}}$	$\frac{\text{EBITDA after special items x 100}}{\text{Revenue}}$

## Note 6.8 Accounting policy

### Current income tax

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

Tax for the year comprises current tax and changes in deferred tax for the year. The tax expense relating to the profit (loss) for the year is recognised in the income statement, and the tax expense relating to amounts recognised in other comprehensive income is recognised in other comprehensive income.

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

## Statement by Management

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

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2020 and of the results of their operations and cash flows for the financial year 1 January – 31 December 2020.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the 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, 29 June 2021  
Executive Board:

.....  
Martin Ravn-Nielsen  
CEO

Board of Directors:

.....  
Mads Dehlsen Winther  
Chairman

.....  
Søren Haugaard  
Vice Chairman

.....  
Martin Ravn-Nielsen

## **Independent auditor's report**

### **To the shareholders of HusCompagniet Danmark A/S**

#### **Opinion**

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

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

#### **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 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 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.

## Independent auditor's report

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

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance 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 Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our 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 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.



## **Independent auditor's report**

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

Copenhagen, 29 June 2021  
EY Godkendt Revisionspartnerselskab  
CVR. 32 70 02 28

Thomas Bruun Kofoed  
State Authorised  
Public Accountant  
mne28677

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“Med min underskrift bekræfter jeg indholdet og alle datoer i dette dokument.”

## Martin Ravn-Nielsen

### Executive Board

På vegne af: HusCompagniet Danmark A/S

Serienummer: PID:9208-2002-2-733697879494

IP: 217.74.xxx.xxx

2021-06-30 13:36:44Z

NEM ID 

## Martin Ravn-Nielsen

### Board of Directors

På vegne af: HusCompagniet Danmark A/S

Serienummer: PID:9208-2002-2-733697879494

IP: 217.74.xxx.xxx

2021-06-30 13:41:21Z

NEM ID 

## Mads Dehlsen Winther

### Chair of the meeting

På vegne af: HusCompagniet Danmark A/S

Serienummer: PID:9208-2002-2-798141299146

IP: 217.74.xxx.xxx

2021-06-30 14:01:37Z

NEM ID 

## Mads Dehlsen Winther

### Chairman

På vegne af: HusCompagniet Danmark A/S

Serienummer: PID:9208-2002-2-798141299146

IP: 217.74.xxx.xxx

2021-06-30 14:01:37Z

NEM ID 

## Søren Haugaard

### Board of Directors

På vegne af: HusCompagniet Danmark A/S

Serienummer: PID:9208-2002-2-526591029684

IP: 80.62.xxx.xxx

2021-07-01 14:06:42Z

NEM ID 

## Thomas Bruun Kofoed

### State Authorised Public Accountant

På vegne af: EY Godkendt Revisionspartnerselskab

Serienummer: CVR:30700228-RID:37005648

IP: 83.89.xxx.xxx

2021-07-01 14:09:12Z

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