



2019

Annual Report



Modern Contemporary
200 m²

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Management's review

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At a glance

HusCompagniet

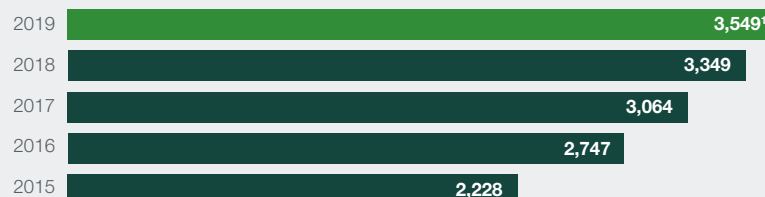
a leading Nordic single-family housebuilder

Over time we have built more than **22,000** houses

Revenue in 2019

3,549¹ +**14.7%** [↑]

DKK ml



482

employees (end-2019)

1,696

houses built in 2019



EBITDA before special items in 2019

341¹ +**8.5%** ² [↑]

DKK ml

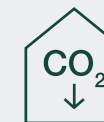


Sustainability in 2019



48%

ratio of houses sold in 2019 with sustainable energy sources



70%

2030 reduction target in CO₂ emissions from building materials through the lifecycle of a house compared to 2019

¹ Excluding German and Swedish brick house activities

² Growth rate in EBITDA before special items is effected by implementation of IFRS 16

³ In 2015, Diego HC TopCo A/S acquired HusCompagniet A/S. Accordingly, the comparative key figures only cover the period before HusCompagniet A/S was under the control of Diego HC TopCo A/S

Letter from Management

2019 - another strong year in the history of HusCompagniet

While 2019 was a year of record-high, profitable turnover, building and hand-over of houses to almost 1,700 families, it was also a year marked by big strategic decisions and concrete initiatives to prepare for the future growth of our business.



Tore Thorstensen
Chairman



Martin Ravn-Nielsen
Group CEO

In Denmark, we further strengthened our leading market position in 2019, building around 1,400 houses. This is an increase of 4.5% from 2018. To build on our market position, and as a consequence of an increased interest in and demand for semi-detached houses for rental purposes from mainly institutional investors, we have invested in developing the concept and building an organization to exploit this exciting potential. We expect to be able to see early results of this in 2021.

Following our 2017 acquisition of VårgårdaHus in Sweden, we have applied HusCompagniet's customer-centric concept with Vårgårdahus' pre-fabricated and popular product assortment of wooden houses as a supplement to the traditional agent distribution model. This gives us flexibility on our facade type offering and ability to more easily scale the business. As a consequence, we decided to close down our brick house activities in Southern Sweden.

To further focus our efforts and resources on the profitable growth opportunities in Denmark and Sweden, we have also decided to close down our operations in Germany.

All in all, 2019 ended with reported revenues of DKK 3,759 million, a 12% increase from 2018, and reported EBITDA before special items ended of DKK 270 million. Looking at the business excluding the German and Swedish brick house activities, which is the future HusCompagniet, revenues grew 14.7% to DKK 3,549 million in 2019, while EBITDA before special items rose 8.5% to DKK 341 million (positively impacted by IFRS 16 by DKK 21 million).



14.7%

increase in revenues to
DKK 3,549 million in
2019, excluding German
and Swedish brick house
activities



8.5%

increase in EBITDA before special items to DKK 341 million in 2019, excluding German and Swedish brick house activities

This is especially the result of a strong performance in Denmark, somewhat offset by a less favourable development in Sweden, where the market in 2019 was impacted by credit restrictions introduced by the Swedish authorities in 2018. The close down of the operations in Germany and parts of the Swedish business resulted in total write-off and close-down costs of DKK 118.8 million.

The results are a testimony to our customer centric DNA, and an endorsement of our business model of designing, selling and building high-quality single-family houses at fixed prices and delivered on time, combined with a relentless focus on customer satisfaction throughout the whole process. We are proud to say that this approach has earned us a very high customer satisfaction, measured on many parameters like for instance the highest Trustpilot score in the industry.

Digitalisation of HusCompagniet also continued at full speed in 2019. We have further optimized the entire building process from the early dialogue with the customer, over the construction phase to the final handing over of the key to the customer. We have strengthened the internal it-infrastructure by implementing a new ERP system, and further rolled-out the use of online solutions to optimize communication and coordination between all professionals during the construction phase, and to improve project and budget management on all individual building sites.

This comes on top of our customer-facing digital tools, such as our website and our presence on Instagram and Facebook, where we have seen a huge increase in the number of visits and followers, a development which has continued into 2020.

It is rewarding to see that our persistent focus on digitalisation leads to increased efficiency and contributes to continued high customer satisfaction.

In 2019, we stepped up on the green agenda, intensifying our efforts to integrate sustainability throughout our business and the lifecycle of our houses. As a leading houseprovider in the Nordics, we see it as our responsibility to contribute to sustainability within our industry - from sourcing building materials, to construction, energy efficient houses and recycling of materials at the end of a house's life. In this annual report you can read about our commitment to sustainability and concrete initiatives and targets.

Performance excluding German and Swedish brick house activities was very strong in 2019. Revenue grew by 14.7%, EBITDA before special items grew by 8.5%

Our people is the foundation for HusCompagniet's continued success and growth. We work continuously to develop our almost 500 employees to have an in-depth market understanding to deliver the best experience for our customers, and the 2019 result is due to the hard and dedicated work of our highly engaged employees and their collaboration with skilled sub-contractors and material suppliers.

By the time of publishing this annual report, the spread of the Corona-virus had closed down big parts of many countries, including Denmark and Sweden, for several weeks. This has led to significant uncertainty about both short and long-term impact on economies, including the development of the housing market. Despite this uncertainty and short-term lack of transparency, we are confident that HusCompagniet will benefit from our solid financial profile and resilient business model with growth rates above market growth, a strong cash conversion and industry-leading return on capital employed.


Tore Thorstensen

Chairman of the Board of Directors

Martin Ravn-Nielsen

Group CEO



 **Classic Contemporary**
181 m²

This classic Danish architecture has been the Danes' favourite 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 with a significant overhang, protecting the brick walls, doors and windows. Typically, the roof tiles are either black or red, whilst 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.

Classic Contemporary

Over time HusCompagniet has built more than **22,000** houses, and our architects have assembled the best of all these in our five core architectural styles which are all presented in this annual report:

- Classic Contemporary**
- Modern Contemporary**
- Patrician**
- Cottage Style**
- Functionalism**



Our Business

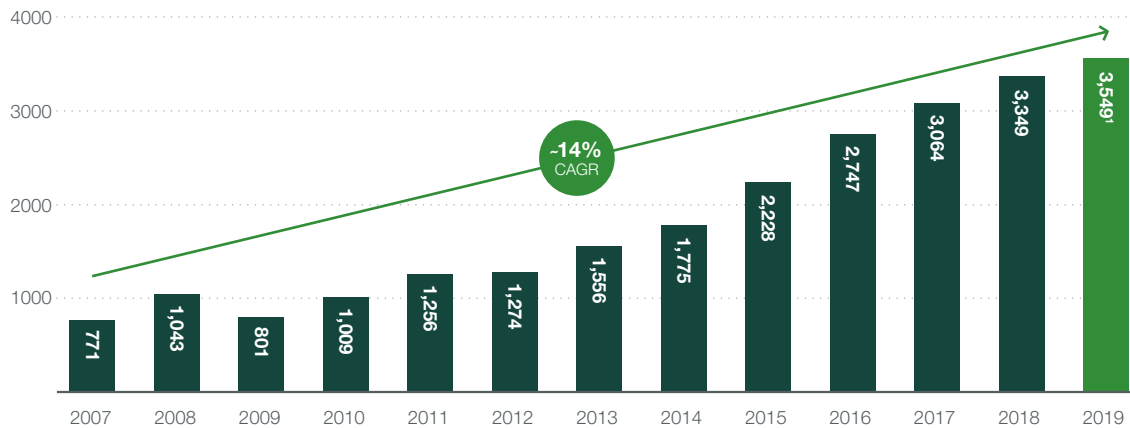
HusCompagniet is a leading Nordic single-family house-builder with roots going back more than 40 years. Based on a range of standardised house types, we offer a wealth of customisation options, allowing customers to fulfill their dreams of a new house.

HusCompagniet is a clear market leader in Denmark, which accounts for around 90% of the Group's total revenues. In Sweden, which accounts for most of the remaining part of total revenues, we are operating under the brand of VårgårdaHus and HusCompagniet in South Sweden.

HusCompagniet's leading market position is built on constant innovation and a relentless focus on customer satisfaction through end-to-end, customized turnkey solutions based on a fixed price, payment at delivery and not least delivery of the house on time.

Since the foundation of the company that later became HusCompagniet, we have built more than 22,000 houses – all different and customized to each family's needs and dreams.

Revenue (DKK m)



¹ Excluding German and Swedish brick house activities

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

Classic Contemporary
154 m²



Customer satisfaction above all

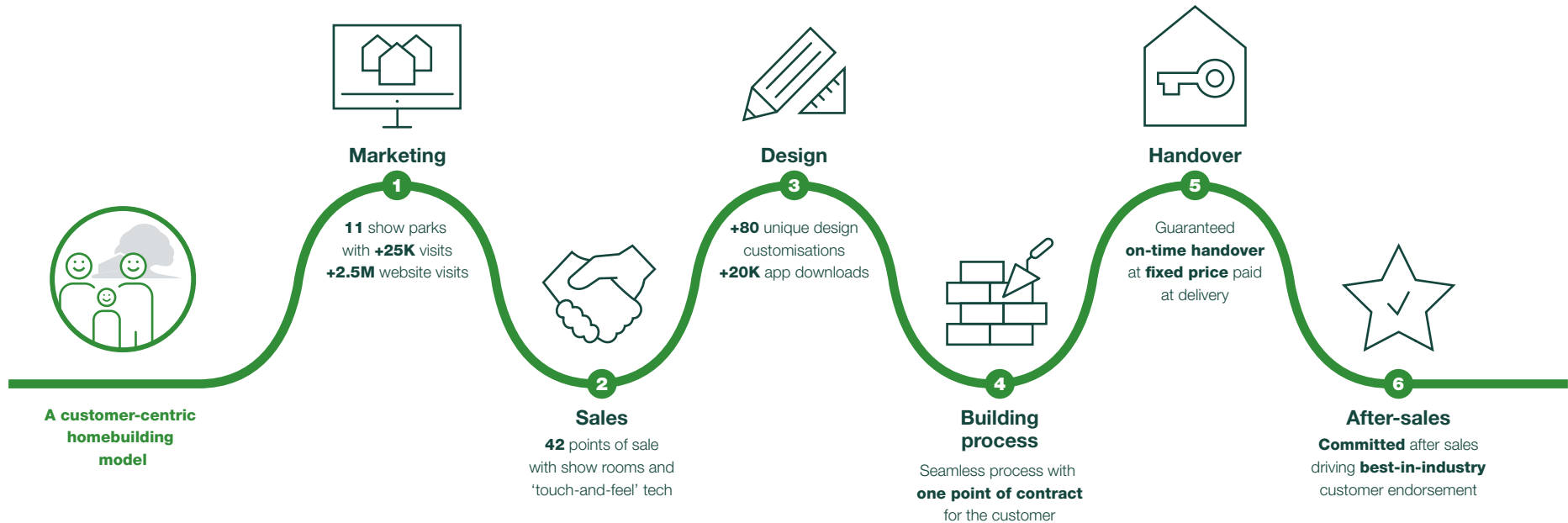
Customers normally first meet us in one of our showrooms or show parks, which typically have four different show houses at display. Customers can then start to design their dream house in our app or other digital tools. At this time, customers will be assigned a salesperson who will guide them through all the customisation options, including type and size of house, exterior colour and materials, interior design and materials. The salesperson will act as their one point of contact through the entire building process to the hand-over of the key.

HusCompagniet controls all the stages of the building process, but almost all the construction work is sub-contracted. After the 17-21 weeks it normally takes to complete a house, HusCompagniet can hand over the house at the agreed date, and we are proud to say that we have a very high on-time delivery rate. Only upon delivery of the key, the agreed fixed price is due for payment. Finally, our follow-up services ensure that any flaws or oversights are addressed accordingly.

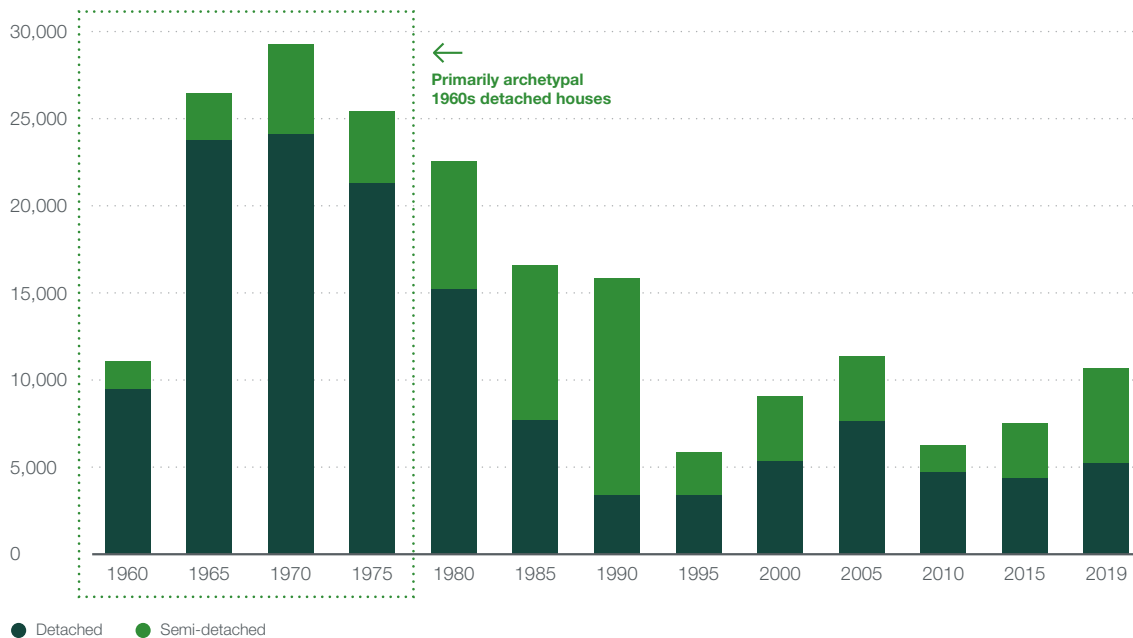
We believe our focus on customer satisfaction - from displaying houses through showrooms and digital tools to sale, design and selections, and further on through construction to hand-over of the house and follow-up services - is key to the solid growth, we have achieved over the last decade. We firmly believe that this customer-centric approach drives new leads through referrals from satisfied customers, who act as brand ambassadors.

Business model

We are supporting the customer through each step of the journey



Number of detached and semi-detached houses constructed in Denmark (1960-2019)



Markets and growth opportunities

HusCompagniet's core market focus is new-build, single-family detached houses - the most stable segment of the housebuilding market. The current number of new-build detached houses in Denmark is well below long-term historical levels, including the building boom in the 1960s and 1970s, during which more than 400,000 single-family detached houses were built. This huge stock of time-worn houses, significantly bigger than the current market for new-builds, represents a significant growth opportunity due to favourable economics in tearing down an old house and replacing it with a new-build low-energy house in stead of renovating the old house. Around 20% of HusCompagniet houses built in 2019 were rebuilds of old houses.

HusCompagniet is also active in the semi-detached house market. In total, the number of new-build detached and semi-detached houses has grown annually by around 6% on average in the period 2010-2019.

Geographically, Denmark is our core market accounting for around 90% of total revenue. Albeit being a market leader with an estimated share of around 13% of the combined detached and semi-detached market, we see room for growth through product differentiation, increased focus on semi-detached houses and B2B activities such as projects with semi-detached houses for rental purposes aimed at both private and institutional investors.

In Denmark, we have 15 offices with showrooms and 11 show parks with show houses at display.

In Sweden, we have complemented our traditional brick house portfolio with high-quality wood-houses, which is the typical house type in Sweden, through the acquisition of VårgårdaHus in 2017. We believe that introducing our customer-centric focus, including fixed prices, payment at delivery and a fixed delivery date offers growth opportunities in the fragmented Swedish market.

In total, the number of new-build detached and semi-detached houses in Sweden in the period 2010-2019 has been significantly higher than in Denmark. Following strong growth in the period 2014-2018, the market slowed down

The current number of new-build detached house in Denmark is well below long-term historical levels, including the building boom in the 1960s and 1970s, during which more than 400,000 single-family detached houses were built.

due to tightened credit restrictions introduced by the government taking effect in 2018. From 2010 to 2019 the market grew annually by around 2% on average.

In Sweden, we have our production facility near Gothenburg, 4 show houses and 23 agent offices.

As a consequence of increased focus on growth opportunities in Denmark and Sweden, we have decided to close down our operations in Germany. However, in the longer term, we still view the German market as an interesting opportunity.

Asset-light business model

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

In 2019, own-land projects accounted for around 20% of our total revenues.

Most of our houses are built on land owned by the customers, but we also do so-called own-land projects, when the opportunities for buying and developing the right land plots arise. In 2019, own-land projects accounted for around 20% of our total revenues.

We have decided to enter the BTB market leveraging our expertise from own land projects and building semi-detached house projects. Furthermore, our supply chain is in place to deliver to the BTB market, including both in-house architects, construction management and our network of suppliers and subcontractors across Denmark. We have had a good start with a couple of contracts signed in early 2020.



The building process

All of our houses are built by sub-contractors, and to ensure our high expectations of quality are met by our suppliers and sub-contractors, the construction phase is managed carefully by our very experienced construction managers. We are highly selective in our choice of suppliers in order to ensure the highest quality. As we carefully embrace responsibility for the health and safety of our employees, we are also very focused on the health and safety of our sub-contractors on our building sites. We have a Code of Conduct that describes our standards for safety and working conditions on the building site, which all sub-contractors are required to sign.

Increased use of digital solutions is optimising the building process and leads to improved efficiency. Our average single-family house building time is among the shortest in the market.



Functionalism
200 m²

Functionalism

Both classic and modern at the same time - this style is growing fast in popularity. Functionalism is characterised by clean lines and a sharp profile both 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.

Business review

Revenue

In 2019, HusCompagniet reported a total revenue of DKK 3,758.9 million, up 12.2 % from DKK 3,349.2 million in 2018. The increase is mainly due to an increase in the number of delivered houses to a total of 1,696 houses and an increase in revenue per house. This is in line with the expectations stated in the 2018 annual report.

In Denmark, revenue rose 16.3% to DKK 3,342.8 million from DKK 2,875.4 million in 2018. The number of houses delivered was 1,400, up 4.5% from 1,340 houses in 2018. In 2019, Denmark accounted for 89% of total revenue.

The strong performance in Denmark was offset by a less favourable development in Sweden, where the market in 2019 was impacted by credit restrictions introduced by the Swedish authorities in 2018. In Sweden, the revenue was DKK 315.9 million in 2019, slightly down from DKK 338.8 million in 2018. The number of houses delivered in Sweden was 233 compared to 255 in 2018. Sweden accounted for around 8% of total revenue. In Germany, reported revenue was DKK 100.2 million against DKK 135.0 million in 2018. The number of houses delivered in Germany was 63 compared to 86 in 2018.

Revenue in the continuing business in Denmark and Sweden in 2019 grew 14.7% to DKK 3,549 million from DKK 3,094.9 million in 2018.

EBITDA before special items

In 2019, reported EBITDA before special items was DKK 270.4 million compared with DKK 277.4 million in 2018. This corresponds to an EBITDA margin before special

items of 7.2%. The change in EBITDA before special items was mainly due to an increase in other external expenses caused by increased focus on digitalisation of the business, and the implementation of IFRS 16.

In the business excluding the German and Swedish brick house activities, EBITDA before special items grew by 8.5% to DKK 341 million from DKK 314.2 million in 2018. This corresponds to an EBITDA margin before special items of 9.8%, compared to 10.1% in 2018.

Special items

Special items amounted to DKK 136.6 million in 2019, up from DKK 84.6 million in 2018, mainly impacted by impairment of goodwill and costs related to the close down of activities in Germany and Sweden of DKK 118.8 million.

Profit for the year

Profit for the year was DKK 0.2 million in 2019 compared with DKK 90.0 million in 2018. The lower profit for the year is mainly due to special items as well as impairment loss and shut down costs related to the activities in Germany and the Swedish brick houses of DKK 118.8 million. However, implementation of IFRS 16 had a minor effect on profit for the year, with positive effect on EBITDA (DKK 21 million), and negative effect on depreciation and amortization (DKK 23 million) and financial expenses (DKK 5 million) compared to 2018.

Cash flow

Net cash generated from operating activities was DKK 134.4 million compared with DKK 174.7 million in 2018.

(DKK'000)	Revenue	EBITDA
Consolidated financial statement	3,759	270
Germany	-100	38
Swedish brick house activities	-110	33
Consolidated financial statement excl. Germany and Swedish brick house activities	3,549	341

Continuing business in Denmark and Sweden has realized a cash conversion above 60% before financing and tax.

Events after the balance sheet date

In March 2020, the Danish government and authorities introduced measures to reduce the spread of the Corona-virus, including lock-down of many parts of the society. In Sweden, measures to reduce the spread of the virus were also taken. By the time of the release of this annual report, widespread measures and restrictions were still in effect.

In March 2020 as a response to the uncertainty and reduced activity due to the restrictions introduced by the authorities, we reduced the workforce by 25 employees.

Outlook

Prior to the outbreak of the Corona-virus, growth in our businesses in Denmark and Sweden was expected to continue in 2020. The measures taken to reduce the spread of the virus are expected to have a negative impact on GDP in both Denmark and Sweden and may also have a negative impact on HusCompagniet's markets.



We have decided to focus efforts and resources on profitable growth opportunities in Denmark and Sweden. Excluding German and Swedish brick house activities, performance in 2019 was very strong



Perinne- ja ympäristöarvot, C&A, s. 14. M. Suikkanen, s. 10. O. Mäkelä, s. 10.

Sustainability



Modern Contemporary
170-200 m²



Our sustainability journey

In 2019, we embarked on a journey to put sustainability at the top of the agenda, and make it a systematic focus of our business. We intensified our efforts to integrate sustainability throughout the value chain, from the way we think about building materials, to our product offerings, and through the use phase of our house after we hand over the keys to our customers. To track progress, we also scaled up reporting on our sustainability ambitions and performance.

For HusCompagniet, sustainability is a leadership agenda, with ownership anchored with Business Development, the Executive Management team, and ultimately the Board of Directors. This is important for us because sustainability is an overarching and important guiding lens for business development and risk management. We work to systematically integrate it in the way that we govern our organisation going forward.

It is also clear that environmental threats, such as climate change, and social issues like safety and diversity, are moving to the top of the agenda for our customers, investors, and society at large. We see it as our responsibility, as well as our opportunity, to anticipate and respond to the changing demands of our customers and of society. As one of the largest house providers in the Nordics, we have a unique position to contribute to sustainability within our industry and our value chain. We can do so by engaging with our industry and suppliers, catalysing innovation that reduces CO₂ emissions throughout the lifecycle of our products, and presenting alternative offerings to our customers.

Executive engagement on the sustainability agenda is high. Our lean structure and culture also lends itself to efficient

decisions, actions, and results. Nonetheless, we recognise that sustainability must be anchored throughout the organisation, with strong governance in place. In 2020, HusCompagniet will continue to communicate, reinforce awareness, and anchor ownership of sustainability initiatives with employees, business partners, and customers.

In 2019, HusCompagniet took steps to prioritise sustainability focus areas, set targets, and began to collect relevant and reliable data in order to track progress over time.

As we strengthen our sustainability focus, we believe it is important to take an outset in the lifecycle of our core product: single-family homes. From sourcing building materials, to construction, and our customers' use of energy in their house, and even at the end of a house's life, there are a number of ways HusCompagniet can impact sustainability throughout the lifecycle.












In 2019, HusCompagniet took steps to prioritise sustainability focus areas, set targets, and began to collect relevant and reliable data in order to track progress over time.

In 2020, we will become a signatory to the UN Global Compact, reinforcing our commitment to the ten principles of human rights, labour rights, anti-corruption, and the environment, that serve as the foundation of our work with sustainability.



(On next page):
presents an overview of
HusCompagniet's sustain-
ability focus areas, baselines,
ambitions, and targets

Our ambitions and targets

Ambitions	Baseline	Target 2020	Target 2025	Target 2030	Related SDGs	
Climate	1 Climate: building materials <ul style="list-style-type: none"> 5.8kg CO₂e per m² per year from building materials through the lifecycle of a house¹ 4.0kg CO₂e per m² per year from the production of building materials² 	<ul style="list-style-type: none"> Launch climate-friendly house concept Engage with suppliers to reduce CO₂ emissions from building materials 	<ul style="list-style-type: none"> 35% reduction in upstream CO₂ emissions from building materials, compared to 2019 (2.6kg CO₂e per m² per year) 	<ul style="list-style-type: none"> 70% reduction in CO₂ emissions from building materials through the lifecycle of a house compared to 2019 (1.7kg CO₂ per m² per year) 	 Target 9.4	
	2 Climate: own emissions <ul style="list-style-type: none"> 878 tonnes scope 1 CO₂ emissions (owned and leased company vehicles)³ 1,536 tonnes scope 2 CO₂ emissions (purchased electricity and heating)⁴ 	<ul style="list-style-type: none"> Initiate testing of electric company cars and prepare electric vehicle infrastructure at offices Commit to the Climate Group's EV100 initiative (full electrification of vehicle fleet) 	<ul style="list-style-type: none"> Zero scope 1 emissions through 100% electric owned and leased vehicle fleet (current entities including Eurodan) 	<ul style="list-style-type: none"> Carbon neutral scope 1 and 2 emissions from operations⁵ 	 Target 13.3	
	3 Climate: customer use phase <ul style="list-style-type: none"> 48% of houses ordered with one or more on-site renewable energy technologies 	<ul style="list-style-type: none"> Review assortment of renewable energy solutions Consider expansion of solutions Educate sales force 	<ul style="list-style-type: none"> 60% of houses ordered with renewable energy sources 	<ul style="list-style-type: none"> Monitor the transition of the grid to more renewable sources Assess and set new targets accordingly 	 Target 7.1	
People	4 Employee well-being <ul style="list-style-type: none"> 2.3% sick leave 	<ul style="list-style-type: none"> Reduce sick leave to 2% Establish baseline for employee satisfaction 	<ul style="list-style-type: none"> Reduce sick leave to 2% 	<ul style="list-style-type: none"> Reduce sick leave to 2% 	 Target 8.5	
	5 Diversity and inclusion <ul style="list-style-type: none"> One female out of seven total members on the Board of Directors 20% women in management 	<ul style="list-style-type: none"> Two female out of seven total members on the Board of Directors 20% women in management 	<ul style="list-style-type: none"> Two female out of seven total members on the Board of Directors 25% women in management 	<ul style="list-style-type: none"> Two female out of seven total members on the Board of Directors 30% women in management 	 Target 5.5	 Target 10.3
	6 Health and safety <ul style="list-style-type: none"> LTIf of 15.2 for own blue and white collar LTIf of 10.7 for subcontractors 	<ul style="list-style-type: none"> Implement safety reporting system for subcontractors Identify top safety issues and educate construction managers in performing onsite safety checks 	<ul style="list-style-type: none"> Reduce LTIf by 30% compared to 2019 	<ul style="list-style-type: none"> Reduce LTIf by 50% compared to 2019 	 Target 8.3, 8.5	
Responsible business	7 Responsible business <ul style="list-style-type: none"> Employee Guidelines for Values and Ethics Standards of Business Conduct 	<ul style="list-style-type: none"> Review and update guidelines and Codes of Conduct based on best practice standards, Increase awareness of guidelines, Codes of Conduct and whistle-blower system among employees, subcontractors and suppliers 			 Target 16.5	
	8 Sustainable sourcing <ul style="list-style-type: none"> Supplier Code of Conduct Whistle-blower system 	<ul style="list-style-type: none"> Ensure all suppliers and subcontractors have signed the updated code of conduct Consider control measures on social dumping 			 Target 12.6	
	9 Labour rights and human rights <ul style="list-style-type: none"> Employee Guidelines for Values and Ethics Standards of Business Conduct 	<ul style="list-style-type: none"> Review and update guidelines and Codes of Conduct based on best practice standards, Increase awareness of guidelines, Codes of Conduct and whistle-blower system among employees, subcontractors and suppliers 			 Target 8.7, 8.8	 Target 10.3

¹ Includes emissions from building materials throughout the lifecycle of a HusCompagniet archetype house, (example) from raw materials (A1), transport to production site (A2), manufacturing (A3), replacement (B4), transport to end of life (C3), and disposal (C4). Phases refer to DGNB Based on LCA Byg.

² Includes upstream emissions from building materials, from raw materials (A1), transport to production site (A2), and manufacturing (A3). Phases refer to DGNB Based on LCA of a HusCompagniet archetype house

³ Equivalent to 0.07 kg CO₂e emissions per m² per year

⁴ Equivalent to 0.13 kg CO₂e emissions per m² per year

⁵ Of owned entities in 2025



Functionalism
170-200 m²

The Sustainable Development Goals & materiality

The UN Sustainable Development Goals (SDGs) are a representation of global stakeholder sustainability priorities. HusCompagniet has used the SDGs as the starting point to inform the prioritisation of our material sustainability topics. Using this framework, we focus on areas where we can have positive impact on the SDGs. At the same time, we acknowledge that the nature of our and other commercial activities is that there is the risk of negative impact, which we have a responsibility to mitigate and minimize. In our ambitions and targets on page 16, we have mapped our focus areas to the lifecycle of a house, highlighting the connection of each to the SDGs at the target level.

Nine sustainability focus areas were identified through a process of drawing on the expertise of internal stakeholders and external experts, against the backdrop of the SDGs.

As a house provider, one of the key impacts that HusCompagniet has is on the environment. Climate change is an urgent global threat, and how we respond now will determine the trajectory of warming for generations. For this reason, climate change is one of our most material topics, which we address across the lifecycle of a house. For HusCompagniet, climate change presents opportunities to bring new, climate-friendly house concepts and alternative

energy technologies to our customers. It also presents risks that we must mitigate, starting with reducing our own CO₂ emissions. In addition to carbon emissions, water and waste are considered to be among material impacts that businesses have on the environment. HusCompagniet's current influence on waste at the end of the lifecycle of a house is in the selection of materials, that are, for example, more easily recycled. It has been assessed that water is not a natural resource that is used in large volumes during construction, and was thus deselected.

Material social topics for HusCompagniet include employee well-being, diversity and inclusion, and health and safety. These elements are core to the long-term success of our business and our values as a company.

Working against corruption, and in support of human rights and labour rights, is part of HusCompagniet and any company's license to operate. We have highlighted this in our sustainability ambitions. Particularly with our asset-light business model, it is our responsibility to uphold these standards with our subcontractors and suppliers. These are material issues that we will need to further explore, in order to understand our influence and responsibility in the value chain.

Last but not least, our customers are at the centre of everything that we do. Tapping into changing demands for more sustainable products, we will involve our customers in defining the solutions that will play a small part in solving global sustainability challenges.



(On next page):
We have mapped our focus areas to the lifecycle of a house, highlighting the connection of each to the SDGs at the target level

The SDGs and the lifecycle of a HusCompagniet house



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

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

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

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



Main SDG's targeted for direct positive impact

SDG's monitored and influenced for positive development



Modern Contemporary

178 m²

Modern Contemporary

If you dream of combining the feel of 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 exterior focuses on large surfaces with striking windows, and architectural effects alongside materials such as zinc and wood.



Interiør dokumentation: CVE 880 - STAFF - S18BK - D2FBU - VA6UO - 7EIEQ

Climate change



Target 7.1



Target 9.4



Target 13.3

Climate change is one of the defining global challenges of our time. Its impacts are wide-ranging, from physical events such as flooding, extreme weather events, and water and heat stress, to movements of populations, resulting from climate-related displacement, all of which have implications for business in the future.

The construction sector is one of Europe's largest CO₂¹ contributors, accounting for approximately 36% of CO₂ emissions in the EU². At the same time, infrastructure and housing contribute to achieving the Sustainable Development Goals³. In line with the Paris Agreement, the EU's long-term strategy to be climate-neutral by 2050 includes buildings as one of the main sectors that can play a substantial role in carbon reductions. Two building blocks that contribute to achieving the long-term climate strategy are energy efficiency and resource and material efficiency, in the form of sustainable buildings⁴.

As shown in our ambitions and targets on page 16, HusCompagniet touches a number of phases in the lifecycle of a house, from materials selection upstream, to emissions from our own operations, and energy efficiency during the use phase downstream. For these reasons, we have chosen, as part of our sustainability journey, to have a special focus on climate change, taking the full lifecycle perspective.

The Task Force on Climate-related Financial Disclosures

The FSB Task Force on Climate-related Financial Disclosures (TCFD) is developing voluntary, consistent climate-related financial risk disclosures to provide information to investors, lenders, insurers, and other stakeholders. HusCompagniet supports the Task Force on Climate-related Financial Disclosures (TCFD), and has developed disclosures based on the Task Force's recommendations, which are presented on page 29.

¹ Danish Technological Institute

² The European Commission

³ International Centre for Trade and Sustainable Development

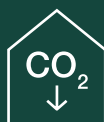
⁴ The European Commission

Highlights of our climate targets

Carbon neutral

from heat and electricity of own operations by 2030¹

¹ from entities owned five years prior, in 2025



70%

reduction in building materials of a house CO₂ emissions by 2030, compared to 2019 baseline

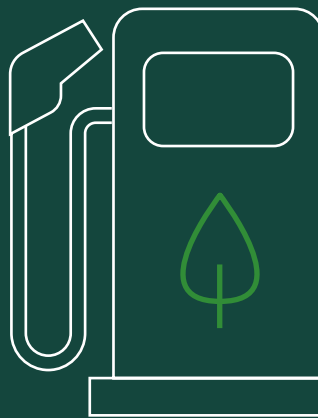


60%

of houses ordered include renewable energy sources by 2025

Zero

emissions from company vehicles, owned and leased by HusCompagniet by 2025 & Commitment to the EV100 initiative



Carbon emissions: the lifecycle perspective

When assessing climate impact and CO₂ emissions, it is important to take a view of the entire value chain of a house, and the upstream and downstream scope 3 emissions. The lifecycle of a house starts with CO₂ from the extraction of the raw materials and production of building materials, followed by emissions from the house construction phase. It continues with energy consumption while the customer is living in the house, and finally reaches the end of life, during which the house is demolished, and materials are reused, recycled, or disposed.

To illustrate the lifetime carbon emissions of a house, we have calculated the full lifetime carbon emissions of an archetype house (scopes 1, 2 and 3), based on a standard single floor house, our most sold house, accounting for about 80% of our sales. The CO₂ emissions per phase of the lifecycle provides an indication of the impact in each phase. The percentage of CO₂ emissions changes, depending on the type of heating used. We use the standard definition for the lifecycle of a house of 50 years.

The emissions under HusCompagniet's direct control, are scope 1 and 2 emissions from our own operations, where we have the most control, and where we have set the most ambitious targets. However, a majority of the CO₂ emissions across the lifecycle of a house occurs in other phases, in the form of upstream and downstream scope 3 emissions, where HusCompagniet has an influence, but not direct control. Our role in these phases is more complex, and requires engagement with our suppliers upstream and our customers downstream. As a large player in our sector, we see potential in leveraging our centralised purchasing and product development efforts for emissions reductions across the value chain.

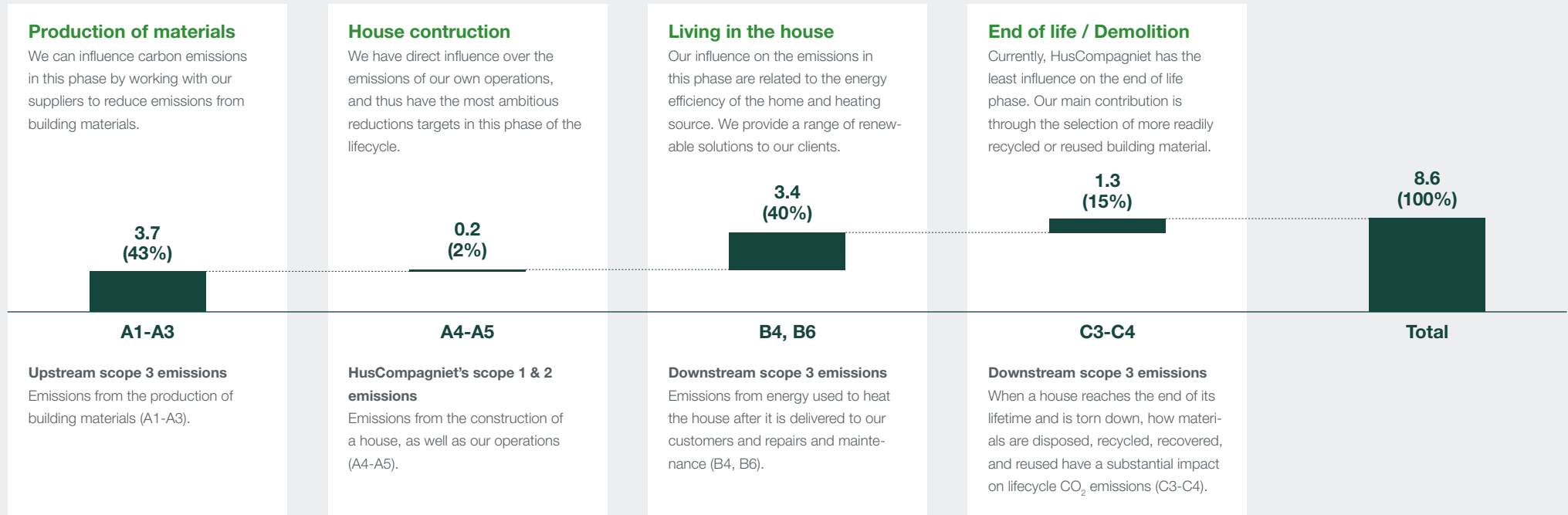
In the short- and medium-term, our focus will be upstream and in the use phase, where we can engage with our suppliers to reduce scope 3 emissions from the production of building materials, and with our customers, offering houses built with less carbon-intensive materials and on-site alternative energy technologies. In the longer term, we will further focus on end of life, starting with materials selection, shifting towards more readily recycled and reused materials, thereby reducing future downstream scope 3 emissions. Additionally, we plan to focus on waste reduction and management on construction sites.



(On next page):
The lifecycle emissions of the archetype house, and HusCompagniet's potential influence, targets, and actions within in each phase

HusCompagniet's archetype house - carbon emissions across the lifecycle of the house¹

(lifecycle CO₂ equivalent emissions in kgCO₂eq/m²/year)

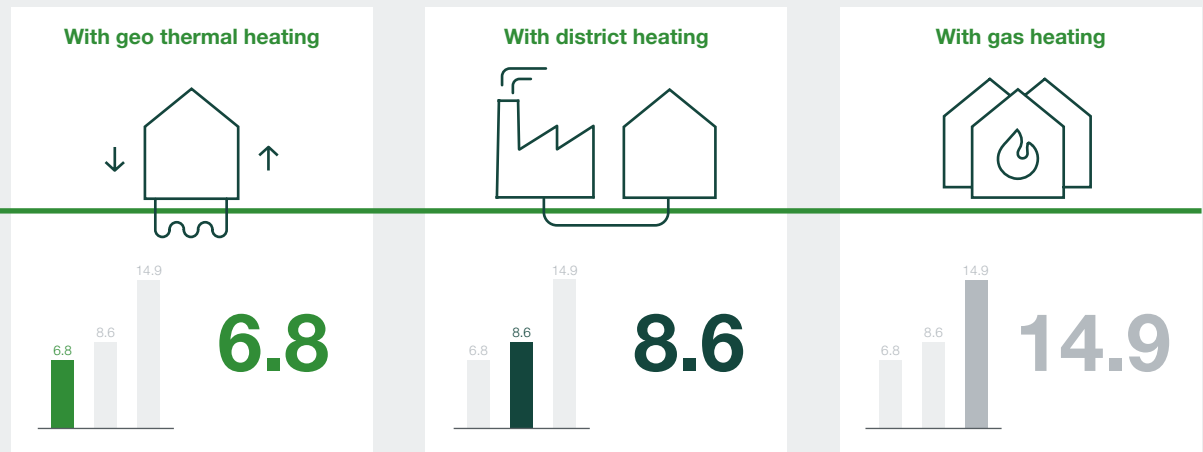


¹ The proportion of CO₂ emissions by lifecycle phase are based on HusCompagniet's archetype home and the use of district heating.

Selection of heating source is important to reduce lifetime CO₂ emissions

CO₂ emissions of the archetype house by heating source

(lifecycle CO₂ equivalent emissions in kgCO₂eq/m²/year)



HusCompagniet's climate ambitions across the lifecycle of a house



The proportion of CO₂ emissions by lifecycle phase are based on HusCompagniet's archetype home and the use of district heating. When the archetype home utilizes gas heating, materials account for 25%, construction for 1%, use for 66%, and end of life for 9% of lifetime CO₂ emissions. When the archetype home utilizes geo thermal heating, materials account for 54%, construction 3%, use 24%, and end of life 19% of lifetime CO₂ emissions.

CO₂ performance of our operations

2019 was the first year that HusCompagniet measured and reported on CO₂ emissions, establishing the baseline for our climate targets.

CO ₂ performance of our operations	2019
Scope 1 absolute CO ₂ emissions (tonnes CO ₂ e)	878
Scope 2 absolute CO ₂ emissions (market-based; tonnes CO ₂ e)	1,071
Scope 2 relative CO ₂ emissions (location-based; tonnes CO ₂ e)	1,536
Total absolute CO ₂ emissions (scope 1 & 2; market-based; tonnes CO ₂ e)	1,950
Total absolute CO ₂ emissions (scope 1 & 2; location-based; tonnes CO ₂ e)	2,414
Total relative CO ₂ emissions (scope 1 & 2; market-based; kg CO ₂ e / m ² delivered)	8.2
Total relative CO ₂ emissions (scope 1 & 2; location-based; kg CO ₂ e / m ² delivered)	10.1

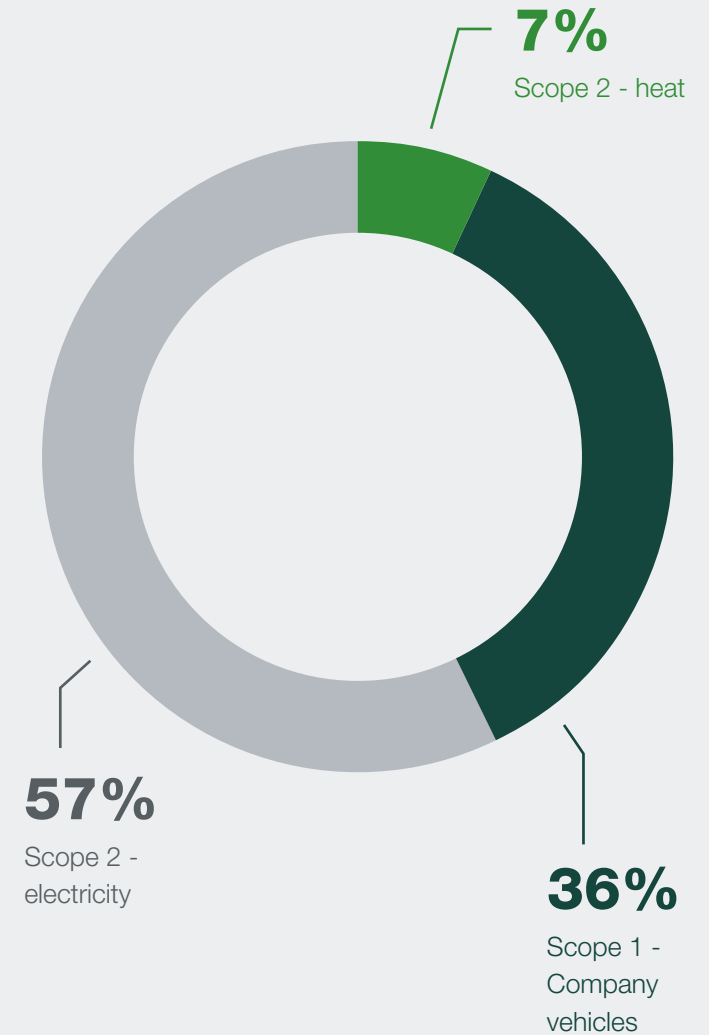
Location-based CO₂ emissions reflect the average emissions intensity of the grid where energy consumption occurs. Market-based CO₂ emissions reflect the emissions from electricity purchased through agreements with providers (GHG Protocol Scope 2 Guidance)

Emissions from HusCompagniet's operations are comprised of scope 1 emissions, which come from the fleet of owned and leased vehicles, used by our construction managers and sales teams, and scope 2 emissions, which come from purchased electricity and heat for offices, show houses and construction sites. 57% of our scope 1 and 2 emissions comes from electricity, 36% from vehicles, and the remaining 7% from heating.



Scope 2 emissions are location-based

Scope 1 and 2 emissions by source



Reducing CO₂ emissions across our operations

We are committed to reducing the CO₂ emissions from our operations and construction sites through a number of initiatives, starting with committing to the EV100 initiative, transitioning to an electric fleet of company vehicles by 2025. HusCompagniet's target for scope 1 emissions from vehicles is zero by 2025.

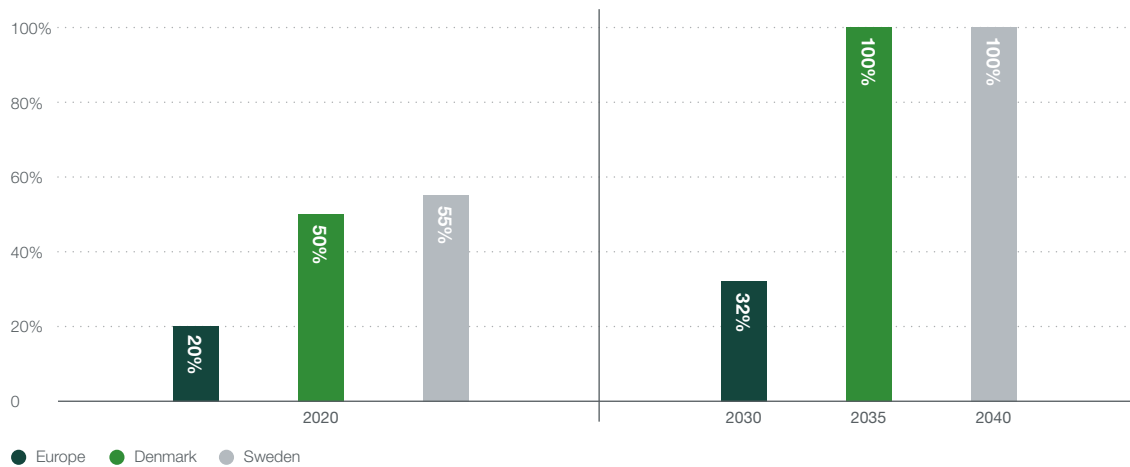
In 2020, we will assess the viability of currently available technologies and vehicles, and prepare for electric vehicle infrastructure at our offices. This includes our fleet of not only passenger cars and sedans, but also SUVs and cargo vans, which currently pose a challenge. The current range of electric cars is not yet on par with diesel and petrol vehicles. We are optimistic that between 2020 and 2025, increased demand will drive rapid technological innovation,

and bring vehicles to market with ranges that meet the needs of our employees.

We have set ambitious short- and long-term targets to reduce the emissions from electricity and heating from our offices and on construction sites. Our target is to be carbon neutral in our scope 1 and 2 emissions by 2030. This will be achieved through the purchase of renewable energy, energy efficiency, and offsets where needed.

The reduction will be supported by the transition of the grid's energy mix, which is expected to be 32% renewable in Europe by 2030¹, 100% renewable in Denmark by 2035², and 100% in Sweden by 2040³.

Share of renewables in the energy mix



● Europe ● Denmark ● Sweden

In Denmark, both electricity and district heating are expected to be carbon neutral by 2035, where the projections for Sweden and the EU are for electricity

¹ The European Commission

² The Danish Ministry of Climate, Energy and Building

³ Official site of Sweden



Modern Contemporary

215 m²

Case: Efficiency through new houses and renovation

HusCompagniet's business is building new houses at high standards for energy efficiency, corresponding to the Danish Energy Agency's energy class A.

While the construction of a new house incurs more CO₂ emissions than the renovation of an older house, older houses tend to be less energy efficient, because the CO₂ consumption during the use phase is higher than in a new house. In the EU, almost 75% of buildings were built before energy performance standards existed. In Denmark¹, nearly 70% of all houses have an energy class of D or lower.

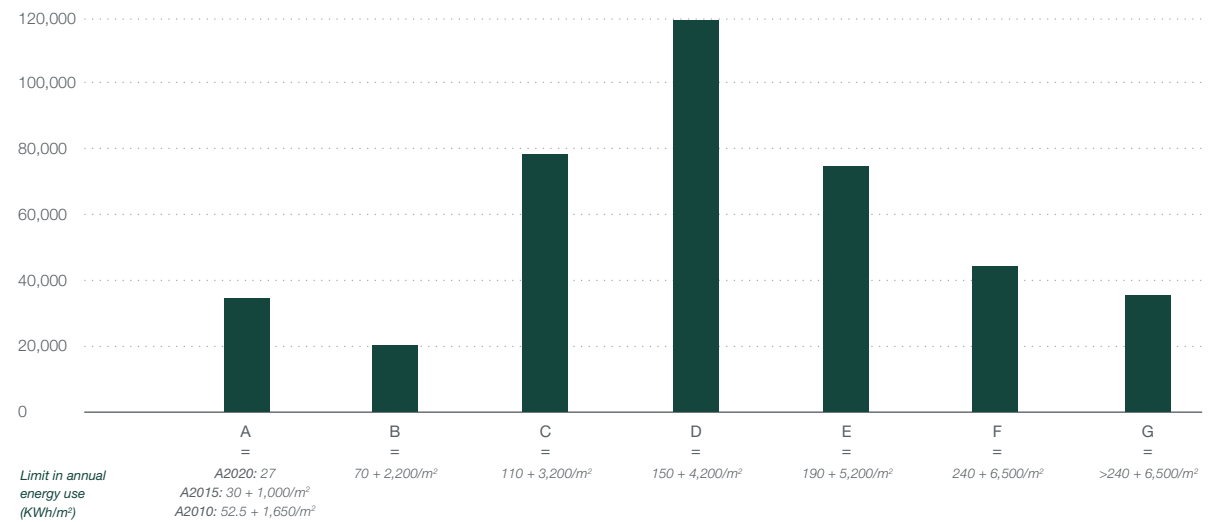
Newly-built houses, particularly in energy class A, have a much lower CO₂ footprint during the use phase of the house lifecycle than older houses².

Both the building of new, energy-efficient houses, and the renovation of existing houses will be two important ways for homeowners to achieve energy efficiency and mitigate climate change.

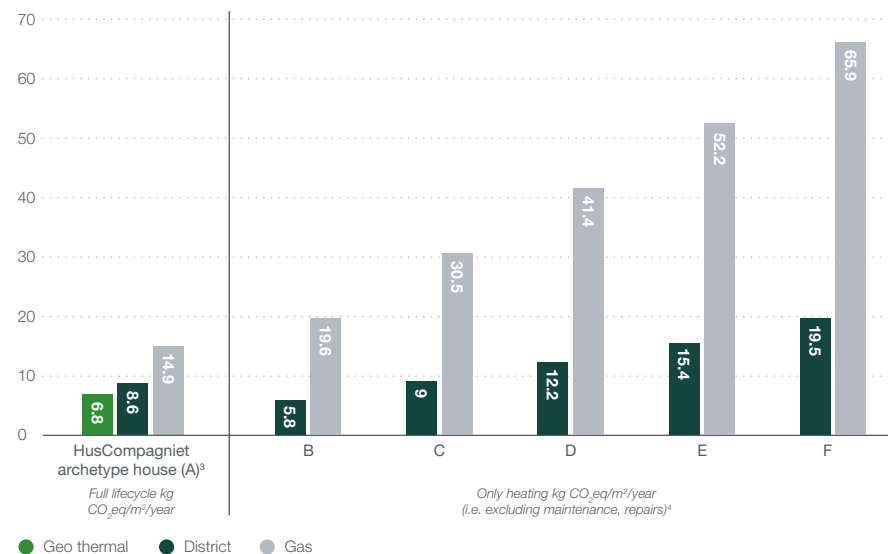
As we continue to work with suppliers to develop innovations in building materials, as well as our climate-friendly house offerings, the CO₂ emissions from materials of new houses will continue to decrease, creating an even more compelling carbon case for building new houses.

¹ The European Commission
² Danish Energy Agency

Number of houses by energy classes in Denmark (detached houses)⁴



CO₂ emissions across energy classes, compared to HusCompagniet's house (168 m²)



← This chart compares lifetime emissions of houses across energy classes and heating types (assuming 168m² for all categories). HusCompagniet's archetype house, including upstream and downstream emissions, is more energy efficient and emits less carbon per m² per year over its lifetime than houses in nearly all other energy classes. HusCompagniet's lifetime emissions includes 2.1 kg CO₂eq /m² / year for maintenance, repairs and end of life/demolition not included in the houses across energy classes B-F.

³ LCA Byg
⁴ Danish Energy Agency and LCA Byg: CO₂ emission factors for district heating and gas heating 2020-2070

Percentage of houses sold with alternative energy sources (2019)



Includes houses that have installed more than one alternative energy solution

Offering alternative energy technologies to our customers

As the electricity grid transitions towards a more renewable energy mix in the coming years, HusCompagniet sees an opportunity to provide customers with renewable, decentralised, and financially-viable alternative on-site energy sources. Each alternative energy source has the potential to reduce the overall CO₂ emissions of our houses. For example, geo thermal heating pumps can potentially reduce emissions during the use phase of the lifecycle of a house by more than 90% (from 8.8kg to 0.8kg CO₂e per m² per year), compared to natural gas heating.

In 2020, we will review our assortment of alternative energy solutions, which includes solar panels for heating and electricity, and heat pumps. We will consider the expansion of technologies and solutions. From there, educating our sales force will be key to bring these solutions to the market. This will be done with the aim of sharing insights and promoting renewable technologies to our customers

In 2020, we will review our assortment of alternative energy solutions, which includes solar panels for heating and electricity, and heat pumps.

as cost- and carbon-effective additions to their houses that lessen reliance on the grid. Importantly, it provides customers the choice to play a role in replacing non-renewable sources of energy with decentralised alternative solutions.

In the archetype HusCompagniet house for which the full lifecycle CO₂ emissions have been calculated, alternative

heating solutions have a substantial impact on the use phase, as well as the total lifetime CO₂ emissions of the house. Switching from district heating to geothermal heating reduces lifetime emissions by around 20%, from 8.6kg to 6.8kg CO₂eq / m² / year. Relatedly, replacing gas heating with geothermal heating reduces lifetime emissions of the house by over 50%, from 14.9kg to 6.8kg CO₂eq / m² / year.

With a relatively high baseline of 48% of houses ordered in 2019 with one or more alternative energy sources, our target is to increase this to 60% by 2025. We hope to achieve this through innovative and competitive offerings, enabling our customers to make personal changes that contribute to reducing the impact on climate change.

Case: The future decoupling of energy efficiency and carbon footprint

For many years, the energy efficiency of a house worked hand-in-hand with reduction of GHG emissions. Since the 1960s, energy consumption in Danish houses has been reduced by approximately 90%. This energy efficiency has been achieved through, among other things, heavy insulation of walls, roofs and windows. From a lifecycle perspective, the tradeoff is that insulating materials and windows tend to be CO₂-intensive in materials and production.

For a vast majority of the world and Europe, energy efficiency will still be a crucial tool in keeping us under 1.5 to 2 degrees C of warming, but we need more substantial changes to keep global warming at this level in 2050. The EU, Denmark, and Sweden, among others, have set ambitious climate targets. For example, in Denmark, the grid will go through a transformation between now and 2035, when both electricity and heat are expected to be 100% renewable.

To anticipate this paradigm shift of the long-term decoupling of a house's energy efficiency and its carbon emissions, we will, as part of our sustainability focus areas, explore and pursue future-proof solutions to offer our customers, many of whom are becoming increasingly conscious of climate change and the impact of their purchasing decisions.

Climate-friendly house concepts

With the transition of the electricity grid to renewable energy, the focus will shift upstream in the value chain, where the scope 3 CO₂ to produce building materials will become proportionally larger in the total lifecycle emissions of a house. We will continue to comply with applicable building regulations, and at the same time, further explore less CO₂-intensive materials. For example, one kilogram of conventional cement takes about one kilogram of CO₂ to produce¹, whereas wood is comparatively less carbon-intensive.

In 2019, we assessed the CO₂ emissions from the building materials of our most popular house model. We will continue with our other house models in 2020, and establish a baseline for our entire portfolio of houses, to better inform our target-setting and efforts.

Last, but not least, HusCompagniet will engage suppliers in developing solutions to reduce scope 3 CO₂ emissions from the building materials that go into our houses. In 2019, 5.8kg CO₂/m²/year was emitted from building materials through the lifecycle of the HusCompagniet archetype house. Through innovation and collaboration with our suppliers, our target is to reduce scope 3 CO₂ emissions from building materials of houses delivered by 70%, to 1.7kg/m²/year by 2030.

To meet these targets, we will launch our first climate-friendly house concept in 2020, utilising solutions that reduce the upstream CO₂ emissions in the materials used, without compromising on quality or aesthetics.

¹ World Economic Forum

Task Force on Climate-related Financial Disclosures (TCFD Disclosures)

The FSB Task Force on Climate-related Financial Disclosures (TCFD) is developing voluntary, consistent climate-related financial risk disclosures to provide information to investors, lenders, insurers, and other stakeholders. HusCompagniet supports the Task Force on Climate-related Financial Disclosures (TCFD), and has developed disclosures based on the Task Force's recommendations.

Governance

A Describe the board's oversight of climate-related risks and opportunities

The HusCompagniet Board of Directors has the ultimate oversight of climate-related risks and opportunities. ESG-related issues, including those related to climate, are overseen by the Board of Directors, and is an explicit item in the Board's annual wheel. Climate-related risks are an important part of overall ESG risk considerations. ESG and climate are incorporated into strategic discussions, and in annual business planning. The Board of Directors will oversee progress on climate-related issues, as part of the company's sustainability focus areas.

B Describe management's role in assessing and managing climate-related risks and opportunities

The Executive Management team is responsible for assessing and managing climate-related risks. The Group CEO and Group CFO are actively involved in the sustainability strategy process, and the operationalization of the sustainability focus areas is owned by the Head of Business Development.

In 2020, a Sustainability Committee will be established, with members of the commercial and executive teams. The Committee will be established to oversee the sustainability focus areas and ambitions.

Strategy

A Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term

In line with HusCompagniet's sustainability focus areas, ambitions, and targets, 2020 (0-1 years) is considered to be short-term, 2025 (5 years) to be medium-term, and 2030 (10 years) to be long-term.

HusCompagniet conducted an assessment of the risks and opportunities that we may be exposed to as a result of climate change, in accordance with the TCFD recommendations.

Continued →

Strategy (continued)

A The transition risks identified were: potential shifts in consumer and market preferences towards low-carbon products and small living (long-term); political risk from increased prices on emissions or standards (medium term); a political preference for incentivising renovations instead of new-builds (short term); political push to bring new low-carbon products to market before they are fully tested (short term); and political ambitions of allocating more landmass to nature, resulting in reduced availability of plots suitable for commercial development (long term).

The physical risks identified were all expected to only manifest in the longer term. Physical risks include: reduced ability to complete construction on time in the case of extreme weather events; construction times may similarly be marginally prolonged from chronic changes in weather patterns, such as heavier rainfall and increased humidity; and rising sea levels and heightened risk of flooding may impact the availability of development plots.

HusCompagniet has already begun to identify the potential opportunities from climate change, as houses with alternative energy sources already account for 48% of sales in 2019. It is expected that consumer demand for alternative energy solutions and carbon-reduced houses to increase further in the coming years. To meet this demand, a HusCompagniet climate-friendly house concept, which reduces carbon emissions from the building materials of a house is currently in development, and is expected to be launched in 2020.

Sustainable house offerings might also lead to increased market share in the house market as well as in new markets, as consumer preferences shift towards low-carbon solutions. This development might be further accelerated if increased climate-related damage on the existing property mass results in an increased demand for new houses.

Task Force on Climate-related Financial Disclosures (TCFD Disclosures) (continued)

Strategy (continued)

B Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning

Business, strategic and financial planning is guided by customer demand and regulatory requirements related to climate.

In 2019, climate risks and opportunities were primarily considered in the development of low-carbon product offerings and our processes of factoring in weather exposure when deciding where and how to face each house.

In 2020, climate-related risks will be incorporated into business, strategic and financial planning, as sustainability ambitions and targets are rolled out, and governing bodies are further adapted and established around sustainability and climate-related topics.

C Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

The first qualitative scenario analysis was conducted in alignment with the TCFD recommendations. The analysis explored the implications to the business model and strategy in the context of three scenarios based on groupings of IEA, IPCC, WEC scenarios, and other publicly available scenarios.

The three scenarios explored were: a scenario based on "business as usual" and current policies, a scenario based on stated political commitments, and a decarbonisation scenario resulting in no more than a 2°C increase in average global temperatures. Each scenario included an overlay of the physical risks posed by the corresponding temperature increase based on data projecting the physical changes specific to Denmark prepared by DMI in accordance with the IPCC scenarios.

The analysis showed that our business model can be made resilient in all three scenarios.

Risk management

A Describe the organization's processes for identifying and assessing climate-related risks

The management conducted a detailed assessment of risks and opportunities in line with the TCFD classifications. In line with the roll-out of our ambitions and targets, risk management procedures will be put into place going forward.

HusCompagniet follows the developments of green building standards and certifications. We are in the process of increasing our understanding and integration of physical climate risks into decision-making and strategy.

B Describe the organization's processes for managing climate-related risks

No specific process is in place for managing climate-related risks. However, risks are evaluated on an annual basis, and action will be taken if and when needed.

C Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management

Climate-related risks have been identified through the process of prioritising sustainability focus areas. Climate considerations have informed our product development. Processes for integrating climate-related risks and opportunities will be established in 2020.

Metrics and targets

A Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process

Climate metrics can be found on p. 16.

B Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks

Scope 1 and 2 emissions can be found on p. 25.

Scope 3 emissions have been assessed for an archetype house. See p. 23.

C Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets

HusCompagniet's climate targets can be found on p. 16.



Patrician
251 m²



Patrician

Many dream of a spacious, exclusive villa with high ceilings and extravagant detailing in a classic architecture inspired by the patrician villas of the late 1800's. 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.

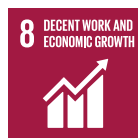


Our people



Target 5.5

People are at the core of our business, both because we deliver family houses and because we rely on the capabilities of our employees to do so at high standards of quality. At HusCompagniet, we work as a dedicated team to realise each project, from conception to the handing over of keys to our customers.



Target 8.3, 8.5

The knowledge and insights of our people are among our strongest assets as a company. We support and engage our employees, through focusing on well-being and diversity.



Target 10.3

We have a lean structure and a flat hierarchy, and work with local subcontractors for the majority of the construction. This operating model gives us a high degree of agility and efficiency. On the other hand, it means that we must invest additional efforts in our subcontractors, to improve compliance with quality and sustainability standards throughout the value chain.

Over the years, we have built long-term, recurring working relationships with our suppliers and subcontractors, which has led to an efficient, standardised operating model across projects. Not only does this increase quality and lower cost, it also forms the basis for us to improve performance on issues such as health and safety, together with our subcontractors.

Increasing focus on health and safety in the construction phase

In the construction industry, where physical risks are present, it is important to us that our employees and subcontractors are safe at work. We observe all requirements of national laws and regulations related to health and safety.

In 2019, we established a safety performance baseline for both our own employees and our subcontractors. As an important part of our new sustainability ambition, we scaled up our focus on the area of health and safety, but there is still a long way to go.

At HusCompagniet, we work with subcontractors to execute the construction phase of our houses. Our construction managers oversee construction sites and subcontractors, and we embrace our responsibility for the health and safety for both our own employees, as well as subcontractors on-site, where much of the health and safety risks exist. Our construction managers are key to safety on construction sites. They are the eyes of HusCompagniet in this respect, and their input and uniform education is an important element to safe operations.

We have a Code of Conduct that describes our current standards for safety on site, which all subcontractors are required to sign. However, we want to strengthen our approach and build stronger processes and culture around health and safety.

We have established a safety baseline in 2019 with Lost Time Injury frequency (LTIf), Lost time injuries (LTIs), and fatalities. Our target is to lower the incident frequency, aiming to reduce by 30% by 2025 and 50% by 2030.

Our safety baseline shows that we must follow-up, learn from the incidents, and continue to work to improve our safety performance. Over half of blue collar LTIs of our own employees involved nail-gun related injuries, both on building sites, and in our factory in Vårgårda, Sweden. We take these incidents very seriously, and will conduct a thorough investigation to inform safety measures that will prevent future safety incidents related to nail guns.

A number of actions to build out our safety program have been identified for 2020:

1. Engage with construction managers for input; Safety education for construction managers, enabling them to engage their teams and perform on-site safety checks
2. Set up systems to capture safety data centrally

Thereafter, we will update our policies, processes, and Codes of Conduct, as well as ensure communication and awareness. We believe that the safest approach is one that focuses on minimising risks and incidents, learning, and improving from the incidents that do occur.

During 2020, we will explore the potential of reporting of safety incidents and near-misses in real-time through digital channels.

Safety overview	LTIf	LTIs	Fatalities	Total lost days
2019				
Own employees (blue & white collar)	15.2	11	0	65
Subcontractors	10.7	20	0	365

Lost-time injuries in 2019 for own blue- and white-collar employees		Days of absence
1	Strained back during production	7
2	Strained leg during production	7
3	Hand injury incurred during production	3
4	Nail gun-related injury to the hand during production	1
5	Nail gun-related injury to the hand during production	1
6	Nail gun-related injury to the hand during production	6
7	Nail gun-related injury on construction site	2
8	Shoulder fracture	26
9	Fall from heights	2
10	Injury resulting from collision with an object in the office	5
11	Accident on company skiing trip	5

Employee well-being through engagement

The well-being of our people is important to us. Employee well-being also ultimately links to increased productivity and firm-level financial performance¹. Meeting our customers' expectations every day requires us to bring together a broad range of different people and skillsets, ranging from salespeople, to architects, and construction managers. To improve employee engagement and wellbeing, we have begun development and engagement initiatives that improve team dynamics, internal, and external communication. In 2018, HusCompagniet introduced a psychometric tool, designed to improve employees' self-awareness and understanding of personality preferences. This is part of our efforts to enable better communication both among our employees and in our client management process, and we have had positive feedback and commitment from many employees.

The tool has also become a contributing factor for our recruitment process as well as a tool for managing and solving workplace conflicts. Going forward, we will conduct workshops on a quarterly basis, so all new employees go through the profiling process as they are on-boarded.

First applied in our Aalborg office, where our customer satisfaction rate is also the highest, we have recently taken initiative to implement the tool across the company to leverage the learnings and benefits from Aalborg. We have observed that it can enable a constructive work environment and improves our understanding of our clients' needs throughout the building process.

During 2020, we will draw on our experiences to work with leadership development, equipping our managers to better communicate with their teams. We will also incorporate the knowledge into one-on-one development meetings

between managers and employees, improving individual as well as team motivation and performance. To engage with our employees in person, our management team will go on road shows across offices in Denmark on a quarterly basis. These will provide an opportunity to present and communicate the company strategy, and for direct input and feedback from our employees.

Measuring the success of these initiatives is essential. We have plans to roll out an employee satisfaction survey during 2020 to establish a baseline of our performance and to continue to measure and improve. The survey will be an annual assessment.



Over the past years, these owls have been the mascot of HusCompagniet



¹ Harvard Business Review



Cottage Style

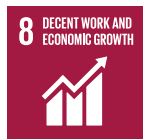
Architectural references to the early 20th century are currently widely popular in both exterior and interior design. The Cottage Style is a beautiful example of this, and it is also a style that matches the Northern European landscape well. The original idea behind the Cottage Style was to promote the appreciation of great craftsmanship in masonry and carpentry.



 Cottage Style
213 m²



Responsible business



Target 8.7, 8.8



Target 10.3



Target 12.6



Target 16.5

While the construction sector contributes to economic growth and solutions to urbanisation and modern living standards, it is often scrutinised for challenges related to working conditions and anti-corruption through the value chain. As with issues like health and safety, HusCompagniet has long-term, recurring working relationships with suppliers and subcontractors, and thus an efficient, standardised operating model across projects, potentially providing us a stronger starting point for addressing responsible business principles such as labour and human rights, and anti-corruption.

Labour Rights & Human Rights

We at HusCompagniet acknowledge our responsibility to uphold labour and human rights standards when working with subcontractors, as labour and human rights risks tend to be related to the construction process.

Our Standards of Business Conduct and internal Guidelines on Value and Ethics lay out our internal requirements for compliance with applicable laws and regulations, business ethics, working environment, equal opportunity, and labour rights. We firmly prohibit all child labour, forced labour and discrimination due to age, gender, race, colour, religion, political opinion, social origin, and we comply with all applicable labour laws and regulations in the markets where we operate. When joining HusCompagniet, all employees are required to sign our Standards of Business Conduct and internal Guidelines on Value and Ethics.

We recognise that more can and should be done. In 2020, we will revisit our Codes of Conduct and Policies, and increase awareness among employees, suppliers, and subcontractors.

The construction industry in general has been scrutinised for labour issues, particularly related to vulnerable groups, such as migrant workers. This is a particular dilemma across geographies because the legal minimum wage may not necessarily reflect a living wage. Nothing has come to our attention to give us reason to believe this is a systemic problem on our construction sites. However, we will continue to explore and improve our understanding and oversight of such issues.

Anti-corruption

HusCompagniet's work with business ethics is guided by our Standards of Business Conduct. We have a zero tolerance policy to corruption of any form, and specific provisions on conflicts of interest. We are aware, however, that in the construction sector, business ethics risks generally occur where there is close collaboration with third parties, such as in procurement.

At HusCompagniet, we have a whistleblower system, providing our employees and business partners with an anonymous channel to report incidents without fear of reprisal. We will increase awareness of the whistleblower system to our employees and partners.

We are working to strengthen awareness of business ethics and anti-corruption throughout our organisation and in our dealings with suppliers and subcontractors. No breaches to our anti-corruption policies have been identified in 2019.

Sustainable sourcing

When working with suppliers and subcontractors, we require compliance with all current legislation, and our Standards of Business Conduct and Supplier Code of Conduct, which include elements of human and labour rights, anti-corruption, and environmental sustainability.

HusCompagniet negotiates the purchase of key material categories directly with manufacturers, centralising a large portion of our procurement and enabling long-term relations with key material suppliers. With this centralised procurement, the risk of business ethics breaches is somewhat mitigated. Additionally, substantial purchasing decisions are made at the relevant authority level, and approval processes have been put in place. Supplier

agreements above a specific threshold must be approved by our Executive Board or Group Purchasing department.

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

Our Supplier Code of Conduct is aligned with our Standards of Business Conduct. All purchasing agreements with suppliers and subcontractors include a requirement to comply with the Code, and we ask our suppliers to promote it within their own organisations and supply chain. Non-compliance, where a supplier or subcontractor demonstrates inadequate commitment or lack of improvement, may result in termination of the business relationship. Going forward, we will work to further formalise our procurement processes and engage our suppliers and subcontractors to promote awareness and understanding of our Supplier Code of Conduct.

Case: HusCompagniet's whistleblower system

In 2018, we established a whistleblower system, providing our employees, suppliers and subcontractors with a voluntary alternative for the reporting of serious offences without fear of reprisal. Offenses that may be reported through the system include financial crime, corruption and bribery, fraud, forgery, theft, violation of industrial safety rules, environmental pollution, sexual harassment, and violation of applicable legislation and internal rules. The whistleblower system is outlined in our Standards of Business Conduct and Supplier Code of Conduct.

All reports filed are screened by an appointed third party who ensures that they fall within the scope of the system before forwarding to key internal stakeholders for further assessment. Reports can be filed online and it is possible to remain anonymous. No reports were filed through our whistleblower system in 2019.

From 2020, we are committed to raising awareness of the whistleblower system among our employees, suppliers and subcontractors to ensure that any experienced wrongdoings are reported and addressed properly.

Corporate Governance

HusCompagniet is committed to exercising good corporate governance. As HusCompagniet is controlled by a member of the Danish Venture Capital and Private Equity Association (“DVCA”), the company also strives to comply with the corporate governance guidelines issued by DVCA. These guidelines are available on www.dvca.dk. Mads Ditlevsen is EQT’s responsible partner for HusCompagniet and a member of the Board of Directors.

Share capital structure

The name of the legal entity owning HusCompagniet is Diego HC TopCo A/S. Diego HC TopCo A/S’ share capital is divided into three share classes. A shares that carry no voting rights, B shares that carry 10 votes per share and C shares that carry one vote per share.

A shares have preferential rights of distribution, corresponding to a maximum of 9% p.a. (incl. compound interest). B shares and C shares receive the amount remaining after the A shares’ preferential right.

Board of Directors

The Board of Directors supervises the work of the Executive Management and is responsible for the overall and strategic management and proper organisation of the company’s activities, while the Executive Management is responsible for the day-to-day management.

The Board of Directors consist of seven members and has appointed a Chairman and a Vice Chairman. Two members of the Board of Directors are regarded as independent. The Board of Directors represents broad international business experience and skills considered to be relevant to HusCompagniet.

The Board of Directors evaluates its work on an annual basis, and determines once a year the qualifications, experience and skills needed for the Board of Directors to best perform its tasks. All Board Members are up for election on the Annual General Meeting.

The Board of Directors meets five times a year and holds extraordinary meetings when required. In 2019, five board meetings were held.

In May 2020, Claus V. Hemmingsen, Magnus Tornling and Peter Balslev were elected to the Board of Directors. With their significant experience and competences they are seen strengthening the Board of Directors in the next phase of HusCompagniets history.

The Board of Directors has set up an Audit Committee. The purpose of the Audit Committee includes monitoring the financial reporting process, the company’s internal control and risk management systems and the collaboration with the independent auditors. The Audit Committee consists currently of three members; Magnus Tornling, Ylva Ekborn and Peter Balslev.

The Board of Directors has set up a Remuneration Committee. The purpose of the Remuneration Committee is to ensure that the Group maintains a remuneration policy for the members of the Board of Directors and the Executive Management as well as general guidelines for incentive pay to the Executive Management. The Remuneration Committee consists currently of two members; Vice Chairman Claus V. Hemmingsen and Mads Ditlevsen.

Remuneration

The remuneration of the members of the Executive Board and executive employees includes incentive programs which align interests between the company’s management and the shareholders, as the schemes consider both short-term and long-term goals.

In addition to the usual performance related bonus scheme, certain employees of the Group, as well as members of the Board of Directors of Diego HC Topco A/S take part in the Group’s share investment program, which is disclosed in note 2.2 of this Annual Report.



VårgårdaHus

In addition to our five standard brick houses, VårgårdaHus has a wide offering of high-quality wooden houses. Among the most popular of our houses is Villa Enhagen. All houses are pre-fabricated at our factory in Vårgårda near Gothenburg, with the final assembly and finishing handed by sub-contractors at the actual building site.

Diversity & inclusion in a challenging industry

At HusCompagniet, we strive towards a diverse and inclusive work environment. A diverse workforce can bring many advantages to an organisation, from increased creativity and innovation, to better problem solving, stronger governance, spotting of untapped market opportunities, and ultimately stronger financial performance.¹ The starting point is providing equal opportunity for people of all ages, genders, nationalities, religions, political opinions, and abilities.

The construction sector has traditionally been a male-dominated industry, which poses a challenge for the industry and for HusCompagniet. The starting point for improving the gender diversity of our workforce is to monitor the demographics of our employees, with the aim to track and increase gender balance over time.

As of 2019, the underrepresented gender is female and constituted 19% of our workforce.

Currently, women comprise 20% of our management team. Starting at the top, we have set a target to increase the representation of women in management to 25% by 2025 and 30% by 2030. We do not consider these targets to be end points, but rather as steps along the way towards increasing diversity.

HusCompagniet's Board of Directors consists of six men and one woman. The target is to have at least two female Board members.

¹ World Economic Forum

Management

Group Executive management



Martin Ravn-Nielsen

Group CEO

Nationality:

Danish

Education:

Finance

Previous experience:

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



Mads Dehlsen Winther

Group CFO

Nationality:

Danish

Education:

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

Other positions:

Maersk Supply Service A/S (Board
Member)

Previous experience:

Maersk, Sadolin & Albæk, Deloitte,
PwC

Board of Directors



Tore Thorstensen

Chairman

Member since: August 2015

Nationality:

Norwegian

Education:

Norwegian School of Economics,
Bergen

Other positions:

Ø M Fjeld Holding AS (Chairman),
Gunnar Holth Grusforretning AS
(Chairman), AutoStore (Chairman)

Previous experience:

Plantasjen (CEO and Chairman), AF
Gruppen ASA (Board Member and
Chairman), XXL (Board Member and
Chairman)



Claus V. Hemmingsen

Vice-Chairman (Independent)

Member since: May 2020

Nationality:

Danish

Education:

London Business School,
MBA from IMD

Other positions:

DFDS (Chairman), Maersk Drilling
(Chairman), A.P. Møller Holding A/S
(Board Member)

Previous experience:

Vice CEO A.P. Møller – Mærsk, CEO
Mærsk Energy, CEO Maersk Drilling



Ylva Ekborn

(Independent)

Member since: July 2019

Nationality:

Swedish

Education:

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

Other positions:

CEO PostNord Strålfors Group

Previous experience:

CEO of PostNord Strålfors Sweden,
Eniro, McKinsey

Management

Board of Directors (continued)



Steffen Martin Baugaard

Member since: April 2019

Nationality:

Danish

Education:

Bachelor of Architectural Technology and Construction Management HD (A)

Other positions:

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

Previous experience:

Group CEO HusCompagniet A/S, CEO NCC Enfamiliehuse A/S



Mads Munkholt Ditlevsen

Member since: August 2015

Nationality:

Danish

Education:

MSc in Finance & Accounting, Copenhagen Business School

Other positions:

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

Previous experience:

Corporate Finance, KPMG Denmark



Magnus Tornling

Member since: May 2020

Nationality:

Norwegian

Education:

M.Sc. in Finance, Norwegian School of Management

Other positions:

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

Previous experience:

ABG Sundal Collier



Peter Balslev

Member since: May 2020

Nationality:

Danish

Education:

M.Sc. in Finance and Accounting, Copenhagen Business School

Other positions:

Director at EQT Partners

Previous experience:

CVC Capital Partners, FIH Partners

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 an agile and asset light business model across different geographies and only acquiring a small number of highly selective 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 throughout the construction phase.

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 balanced 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, including obtaining bank guarantees on agreed sales prices from all customers before starting construction.



Handover & after-sales

When the predetermined date for handover of the house arises, we carefully inspect the house together with the customer to identify potential flaws or oversights to be remedied by HusCompagniet. And it is only upon handover that the customer pays for the house.

As part of our follow-up services we continue to follow the customer after handover as not all issues are identified at the handover. It is of utmost importance that our customers can fully enjoy their house and that it meets their expectations as we firmly believe that happy customers are the best ambassadors, driving new customer leads through referrals.

ESG data table

Environment	2019	Unit	Description
Energy consumption			
Energy from electricity consumption	10,568	mWh	The reported energy consumption includes all company sites in Denmark and Sweden, excluding two offices and five sales offices where energy consumption is part of the rental agreement
Energy from heating	914	mWh	The reported heating consumption includes all offices in Denmark. For Sweden, the reported energy consumption for electricity covers both heating and electricity for all Vårgårdahus offices and factories
Diesel consumption	317,866	litres	Diesel consumption for all company cars in Denmark and Sweden for 2019
Petrol consumption	10,314	litres	Petrol consumption for all company cars in Denmark and Sweden for 2019
Total energy consumption	14,750	mWh	
GHG emissions			
Direct CO ₂ emissions (Scope 1)	878	tonnes CO ₂ e	
Indirect CO ₂ emissions (Scope 2 - market-based)	1,071	tonnes CO ₂ e	Market-based CO ₂ emissions reflect the emissions from electricity purchased through agreements with providers (GHG Protocol). Market-based data available for electricity in Denmark only. Location-based used in Sweden
Indirect CO ₂ emissions (Scope 2 - location-based)	1,536	tonnes CO ₂ e	Location-based CO ₂ emissions reflect the average emissions intensity of the grid where energy consumption occurs using grid-average emission factor data (GHG Protocol)
Total CO ₂ emissions (Scope 1+2 - market-based)	1,950	tonnes CO ₂ e	Market-based CO ₂ emissions reflect the emissions from electricity purchased through agreements with providers (GHG Protocol). Market-based data available for electricity in Denmark only. Location-based used in Sweden
Total CO ₂ emissions (Scope 1+2 - location-based)	2,414	tonnes CO ₂ e	Location-based CO ₂ emissions reflect the average emissions intensity of the grid where energy consumption occurs using grid-average emission factor data (GHG Protocol)
Renewable energy			
Renewable energy percentage	80	%	Share of renewable energy from energy provider in Denmark. Excludes Sweden, which represents less than 5% of total CO ₂ emissions
GHG intensity			
CO ₂ emissions per m ² delivered (Scope 1+2 - market-based)	8.2	kg CO ₂ e / m ² delivered	Excludes Sweden, which represents less than 5% of total CO ₂ emissions
CO ₂ emissions per m ² delivered (Scope 1+2 - location-based)	10.1	kg CO ₂ e / m ² delivered	Excludes Sweden, which represents less than 5% of total CO ₂ emissions
Downstream emissions			
Percentage of houses sold with renewable energy technologies	48	%	Excludes sales in Sweden
Percentage of houses sold that went beyond Danish regulation (BR18)	48	%	Excludes sales in Sweden

ESG data table (continued)

Social	2019	Unit	Description
FTE	441	number	Total number of full time employees as of 31 Dec 2019
Employee well-being			
Sick leave	2.3	%	Excludes FM Søkjær
Health and safety			
LTI (lost-time injuries) own employees, blue & white collar	11	number	All employees in Denmark and Sweden
LTI (lost-time injuries) subcontractors	20	number	Includes all subcontractors with a creditor amount above DKK 2m. The reported number is based on replies from 83%
LTIf (lost-time injury frequency) own employees, white & blue collar	15.2	frequency	All employees in Denmark and Sweden. See p. 32 for more on safety.
LTIf (lost-time injury frequency) - subcontractors*	10.7	frequency	Includes all subcontractors with a creditor amount above DKK 2m. The reported number is based on replies from 84% and extrapolated data for the remaining 16%
Diversity			
% women in the company	19	%	Based on FTEs as per 31 Dec 2019
% women in management	20	%	Based on headcount as per 31 Dec 2019
Governance			
Gender diversity on the Board of Directors - underrepresented gender	17	%	One female board member out of six total members



Penneo dokumentnøgle: C\VEHO-STA\1\1\S\J8BK-D2\FB\1\1\16\UO-7E\EQ

Financial Statements

Key figures

DKK'm	2019	2018	2017	2016	2015
Income statement					
Revenue	0	2	26	3	0
Gross profit	0	1	4	0	0
Operating profit (EBIT)	0	1	1	0	0
Financial income	1	1	1	1	1
Profit for the year	1	1	4	0	0
Financial position at 31 December					
Total assets	65	64	63	58	57
Equity	64	63	62	57	57
Cash flow					
Cash flow from operating activities	0	0	27	4	0
Key figures					
Revenue growth	-100%	-91%	767%	0%	0%
Gross margin	100%	27%	15%	0%	0%
Average number of employees	0	0	0	0	0

The key figures for the years 2015-2017 have not been adjusted following the implementation of IFRS9 and IFRS 15 at 1 January 2018. Furthermore, the key figures for the years 2015-2018 have not been adjusted following the implementation of IFRS 16 at 1 January 2019.

Financial review

The company had no operating activities in 2019. Profit before tax totaled DKK 1 million for 2019, compared to DKK 2 million in 2018.

The board of Directors and management consider the financial result for 2019 to be satisfactory.

OUTLOOK

We expect no operating activities in 2020 and interest income in same level as realized in 2019.

Financial Statements

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INCOME STATEMENT

DKK'000	Note	2019	2018
Revenue	2.1	0	2.357
Cost of Sales		-26	-1.710
Gross profit		-26	647
Staff cost	2.2	0	0
Other external expenses		-41	-141
Operating profit (EBIT)		-67	506
Financial income	4.2	1.298	1.291
Financial expenses	4.2	-9	-100
Profit before tax		1.222	1.697
Tax on profit	5.1	-271	-373
Profit for the year		951	1.324
Profits attributable to:			
DKK'000	Note	2019	2018
Equity owners of the Company		951	1.324

STATEMENT OF OTHER COMPREHENSIVE INCOME

DKK'000	Note	2019	2018
Profit for the year		951	1.324
Other comprehensive income, net of tax		0	0
Total comprehensive income for the year		951	1.324

Total comprehensive income attributable to:

DKK'000	Note	2019	2018
Equity owners of the Company		951	1.324

BALANCE SHEET

DKK'000	Note	2019	2018
Assets			
Non-current assets			
Deferred tax asset	5.1	11	11
Total non-current assets		11	11
Current assets			
Trade and other receivables		0	63
Receivable from affiliated companies		64.722	63.424
Cash and cash equivalents		42	40
Total current assets		64.764	63.527
Total assets		64.775	63.538

BALANCE SHEET - continued

DKK'000	Note	2019	2018
Equity and liabilities			
Equity			
Share capital	4.1	500	500
Retained earnings and other reserves		63.312	62.361
Total equity		63.812	62.861
Liabilities			
Non-current liabilities			
Provisions	3.1	50	50
Total non-current liabilities		50	50
Current liabilities			
Trade and other payables		240	32
Provisions	3.1	0	0
Income tax payable	5.1	271	373
Payable to affiliated companies		402	0
Other liabilities		0	222
Total current liabilities		913	627
Total liabilities		963	677
Total equity and liabilities		64.775	63.538

Reference to off-balance sheet notes: Related parties 5.3, and Contingent liabilities 3.1

STATEMENT OF CASH FLOWS

DKK'000	Note	2019	2018
Cash flow from operating activities			
Profit before tax		1.222	1.697
Changes in working capital	3.2	-847	-588
Adjustments for non-cash items	5.2	-1.289	-1.191
Interest received		1.298	1.291
Interest paid		-9	-100
Corporation tax paid		-373	-1.187
Net cash generated from operating activities		2	-78
Cash flow from investing activities			
Net cash generated from investing activities		0	0
Cash flow from financing activities			
Net cash generated from financing activities		0	0
Total cash flows		2	-78
Cash and cash equivalents at 1 January		40	118
Cash and cash equivalents at 31 December		42	40
Cash and cash equivalents			
Cash at bank and on hand		42	40
Cash and cash equivalents as at 31 December		42	40
Bank overdrafts		0	0
Net cash and cash equivalents as at 31 December		42	40

STATEMENT OF CHANGES IN EQUITY

2019			
DKK'000	Share capital	Retained earnings	Total
Equity at 1 January	500	62.361	62.861
Profit for the period	0	951	951
Total other comprehensive income	0	0	0
Total transactions with owners of the Company and other equity transactions	0	0	0
Equity on 31 December	500	63.312	63.812

2018			
DKK'000	Share capital	Retained earnings	Total
Equity at 1 January	500	61.037	61.537
Profit for the period	0	1.324	1.324
Total other comprehensive income	0	0	0
Total transactions with owners of the Company and other equity transactions	0	0	0
Equity on 31 December	500	62.361	62.861

Capital management

The primary objective of Lejlighedscompagniet A/S'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.

Lejlighedscompagniet A/S manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, Lejlighedscompagniet A/S may adjust the dividend payments to shareholders, acquire its own shares or issue new shares.

NOTES

SECTION 1: BASIS OF PREPARATION

Introduction

LejlighedsCompagniet A/S is a company incorporated and domiciled in Denmark. The Company is principally engaged in construction and sale of single-family-houses in Denmark.

The following is a summary of the significant accounting policies adopted by LejlighedsCompagniet A/S, collectively referred to in these financial statements as the "Company".

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

These financial statements for the Company are for the year ended 31 December 2019.

Note 1.1 General accounting policies

Basis of preparation

The financial statements are prepared in accordance with International Financial Reporting Standards as endorsed by the EU ("IFRS") and additional requirements of the Danish Financial Statements Act, applying to large reporting class C entities.

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

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

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.

The financial statements were approved by the shareholders at the general meeting on 31 August 2020, signed by chairman Mads Dehlsen Winther.

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

The following notes are presented in Section 1:

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

Implementation of new or amended standards and interpretations

The Group has implemented all new IFRS standards, amendments and IFRIC interpretations as adopted by EU and effective as of 1 January 2019.

The standards relevant for the Group are:

- IFRS 16 Leases
- IFRIC 23 Uncertain tax positions

None of the above has implications on the recognition, measurement, and presentation in the annual report. Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the financial statements. The Company has not early adopted any standards, interpretations or amendments that have been issued, but are not yet effective.

Standards issued but not yet effective

The IASB has issued a number of new or amended and revised accounting standards and interpretations that have not yet come into effect.

The following new or amended IFRS standards and Interpretations of relevance to the Group have been issued but not yet adopted by the EU:

- '- Amendments to IAS 1 and IAS 8 "Definition of Material"
- '- Amendments to IFRS 3 "Business Combinations"
- '- Amendments to "References to the Conceptual Framework"

The Company expects to implement the new standards when they become effective. It has been assessed that the implementation of the new standards will not have any significant effect on the recognition and measurement of the balance sheet at 1 January 2020.

Note 1.2 Introduction to significant estimates and judgements

In preparing the financial statements, management made various judgements, estimates and assumptions concerning future events that affected the application of the Companies'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	2.5
Guarantee commitments	3.1

Note 1.3 Application of materiality

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

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

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

SECTION 2: EBITDA

Introduction

This section provides information regarding the Company's performance in 2019, including the effects of non-recurring items on EBITDA.

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

The following notes are presented in Section 2:

- 2.1 Revenue
- 2.2 Costs including staff costs and remuneration
- 2.3 Financial risk management
- 2.4 Accounting policy
- 2.5 Significant estimates and judgements

Note 2.1 Revenue

Revenue per segment and category - Contracted sales

2019

DKK'000	Contracted sales	Non-contracted sales	Total revenue
Sales value houses sold on own building sites	0	0	0
Total Revenue	0	0	0

Revenue per segment and category - Contracted sales

2018

DKK'000	Contracted sales	Non-contracted sales	Total revenue
Sales value houses sold on own building sites	0	2.357	2.357
Total Revenue	0	0	2.357

Other revenue comprise management-fee from other Group companies.

Note 2.2 Costs including staff costs and remuneration

The company has no employees.

Note 2.3 Financial risk management

Currency Risk

The Company is not exposed to currency fluctuations from it's activities.

Note 2.4 Accounting policy

Revenue

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

Contracted sales

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

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

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

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

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

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

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

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

Non-contracted sales

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

Cost of sales

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

Other external expenses

Other external expenses include the period's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases (up to 2018), etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the Company's employees. The item is net of refunds made by public authorities.

Note 2.5 Significant estimates and judgements

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

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

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

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

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

Percentage-of-completion profit recognition

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

The assessment of project revenues and project costs is based on a number of estimates and assessments that depend on the experience and knowledge of project management in respect of project control, training and the prior management of project. There is a risk that the final result will differ from the profit accrued based on percentage-of-completion. At year-end, recognized revenues amounted to DKK 0 million (2018: DKK 0 million).

SECTION 3: WORKING CAPITAL

Introduction

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

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

The following notes are presented in Section 3:

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

Note 3.1 Guarantee commitments and contingent liabilities

DKK'000	2019	2018
Guarantee provision at 1 January	50	50
Arising during the year	0	0
Utilised	0	0
Guarantee provision at 31 December	50	50
Distributed in the balance as follows:		
Non-current liabilities	50	50
Current liabilities	0	0

At year-end, the guarantee provision amounted to DKK 50 thousand (2018: DKK 50 thousand). Provisions for future costs regarding 1 and 5 years review of the delivered houses due to guarantee commitments are recognized at the amount expected to be required to settle the commitment on the balance-sheet date.

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

Contingent liabilities

The Company is continuously involved in minor disputes, but nothing significant per 31st December 2019

The Company is jointly taxed with its parent, Diego HC TopCo A/S, which acts as Management Company for the other Danish group entities. The Company is jointly and severally liable with other jointly taxed group entities for payment of income taxes for the income years 2013 and withholding taxes falling due for payment on or after 1 July 2012 in the group of jointly taxed entities.

Note 3.2 Changes in working capital

DKK'000	2019	2018
Increase/decrease in construction contracts & Inventory	0	1.695
Increase/decrease in trade and other receivables	-1.235	-2.027
Increase/decrease in trade and other payables	388	-256
Total	-847	-588

Note 3.3 Financial risk management

Credit risk

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

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

Impairment of other receivables amounted to nil in 2019 and 2018.

Note 3.4 Accounting policy

Trade and other receivables

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

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

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

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.

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 3.5 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 50 thousand (2018: DKK 50 thousand).

SECTION 4: FUNDING AND CAPITAL STRUCTURE

Introduction

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

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

The following notes are presented in Section 4:

- 4.1 Equity
- 4.2 Financial income and expenses
- 4.3 Financial risk management
- 4.4 Accounting policy

Note 4.1 Equity

Share capital

	2019		2018	
	Nominal value (DKK'000)	Number of shares	Nominal value (DKK'000)	Number of shares
Share capital at 1 January (issued and fully paid)	500	500	5.000	500
Additions	0	0	0	0
Share capital at 31 December	500	500	5.000	500

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

Note 4.2 Financial income and expenses

Financial income and financial expenses

DKK'000	2019	2018
Financial income		
Interests from Group Entities	1.298	1.291
Total financial income	1.298	1.291
Financial expenses		
Other financial cost	9	100
Total financial expenses	9	100

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

Note 4.3 Financial risk management

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

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

Liquidity risk

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

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

The Company continues monitoring the need of liquidity. At 31 December 2019, the Group has an undrawn credit facility of DKK 449 million to ensure that the Group is able to meet its obligations (2018: DKK 351 million). Management considers the credit availability to be sufficient for the next 12 months.

The below presented cash flows are non-discounted amounts, on the earliest possible date at which the Company 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

2019

DKK'000	Due within 1 year	Due between 1 and 5 years	Due after 5 years	Total contractual cash flows	Carrying amount
Non-derivative financial liabilities					
Trade and other payables	240	0	0	240	240
Payable to affiliated companies	402	0	0	402	402
Total non-derivative financial liabilities	642	0	0	642	642
Total financial liabilities	642	0	0	642	642

2018

DKK'000	Due within 1 year	Due between 1 and 5 years	Due after 5 years	Total contractual cash flows	Carrying amount
Non-derivative financial liabilities					
Trade and other payables	32	0	0	32	32
Other Liabilities	222	0	0	222	222
Total non-derivative financial liabilities	254	0	0	254	254
Total financial liabilities	254	0	0	254	254

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

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

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

At 31 December 2019 the Group's long-term debt is kept at floating rates.

If the interest rate increased (decreased) by 1% the effect on interest during 2019 would have been DKK 16.9 million (2018: DKK 15.8 million).

Note 4.3 Financial risk management (continued)

Categories of financial assets and financial liabilities

DKK'000	2019	2018
Cash and receivables	42	40
Receivable from affiliated companies	64.722	63.424
Receivables	0	63
Trade and other payables	240	32
Other liabilities	0	222
Payable to affiliated companies	402	0

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

Note 4.4 Accounting policy

Equity

Dividends

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

Financial income and expenses

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

Financial assets

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

Financial liabilities

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

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

SECTION 5: OTHER DISCLOSURES

Introduction

This section includes other disclosures required by IFRS or additional disclosures required by the Danish Companies Act.

The following notes are presented in Section 6:

- 5.1 Tax
- 5.2 Other non-cash items
- 5.3 Related parties
- 5.4 Auditor's fee
- 5.5 Events after the balance sheet date
- 5.6 List of Group companies
- 5.7 Definitions
- 5.8 Accounting policy

Note 5.1 Tax

Current tax

DKK'000	2019	2018
Income tax	271	373
Income taxes in the income statement	271	373
Profit before tax	1.222	1.697
Tax rate, Denmark	22,00%	22,00%
Tax at the applicable rate	269	373
Expenses not deductible for tax purposes	2	0
Tax expense for the year	271	373
Effective tax rate, %	22,18%	21,98%

Note 5.1 Tax (continued)**Deferred tax**

DKK'000	2019	2018
Deferred tax at 1 January	-11	-11
Recognised in profit or loss	0	0
Deferred tax at 31 December	-11	-11

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

DKK'000	Deferred tax asset		Deferred tax liability	
	2019	2018	2019	2018
Other payables	11	11	0	0
Deferred tax	11	11	0	0

Corporation tax payable

DKK'000	2019	2018
Corporation tax payable at 1 January	373	1.187
Current tax including jointly taxed subsidiaries	271	373
Corporation tax paid during the year	-373	-1.187
Corporation tax payable at 31 December	271	373

Note 5.2 Other non-cash items

DKK'000	2019	2018
Non-cash financial items	-1.289	-1.191
Other non-cash items	-1.289	-1.191

Note 5.3 Related parties

Transactions with Executive Management & Board of Directors

Transactions with key management personnel include transactions with companies controlled by the key management personnel.

No direct payroll costs have been paid to key management personnel, but indirectly in the form of management fees for executive management services.

The ultimate Parent

The ultimate Parent of the Group is EQT's Fond VI.

The direct owner is HusCompagniet A/S. There were no transactions between the company and the direct owner in 2019 (2018: no transactions).

Significant transactions between the Company and the ultimate parent company

There were no transactions between the Company and the ultimate parent company in 2019 (2018: no transactions).

Note 5.4 Auditor's fee

Feesto auditors

DKK'000	2019	2018
Audit Service	21	38
Assurance engagements	13	0
Tax advice services	4	4
Total	38	42

Note 5.5 Events after the balance sheet date

The Executive Management believes in the short term that COVID-19 will not have a material adverse effect on Lejlighedscompagniet A/S. Construction sites are proceeding according to plan at the time of the financial reporting and delay deliveries are considered unlikely but cannot be excluded.

At present, it is not possible to assess whether COVID-19 will have a negative effect in the medium term. It is considered likely that sales growth will slow down for a period of time but Lejlighedscompagniet A/S has invested in offering additional security to customers building with Lejlighedscompagniet A/S to mitigate this. At the time of reporting the 2019 financial statements, there is uncertainty about the impact of COVID-19.

Note 5.6 List of Group companies

Other related parties

Name	Country of incorporation
Diego HC TopCo A/S	Denmark
Diego HC A/S	Denmark
HusCompagniet A/S	Denmark
HusCompagniet Danmark A/S*	Denmark
Svenska Huscompagniet AB	Sweden
VårgårdaHus AB	Sweden
Svenska HusCompagniet Fastighetsutveckling AB	Sweden
Svenska HusCompagniet Fastighetsutveckling Allerum 1 AB	Sweden
Svenska HusCompagniet Fastighetsutveckling Allerum 2 AB	Sweden
Die Haus-Compagnie GmbH	Germany

* Huscompagniet Danmark A/S is a merge of HusCompagniet Sjælland A/S, HusCompagniet Fyn A/S, HusCompagniet Sønderjylland A/S, FM-Søkjær Enterprise A/S samt HusCompagniet Midt- og Nordjylland A/S, with HusCompagniet Midt-Nordjylland A/S as the continuing company (name changes to HusCompagniet Danmark A/S).

Note 5.7 Definitions

Financial ratios

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

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

Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
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Note 5.8 Accounting policy

Current income tax

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

Tax for the year comprises current tax and changes in deferred tax for the year. The tax expense relating to the profit (loss) for the year is 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.

Statement by Management

The Board of Directors and the Executive Board have today discussed and approved the annual report of LejlighedsCompagniet A/S for the financial year 1 January –31 December 2019.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Group and the Company at 31 December 2019 and of the results of its operations and cash flows for the financial year 1 January –31 December 2019.

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, the results for the year and the Group's and the Company's financial position as well as a description of the main risks and uncertainties facing the Group and the Company.

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

Horsens, 31 August 2020
Executive Board:

Martin Ravn-Nielsen
CEO

Board of Directors:

Mads Dehlsen Winther
Chairman

Søren Haugaard

Martin Ravn-Nielsen

Independent auditor's report

To the shareholders of LejlighedsCompagniet A/S

Opinion

We have audited the financial statements of LejlighedsCompagniet A/S for the financial year 1 January –31 December 2019, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies. The financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2019 and of the results of the Company's operations and cash flows for the financial year 1 January –31 December 2019 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Basis for opinion

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

Independence

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

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent auditor's report

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

Independent auditor's report

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

Copenhagen, 31 August 2020
EY Godkendt Revisionspartnerselskab

Torben Bender
State Authorised
Public Accountant
mne21332

Thomas Bruun Kofoed
State Authorised
Public Accountant
mne28677



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Martin Ravn-Nielsen

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Martin Ravn-Nielsen

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Mads Dehlsen Winther

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