

# 2016

ANNUAL REPORT  
HUSCOMPAGNIET A/S





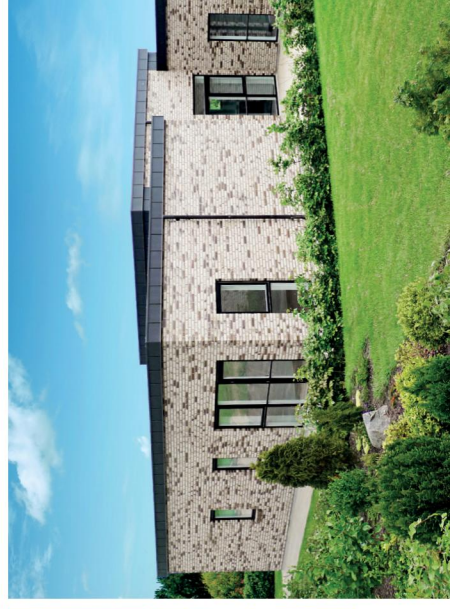
145 M<sup>2</sup>  
**MODERN  
CONTEMPORARY**

Tailored with extra large  
children's room and two  
bathrooms.

# CONTENT

<b>AT A GLANCE</b>	<b>4</b>
<b>CEO LETTER</b>	<b>8</b>
<b>OUR BUSINESS MODEL</b>	<b>12</b>
OUR ARCHITECTURES	16
OUR PEOPLE	22
ACTING RESPONSIBLY	24
GEOGRAPHICAL FOOTPRINT	26
<b>STRATEGY, RISK AND GOVERNANCE</b>	<b>28</b>
<b>CONSOLIDATED FINANCIAL STATEMENTS</b>	<b>31</b>
<b>PARENT COMPANY FINANCIAL STATEMENTS</b>	<b>59</b>

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# HUSCOMPAGNIET AT A GLANCE

  
**25,000**  
SHOW PARK VISITS

  
**3** MARKETS

  
**251 DKKM**  
EBITDA

**317**  
DIRECT EMPLOYEES  


  
**ONE MILLION**  
WEBSITE VISITS

**1,444**  
HOUSES  
SOLD

**16**  
LOCATIONS  


**234**  
LAND  
SALES  

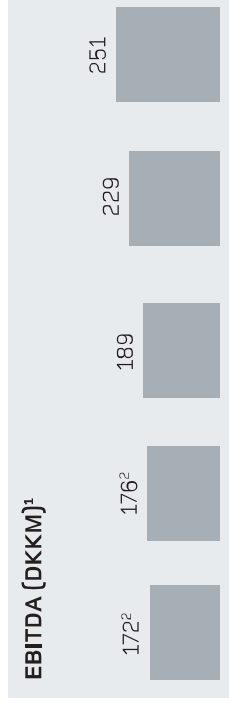
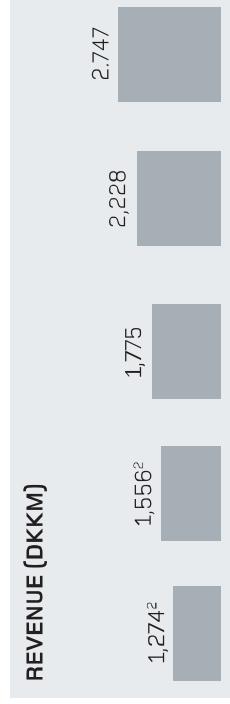
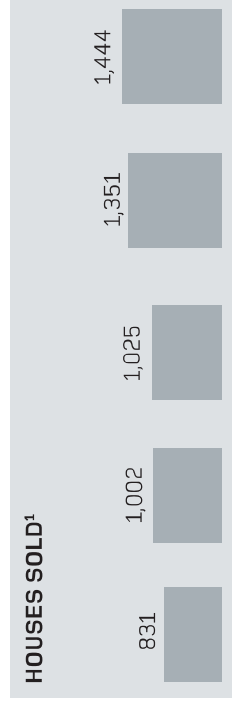

**2.75**  
DKKBN  
REVENUE

**5 STARS**  
TRUSTPILOT.dk  


  
**5 YEARS**  
AnmeldHåndværker.dk

# KEY HIGHLIGHT MESSAGES

## GROUP PERFORMANCE



<sup>1</sup> Houses sold and EBITDA are defined on page 64

<sup>2</sup> For 2012 and 2013 is prepared in accordance with Danish GAAP, and has not been restated in accordance with IFRS as adopted by the EU.

## KEY MESSAGES

### GROUP

In 2016, we delivered more than 1,300 new homes to families, which is a 16% increase compared to last year and a new record for the company. This was achieved through our continued focus on delivering a consistent high quality at affordable prices and on maintaining our industry-leading customer satisfaction. As part of our continuous effort to improve our customers' experience, we are testing a new Virtual-Reality technology that enables our customers to take a visual tour in one of our architectures. We have also developed an App called "HusCompagniet" that can help our customers with new house inspiration, and help to understand the process of building a new home (page 29). Additionally, we are developing a search feature on Huscompagniet.dk that finds available building sites (developed and undeveloped sites) in a specified area (page 9). The HusCompagniet App and the search feature will be tested in 2017.

### DENMARK

In 2016, we solidified our leading position in Denmark and increased our overall market share. Our success in Denmark rests upon a continued focus on customer satisfaction, reflected in our 5-star rating from our customers on Trust Pilot and winning the "House-builder of the Year" award for the fifth consecutive time.

### GERMANY

We continued our strong growth in Germany and increased the number of houses sold in 2016 by 68% compared to 2015. We continue our efforts to establish a significant position in the Northern German housebuilding market.

### SWEDEN

We have strengthened our organisation in Sweden and continued to grow our position in the Southern Swedish market. In April 2017, we completed the acquisition of VårgårdaHus, a leading Swedish builder of wood houses.

## BUSINESS CASE



**UNCOMPROMISING  
CUSTOMER FOCUS**



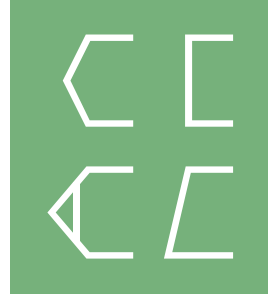
**HIGHLY SCALABLE AND  
ASSET-LIGHT OPERATING  
MODEL**



**GEOGRAPHICAL  
DIVERSIFICATION FOCUS**



**STRONG REPUTATION**

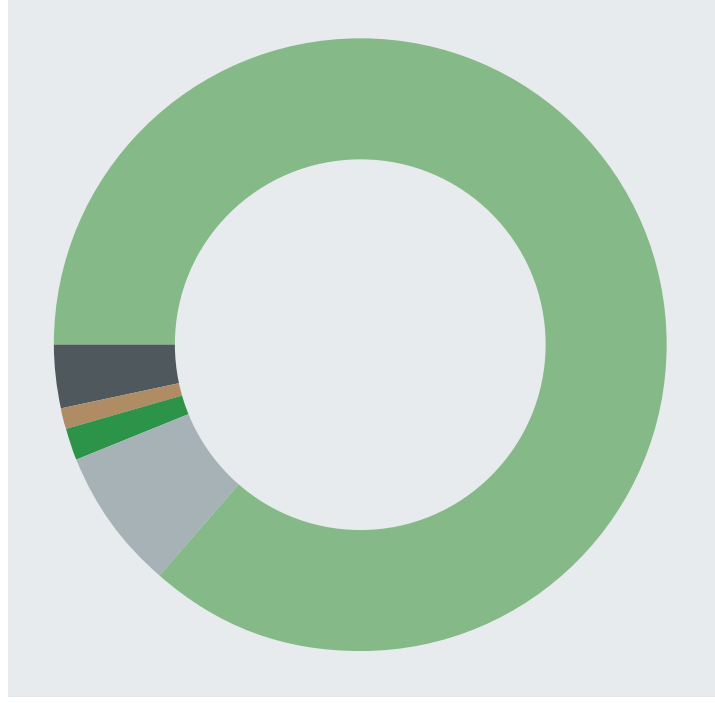


**STANDARDISED  
PRODUCT PORTFOLIO**



**STRONG PERFORMANCE**

## VALUE ADDED



Procurement of goods and services<sup>1</sup> DKK 2.3bn

Employees, DKK 203m

Lenders<sup>2</sup> DKK 46m

Corporation tax, DKK 32m

Profit retained by HusCompagniet, DKK 85m

1) This includes production costs, other operating expenses and special items

2) This includes financial income and expenses

# CEO LETTER

**I am pleased to report yet another strong year, delivering all-time high results with both satisfactory growth and profit. We continue to expand across markets with more than 50 new colleagues that joined our organisation. We have strengthened the corporate backbone with several key hires, including new Chief Commercial Officer, Head of Germany, Head of Accounting and Head of IT.**

## **ALL-TIME HIGH**

2016 was another positive year for HusCompagniet where we achieved organic growth across the markets we operate in. We achieved turnover of DKK 2,747 million, which is an increase of DKK 520 million, corresponding to 23% growth compared to 2015. Our EBITDA of DKK 251 million is an increase of 11% compared to 2015.

We achieved growth in the actual number of single-family houses sold across all our markets. In the Danish market, 1,276 new houses sold (2015: 1,238 houses). In Germany, 124 new houses sold (2015: 74 houses). In Sweden, 44 houses were sold (2015: 39 houses). 2016 represents all-time high revenue, EBITDA and numbers of houses sold for HusCompagniet.

## **SHOW PARKS**

In Denmark, HusCompagniet has established Show Parks and Show Houses across the country. When new potential house buyers visit the parks and houses, they receive a first-hand experience of all the advantages of a new house. Within our eight Show Parks and Show Houses we have more than 60 different variations of new-built houses for our customers to explore. Each house provides a unique experience of the many customi-

sation possibilities offered by an individual house from HusCompagniet. Our trained building advisers are present at our parks and houses during opening hours, ready to guide and support visitors and follow up on potential sales leads.

## **CONTINUED FOCUS ON CUSTOMER SATISFACTION**

2016 was another year of high customer satisfaction with more than 1,300 satisfied families in new homes. Many of our customers have shared their positive experiences online and in their own network, for the benefit of other families potentially looking for a new home. An example of this is on Trust Pilot, where more than 760 of our customers have reviewed HusCompagniet with an average rating of five stars out of five possible. The high customer satisfaction is also reflected in HusCompagniet receiving the "Housebuilder of the Year" award for the fifth consecutive time.

## **OUR JOURNEY IN SWEDEN**

In April 2017, we expanded our presence in Sweden through the acquisition of VårgårdaHus. VårgårdaHus, headquartered East of Gothenburg, is a leading Swedish single-family wood house builder with an attractive market position, complementary to HusCompagniet. Vårgårda-

Hus has approximately 25 sales offices across Sweden, increasing the group's local presence across the entire Swedish market. Together with VårgårdaHus, we have a strong platform for continued future growth across Sweden.

## **GROWTH PLANS IN GERMANY**

Since establishment in 2012, HusCompagniet (HausCompagnie) has continued to expand our activities and today we have three offices, located in Flensburg, Neumunster and Hamburg. We continue to work towards achieving our ambition of becoming a significant player in the Northern German market. We are actively investing in our German organisation with a new Head of Germany in place, and we plan to open additional locations in the coming years.

## **DENMARK – BUILDING ON A STRONG MARKET POSITION**

In 2016, we have increased our market share and solidified our position as the leading Danish house builder. We continue to develop our business in Denmark and the agenda for 2017 is focused on always improving our project execution through the implementation of new, and improved, tools to existing, process management tools.



## CASE STUDY: INCREASING MARKET CAPACITY

We see significant potential in continuing to acquire land and the right to build exclusively on land plots. By investing in individual building sites or larger plots, we can begin to develop the sites quickly, consistently and to a high quality standard from the beginning. This strategy enables us to offer our customers sites in attractive locations that are ready for building, without the customer having to wait for the site to be developed and approved for building.

### THE DIGITAL EXPERIENCE

HusCompagniet is a first mover within innovation in the building industry. The latest we are testing is to offer potential customers the opportunity to tour all of our exhibition houses in Virtual Reality – even at home wearing Virtual Reality glasses while sitting comfortably on their sofa. The Virtual Reality option was introduced in Q4 2016.

In 2016, we developed a new app that gives all of our new customers the opportunity to walk around in their new house before it is built. The app was introduced in May 2017. This virtual and digital experience can be combined with a brick-by-brick inspection in one of the eight Show Parks opened in Denmark at the end of 2016. They

display a wide range of the more than 100 base models that we work from to create a customised, individual single-family house for each customer. Customers' creativity is infinite. Last year, none of the 1,338 houses delivered were identical. In certain popular areas, new building sites are seldom available for sale, and instead, some of our customers buy sites already occupied with older houses. They demolish the old house and build a new single-family house according to their dreams and requirements. We plan to add a feature to our Danish website HusCompagniet.dk that gives our customers access to empty or occupied building sites for sale. By comparing house prices in the area with the total cost of purchasing the site and buying a new house from HusCompagniet, the feature can help to determine the feasibility (see page 9).

A new feature on [Huscompagniet.dk](http://Huscompagniet.dk) to be launched for test in Q3 2017, will expand the list of available building sites presented to the potential HusCompagniet customer. The feature shows the user all new building sites in a chosen geographical area, and the algorithm also includes sites with old houses for sale. Sites where it is a good financial proposition to demolish the old building and build a brand-new house. The cost of pulling down an old house is often equivalent to the cost of developing a site for building. In metropolitan areas, it is difficult to find new building sites and reusing plots is a way to build new single-family houses. HusCompagniet is the first housebuilder in Denmark to offer its customers the opportunity to systematically identify potential building sites.

By demolishing an old building and erecting a new house, the customer is also able to comply with future energy requirements (BR2015), resulting in lower costs for heating, energy and maintenance. Comparable improvements and savings are almost impossible to achieve when restoring an older house.

**“THE NEW FUNCTION IS BASED ON AN ALGORITHM DESIGNED BY HUSCOMPAGNIET. A SEARCH IN THE APP IS UNIQUE COMPARED TO THE SEARCH ENGINES OF OUR COMPETITORS. WE ARE ABLE TO SHOW ALL BUILDING SITES FOR SALE IN A CHOSEN AREA. IN ADDITION, THE SEARCH SHOWS ALL SITES WITH HOUSES THAT COULD POTENTIALLY BE RELEVANT FOR DEMOLITION AND REPLACEMENT WITH A NEW, UPDATED HOUSE FROM HUSCOMPAGNIET.”**

Mikkel Simonsen, Head of Digital Marketing

### Facts

- Algorithm that helps customers to find the perfect building site for their new home
- Project to increase the number of new houses built per year
- Will go live on [HusCompagniet.dk](http://HusCompagniet.dk) in Q3 2017

## OUR PEOPLE

Our people is the foundation for HusCompagniet's continued success and growth. We work continuously to develop our more than 300 employees and ensure they have an in-depth understanding of what is crucial to our customers.

We trust our local employees, whom are the essential contact point to our customers day-to-day. Internal training programmes, such as our HusCompagniet Sales Academy and specialist courses, empower our employees to take further responsibility on a local basis. Our specialists within marketing, sales, design, construction management and administration are all encouraged to cooperate across professional disciplines to deliver the best experience for our customers.

In 2016, we introduced a new financial tool that analyses detailed data on each individual project. This will support our specialists in communicating and cooperating to meet quality, service and financial expectations. HusCompagniet is an informal, non-hierarchical organisation, where personal involvement and motivation are core elements of both our leadership style and working environment. We celebrate together when we are successful and do

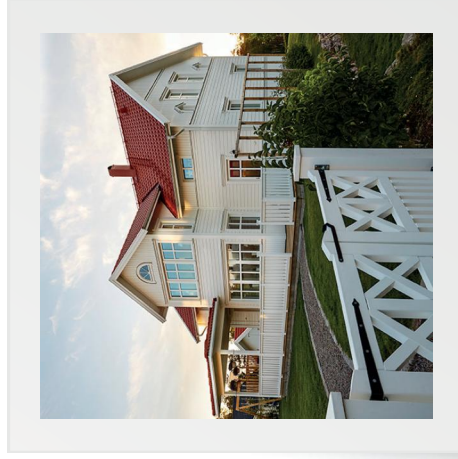
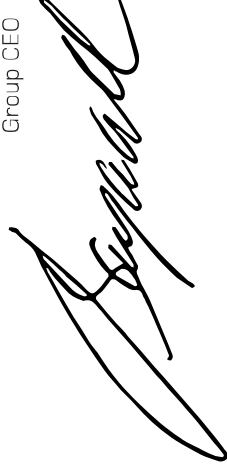
our best to learn from our experiences across offices and national borders.

HusCompagniet is committed to the development of our employees at all levels of the organisation. Building our own talent pool is critical to our success. We strive to attract and develop the best talent.

## FINAL WORDS

In conclusion, 2016 was a satisfactory year for HusCompagniet. We have delivered more than 1,300 new homes to our customers, with continued high customer satisfaction, and strong financial results.

**Steffen Baungaard**  
Group CEO



The strategic acquisition of Swedish VårgårdaHus will also benefit HusCompagniet on other markets.



The owl is our mascot.  
Customers and their children  
meet him in our Show Parks  
around the country.

# OUR BUSINESS MODEL

## KEY RESOURCES

HusCompagniet is an asset-light business, with all construction work being performed by our supply chain, so that we have a highly scalable business model

### REPUTATION



We rely on our customers to act as our ambassadors

### PEOPLE



We rely on our highly skilled workforce

### CUSTOMER-FACING ASSETS



We rely on our entrepreneurial spirit to maintain our competitive advantage

### KNOW-HOW



We rely on our know-how proven by a strong track record of close to 20,000 houses built

### FUNDING



We finance our business through cash flows from our operations and debt

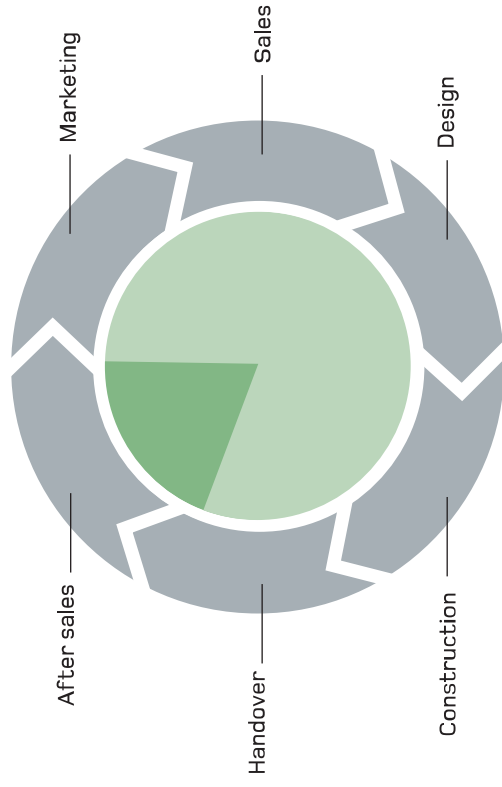
### SUPPLY CHAIN



We rely on high quality from our suppliers

## MODEL

### CUSTOMER-CENTRIC HOUSEBUILDING MODEL



- Land development 15%
- House building 85%

Our business model is illustrated as a circle, because our previous and existing customers act as HusCompagniet's brand ambassadors, and are critical to generating future sales

## OUTCOMES

- **SATISFIED CUSTOMERS**  
By delivering competitively priced houses of high quality, we have been awarded 5 stars on Trustpilot.dk (see page 14)
- **FINANCIAL PERFORMANCE**  
EBITDA DKK 251m (see page 34)
- **SKILLED AND SAFE WORKFORCE**  
By investing in our employees, we ensure safe, healthy, engaged and skilled employees (see page 24)
- **ENVIRONMENTAL IMPACT**  
By building energy-efficient houses, we help to reduce CO2 emissions (see page 24)
- **INDUSTRY-LEADING WORKING CONDITIONS**  
We raise the bar in the construction sector by improving working conditions (see page 25)
- **FEEDING THE SUPPLY CHAIN**  
We engage a large number of people in our supply chain, and add value to our suppliers (see page 7)

# OUR BUSINESS MODEL

## HOW WE EXPRESS OUR MINDSET



### MARKETING

At HusCompagniet, our marketing strategy always derives from a focus on customers, as our customers are our ambassadors. It is vital for us that our customers have the best experience with HusCompagniet. The approach we take to marketing is to ensure that what we show our customers is innovative and new within the industry. HusCompagniet embraces technological innovation in the way that we face our customers. This is best reflected in our

newly launched app that will inspire our customers by enabling them to customise and visualise the many architectures and materials selections available (see page 29).

Another example is the development of Virtual Reality glasses that give our customers the opportunity to take a virtual tour of their dream house, in order to become inspired. The customer as the centre of attention is also shown by the



For five years in a row HusCompagniet has been named as "Housebuilder of the Year" on the independent smiley-portal Anmeld-haandvaerker.dk

#### KEY RESOURCES:



development of a feature on HusCompagniet.dk that allows our customers to find the building location of their dreams; regardless of whether the plot already has a house on it or not (see page 9). Additionally, HusCompagniet was the first to offer customers the option not to pay for the house until the house keys are handed over; exempting and relieving the customers of the potential risk of higher production costs.

### SALES

The first point-of-contact between our potential customers and our organisation is usually through our local sales force. The most important objective for our sales professionals is to make the customer's dream house a reality by matching it with our architectures (see page

16), and the customer's financial budget. To strengthen our skillset and on-board new sales professionals, we established a HusCompagniet Sales Academy where we train our sales force in fulfilling our customer promise. To help our customers with inspiration when selecting their

#### KEY RESOURCES:



### DESIGN

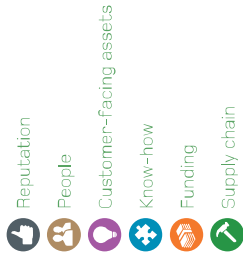
HusCompagniet employs first-class designers, and it is our designers who help our customers transform their dreams into their dream house and home. We use 3D tools to help customers visualise these dreams and outline the design of their house to the best possible extent.

Currently, we have designed and built close to 20,000 houses. Our architects have assembled the best of all these in our five architectural styles (see page 16). Our extensive experience enables our designers to provide the customers with great advice, and to foresee potential issues that the customers would not have

#### KEY RESOURCES:



predicted themselves. It is part of our culture and values that we stick to what we are good at, which means building high quality single-family houses. Our proprietary app (see page 29) gives our customers an overview of the many choices to be made in the course of the process.



## CONSTRUCTION

KEY RESOURCES:

To ensure that our high expectations of quality are met by our suppliers, the construction phase is managed by our very experienced construction managers. We are highly selective in our choice of suppliers, in order to ensure the highest quality. In accordance with the culture and values of HusCompagniet, all suppliers and craftsmen are expected to tidy up the construction site every day.

A clean and tidy construction site is key to ensuring that the craftsmen can always make their way around safely, and get started on their particular tasks quickly and efficiently.

The price is the price. We guarantee our customers no extra or unjustified costs during the process. Payment is not due until the customer moves in.

HusCompagniet can offer the most effective building process in the market by building our single-family houses in just 17 weeks on average.

## HANDOVER

KEY RESOURCES:

When the house is ready for handover, our customer and HusCompagniet inspect the house together, allowing the customer to review the work and identify potential flaws or

oversights to be remedied by HusCompagniet. The construction manager, who has been the point-of-contact to the customer through the housebuilding phase, is always present at the

handover, ensuring the customer receives a house that fully satisfies his or her wishes.

## AFTER SALES

KEY RESOURCES:

We continue to follow the customer after handover as needed. Since not all issues will be

identified before or at the handover, we are always available to remedy these quickly and

ensure that our customers can fully enjoy their new home.

# OUR ARCHITECTURES

Over time HusCompagniet has built close to 20,000 houses. They are all different and every house is carefully customised and tailored to the family's needs. The majority of the houses we build fall into the five architectural styles we call our core product styles.

Our most popular designs are Classic Contemporary or Modern Contemporary, and although styles like Functionalism and the Cottage style are gaining popularity, more than 80% of the houses we delivered in 2016 are Classic or Modern Contemporary.





## CLASSIC CONTEMPORARY

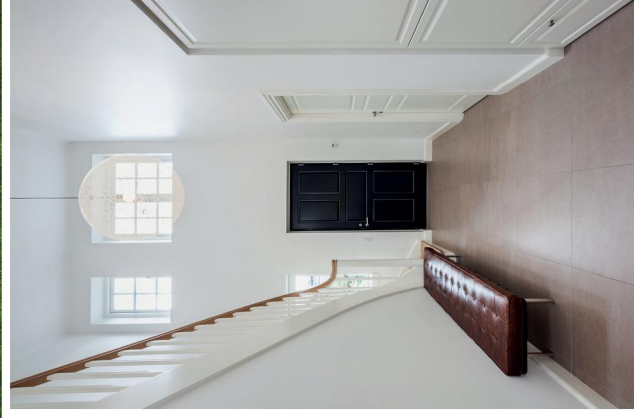
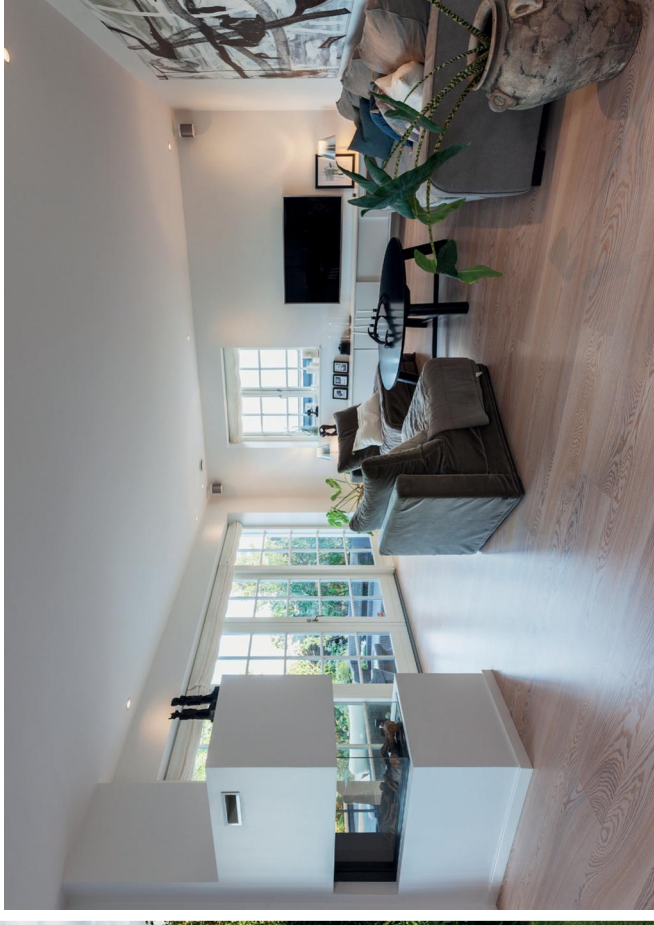
This classical Danish architecture has been the Danes' favoured building style for the past 40 years, and nothing suggests that this will change any time soon. The large tiled roof is characteristic of the style. It has a significant overhang, protecting the brick walls, doors and win-

dows. Typically, the roof tiles will be either black or red, while the façade bricks vary in the colours of white, grey, golden, yellow, red and shades of brown. The Classic Contemporary style always has a large terrace, as well as either a carport or a garage for the family car.

# MODERN CONTEMPORARY

If you dream of combining the feel of your childhood home with modern style, contemporary materials, and thinking out of the box, the "Modern Contemporary" style will provide new opportunities. The Modern Contemporary style offers great and innovative solutions for everyday family challenges, from laundry room to storage. The interior design matches both the children's toys and bright colours, as a contrast to the white walls. The exterior focuses on large surfaces with striking windows, and architectural effects alongside materials such as zinc and wood.





## PATRICIAN

Many dream of a spacious, exclusive villa with high ceilings and extravagant detailing in a classical architecture inspired by the patrician villas of the late 1900s.

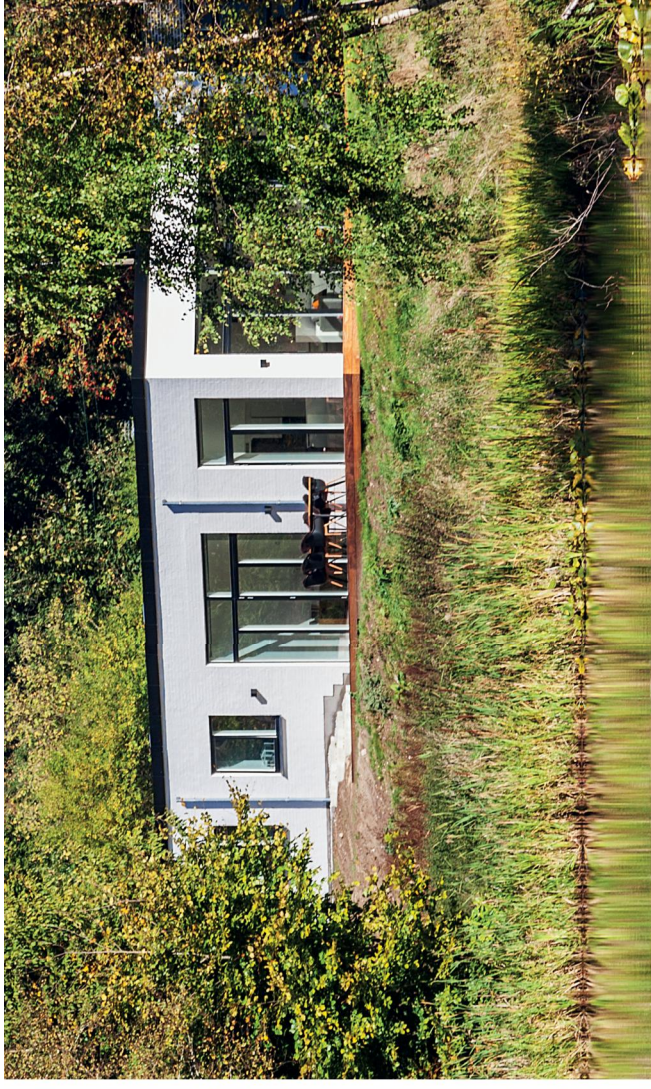
The Patrician style means distinguished detailing and exclusive materials. The exterior is characterised by an impressive size. Often, the façades will be white, the roof black and the villa will have a relatively large number of windows and doors. Indoors, you will find white walls, beautiful wooden floors, panelled doors and maybe even the occasional high wooden panels in either the dining room or hall.

# COTTAGE STYLE

Architectural references to the early 20th century are currently widely popular in both exterior and interior design. The Cottage style is a beautiful example of this, and it is also a style that matches the Danish landscape well.

The original idea behind the cottage style was to promote the appreciation of great craftsmanship in masonry and carpentry. And even though, it has become easier – and cheaper – to build with great detail, this is still the approach today.





## FUNCTIONALISM

Both classic and modern at once – this style is growing fast in popularity. Functionalism is characterised by clean lines and a sharp profile. Indoors and outdoors. The style is cubic with the flat roofs.

Essential to the style are the cubic sections, allowing for dramatic shifts in the architecture and great options to individualise the size and shape according to your dreams.

# OUR PEOPLE

PROFESSIONAL AND CUSTOMER-FOCUSED EMPLOYEES ARE ESSENTIAL TO THE SUCCESS OF HUSCOMPAGNIET. WE BELIEVE THAT OUR PEOPLE PLAY A CRITICAL ROLE IN OUR CONTINUED BUSINESS SUCCESS. AT HUSCOMPAGNIET, WE OFFER UNIQUE AND INDIVIDUAL SOLUTIONS FOR NEW HOUSE BUYERS. OUR APPROACH REQUIRES OUR EMPLOYEES TO DELIVER A HIGH DEGREE OF SERVICE FROM START TO FINISH. THEY MUST ALSO BE ABLE TO BUILD AND MAINTAIN A CLOSE AND TRUST-BASED RELATIONSHIP WITH THE CUSTOMER.

#### WHO ARE OUR PEOPLE

At HusCompagniet, our people are trained professionals within their fields of expertise. Our specialists within marketing, sales, design, building, construction management and administration all cooperate to deliver a seamless experience for our customers. They each understand the role they play in ensuring that HusCompagniet delivers on its customer promise in each phase of the process. We strive to ensure that our more than 300 employees have an in-depth understanding of what is crucial to the customer, as the building of a single-family house evolves from a vague idea to blueprints at a building site and, finally, to a dream house.

#### OUR PEOPLE CULTURE

Our culture reflects the customer-focused approach. Part of our Group strategy is to be present wherever our customers wish to build. Our sales offices are found at 16 locations in the three countries in which we operate. We trust our local people to meet local needs and demands. Continuous internal training programmes, such as our Sales Academy and specialist courses, empower our employees to take further responsibility on a local basis. Our employee manual supports the local empowerment strategy, by capturing in writing what we consider to be our code of conduct.

#### EMPLOYEE SATISFACTION

HusCompagniet is an informal, non-hierarchical organisation, where personal involvement and motivation are core elements of both our leadership style and working environment. We celebrate together when we are successful and do our best to learn from our experiences across offices and national borders. We offer each employee opportunities to develop their skills and expertise, and to plan their careers through employee interviews and feedback sessions. Our APV (Workplace Assessment) ensures that HR monitors and takes the initiative to resolve any potential physical and psychosocial working environment issues in due time.

#### DEVELOPMENT AND TRAINING

HusCompagniet is committed to the development of our employees at all levels of the organisation. Building our own talent pool is critical to our success. We offer both vocational and personal training. Since 2015, we have held our trainee programme for sales and construction management staff. The goal is to create an even better understanding of our products, processes and how to improve the quality and quantity of our deliveries. In 2017, we plan to launch additional tailored training programmes to meet future needs within the entire range of services.

#### HEALTH AND SAFETY

The health and safety of our employees is of great importance to us. We conduct and develop our business with respect for the health, safety and welfare of all employees, partners, contractors and customers. We observe all requirements of national laws, rules and regulations, and a health insurance package is included in the insurance and pension programme. We regularly offer first aid courses to all employees and have installed a "Hjertestarter" (AED – Automated External Defibrillator) at many of our locations.

#### GENDER EQUALITY

Traditionally, male employees have dominated the building industry – and the pattern is the same for male and female representation within HusCompagniet. We monitor the demographics of our employees and aim to balance the gender composition more in the coming years.



People make us strong, and HusCompagniet's 317 employees are our most important resource.

# CORPORATE SOCIAL RESPONSIBILITY

In order for HusCompagniet to be successful, it is of great importance that our employees and partners act responsibly in every situation. This commitment to responsibility affects the entire organisation, internally and externally. Our choice of strategic partners expresses this commitment: how we build our houses and how we carry out our work in accordance with the law, how we take care of our employees and ensure that our partners take care of their people too; and how we care for the environment and our surroundings.

When we involve ourselves in CSR activities, such as making donations and sponsorships, we make sure that there is a match in terms of fundamental values.

## CLIMATE AND THE ENVIRONMENT

As the leading house builder in Northern Europe, we meet all the environmental requirements when conducting our business. Specifically, we comply with applicable BR15 building regulations. The regulations stipulate strict requirements for energy consumption in new buildings, including requirements for better insulation of new houses. HusCompagniet is proactive and ahead of the current BR15, since we today already comply with many of the new energy and environmental requirements

introduced in the optional BR2020. One example is the construction of an iHus (iHouse), designed in cooperation with Rockwool. Here, all requirements of BR2020 are fulfilled, resulting in a low-energy-consumption house that meets the standards for the energy-optimised houses of the future. An important element of environmental and climate-friendly houses is the heating system. HusCompagniet offers several forms of environmentally-sound heating, such as geothermal heating and solar panels, besides recycling of excess indoor heating from bathrooms and kitchens. We have seen positive developments in our customers' selection of geothermal heating, solar panels and recycling of heating in 2016.

In 2016, HusCompagniet has been environmentally innovative and met current requirements. One concrete example is that the soil removed from building sites is environmentally tested. Our contractors document that they deal with all surplus soil in accordance with current requirements. We install rainwater recycling systems for use in e.g. toilet flush systems. When choosing strategic partners and suppliers, we require that they are committed to complying with current legislation.



176 M<sup>2</sup>

## COTTAGE STYLE

Tailored with rustic glass façade and open kitchen with gas fireplace.



### **HUMAN RIGHTS AND ANTI-CORRUPTION**

The policies and processes of HusCompagniet comply with the current acts and guidelines for best practice, including such areas as business conduct, equal opportunities and anti-corruption. We expect the same from all of our partners and suppliers. We oppose any discrimination, regardless of age, gender, race, religion, political conviction or other aspects of basic human rights.

### **SOCIAL AND EMPLOYEE RELATIONS**

Our employees are the foundation for HusCompagniet. Each department is equally important and consists of people who are experts within their fields. The departments depend on each other and the employees in each department rely on each other to give our customers the best possible experience. Our focus is to create a healthy workplace where our employees thrive and have the physical and mental energy for their tasks, every day. One way to accommodate this is through the APV (Workplace Assessment) process, whereby we explore potential action plans and training programmes, and regularly follow up on individual and collective needs. We have seen positive development in our workplace assessments performed in 2016.

Overall, HusCompagniet has good relationships with our suppliers, the relevant trade unions and professional organisations. In cooperation with the Danish trade union 3F, which organises all building professionals, HusCompagniet has issued a letter of intent to improve working conditions at our building sites, for the benefit of our suppliers and in line with our keep-it-clean mindset. This proactive approach not only ensures good working conditions at HusCompagniet's many building sites, but the cooperation has also contributed to raising general standards within the construction industry. Our social contribution also includes engaging a large number of people hired by our suppliers.

### **HUSCOMPAGNIET, BØRNEFONDEN AND THE UN'S 17 SUSTAINABLE DEVELOPMENT GOALS**

The aim of the UN's 17 Sustainable Development Goals is to drive the world in a better direction by ending poverty, reducing inequality and tackling climate change. A number of the goals focus on poverty, fighting famine and providing a better life for human beings all over the world through education and healthcare. By incorporating selected development goals in HusCompagniet's CSR strategy, we contribute to the global development in areas that correspond to our core values and business.

Since 2013, HusCompagniet has worked with BØRNEFONDEN with the ambition to build and create safe conditions for children and their families in an entire village in Benin. We want to help build a better future for families in some of the poorest countries in the world, and building schools, wells, toilet facilities and libraries is a good match for our core culture and business, since our efforts result in the safety and well-being of the local community.



**BØRNEFONDEN**

# FOOTPRINT

WHERE WE OPERATE

# DENMARK

1,276 houses sold (2015: 1,238)

- Aalborg
- Aarhus
- Esbjerg
- Haderslev
- Herning
- Hillerød
- Horsens
- Næstved (2017)
- Odense
- Ringsted
- Virum

# GERMANY

124 houses sold (2015: 74)

- Hamburg
- Flensburg
- Neumünster

# SWEDEN

44 houses sold (2015: 39)

- Malmö
- Gothenburg
- Helsingborg

## Vårdarhus (acquired offices)

- Allingsås
- Lyckeby
- Eksjö
- Södermanland
- Falun
- Gothenburg
- Halmstad
- Jönköping
- Karlsstad
- Lidköping
- Linköping
- Luleå
- Malmö
- Norrköping
- Bromma
- Stockholm
- Trollhättan
- Uddevalla
- Umeå
- Uppsala
- Västerås
- Växjö
- Örebro

- Existing offices
- New offices
- Acquired offices

New offices include offices opened within the past three years

Acquired offices include offices acquired during the past 12 months

# STRATEGY, RISK AND GOVERNANCE

## HUSCOMPAGNIET IS THE LEADING HOUSE BUILDER OF SINGLE FAMILY HOUSES IN NORTHERN EUROPE

### GROUP STRATEGY

HusCompagniet's strategy is to provide high-quality houses at affordable prices, supported by a best-in-class delivery model that fulfils our customers demand. We aim to give customers the best house building experience possible and become their trusted house building partner throughout the process.

We will continue to invest strategically in land plots and expand our network for Show Houses and Show Parks. In 2017, we will continue our efforts to share best practices and business procedures from the individual local office to the entire organisation.

We strive to drive innovation as a first mover in the industry, demonstrated by leading industry initiatives including the development of Virtual Reality glasses, a site search feature (see page 9) and our building app (see page 29).

### RISK MANAGEMENT

External factors that could affect our ability to generate revenue include employment rate, mortgage availability, property prices, interest rate changes and GDP growth. To mitigate these factors, HusCompagniet diversifies its business by

operating across different markets and acquiring strategic land plots.

To meet customers' expectations to product quality and service standards, we focus on the quality of our suppliers and partners, as well as quality inspections of all houses.

To mitigate injuries and health risks, HusCompagniet ensures all buildings are in compliance with safety regulations.

Financial risks include foreign currency, interest rates, liquidity and credit. HusCompagniet keeps local suppliers and cost base in local currency to mitigate foreign currency risk. HusCompagniet also has a balance debt structure of fixed and floating interest rates, as well as financial derivatives to mitigate exposure. We monitor liquidity on a daily basis and have policies in place to mitigate credit risks.

### GOVERNANCE

HusCompagniet's corporate governance in general complies with DVCA's recommendations, except for the recommendation that the annual report must include a description of the company's revenue and earnings expectations.

The target ratio of female members on the Board of Directors is 20% in 2020 and at present there are no female members. It is the company's policy to increase the share of the underrepresented gender on other executive levels. Other executive levels of the Group are represented by approximately 5% female managers, whereas the group target is 10%.

During 2016, the Group merged HC TopCo A/S, HC NewCo A/S and HusCompagniet A/S, with HusCompagniet A/S as the continuing entity.

## CASE STUDY: ENHANCING COMMUNICATION WITH OUR CUSTOMERS

### THE HUSCOMPAGNIET APP

In May 2017, HusCompagniet launched its new app "HusCompagniet". The app includes a large number of features that make it easier and more fun for new house buyers to get inspired, and to understand the process of building a new house. The app is free for all users, and can be downloaded from both App Store and Google Play.

**"WITH THE APP, HUSCOMPAGNIET AIMS AT AN EVEN HIGHER LEVEL OF CUSTOMER INVOLVEMENT AND SATISFACTION. THIS WILL HELP US TO PERFORM BETTER IN ALL STAGES OF THE CUSTOMER LIFE CYCLE."**

Thuri Jested-Pask, CMO

### FROM DREAM TO REALITY

HusCompagniet's app ensures excellent sales and customer service support. It allows customer interaction even before the decision to build is made. When the customer has decided to buy a new house the app furthermore offers a specific set of features to help the customer in the process of choosing architecture, size, building materials and much more.

The app is the only one of its kind in HusCompagniet's three markets.

### IMPORTANT FEATURES

- View ground plans in 3D
- Try styling your house with different types of roof and brick colour
- Change the size and shape of the house
- Enter the house with virtual reality
- Save favourites



## Consolidated key figures

DKK'm	2016	2015	2014	2013*	2012*
<b>Income statement</b>					
Revenue	2.747	2.228	1.775	1.556	1.274
Gross profit	529	448	368	334	287
Operating profit before depreciation and amortisation (EBITDA) before special items	251	229	189	203	178
Operating profit (EBIT) before special items	242	224	186	182	157
Operating profit (EBIT)	241	193	186	182	157
Financial income	-3	-1	-2	-1	-6
Profit for the year	186	148	139	132	109
<b>Financial position at 31 December</b>					
Total assets	1.854	1.503	1.164	960	936
Equity	1.080	1.020	648	550	509
<b>Cash flow</b>					
Cash flow from operating activities	149	70	180	118	193
Cash flow from investing activities	-22	-14	-10	-4	-2
Cash flow from financing activities	-125	-59	-131	-266	-47
Free cash flow	127	56	170	114	191
<b>Key figures</b>					
Revenue growth	23%	26%	14%	22%	1%
Gross margin	19%	20%	21%	21%	23%
EBITDA margin	9%	10%	11%	13%	14%
ROCE	22%	19%	28%	33%	27%
Average number of employees	315	260	231	201	173

\*The consolidated key figures for 2012 and 2013 is prepared in accordance with Danish GAAP, and has not been restated in accordance with IFRS as adopted by the EU.

## Financial review

Net revenue totalled DKK 2,747 million for 2016, compared to DKK 2,228 million in 2015, corresponding to an increase of 23%. The increase in revenue was mainly driven by an increase in the number of sold houses of 3% in Denmark, 68% in Germany and 13% in Sweden. We also witnessed an increase in the average price of houses, especially in the Danish/German market.

EBITDA totalled DKK 251 million for 2016, compared to DKK 229 million in 2015, corresponding to an increase of 10%. The increase in EBITDA is mainly attributable to the increase in our activities in the Danish and German market.

Compared to 2015, we have seen a decline in EBITDA margin from 10.3% in 2015 to 9.2% in 2016, which is due to higher supplier costs.

Profit before tax totalled DKK 238 million for 2016, compared to DKK 193 million in 2015.

ROCE was 22% for 2016, against 19% for the same period last year.

The board of Directors and management consider the financial result for 2016 to be satisfactory.

## OUTLOOK

We expect revenue and profit before tax to increase compared to 2016.

# CONSOLIDATED FINANCIAL STATEMENTS

	Page		Page
<b>PRIMARY STATEMENTS</b>		<b>4 INVESTMENTS</b>	46
Consolidated income statement	32	4.1 Intangible assets	
Consolidated balance sheet	33	4.2 Property, plant and equipment	
Consolidated statement of cash flow	34	4.3 Impairment	
Consolidated statement of changes in equity	35	4.4 Accounting policy	
		4.5 Significant estimates and judgements	
<b>1 BASIS OF PREPARATION</b>	36	<b>5 FUNDING AND CAPITAL STRUCTURE</b>	49
1.1 General accounting policies		5.1 Equity	
1.2 Introduction to significant estimates and judgements		5.2 Borrowings and non-current liabilities	
1.3 Application of materiality		5.3 Financial income and expenses	
		5.4 Financial risk management	
<b>2 EBITDA</b>	39	5.5 Accounting policy	
2.1 Revenue		<b>6 OTHER DISCLOSURES</b>	53
2.2 Costs including staff costs and remuneration		6.1 Tax	
2.3 Reconciliation of EBITDA to normalised EBITDA (analysis of special items)		6.2 Operating leases	
2.4 Special items		6.3 Other non-cash items	
2.5 Financial risk management		6.4 Related parties	
2.6 Accounting policy		6.5 Auditor's fee	
2.7 Significant estimates and judgements		6.6 Events after the balance sheet date	
		6.7 List of Group companies	
<b>3 WORKING CAPITAL</b>	43	6.8 Definitions	
3.1 Inventories		6.9 Accounting policy	
3.2 Construction contracts		Financial statements parent	59
3.3 Guarantee commitments and contingent liabilities		Statement by the board of directors and executive board	69
3.4 Changes in working capital		Independent auditor's report	70
3.5 Financial risk management			
3.6 Accounting policy			
3.7 Significant estimates and judgements			

## INCOME STATEMENT - CONSOLIDATED

DKK'000	Note	2016	2015
Revenue	2.1	2.746.701	2.228.217
Production costs		-2.217.563	-1.779.757
Gross profit		529.138	448.460
Staff cost	2.2	-204.710	-157.034
Other operating income		571	478
Other operating expenses		-74.080	-62.935
Operating profit before depreciation and amortisation (EBITDA) before special items		250.919	228.969
Special items	2.4	-768	-30.927
Operating profit before depreciation and amortisation (EBITDA) after special items		250.151	198.042
Depreciation and amortisation	4.1, 4.2	-9.058	-4.907
Operating profit (EBIT)		241.093	193.135
Financial income	5.3	3.164	1.559
Financial expenses	5.3	-6.528	-2.096
Profit before tax		237.729	192.598
Tax on profit	6.1	-52.049	-44.589
Profit for the year		185.680	148.009

Profits attributable to:

DKK'000	Note	2016	2015
Equity owners of the Company		185.680	148.009

## STATEMENT OF OTHER COMPREHENSIVE INCOME

DKK'000	Note	2016	2015
Profit for the year		185.680	148.009
Other comprehensive income			
<i>Items that may be reclassified to the income statement in subsequent periods</i>			
Foreign currency translation differences, subsidiary		-227	0
Value adjustment, hedging of future cash flows		0	0
Tax relating to other comprehensive income		0	0
Other comprehensive income, net of tax		-227	0
Total comprehensive income for the year		185.453	148.009

Total comprehensive income attributable to:

DKK'000	Note	2016	2015
Dividend		0	125.000
Equity owners of the Company		185.453	23.009
		185.453	148.009



## BALANCE SHEET - CONSOLIDATED

DKK'000	Note	2016	2015
<b>Assets</b>			
Non-current assets			
Intangible assets	4.1	590.556	584.989
Property, plant and equipment	4.2	30.654	22.877
Deferred tax asset	6.1	7.419	4.633
Other receivables		3.625	3.634
<b>Total non-current assets</b>		<b>632.254</b>	<b>616.133</b>
Current assets			
Inventories	3.1	253.990	209.928
Construction contracts	3.2	513.542	375.319
Trade and other receivables	5.4	139.912	56.281
Prepayments		3.079	1.345
Income tax receivable	6.1	1.389	4.409
Cash and cash equivalents		310.316	239.137
<b>Total current assets</b>		<b>1.222.228</b>	<b>886.419</b>
<b>Total assets</b>		<b>1.854.482</b>	<b>1.502.552</b>
<b>Equity and liabilities</b>			
Equity			
Share capital	5.1	600	600
Retained earnings and other reserves		1.079.682	1.019.229
<b>Total equity</b>		<b>1.080.282</b>	<b>1.019.829</b>
Liabilities			
Non-current liabilities			
Interest-bearing long term debt	5.2	0	0
Provisions	3.3	5.247	4.715
Deferred tax liability	6.1	20.177	15.176
<b>Total non-current liabilities</b>		<b>25.424</b>	<b>19.891</b>
Current liabilities			
Credit institutions	5.2	151.436	82.049
Trade and other payables	5.4	308.380	245.725
Construction contracts	3.2	10.590	10.187
Prepayments from customers	3.2	10.438	13.126
Provisions	3.3	20.790	18.659
Income tax payable	6.1	50.788	3.076
Other liabilities		123.867	90.009
Payables to affiliated companies		72.487	0
<b>Total current liabilities</b>		<b>748.776</b>	<b>462.831</b>
<b>Total liabilities</b>		<b>774.200</b>	<b>482.722</b>
<b>Total equity and liabilities</b>		<b>1.854.482</b>	<b>1.502.551</b>

Reference to off-balance sheet notes: Operating leases 6.2, Related parties 6.3, and Contingent liabilities 3.3

## STATEMENT OF CASH FLOWS - CONSOLIDATED

DKK'000	Note	2016	2015
Cash flow from operating activities			
Profit before tax		237.729	192.598
Changes in working capital	3.4	-100.926	-84.472
Adjustments for non-cash items	6.3	15.085	8.934
Interest received		3.164	3.042
Interest paid		-6.528	-3.582
Borrowing Cost Paid		0	0
Corporation tax paid		897	-46.267
<b>Net cash generated from operating activities</b>		<b>149.421</b>	<b>70.253</b>
Cash flow from investing activities			
Acquisition of subsidiaries, net cash acquired		0	0
Acquisition of assets recognised as property, plant and equipment		-22.402	-14.481
Disposal of assets recognised as property, plant and equipment		0	0
<b>Net cash generated from investing activities</b>		<b>-22.402</b>	<b>-14.481</b>
Cash flow from financing activities			
Repayment of long-term debt		0	0
Proceeds from payables to affiliated companies		0	952
Change in Equity		0	0
Dividend to equity holders		-125.000	-60.000
<b>Net cash generated from financing activities</b>		<b>-125.000</b>	<b>-59.048</b>
<b>Total cash flows</b>		<b>2.019</b>	<b>-3.276</b>
Cash and cash equivalents at 1 January		157.088	160.364
Net foreign currency gains or losses		-227	0
<b>Cash and cash equivalents at 31 December</b>		<b>158.880</b>	<b>157.088</b>
Cash and cash equivalents			
Cash at bank and on hand		310.316	239.137
Short-term bank deposits		0	0
<b>Cash and cash equivalents as at 31 December</b>		<b>310.316</b>	<b>239.137</b>
Bank overdrafts		-151.436	-82.049
<b>Net cash and cash equivalents as at 31 December</b>		<b>158.880</b>	<b>157.088</b>

## STATEMENT OF CHANGES IN EQUITY - CONSOLIDATED

2016						
DKK'000	Share capital	Share premium	Foreign currency translation reserve	Retained earnings	Total	
Equity at 1 January	600	0	0	1,019,229	1,019,829	
Profit for the period	0	0	0	185,680	185,680	
Other comprehensive income:						
Foreign currency translation differences	0	0	-227	0	-227	
Tax relating to other comprehensive income	0	0	0	0	0	
Total other comprehensive income	0	0	-227	0	-227	
Transactions with owners of the Company and other equity transactions:						
Dividends paid	0	0	0	-125,000	-125,000	
Total transactions with owners of the Company and other equity transactions	0	0	0	-125,000	-125,000	
Equity on 31 December	600	0	-227	1,079,909	1,080,282	

2015						
DKK'000	Share capital	Share premium	Foreign currency translation reserve	Retained earnings	Total	
Equity at 1 January	600	0	0	931,220	931,820	
Profit for the period	0	0	0	148,009	148,009	
Other comprehensive income:						
Foreign currency translation differences	0	0	0	0	0	
Tax relating to other comprehensive income	0	0	0	0	0	
Total other comprehensive income	0	0	0	0	0	
Transactions with owners of the Company and other equity transactions:						
Capital Injection	0	0	0	0	0	
Capital Reduction	0	0	0	0	0	
Dividends paid	0	0	0	-60,000	-60,000	
Total transactions with owners of the Company and other equity transactions	0	0	0	-60,000	-60,000	
Equity on 31 December	600	0	0	1,019,229	1,019,829	

### Capital management

The primary objective of HusCompagniet's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize 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.

## SECTION 1: BASIS OF PREPARATION

### Introduction

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

The following is a summary of the significant accounting policies adopted by HusCompagniet and its subsidiaries, collectively referred to in these consolidated financial statements as the "Group".

General accounting policies applied to the consolidated 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 consolidated statements for the Group are for the year ended 31 December 2016.

They were approved at the general meeting on 31 May 2017 by chairman Ulrik Thougard Jensen.

The accounting policies are unchanged from last year.

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

### Basis of preparation

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as endorsed by the EU ("IFRS").

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

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

### 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.

### 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 the transactions. The exchange differences arising on translation for consolidation are recognised in OCI.

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.

These consolidated financial statements include the accounts of HusCompagniet and its subsidiary companies, which are listed in note 6.7.

### Implementation of new or amended standards and interpretations

#### Standards issued but not yet effective

The IASB has issued a number of new IFRS standards, amended standards, revised standards and interpretations, which are effective for financial years beginning on or after 1 January 2017, most significantly:

IFRS 9 Financial Instruments, with effective date 1 January 2018. IFRS 9 is part of the IASB's project to replace IAS 39, and the new standard will substantially change the classification of financial assets and measurement of financial instruments and hedging requirements.

IFRS 15 Revenue from contracts with customers, with effective date 1 January 2018. IFRS 15 is part of the convergence project with FASB to replace IAS 18. The new standard will establish a single, comprehensive framework for revenue recognition.

IFRS 16 Leasing, with effective date 1 January 2019. The change in lease accounting requires capitalisation of the majority of the Group's operational lease contracts.

All new or amended standards and interpretations not yet effective are not expected to have any material impact.

## 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.

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

Significant estimates and judgements	Note
Percentage-of-completion profit recognition	2.7
Guarantee commitments	3.7
Impairment of non-financial assets	4.5

## 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:

### Introduction

This section provides information regarding the Group's performance in 2016, including the effects of non-recurring items on EBITDA.

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

The following notes are presented in Section 2:

- 2.1 Revenue
- 2.2 Costs including staff costs and remuneration
- 2.3 Reconciliation of EBITDA to normalised EBITDA (analysis of special items)
- 2.4 Special items
- 2.5 Financial risk management
- 2.6 Accounting policy
- 2.7 Significant estimates and judgements

### Note 2.1 Revenue

#### Revenue per category

2016

DKK'000	Contracted sales	Non-contracted sales	Total revenue
Sales value houses sold on customers building sites	2.352.970	0	2.352.970
Sales value houses sold on own building sites	224.331	2.531	226.862
Sales of land plots	151.299	0	151.299
Other revenue	0	15.570	15.570
<b>Total</b>	<b>2.728.600</b>	<b>18.101</b>	<b>2.746.701</b>

2015

DKK'000	Contracted sales	Non-contracted sales	Total revenue
Sales value houses sold on customers building sites	1.919.040	-	1.919.040
Sales value houses sold on own building sites	193.086	22.313	215.399
Sales of land plots	87.831	-	87.831
Other revenue	-	5.947	5.947
<b>Total</b>	<b>2.199.957</b>	<b>28.260</b>	<b>2.228.217</b>

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	2016	2015
Wages and salaries	147.045	114.864
Defined contribution plans	5.866	1.813
Other social security costs	2.257	1.579
Other staff Costs	66.724	55.701
Transfer to Production cost	-17.182	-16.923
<b>Total</b>	<b>204.710</b>	<b>157.034</b>
Average number of full-time employees	315	260

### Remuneration of key management personnel and Directors

DKK'000	2016	2015
	Executive Management & Board of Directors	Executive Management & Board of Directors
Base salary and non-monetary benefits	5.757	8.085
Defined contribution plans	201	531
<b>Total remuneration</b>	<b>5.958</b>	<b>8.616</b>

Diego HC TopCo A/S and HusCompagniet A/S have issued a Management Participation programme (MPP) through which Management and selected key employees have received an opportunity to purchase shares in Diego HC TopCo A/S subject to certain market conditions.

## Note 2.3 Reconciliation of EBITDA to normalised EBITDA (analysis of special items)

### Reconciliation of EBITDA

DKK'000	2016	2015
Operating profit before depreciation and amortisation	250.151	198.042
Special items		
-Organisational Changes	0	5.676
-Costs in connection with Acquisition	0	734
-Other special items	0	24.517
-Full Potential Project	768	0
<b>Total special items</b>	<b>768</b>	<b>30.927</b>
<b>Operating profit before depreciation and amortisation (EBITDA) before special items</b>	<b>250.919</b>	<b>228.969</b>

The Group presents certain financial measures in the consolidated financial statements that are not defined under IFRS. It is Management's belief that these measures provide valuable supplemental information to investors and the Group's management, as they allow for evaluation of trends and the Group'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 6.8 provides information in greater detail regarding definitions of financial performance measures. Information regarding special items is included in note 2.4



## Note 2.4 Special items

DKK'000	2016	2015
Cost related to restructuring of process and fundamental structural adjustment in connection with acquisition of HUSCompagniet group:		
-Organisational Changes	0	5.676
-Costs in connection with Acquisition	0	734
-Other special items	0	24.517
- Full Potential Project	768	0
Total special items	768	30.927

## Note 2.5 Financial risk management

### Currency Risk

The Group is exposed to currency fluctuations from its activities in Germany and Sweden. The subsidiaries in the two countries are not affected, as income and costs are denominated in the local functional currency.

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

Total revenue generated in SEK and EUR for 2016 amounted to 198 million (2015: 156 million). Management considers the Group's exposure to SEK and EUR as insignificant.

## Note 2.6 Accounting policy

### Revenue

Revenue from sale of completed non-contracted houses is recognised at legal completion and when the significant risks and rewards have been transferred to the buyer, which is on delivery of the house to the customer. Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for the house, net of discounts and VAT.

### Construction contracts

Sale of contracted houses, when the legal terms of the contract are such that the construction represents the continuous transfer of work in progress to the purchaser, the percentage-of-completion method of revenue recognition is applied. For such contracts, revenue is recognised as work progresses.

Continuous transfer of work in progress is applied when the buyer controls the work in progress, typically when the land plot on which the development takes place is owned by the final customer, and all significant risks and rewards of ownership of the work in progress in its present state are transferred to the buyer as construction progresses, typically, when buyer cannot put the incomplete property back to the Group. In such situations, the percentage of work completed is measured based on the costs.

### Production costs

Production costs include direct and indirect costs of raw materials and consumables incurred in generating the revenue for the year.

### Other operating 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, payments under operating 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 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.

### 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 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 Group's recurring operating profit.

## Note 2.7 Significant estimates and judgements

### Percentage-of-completion profit recognition

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

The assessment of project revenues and project costs is based on a number of estimates and assessments that depend on the experience and knowledge of project management in respect of project control, training and the prior management of project. There is a risk that the final result will differ from the profit accrued based on percentage-of-completion. At year-end, recognized revenues amounted to DKK 559 million (2015: DKK 391 million); refer to note 3.2 Construction contracts.

## SECTION 3:

### Introduction

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:

- 3.1 Inventories
- 3.2 Construction contracts
- 3.3 Guarantee commitments and contingent liabilities
- 3.4 Changes in working capital
- 3.5 Financial risk management
- 3.6 Accounting policy
- 3.7 Significant estimates and judgements

### Note 3.1 Inventories

DKK'000	2016	2015
Raw materials	3.524	2.587
Work in progress (non-contracted)	142.891	120.676
Building sites	107.575	86.665
Total inventories	253.990	209.928

### Note 3.2 Construction contracts

DKK'000	2016	2015
Selling price of construction contracts	558.909	391.171
Invoicing on Accounts	-55.957	-26.038
	502.952	365.133

Calculated as follows:

Construction contracts (assets)	513.542	375.319
Construction contracts (liabilities)	-10.590	-10.187
	502.952	365.132
Prepayments from customers regarding construction contracts not yet started	10.438	13.126

### Note 3.3 Guarantee commitments and contingent liabilities

DKK'000	2016	2015
Guarantee provision at 1 January	23.374	19.529
Arising during the year	25.987	23.324
Provisions related to business combinations	0	0
Utilised	-23.324	-19.479
Guarantee provision at 31 December	26.037	23.374
Distributed in the balance as follows:		
Non-current liabilities	5.247	4.715
Current liabilities	20.790	18.659

At year-end, the guarantee provision amounted to DKK 26 million (2015: DKK 23 million). 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.

#### *Contingent liabilities*

The company is continuously involved in minor disputes, but nothing significant per 31st December 2016. Investment in subsidiaries has been provided as a security for balances with Nordea.

#### *Collateral*

DKK 17 million of cash and short term deposits is placed in restricted accounts, and is released when the completed houses are delivered to the customers (2015: DKK 9 million).

### Note 3.4 Changes in working capital

DKK'000	2016	2015
Increase in construction contracts & Inventory	-181.882	-133.676
Increase in trade and other receivables	-85.356	-5.274
Increase in trade and other payables	166.312	54.478
Total	-100.926	-84.472

### Note 3.5 Financial risk management

#### Credit risk

HusCompagniet is exposed towards customers' inability to meet their financial obligations. To address this risk, the Group obtains a bank guarantee from all customers before construction starts. In contracts where the scope and price is subsequently changed, the bank guarantee is updated, if the change by Management is considered significant.

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

Impairment of receivables amounted to nil in 2016 and 2015.

### Note 3.6 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, and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.

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 amortised cost. Provisions are made for bad debts where there is an objective indication that an individual receivable or a portfolio of receivables has been impaired.

Provisions are made up as the difference between the carrying amount and the present value of the expected cash flows, including the realisable value of any collateral received. 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.

#### Cash and cash equivalents

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

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

### Note 3.7 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 26 million (2015: DKK 23 million), refer to note 3.3 Provisions and contingent liabilities.

## SECTION 4: INVESTMENTS

### Introduction

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:

- 4.1 Intangible assets
- 4.2 Property, plant and equipment
- 4.3 Impairment
- 4.4 Accounting policy
- 4.5 Significant estimates and judgements

### Note 4.1 Intangible assets

#### Intangible assets

2016

DKK'000	Goodwill	Order portfolio	Other intangible assets	Total
Cost at 1 January	770.400	0	0	770.400
Additions	0	0	5.567	5.567
Exchange rate adjustments	0	0	0	0
Cost at 31 December	770.400	0	5.567	775.967
Amortisation and impairment losses at 1 January	185.411	0	0	185.411
Amortisation	0	0	0	0
Impairment losses	0	0	0	0
Exchange rate adjustments	0	0	0	0
Amortisation and impairment losses at 31 December	185.411	0	0	185.411
Carrying amount at 31 December	584.989	0	5.567	590.556

2015

DKK'000	Goodwill	Order portfolio	Other intangible assets	Total
Cost at 1 January	770.400	0	0	770.400
Additions	0	0	0	0
Exchange rate adjustments	0	0	0	0
Cost at 31 December	770.400	0	0	770.400
Amortisation and impairment losses at 1 January	185.411	0	0	185.411
Amortisation	0	0	0	0
Impairment losses	0	0	0	0
Exchange rate adjustments	0	0	0	0
Amortisation and impairment losses at 31 December	185.411	0	0	185.411
Carrying amount at 31 December	584.989	0	0	584.989

## Note 4.2 Property, plant and equipment

DKK'000	2016	2015
Cost at 1 January	42.040	30.764
Exchange rate adjustments	-33	42
Additions	16.478	14.818
Disposals	-3.990	-3.584
Cost at 31 December	54.495	42.040
Depreciation and impairment 1 January	19.163	17.821
Exchange rate adjustments	-33	20
Depreciation	8.607	4.906
Disposals	0	0
Impairment of disposals	-3.896	-3.584
Depreciation and impairment 31 December	23.841	19.163
Carrying amount 31 December	30.654	22.877

## Note 4.3 Impairment

### Goodwill and intangible assets with indefinite lives

At 31 December 2016, Management tested the carrying amount of goodwill for impairment based on the allocation of the cost of goodwill on the geographic segments.

DKK'000	2016	2015
Cost at 1 January		
Denmark	584.987	584.987
Germany	0	0
Sweden	0	0
Carrying amount 31 December	584.987	584.987

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

The recoverable amount is based on the value in use determined using expected net cash flows based on budgets for the years 2017-2019 approved by Management and with a pre-tax discount factor of 10.8% (2015: 10.8%).

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

The budgeted number of houses sold is expected to increase by an average of 8-9% in the budget period (2015: 8-9%).

The weighted average growth rate used in connection with extrapolation of future net cash flows for the years after 2019 is estimated to 2% (2015: 2%). The growth rate is not assessed to exceed the long-term average growth rate within the Company's markets.

Our impairment test did not give rise to any need for impairment write-down.

#### *Sensitivity analysis*

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

## Note 4.4 Accounting policy

### Intangible assets

#### *Goodwill*

At the acquisition date goodwill is recognized in the balance sheet at cost as described under Business combinations. Subsequently, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortized 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.

#### *Trademarks*

Trademarks are initially recognised at cost. Subsequently, trademarks are measured at cost less accumulated amortisations and impairments. Trademarks are amortised on a straight-line basis over its estimated useful life, which are no longer than 10 years.

Trademarks are impairment tested on an annual basis using the relief from royalty method and is based on expected future free cash flows generated by the individual trademark for the next 5 years and projections for subsequent years.

### 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.

### Business combinations

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

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

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

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

## Note 4.5 Significant estimates and judgements

### Impairment of non-financial assets

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

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

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

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

The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles 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.



## SECTION 5: FUNDING AND CAPITAL STRUCTURE

### Introduction

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

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

The following notes are presented in Section 5:

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

### Note 5.1 Equity

#### Share capital

	2016		2015	
	Nominal value (DKK'000)	Number of shares	Nominal value (DKK'000)	Number of shares
Share capital at 1 January (issued and fully paid)	600	600	600	600
Additions	0	0	0	0
Share capital at 31 December	600	600	600	600

The company's share capital is nominally DKK 600,000 divided into 600.000 shares of DKK 1 each or multiples hereof.

### Note 5.2 Borrowings and non-current liabilities

#### Borrowings

DKK'000	2016	2015
Non-current liabilities	0	0
Current liabilities	151.436	82.049
Total carrying amount	151.436	82.049
Nominal value		

#### 2016

DKK'000	Currency	Interest rate	Average interest rate	Carrying amount
Bank borrowings	DKK	Floating	3,70%	865.000

#### 2015

DKK'000	Currency	Interest rate	Average interest rate	Carrying amount
Bank borrowings	DKK	Floating	3,90%	900.000

Investments in subsidiaries have been provided as security for Groups balances with Nordea, including parent companies balances with Nordea.

## Note 5.3 Financial income and expenses

### Financial income and financial expenses

DKK'000	2016	2015
Financial income		
Interests received from banks*	3.120	1.322
Exchange rate gains	0	76
Other financial income	44	161
Total financial income	3.164	1.559
Financial expenses		
Interest paid to banks*	3.482	1.492
Exchange rate losses	2.157	22
Other financial cost	889	582
Total financial expenses	6.528	2.096
Net financials	-3.364	-537

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

## Note 5.4 Financial risk management

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

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

### Liquidity risk

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

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

The Group continues monitoring the need of liquidity. At 31 December 2016, the Group has an undrawn credit facility of DKK 200 million to ensure that the Group is able to meet its obligations (2015: DKK 200 million). Management considers the exposure as being low.

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

2016

DKK'000	Hedging instrument	Due within 1 year	Due between 1 and 5 years	Due after 5 years	Total contractual cash flows	Carrying amount
<b>Non-derivative financial liabilities</b>						
Other payables		308.380	0	0	308.380	308.380
Bank Borrowings		151.436	0	0	151.436	151.436
Other Liabilities		123.867	0	0	123.867	123.867
<b>Total non-derivative financial liabilities</b>		<b>583.683</b>	<b>0</b>	<b>0</b>	<b>583.683</b>	<b>1.297.247</b>
<b>Derivative financial liabilities</b>						
Bank borrowings	IRS	0	0	0	0	0
Bank borrowings	CAP	0	0	0	0	0
<b>Total derivative financial liabilities</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total financial liabilities</b>		<b>583.683</b>	<b>0</b>	<b>0</b>	<b>583.683</b>	<b>1.297.247</b>

2015

DKK'000	Hedging instrument	Due within 1 year	Due between 1 and 5 years	Due after 5 years	Total contractual cash flows	Carrying amount
<b>Non-derivative financial liabilities</b>						
Other payables		245.725	0	0	245.725	269.550
Bank Borrowings		82.049	0	0	82.049	82.049
Other Liabilities		90.009	0	0	90.009	90.009
<b>Total non-derivative financial liabilities</b>		<b>417.783</b>	<b>0</b>	<b>0</b>	<b>417.783</b>	<b>1.259.559</b>
<b>Derivative financial liabilities</b>						
Bank borrowings	IRS	0	0	0	0	0
Bank borrowings	CAP	0	0	0	0	0
<b>Total derivative financial liabilities</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total financial liabilities</b>		<b>417.783</b>	<b>0</b>	<b>0</b>	<b>417.783</b>	<b>1.259.559</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 is only minor exposed to fluctuations in market interest rates primarily related to the Group's short-term loan with floating rates.

### Categories of financial assets and financial liabilities

DKK'000	2016	2015
Loans and receivables	139.912	56.281
Financial liabilities measured at amortised cost	583.683	417.783
Derivatives, financial liabilities	0	0

## Borrowings

### 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).

#### *Share premium reserve*

The share premium reserve represents positive differences between the nominal share capital and the amount paid by shareholders for newly issued shares. The reserve is a distributable reserve.

#### *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, 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 loans and 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 other payables, which primarily consist of staff-related costs not due for payment.

### Derivative financial instruments

The Group uses derivative financial instruments, such as interest rate swaps to hedge its interest rate risk. Such derivatives are initially recognised at fair value on the date on which a derivative contract is entered into, and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value are taken directly to the Income Statement, except for the effective portion of cash flow hedges, which is recognised in Other Comprehensive Income and later reclassified to profit or loss when the hedge item affects the Income Statement.

### Fair value measurement

The Group measured financial instruments such as derivatives at fair value at each balance sheet date.

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

The fair value of interest rate swaps are determined using quoted forward interest rates at the balance sheet date and can be categorized as level 2 (observable inputs) in the fair value hierarchy.

## SECTION 6: OTHER DISCLOSURES

### Introduction

This section includes other disclosures required by IFRS or additional disclosures required by the Danish Companies Act, but which are not relevant for the understanding of section 2-5.

The following notes are presented in Section 6:

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

### Note 6.1 Tax

#### Current tax

DKK'000	2016	2015
Income tax	49.944	41.306
Movement in deferred tax	2.215	3.219
Adjustment relating to previous years	-110	64
Income taxes in the income statement	52.049	44.589
<b>Profit before tax</b>	<b>237.729</b>	<b>192.598</b>
Tax rate, Denmark	22,00%	23,50%
Tax at the applicable rate	52.300	45.261
Non-taxable income	-619	-672
Expenses not deductible for tax purposes	0	0
Adjustments relating to prior years	170	0
Effective change in tax rate	0	0
Other	198	-
Tax expense for the year	52.049	44.589
Effective tax rate, %	21,90%	23,20%

## Note 6.1 Tax (continued)

### Deferred tax

DKK'000	2016	2015
Deferred tax at 1 January	10.543	7.324
Recognised in profit or loss	2.215	3.219
Exchange differences	0	0
Deferred tax at 31 December	12.758	10.543

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

DKK'000	Deferred tax asset		Deferred tax liability	
	2016	2015	2016	2015
Intangible assets	0	0	0	0
Tangible assets	0	0	350	144
Inventories	0	0	0	0
Construction contracts	0	0	21.126	15.032
Other payables	0	0	0	0
Tax loss carried forward	7.419	4.633	-1.299	0
Deferred tax	7.419	4.633	20.177	15.176

### Corporation tax payable

DKK'000	2016	2015
Corporation tax payable at 1 January	-1.333	3.564
Adjustment of corporation tax at 1 January, from deferred tax	1.305	-6.217
Current tax including jointly taxed subsidiaries	49.944	41.306
Corporation tax paid during the year	-517	-39.986
Tax related to Financial Instruments	0	0
Corporation tax payable at 31 December	49.399	-1.333

## Note 6.2 Operating leases

DKK'000	0-1 year	1-5 years	> 5 years	Total
2016				
Operating leases	10.631	26.272	5.749	42.652
Total contractual obligations	10.631	26.272	5.749	42.652
2015				
Operating leases	10.189	29.552	10.341	50.082
Total contractual obligations	10.189	29.552	10.341	50.082

### Note 6.3 Other non-cash items

DKK'000	2016	2015
Amortisation of intangible assets	0	0
Depreciation of property, plant and equipment	9.058	4.552
Movements in provisions recognised in the income statement	2.663	3.845
Non-cash financial items	3.364	537
Other non-cash items	15.085	8.934

### Note 6.4 Related parties

#### Transactions with key management personnel

Transactions with key management personnel include transactions with companies controlled by the key management personnel. Reference is made to note 2.2 in the consolidated statements.

#### The ultimate Parent

The ultimate Parent of the Group is EOT's foundation VI.

#### Significant transactions between the Group and the ultimate parent company

No transaction between the Group and the ultimate parent company

### Note 6.5 Auditor's fee

#### Fees to auditors

DKK'000	2016	2015
Audit Service	567	540
Tax advice services	0	0
Other non-audit services	0	620
Total	567	1.160

## Note 6.6 Events after the balance sheet date

### Strategic acquisition in Sweden

In spring 2017, HusCompagniet announced its acquisition of the Swedish single-family wooden-house builder Vårgårdahus. The acquisition of Vårgårdahus is yet another example of how HusCompagniet executes on its strategy for growth and consolidation.

The owner and founding Lerander family, will, through its property development company TB-Gruppen, co-invest alongside EQT VI and enter into a partnership with HusCompagniet to accelerate the future growth in Sweden. The management team members of VårgårdaHus, led by CEO Per-Erik Bonander, will continue in their current positions while also becoming a part of the combined leadership team.

Vårgårdahus, headquartered in Gothenburg, Sweden, is a leading Swedish single-family wood-house producer with an attractive market position in the quality pre-fabricated wood-houses market. By combining high quality at affordable prices, a strong consumer brand and relentless customer focus, VårgårdaHus has rapidly increased the number of delivered houses, resulting in increasing market shares.

With approximately 25 sales offices all over Sweden, the strategic acquisition provides HusCompagniet with added local presence on the entire Swedish market. Joining forces with Vårgårdahus, also gives HusCompagniet an opportunity to penetrate a housebuilding market, where the traditional choice is to build wooden houses. By offering future Swedish customers both wooden and brick houses.

HusCompagniet plans to expand its successful position as a market leader for brick houses in southern Sweden, to other regions.

Leveraging the knowledge and expertise of Vårgårdahus within wooden houses, will also add value to HusCompagniet's Danish activities. The preferred choice for single-family houses in Denmark is mainly building with brick. However, the traditional choice for summerhouses is wood and with the products and processes from Vårgårdahus, HusCompagniet has an even stronger position and platform for growth, within building summerhouses in Denmark in the future.

### About VårgårdaHus

VårgårdaHus is a manufacturer of pre-fabricated wood-houses in Sweden since 1992. VårgårdaHus has 53 employees and 2016 revenue of approximately SEK 250m. VårgårdaHus delivered a total of 185 houses in 2016.

More info: [www.vargardahus.se](http://www.vargardahus.se)

## Note 6.7 List of Group companies

Investment in group companies comprise the following at 31 December 2016.

Name	Country of incorporation	% equity interest
Die Haus-Compagnie GmbH	Germany	100%
Huscompagniet Midt- og Nordjylland A/S	Denmark	100%
Huscompagniet Sjælland A/S	Denmark	100%
Huscompagniet Fyn A/S	Denmark	100%
Fm-Søkjær Enterprise A/S	Denmark	100%
Huscompagniet Sønderjylland A/S	Denmark	100%
Svenska Huscompagniet AB	Sweden	100%
LejlighedsCompagniet A/S	Denmark	100%



## Note 6.8 Definitions

### 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.

### Gross margin

$\text{Gross profit} \times 100 / \text{Revenue}$

### EBITDA margin

$\text{EBITDA before special items} \times 100 / \text{Revenue}$

### ROCE

$\text{Operating profit (EBIT)} / (\text{Total assets} - \text{Current Liabilities})$

### Sold Houses

House building contracts entered into in the financial year.

### 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 2015".

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

### 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 recognized in the income statement, and the tax expense relating to amounts recognized in other comprehensive income is recognized 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.

### Operating leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Operating lease payments are recognised as an operating expense in the income statement on a straight-line basis over the lease term.

## INCOME STATEMENT - PARENT

DKK'000	Note	2016	2015
Revenue		40.000	32.520
Production costs		0	0
Gross profit		40.000	32.520
Staff cost	2	-32.531	-25.384
Other operating income		0	0
Other operating expenses		-8.462	-5.363
Operating profit before depreciation and amortisation (EBITDA) before special items		-993	1.773
Special items	4	-338	-3.194
Operating profit before depreciation and amortisation (EBITDA) after special items		-1.331	-1.421
Depreciation and amortisation		-623	-578
Operating profit (EBIT)		-1.954	-1.999
Share of result of subsidiary companies after tax	8	187.296	149.044
Financial income	6	3.110	1.453
Financial expenses	5	-2.811	-842
Profit before tax		185.641	147.656
Tax on profit	7	39	353
Profit for the year		185.680	148.009

Profits attributable to:

DKK'000	Note	2016	2015
Equity owners of the Company		185.680	148.009

## STATEMENT OF OTHER COMPREHENSIVE INCOME - PARENT

DKK'000	Note	2016	2015
Profit for the year		185.680	148.009
Other comprehensive income periods			
Foreign currency translation differences, subsidiary		-227	-1
Value adjustment, hedging of future cash flows		0	0
Tax relating to other comprehensive income		0	0
Other comprehensive income, net of tax		-227	-1
Total comprehensive income for the year		185.453	148.008

Total comprehensive income attributable to:

DKK'000	Note	2016	2015
Equity owners of the Company		185.453	148.008

## BALANCE SHEET - PARENT

DKK'000	Note	2016	2015
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets		5.567	0
Property, plant and equipment		916	1.452
Deferred tax asset	7	81	38
Investments in subsidiaries	8	1.280.075	1.070.716
<b>Total non-current assets</b>		<b>1.286.639</b>	<b>1.072.206</b>
<b>Current assets</b>			
Inventories		0	0
Construction contracts		0	0
Trade and other receivables		8.355	7.111
Prepayments		500	311
Income tax receivable		0	99
Receivables from affiliated companies		23.538	5.280
Cash and short term deposits		7.617	30.320
<b>Total current assets</b>		<b>40.010</b>	<b>43.121</b>
<b>Total assets</b>		<b>1.326.649</b>	<b>1.115.327</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital		600	600
Retained earnings and other reserves		1.079.682	1.019.229
<b>Total equity</b>		<b>1.080.282</b>	<b>1.019.829</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Provisions		0	0
Interest-bearing long term debt		0	0
Deferred tax liability		0	0
<b>Total non-current liabilities</b>		<b>0</b>	<b>0</b>
<b>Current liabilities</b>			
Prepayments from customers		0	0
Income tax payable	7	4	755
Other liabilities		4.415	5.426
Borrowings		107.548	51.903
Payables to affiliated companies		133.507	31.539
Trade and other payables		893	5.875
<b>Total current liabilities</b>		<b>246.367</b>	<b>95.498</b>
<b>Total liabilities</b>		<b>246.367</b>	<b>95.498</b>
<b>Total equity and liabilities</b>		<b>1.326.649</b>	<b>1.115.327</b>

Reference to off-balance sheet notes: Other disclosures 11

## STATEMENT OF CASH FLOWS - PARENT

DKK'000	Note	2016	2015
Cash flow from operating activities			
Profit before tax		185.641	147.656
Changes in working capital	9	-7.426	2.705
Adjustments for non-cash items	10	-186.972	10.923
Interest received		3.110	1.453
Interest paid		-2.811	-842
Corporation tax paid		-656	3.831
<b>Net cash generated from operating activities</b>		<b>-9.114</b>	<b>165.726</b>
Cash flow from investing activities			
Acquisition of subsidiaries, net cash acquired		-22.291	0
Acquisition of assets recognised as property, plant and equipment		-5.653	-883
Disposal of assets recognised as property, plant and equipment		0	0
<b>Net cash generated from investing activities</b>		<b>-27.944</b>	<b>-883</b>
Cash flow from financing activities			
Repayment of long-term debt			
Proceeds from loans			
Proceeds from payables to affiliated companies		83.710	-443
Dividend to equity holders		-125.000	-60.000
<b>Net cash generated from financing activities</b>		<b>-41.290</b>	<b>-60.443</b>
<b>Total cash flows</b>		<b>-78.348</b>	<b>104.400</b>
Cash and cash equivalents at 1 January		-21.583	-125.983
Net foreign currency gains or losses		-227	0
<b>Cash and cash equivalents at 31 December</b>		<b>-99.931</b>	<b>-21.583</b>
Cash and cash equivalents			
Cash at bank and on hand		7.617	30.320
Short-term bank deposits		0	0
<b>Cash and cash equivalents as at 31 December</b>		<b>7.617</b>	<b>30.320</b>
Bank overdrafts		-107.548	-51.903
<b>Net cash and cash equivalents as at 31 December</b>		<b>-99.931</b>	<b>-21.583</b>

## STATEMENT OF CHANGES IN EQUITY - PARENT

2016						
DKK'000	Share capital	Share premium	Revaluations reserve under the equity method	Foreign currency translation reserve	Retained earnings	Total
Equity at 1 January	600	0	237.099	-227	782.357	1.019.829
Profit for the period					185.680	185.680
Reserve for Net Revaluation according to Equity Method			187.069		-187.069	0
Other comprehensive income:						
Foreign currency translation differences				-227		-227
Tax relating to other comprehensive income						0
Total other comprehensive income	0	0	0	-227	0	-227
Transactions with owners of the Company and other equity transactions:						
Dividends paid					-125.000	-125.000
Total transactions with owners of the Company and other equity transactions	0	0	0	0	-125.000	-125.000
Equity on 31 December	600	0	424.168	-454	655.968	1.080.282

2015						
DKK'000	Share capital	Share premium	Revaluations reserve under the equity method	Foreign currency translation reserve	Retained earnings	Total
Equity at 1 January	600	0	248.056	-227	683.392	931.821
Profit for the period					148.009	148.009
Reserve for Net Revaluation according to Equity Method			-10.956		10.956	0
Other comprehensive income:						
Foreign currency translation differences			-1			-1
Tax relating to other comprehensive income						0
Total other comprehensive income	0	0	-1	0	0	-1
Transactions with owners of the Company and other equity transactions:						
Capital Injection	0	0	0	0	0	0
Capital Reduction	0	0	0	0	0	0
Dividends paid	0	0	0	0	-60.000	-60.000
Total transactions with owners of the Company and other equity transactions	0	0	0	0	-60.000	-60.000
Equity on 31 December	600	0	237.099	-227	782.357	1.019.829

# NOTES OVERVIEW

	Page
1 Summary of significant accounting policies	64
2 Staff costs	65
3 Reconciliation of EBITDA to normalised EBITDA (analysis of special items)	65
4 Special items	66
5 Finance costs	66
6 Finance income	66
7 Income taxes	67
8 Investments in subsidiaries	68
9 Changes in working capital	68
10 Adjustments for non-cash items	68
11 Other disclosures	68

# Notes to the Parent Company financial statements

## 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").

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

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

### Investments in subsidiaries

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

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

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

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

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

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



## Note 2 Staff costs

### Staff costs

DKK'000	2016	2015
Wages and salaries	21.929	16.018
Defined contribution plans	0	0
Other social security costs	209	178
Other staff costs	10.393	9.188
Transferred to production cost		0
<b>Total</b>	<b>32.531</b>	<b>25.384</b>
Average number of full-time employees	33	26

Reference is made to note 2.2 in the consolidated financial statements for overview of remuneration of executive management, board of directors and key management personnel.

## Note 3 Reconciliation of EBITDA to normalised EBITDA (analysis of special items)

### Reconciliation of EBITDA

DKK'000	2016	2015
Operating profit before depreciation and amortisation	-1.331	-1.421
Special items		
Organisatioal changes	0	2.030
Costs for the preparation of IFRS template (Other soecial items)	0	430
Costs in connection with the acquisition (sales/buy)	0	734
Full Potential Project	338	0
<b>Total special items</b>	<b>338</b>	<b>3.194</b>
<b>Operating profit before depreciation and amortisation (EBITDA) before special items</b>	<b>-993</b>	<b>1.773</b>

#### Note 4 Special items

DKK'000	2016	2015
Organisatioal changes	0	2.030
Costs for the preparation of IFRS template (Other soecial items)	0	430
Costs in connection with the acquisition (sales/buy)	0	734
Full Potential Project	338	0
Total special items	338	3.194

#### Note 5 Finance costs

DKK'000	2016	2015
Interests paid to banks*	1.396	192
Exchange rate losses	0	0
Other financial cost	769	30
Interest receivable, group entities	646	620
Total financial costs	2.811	842

#### Note 6 Finance income

DKK'000	2016	2015
Interest received from banks*	3.110	1.322
Exchange rate gains	0	0
Other financial income	0	131
Interest expenses, group entities	0	0
Total financial income	3.110	1.453

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

## Note 7 Income taxes

### Current tax

DKK'000	2016	2015
Income tax	4	-334
Movement in deferred tax	-43	-19
Adjustment relating to previous years	0	0
Income taxes in the income statement	-39	-353
<b>Profit before tax</b>	<b>185.641</b>	<b>147.656</b>
<b>Tax rate, Denmark</b>	<b>22,00%</b>	<b>23,50%</b>
Tax at the applicable rate	40.841	34.699
Non-taxable income	-41.203	-35.052
Expenses not deductible for tax purposes	0	0
Adjustments relating to prior years	0	0
Effective change in tax rate	169	0
Other	154	0
Tax expense for the year	-39	-353
Effective tax rate, %	0,00%	-0,20%

### Deferred tax

DKK'000	2016	2015
Deferred tax at 1 January	-38	-19
Recognised in profit or loss	-43	-19
Exchange differences	0	0
Deferred tax at 31 December	-81	-38

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

DKK'000	Deferred tax asset		Deferred tax liability	
	2016	2015	2016	2015
Intangible assets				
Tangible assets	-81	-38		
Construction contracts				
Other payables				
Deferred tax	-81	-38	0	0

### Corporation tax payable

DKK'000	2016	2015
Corporation tax payable at 1 January	656	-2.841
Adjustment of corporation tax at 1 January, from deferred tax		0
Current tax including jointly taxed subsidiaries	4	-334
Corporation tax paid during the year	-656	0
Tax related to Financial instruments		3.831
Corporation tax payable at 31 December	4	656

## Note 8 Investments in subsidiaries

### Investments in subsidiaries

DKK'000	2016	2015
Cost at 1 January	833.616	833.616
Additions	22.291	0
Disposal	0	0
Cost at 31 December	855.907	833.616
Share of result at 1 January	237.099	248.056
Share of results	187.296	149.044
Other comprehensive income	-227	0
Dividends	0	-160.000
Share of results at 31 December	424.168	237.100
Net book value	1.280.075	1.070.716

Reference is made to note 6.7 in the consolidated financial statements for overview of subsidiaries.

## Note 9 Changes in working capital

DKK'000	2.016	2.015
Increase in trade and other receivables	-1.433	1.302
Increase in trade and other payables	-5.993	1.403
Total	-7.426	2.705

## Note 10 Adjustments for non-cash items

DKK'000	2016	2015
Amortisation of intangible assets	0	0
Depreciation of property, plant and equipment	623	578
Share of results in subsidiaries	-187.296	-149.044
Dividends from subsidiaries	0	160.000
Non-cash financial items	-299	-611
Other non-cash items	-186.972	10.923

## Note 11 Other disclosures

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

- Guarantee commitments and contingent liabilities (note 3.3)
- Intangible assets (note 4.1)
- Equity (note 5.1)
- Borrowings and non-current liabilities (note 5.2)
- Related parties (note 6.4)
- Events after the balance sheet date (note 6.6)

# Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of HusCompagniet A/S for the financial year 1 January - 31 December 2016.

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

It is our opinion that the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Company's financial position at 31 December 2016 and of the results of the Group's and the Company's operations and consolidated cash flows for the financial year 1 January - 31 December 2016.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Company's operations and financial matters and the results of the Group's and the Company's operations and financial position.

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

Horsens, 31 May 2017

Executive Board:

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Steffen Martin Baungaard

CEO

Board of Directors:

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Mads Munkholt Ditlevsen

Chairman

---

Martin Ravn-Nielsen

---

Steffen Martin Baungaard

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Morten Chroné

# Independent auditor's report

To the shareholders of HusCompagniet A/S

## Opinion

We have audited the consolidated financial statements and the parent company financial statements of HusCompagniet A/S for the financial year 1 January – 31 December 2016, comprising an income statement, balance sheet, statement of changes in equity and notes, including accounting policies for the Group as well as for the Parent Company, and a consolidated statement of comprehensive income and a consolidated cash flow statement. 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 2016 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 2016 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 consolidated financial statements and the parent company financial statements" section of our report. As required by the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, we are independent of the Group, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the consolidated financial statements and the parent company 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 consolidated financial statements and the parent company 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 consolidated financial statements or the parent company 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 our procedures, we concluded that the Management's review is in accordance with the consolidated financial statements and the parent company 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 consolidated financial statements and the parent company financial statements

Management is responsible for the preparation of consolidated financial statements and the 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.

Moreover, Management is responsible for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent company 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 consolidated financial statements and the parent company 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 consolidated financial statements and the parent company financial statements  
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent company

financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's+C2 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 these consolidated financial statements and parent company financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain an attitude of professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risk of material misstatement of the consolidated financial statements and the parent company 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 consolidated financial statements and the parent company 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 consolidated financial statements and the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may imply that the Group and the Parent Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent company financial statements, including the note disclosures, and whether the consolidated financial statements and the parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- ▶ Obtain sufficient and 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.

Copenhagen, 31 May 2017  
Ernst & Young  
Godkendt Revisionspartnerselskab



Torben Bender  
State Authorised  
Public Accountant



Steen Skorstengaard  
State Authorised  
Public Accountant