2018
ANNUAL REPORT

DIEGO HC A/S

HUSCOMPAGNIET

HusCompagniet

175 m²
CLASSIC
CONTEMPORARY

Optimal use of every square meter – no waste.

CONTENT

HUSCOMPAGNIET
AT A GLANCE

504
DIRECT EMPLOYEES

25,000
SHOW PARK VISITS

3
MARKETS

277 DKKM
EBITDA BEFORE SPECIAL ITEMS

2.5 MILLION
WEBSITE VISITS

3.3
DKKBN
REVENUE

42
POINTS OF SALE

5 YEARS
Housebuilder of the year

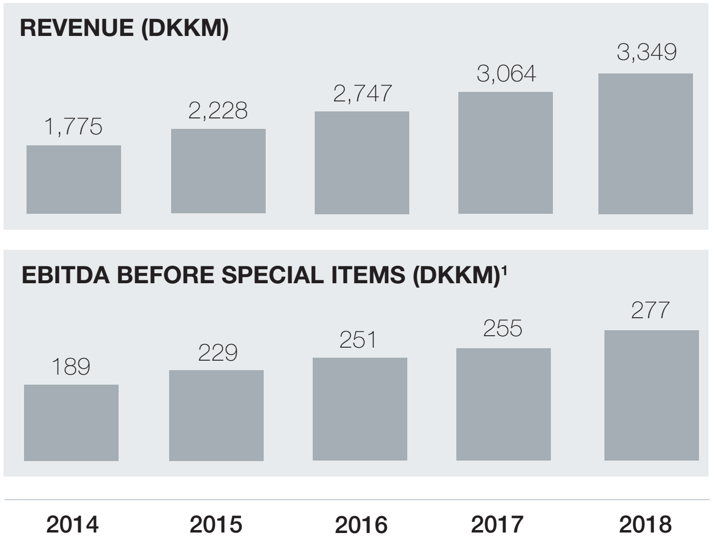
1.8
DKKBN
EQUITY

11
SHOW PARKS

5 STARS
TRUSTPILOT.dk

KEY HIGHLIGHTS

GROUP PERFORMANCE



[1] EBITDA is defined on page 70

KEY MESSAGES

GROUP

In 2018, we delivered more than 1,700 new homes to families, growing revenue by 9% and once again set a new record for the company in both revenue and EBITDA before special items.

This marks our 11th consecutive record year in terms of both houses delivered and financial performance.

Three office openings and five new show parks in Denmark marks an acceleration in our core market.

During 2018 we continued our journey to digitalise our business system with the implementation of a digitalised building process across all building sites in Denmark. With an online project management platform we have enabled reporting from building sites in real time improving collaboration and communication across all stakeholders. The digitalized building process will increase efficiency and transparency within operations to the benefit of the customer. (see page 29)

DENMARK

In 2018, we have maintained our leading position in Denmark.

Increasing the density in our office and show park network we are increasing our customer proximity creating valuable local advice to our growing customer base.

GERMANY

We have re-focused on key locations improving our German product offering and local management team.

We have increased focus on further developing our key business concepts within customer experience and a differentiated, lean delivery model tailored to the German market.

SWEDEN

We have changed our management team and increased focus on direct customer experience and product differentiation and launched a number of new offerings to the Swedish market.

BUSINESS CASE

RELENTLESS PURSUIT OF CUSTOMER SATISFACTION

HIGHLY SCALABLE AND ASSET-LIGHT OPERATING MODEL

GEOGRAPHICAL EXPANSION

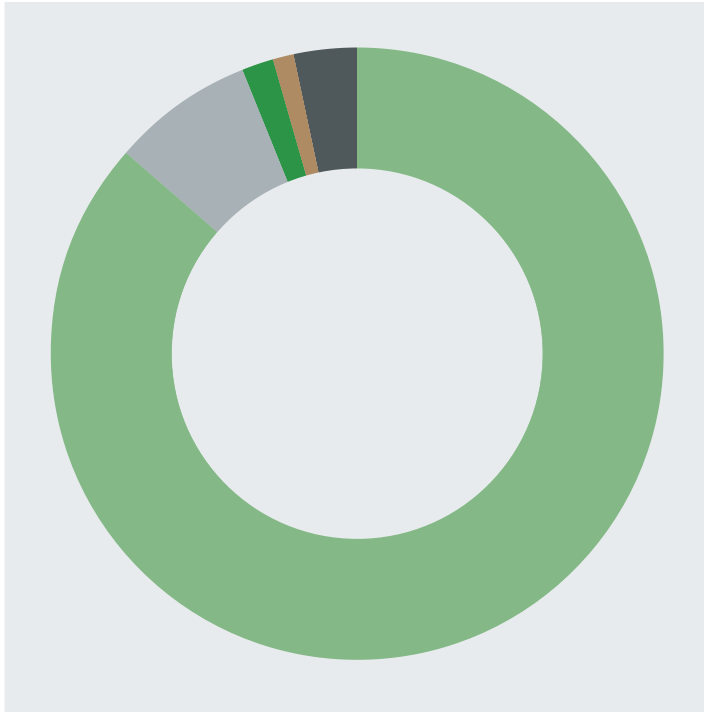
STRONG REPUTATION

CUSTOMISABLE PRODUCT OFFERING

277 DKKM
EBITDA

STRONG PERFORMANCE

VALUE ADDED REVENUE 2018



- Procurement of goods and services[1] DKK 2,696m
- Employees, DKK 288m
- Lenders[2] DKK 47m
- Corporation tax, DKK 36m
- Profit by HusCompagniet, DKK 90m

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

CEO LETTER

I am pleased to report yet another strong year, delivering all-time high financial performance and number of houses delivered.

We have completed the integration of VårgårdaHus, expanded our digital footprint to all our Danish building sites and opened three new offices in Denmark.

Our management teams have been strengthened both in Germany, Sweden and Denmark while also increasing the organization by 36 colleagues. The talent pool and leadership team is now stronger and broader than ever, creating a unique platform for future growth.

Our German set-up has been significantly changed in order to improve the customer journey, and the overall offering with the aim to build a sustainable business in Germany combining competences from Denmark with local market needs.

ALL-TIME HIGH

2018 was another great year for HusCompagniet with 9% growth, revenue of DKK 3,349 million and a record high EBITDA before special items of DKK 277 million.

NEW OFFICE EXPANSION

Our strong competences as market leaders combined with increasing local knowledge have resulted in great feedback and good performance. Therefore, we have opened three new offices in Denmark.

CONTINUED FOCUS ON CUSTOMER SATISFACTION

We marked a unique achievement in 2018 as we received a “category killer” reward from Anmeld Håndværker, the Danish consumer rating portal.

The honorary price for Best House Builder was received following our five consecutive wins (2013-2017).

Once again, this demonstrates our relentless focus on customer satisfaction.

In 2018 we have continued to focus on our core business of designing, selling and delivering new homes to satisfied families.

As many of our customers share their positive experiences online and in their own network, we are confident that even more families can look forward to a new home from HusCompagniet.

DENMARK – BOOSTING SALES

In 2018, we continued to increase our business to customers providing their own land, but we also continued to provide attractive land opportunities to customers together with our differentiated house offering.

Our three new offices opened in attractive local markets and we have successfully established local footholds with local experts from our strong talent pool.

We continue to see potential in further land acquisitions and collaborations on land plots. We have seen an increasing demand in semi-detached houses and have successfully completed a number of high quality developments during the year.

COMBINING OUR PRODUCT OFFERING TO SWEDISH CUSTOMERS

Following our 2017 acquisition of VårgårdaHus we have implemented our go to market and customer centric business model in parts of the Swedish market.

We have established our well known show house concept in Stockholm and have increased our turn key product offerings out of a new office combing our own talent with our strong local partners and agents.

Further we have strengthened the management team adding customer centric capabilities to our team of competent employees.

GERMANY

In Germany we have re-focused our footprint during 2018, centralizing our agent representation from our sales satellite offices towards our larger and more established offices.

This re-focus has concentrated on stronger alignment of the HusCompagniet business concept with local requirements, while still enforcing and capitalizing on the proven group concept.

As a consequence of this process we have changed our Country Manager in Germany and incurred a number of one off costs.

DIGITALISING THE VALUE CHAIN

We continued our journey to digitalise our value chain with the implementation of an online management platform across all building sites in Denmark. This enables reporting from building sites in real time improving collaboration and communication across all parties. The digitalised construction process will support us in ensuring continued high customer satisfaction and in increasing efficiency within operations.

WE REMAIN CUSTOMER CENTRIC IN OUR DNA

HusCompagniet has a customer centric DNA which implies that everything we do is focusing on high perceived value by our customers. In practice, this means marketing activities in HusCompagniet is having the superior customer journey as the guiding light for all activities we develop and initiate.

One of the key focus areas in our marketing strategy is how we can increase the market size for new builds by expanding our

INCREASING LOCAL PRESENCE RELEASING FURTHER POTENTIAL IN OUR CORE MARKET (DENMARK)

For a number of years HusCompagniet Denmark has built a strong local presence delivering strong growth and creating an even stronger platform of offices on which to build further growth in Denmark.

With our strong base of talent, systems and go to market model increased our footprint with one new office in 2017, and accelerated this development with three new office openings in 2018.

We address a high demand for local presence from our customers and local communities and offer our customers more “entry points” into the HusCompagniet Universe. In combination with our multi-platform marketing approach to create top-of-mind awareness, we follow up with a passionate team of local sales and delivery teams to support our customer’s experience. We have seen great response and business traction from these recent office openings and continue to accelerate the expansion in Denmark.

With the increasing number of offices we further strengthen our unmatched customer proximity. We increase our presence in all regions of Denmark and continue to support this with local show parks and standalone show houses. With offices strategically located across the country we strive for an optimal customer convenience dedicating ourselves to local knowledge of the area.

From this platform we deliver safety and comfort for our customers working with the largest home provider in the country in a local context. We invest into our local communities and we open up to partnerships advancing local community development in small and large scale.

FACTS

- Four office openings over the past 18 months, Næstved, Holbæk, Randers and Viborg
- Involvement in partnerships and land developments in all regions of Denmark
- Increasing average customer proximity

focus to the families choosing to buy a used home. This replacement market is approximately 10 times larger than the current market for new builds and therefore represents a significant growth opportunity for HusCompagniet.

OUR PEOPLE

Our people remains the foundation for HusCompagniet's continued success and growth. We work continuously to develop our 500 loyal employees to have an in-depth market leading understanding of what is crucial to our customers.

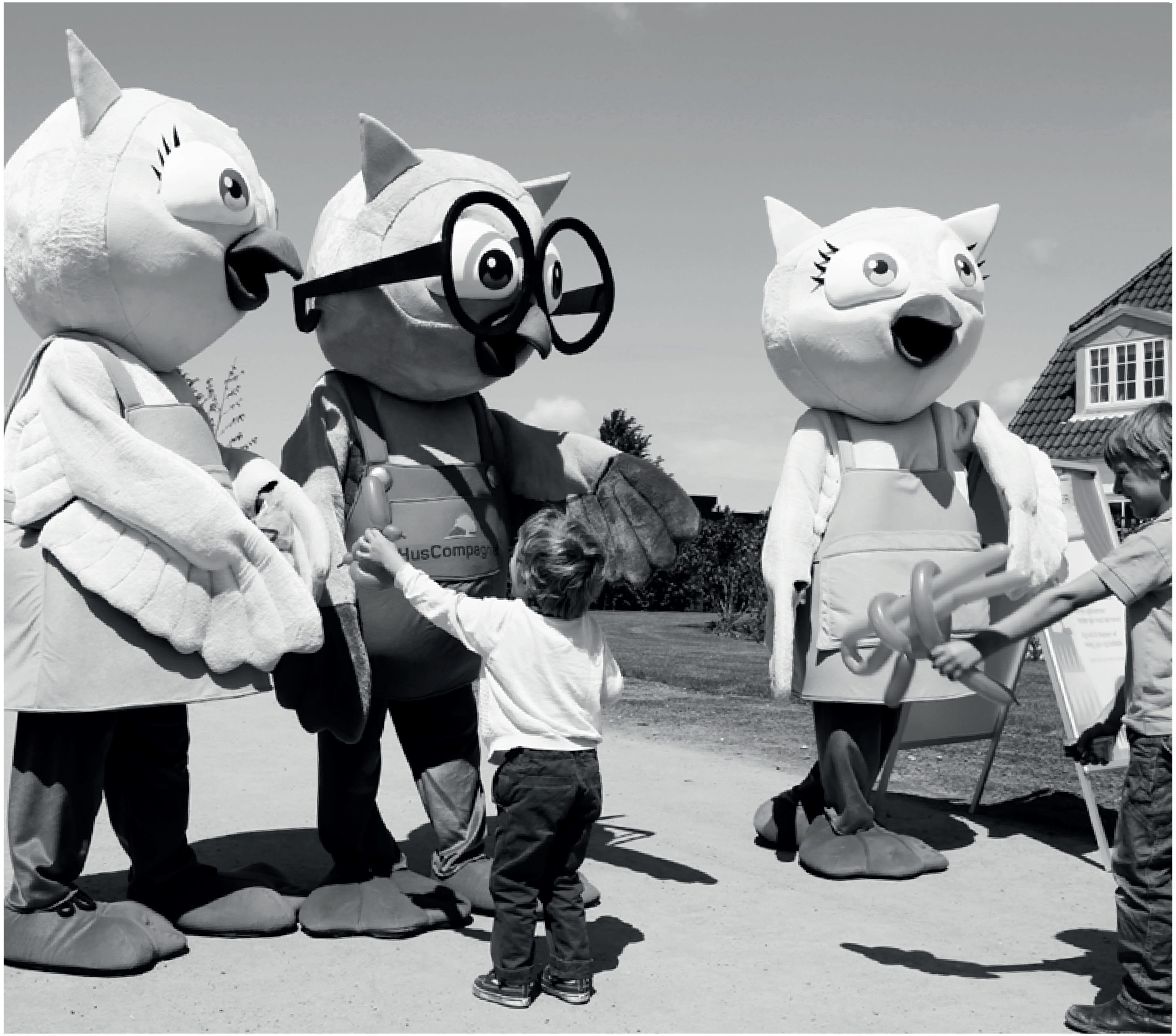
We trust our employees, who are the essential contact points for our customers on a day-to-day basis. Internal training programmes and specialist courses empower our employees to take further responsibility and decisions on a local basis, exactly where our customers need it. Our specialists within sales, design, planning and construction all cooperate across professional disciplines to deliver the best experience for our customers.

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

FINAL WORDS

In conclusion, 2018 was a satisfactory year for HusCompagniet. More than 1,700 families have moved into a new HusCompagniet home, customer satisfaction was continuosly high and our financial performance was solid.

Karsten Rydder Pedersen
Group CEO



The owl is our mascot.
Customers and their children
meet them in our show parks.

OUR BUSINESS MODEL

KEY RESOURCES

HusCompagniet is an asset-light business, with all construction work being outsourced and vast majority built on third party land, securing a highly scalable business model

REPUTATION

We rely on our many satisfied customers to act as our ambassadors

PEOPLE

We rely on our highly skilled workforce

CUSTOMER-FACING ASSETS

We rely on our entrepreneurial spirit to maintain our competitive advantage

KNOW-HOW

We rely on our know-how proven by a strong track record of more than 22,000 houses built

FUNDING

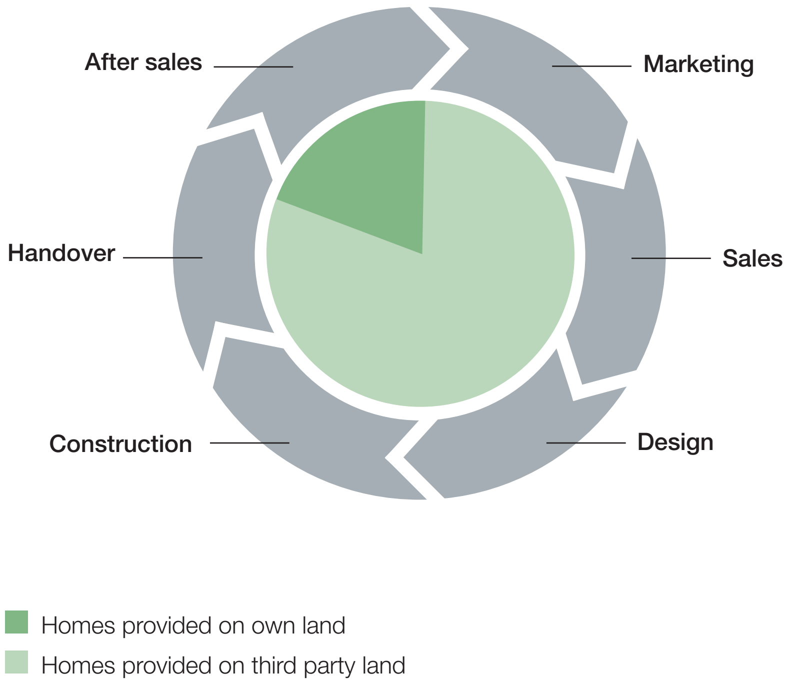
We finance our business through cash flows from our operations and debt

SUPPLY CHAIN

We rely on high quality from our suppliers and contractors and a digital building process

MODEL

CUSTOMER-CENTRIC HOUSEBUILDING MODEL



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

OUTCOMES

- **SATISFIED CUSTOMERS**
  By delivering competitively priced houses of high quality, we have been awarded 5 stars on Trustpilot.dk
- **FINANCIAL PERFORMANCE**
  EBITDA before special items DKK 277m (see page 34)
- **SKILLED AND SAFE WORKFORCE**
  By investing in our employees, we ensure safe, healthy, engaged and skilled employees (see page 24)
- **ENVIRONMENTAL IMPACT**
  By building energy-efficient houses, we help to reduce CO2 emissions (see page 24)
- **INDUSTRY-LEADING WORKING CONDITIONS**
  We raise the bar in the construction sector by improving working conditions (see page 25)
- **FEEDING THE SUPPLY CHAIN**
  We engage a large number of people in our supply chain, and add value to our suppliers (see page 7)

OUR BUSINESS MODEL

HOW WE EXPRESS OUR MINDSET

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

Trustpilot

MARKETING

KEY RESOURCES:

At HusCompagniet, our marketing strategy always derives from a focus on customers, as our customers are our ambassadors. It is vital for us that our customers have the best experience with HusCompagniet. The approach we take to marketing is to ensure that what we show our customers is innovative and new within the industry. HusCompagniet embraces technological innovation in the way that we face our customers. This is best reflected in our app that will inspire our customers by enabling them to customise and visualise the many architectures and materials selections available.

Another example is the development of Virtual Reality that give our customers the opportunity to take a virtual tour of their dream house, in order to become inspired. The customer as the centre of attention is also shown by the development of a feature on HusCompagniet.dk that allows our customers to find the building location of their dreams; regardless of whether the plot already has a house on it or not. Additionally, HusCompagniet was the first to offer customers the option not to pay for the house until the house keys are handed over; exempting and relieving the customers of the potential risk of higher production costs.

SALES

KEY RESOURCES:

The first point-of-contact between our potential customers and our organisation is usually through our local sales force. The most important objective for our sales professionals is to make the customer's dream house a reality by matching it with our architectures (see page 16), and the customer's financial budget. To strengthen our skillset and on-board new sales professionals, we established a HusCompagniet Sales Academy where we train our sales force in fulfilling our customer promise. To help our customers with inspiration when selecting their dream house, we offer the opportunity to see a diverse range of our architectures in our show parks, illustrating the breadth of our offering and many customisation opportunities.

DESIGN

KEY RESOURCES:

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

Currently, we have designed and built close to 22,000 houses. Our architects have assembled the best of all these in our five architectural styles (see page 16). Our extensive experience enables our designers to provide the customers with great advice, and to foresee potential issues that the customers would not have predicted themselves. It is part of our culture and values that we stick to what we are good at, which means building high quality single-family houses. Our proprietary app gives our customers an overview of the many choices to be made in the course of building a house.

Reputation
People
Customer-facing assets
Know-how
Funding
Supply chain

CONSTRUCTION

KEY RESOURCES:

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

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

The agreed price is the final price. We guarantee our customers that they will not be subject to any extra or unjustified costs during the process. Payment is not due until the customer moves in.

HusCompagniet is investing into digitalisation of the building process, leading the way in improving construction site efficiency and coordination.

HusCompagniet offers the most efficient building process in the market by building our single-family houses in just 17 weeks on average.

HANDOVER

KEY RESOURCES:

When the house is ready for handover, our customer and HusCompagniet inspect the house together, allowing the customer to review the work and identify potential flaws or oversights to be remedied by HusCompagniet. The construction manager, who has been the point-of-contact to the customer through the construction phase, is always present at the handover, ensuring the customer receives a house that fully satisfies his or her wishes.

AFTER SALES

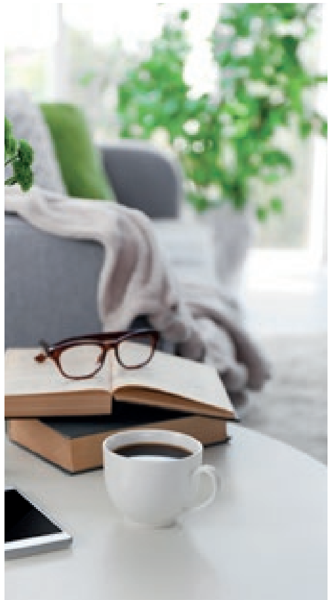
KEY RESOURCES:

We continue to follow the customer after handover as needed. Since not all issues will be identified before or at the handover, we are always available to remedy these quickly and ensure that our customers can fully enjoy their new home.

OUR ARCHITECTURES

Over time HusCompagniet has built more than 22,000 houses. They are all different and every house is carefully customised and tailored to the family's needs. The majority of the houses we build fall into the five architectural styles we call our core product styles.

Our most popular designs are Classic Contemporary or Modern Contemporary, and although styles like Functionalism and the Cottage style are gaining popularity, more than approx. 80% of the houses we delivered in 2018 are Classic or Modern Contemporary.



CLASSIC CONTEMPORARY

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. It has a significant overhang, protecting the brick walls, doors and windows. Typically, the roof tiles will be 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 for the family car.

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 interior design matches both the childrens toys and bright colours, as a contrast to the white walls. The exterior focuses on large surfaces with striking windows, and architectural effects alongside materials such as zinc and wood.

PATRICIAN

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

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

COTTAGE STYLE

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

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

FUNCTIONALISM

Both classic and modern at once – this style is growing fast in popularity. Functionalism is characterised by clean lines and a sharp profile 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.

OUR PEOPLE

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

WHO ARE OUR PEOPLE

At HusCompagniet, our people are trained professionals within their fields of expertise. Our specialists within marketing, sales, design, building, construction management and administration all cooperate to deliver a seamless experiences for our customers. They each understand the role they play in ensuring that HusCompagniet delivers on its customer promise in each phase of the building process. We strive to ensure that our 500 employees have an in-depth understanding of what is crucial to the customer, as the building of a single-family house evolves from a vague idea to blueprints at a building site and, finally, to a dream house.

OUR PEOPLE CULTURE

Our culture reflects the customer-focused approach. Part of our Group strategy is to be present wherever our customers wish to build. Our sales offices are found at 21 locations in the three countries in which we operate. We trust our local people to meet local needs and demands. Continuous internal training programmes, such as our Sales Academy and specialist courses, empower our employees to take further responsibility on a local basis. Our employee manual supports the local empowerment strategy, by capturing in writing what we consider to be our code of conduct.

EMPLOYEE SATISFACTION

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

DEVELOPMENT AND TRAINING

HusCompagniet is committed to the development of our employees at all levels of the organisation. Building our own talent pool is critical to our success. We offer both vocational and personal training. Since 2015, we have held our trainee programme for sales and construction management staff. The goal is to create an even better understanding of our products, processes and how to improve the quality and quantity of our deliveries. In 2019, we plan to launch additional tailored training programmes to meet future needs within the entire range of services.

HEALTH AND SAFETY

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

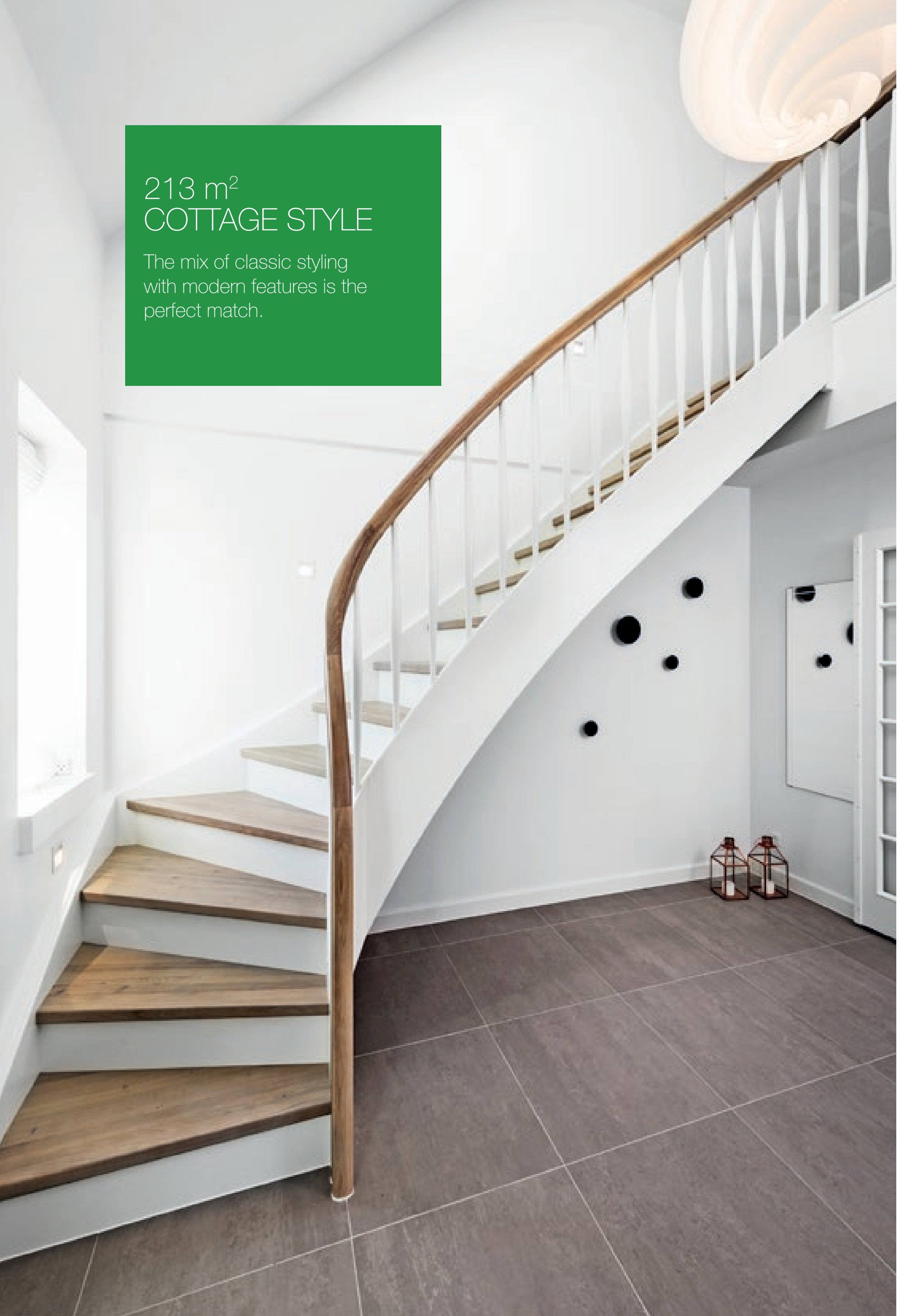
GROUP EXECUTIVE MANAGEMENT

The officially registered Executive Management of HusCompagniet consists of the Group CEO, the Group COO and the Group CFO.
The Group Executive Management consists of the officially registered Executive Management and Martin Ravn-Nielsen.
The Group Executive Management is overall responsable for all day-to-day operations.

GENDER EQUALITY

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

People make us strong, and HusCompagniet's 504 employees are our most important resource.



CORPORATE SOCIAL RESPONSIBILITY

It is a key strategic priority for HusCompagniet that our employees and partners act responsibly in every situation especially in terms of improving the environmental footprint related to housing. This commitment to responsibility affects the entire organisation, internally and externally. Our choice of strategic partners expresses this commitment: how we build our houses and how we carry out our work in accordance with the law; how we take care of our employees and ensure that our partners take care of their people; and how we care for the environment and our surroundings.

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

CLIMATE AND THE ENVIRONMENT

As the leading house builder in Northern Europe, we meet, and often exceeds, all the environmental requirements when conducting our business, thereby lowering our climate and environmental impact. Specifically, we comply with applicable BR18 building regulations. The regulations stipulate strict requirements for energy consumption in new buildings, including requirements for better insulation of new houses. HusCompagniet is proactive and ahead of the current BR18, since we today already support many of the new energy and environmental requirements introduced in the optional BR2020. One example is the construction of a RockZero house, designed in cooperation with Rockwool. Here, all requirements of BR2020 are fulfilled, resulting in a low-energy consumption house that meets the standards for the energy-optimised houses of the future. An important element of environmental and climate-friendly houses is the heating system. We have continued in 2018 to offer several forms of environmentally sound heating, such as geothermal heating and solar panels, besides recycling of excess indoor heating from bathrooms and kitchens this is to reduce the risk of high energy consumption in newly build houses. We have seen positive development in our customers' selection of geothermal heating, solar panels and recycling of heating in 2018.

In 2018, HusCompagniet has been environmentally innovative and met current requirements. One concrete risk of building houses is that the soil is polluted. The soil that is removed from building sites is environmentally tested. Our contractors document that they deal with all surplus soil in accordance with current requirements. In 2018 we have not seen any breaches. We install rainwater recycling systems for use in e.g. toilet flush systems. When choosing strategic partners and suppliers, we require that they are committed to complying with current legislation.

HUMAN RIGHTS AND ANTICORRUPTION

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

HusCompagniet handles sensitive data regarding customers and suppliers where there could be a risk of breaching GDPR policy. Our policy is always to be compliant with the General Data Protection Regulation (GDPR) and store data properly and safe. In 2018 we have continued our focus on handling data properly and safe by giving our employees further instructions of how to be in line with our group policies and the General Data Protection Regulation. All relevant employees has recevied instructions.

At Huscompagniet, the primary risks of corruption and unethical business conduct are considered to be within procurement, sales and logistics functions. This is mainly due to the ongoing business activities of these functions, which require close contact with suppliers, customers and other stakeholders.
Huscompagniet does not tolerate corruption in any forms.
To ensure emplyees conducts with the anticorruption policy a Code of Conduct is made. In 2018 all relevant employees were trained in the code of conduct.
No breaches with the anticorruption policy has been identified in 2018.

SOCIAL AND EMPLOYEE RELATIONS

Our employees are the foundation for HusCompagniet. Each department is equally important and consists of people who are experts within their fields. The departments depend on each other and the employees in each department rely on each other to give our customers the best possible experience. Our focus is to create a healthy workplace where our employees thrive and have the physical and mental energy for their tasks, every day. This also means reducing the risk of work related accidents. One way to accommodate this is through the APV (Workplace Assessment) process, whereby we explore potential action plans and training programmes, and regularly follow up on individual and collective needs. We had positive development in our workplace assessments performed in 2018 and will make a new workplace assessment in 2019.

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

FOOTPRINT

WHERE WE OPERATE

DENMARK

- Aalborg
- Aarhus
- Esbjerg
- Herning
- Hillerød
- Horsens
- Holbæk
- Kolding
- Næstved
- Odense
- Randers
- Ringsted
- Silkeborg
- Virum

GERMANY

- Flensburg
- Hamborg
- Neumünster

- Offices
- Agent representation

SWEDEN

- Malmö

VårgårdaHus
- Alingsås
- Lyckeby
- Eskilstuna
- Falun
- Gothenburg
- Halmstad
- Helsingborg
- Jönköping
- Karlstad
- Lidköping
- Luleå
- Malmö
- Norrköping
- Nyköping
- Stockholm
- Trollhättan
- Uddevalla
- Umeå
- Uppsala
- Västerås
- Växjo
- Örebro
- Vårgårda (Headquarter and factory)

STRATEGY, RISK AND GOVERNANCE

HUSCOMPAGNIET IS AN INDUSTRY PIONEERING HOME RETAIL CONCEPT WITH A UNIQUE AND SCALABLE BUSINESS MODEL

GROUP STRATEGY

HusCompagniet is a leading and rapidly scaling Northern European single-family home retailer across “value” to “premium” segments. We design, sell and deliver customised and high-quality personal homes through a seamless customer journey, securing future support and advocacy from every single owner of a HusCompagniet home.

The HusCompagniet universe includes show parks with a family-like feeling, guaranteed delivery times, innovative digital initiatives and a customer satisfaction-focused culture.

We focus on Denmark, Sweden and Germany, but maintain a strategic approach to further international growth through acquisitions or organic entry. We deliver turn-key homes, modified as local markets dictate. We offer our customers an end-to-end solution, including designing and building their home through our physical and digital channels. Our core products are detached residential one-family homes but we also offer semi-detached homes mainly on a project basis. We are focused on the ‘value’ to ‘premium’ segment and do not compete with “DIY” low-cost value propositions or highly tailored architect focused solutions. We predominately build on customer-owned land with close to 100% of all blue-collar workers outsourced. To facilitate continuous improvements we aim for long-term relationships with our external contractors.

Referrals and advocacy from customers is our #1 differentiator. We are industry-leading on digital channels and highly innovative in customer targeting. We mainly use in-house sales force with local offices and full-service advisory concepts – however sales agents are leveraged where local markets require.

We negotiate key material categories directly with manufacturers to obtain best prices and ensure delivery. Smaller categories are sourced from builder merchants. We maintain a strong central centre of excellence for leading technical delivery, tools, and methods and apply local adaptations where possible.

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.

GOVERNANCE

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

The target ratio of female members on the Board of Directors is 20% in 2020 and at present there are no female members. The Board of Directions consists of 5 male members. We have not identified the right female candidate with the right competencies in time to achive our target ratio this year and therefore the elected members were men. It is the company’s policy to increase the share of the underrepresented gender on other executive levels as well. Other executive levels of the Group are represented by over 10% female managers, which is above the group target of minimum 10%. To the extent possible one of each gender is invited for each job interview.

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 a note to the Annual Report.
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 a note to the Annual Report.

CASE STUDY:
DIGITALISING THE BUILDING PROCESS

During 2018 we continued our journey to fully digitalise our value chain with the implementation of a digital building tool across all building sites in Denmark. We have an online project management platform enabling reporting from building sites in real time improving collaboration and communication across all parties. The digitalised construction process will support us in increasing efficiency within operations; key benefits include:

- More efficient communication across all parties (construction managers, sub-contractors, suppliers)
- Enhanced overview and transparency across projects for all parties (single source of truth)
- Reduced dependency on individual construction manager and easier handover
- Scalability across multiple sites
- Reduction in late repairs and idle time

This will further optimise our industry leading building process.
In partnership with our development partner, our sub contractors, suppliers and other relevant stakeholders we continue developing product function and features to further improve operations.

"OVERALL, SUPER HAPPY. THE COOPERATION HAS NEVER BEEN BETTER SINCE THE APP WAS IMPLEMENTED"

HusCompagniet supplier

Key figures

DKK'm	2018	2017	2016
Income statement			
Revenue	16	11	11
Gross profit	16	11	11
Operating profit before depreciation and amortisation (EBITDA) before special items	6	0	0
Operating profit (EBIT)	-22	-5	-39
Financial income	-44	-43	-43
Profit for the year	94	113	85
Financial position at 31 December			
Total assets	2.700	2.643	2.431
Equity	1.780	1.687	1.532
Cash flow			
Cash flow from operating activities	-41	-71	71
Cash flow from investing activities	0	-40	0
Cash flow from financing activities	21	-20	-110
Free cash flow	-41	-111	71

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

Financial review

Net revenue totalled DKK 16 million for 2018, compared to DKK 11 million in 2017. The increase in revenue was mainly driven by a increase in the number of delivered houses. We also experienced an increase in the average price of houses.

EBITDA totaled DKK 6 million for 2018, compared to DKK 0 million in 2017.The increase in EBITDA is mainly attributable to the increase in our activities.

Profit before tax totalled DKK 88 million for 2018, compared to DKK 109 million in 2017.

The board of Directors and management consider the financial result for 2018 to be satisfactory.

OUTLOOK

We expect revenue and profit before tax to increase compared to 2018.

FINANCIAL STATEMENTS

INCOME STATEMENT

DKK'000	Note	2018	2017
Revenue	2.1	15.656	11.052
Gross profit		15.656	11.052
Staff cost	2.2	-8.521	-9.601
Other operating expenses		-1.406	-1.431
Operating profit before depreciation and amortisation (EBITDA) before special items		5.729	20
Special items	2.4	-27.614	-4.845
Operating profit before depreciation and amortisation (EBITDA) after special items		-21.885	-4.825
Depreciation and amortisation	4.1	0	0
Operating profit (EBIT)		-21.885	-4.825
Financial expenses	5.3	-43.563	-42.624
Share of Profit/(Loss) in subsidary after tax		153.067	156.719
Profit before tax		87.619	109.270
Tax on profit	6.1	-6.358	-3.578
Profit for the year		93.977	112.848

Profits attributable to:

DKK'000	Note	2018	2017
Equity owners of the Company		93.977	112.848

STATEMENT OF OTHER COMPREHENSIVE INCOME

DKK'000	Note	2018	2017
Profit for the year		93.977	112.848
Other comprehensive income			
Items that may be reclassified to the income statement in subsequent periods			
Value adjustment, hedging of future cash flows		2.024	-1.782
Foreign currency translation differences, subsidiary		-2.625	3.225
Tax relating to other comprehensive income		-445	392
Other comprehensive income, net of tax		-1.046	1.835
Total comprehensive income for the year		92.931	114.683

Total comprehensive income attributable to:

DKK'000	Note	2018	2017
Equity owners of the Company		92.931	114.683

BALANCE SHEET

DKK'000	Note	2018	2017
Assets			
Non-current assets			
Investent in subsidaries	4.1	2.692.272	2.541.830
Deferred tax asset	6.1	2.518	1.772
Total non-current assets		2.694.790	2.543.602
Current assets			
Receivables from affiliated companies		0	93.940
Income tax receivable	6.1	5.204	5.925
Total current assets		5.204	99.865
Total assets		2.699.994	2.643.467
Equity and liabilities			
Equity			
Share capital	5.1	14.356	14.356
Retained earnings and other reserves		1.765.239	1.672.310
Total equity		1.779.595	1.686.666
Liabilities			
Non-current liabilities			
Interest-bearing long term debt	5.2	677.503	732.293
Total non-current liabilities		677.503	732.293
Current liabilities			
Credit institutions	5.2	60.000	60.000
Trade and other payables		632	45
Payables to affiliated companies		0	12.792
Other liabilities		19.791	7.163
Borrowings	5.2	162.473	144.508
Total current liabilities		242.896	224.508
Total liabilities		920.399	956.801
Total equity and liabilities		2.699.994	2.643.467

Reference to off-balance sheet notes: Related parties 6.3, and Contingent liabilities 3.1

STATEMENT OF CASH FLOWS

DKK'000	Note	2018	2017
Cash flow from operating activities			
Profit before tax		87.619	109.270
Changes in working capital	3.2	13.215	-36.709
Adjustments for non-cash items	6.2	-109.504	-114.095
Interest paid		-38.353	-37.717
Corporation tax paid		5.964	8.262
Net cash generated from operating activities		-41.059	-70.989
Cash flow from investing activities			
Capital injection subsidiaries		0	-40.041
Net cash generated from investing activities		0	-40.041
Cash flow from financing activities			
Repayment of long-term debt		-60.000	-50.000
Proceeds from payables to affiliated companies		81.148	-8.848
Change in Equity		0	38.651
Net cash generated from financing activities		21.148	-20.197
Total cash flows		-19.911	-131.227
Cash and cash equivalents at 1 January		-144.508	-16.845
Net foreign currency gains or losses		1.946	3.564
Cash and cash equivalents at 31 December		-162.473	-144.508

Cash and cash equivalents			
Cash and cash equivalents as at 31 December		0	0
Bank overdrafts		162.473	144.508
Net cash and cash equivalents as at 31 December		162.473	144.508

STATEMENT OF CHANGES IN EQUITY

2018

DKK'000	Share capital	Share premium	Interst Hedge	Net Revaluation Reserve (Equity Method)	Retained earnings	Total
Equity at 1 January	14.356	1.421.236	-4.333	224.774	30.633	1.686.666
Profit for the period	0	0	0	0	93.977	93.977
Revaluation Reserve	0	0	0	153.066	-153.066	0
Other comprehensive income:						
Foreign currency translation differences	0	0	2.754	-2.626	-2.755	-2.627
Value adjustment hedging of future cash flows	0	0	2.024	0	0	2.024
Tax relating to other comprehensive income	0	0	-445	0	0	-445
Total other comprehensive income	0	0	4.333	-2.626	-2.755	-1.048
Total transactions with owners of the Company and other equity transactions	0	0	0	0	0	0
Equity on 31 December	14.356	1.421.236	0	375.214	-31.211	1.779.595

2017

DKK'000	Share capital	Share premium	Interst Hedge	Net Revaluation Reserve (Equity Method)	Retained earnings	Total
Equity at 1st December 2014	14.356	1.421.236	-2.943	68.394	30.899	1.531.942
Profit for the period	0	0	0	0	112.848	112.848
Revaluation Reserve	0	0	0	156.719	-156.719	0
Other comprehensive income:						
Foreign currency translation differences	0	0	0	-339	3.564	3.225
Value adjustment hedging of future cash flows	0	0	-1.782	0	0	-1.782
Tax relating to other comprehensive income	0	0	392	0	0	392
Total other comprehensive income	0	0	-1.390	-339	3.564	1.835
Transactions with owners of the Company and other equity transactions:						
Capital Injection	0	0	0	0	40.041	40.041
Total transactions with owners of the Company and other equity transactions	0	0	0	0	40.041	40.041
Equity on 31 December	14.356	1.421.236	-4.333	224.774	30.633	1.686.666

Capital management

The primary objective of Diego HC 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.

Diego HC 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, Diego HC A/S may adjust the dividend payments to shareholders, acquire its own shares or issue new shares.

SECTION 1: BASIS OF PREPARATION

Introduction

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

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

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

These financial statements are for the year ended 31 December 2018.

They were approved at the general meeting on 31 May 2019 by chairman Ulrik Thougaard Jensen.

The accounting policies are unchanged from last year.

The following notes are presented in Section 1:

1.1 General accounting policies

1.2 Introduction to significant estimates and judgements

1.3 Application of materiality

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 Diego HC A/S's functional and presentation currency. All values are rounded to the nearest thousand DKK '000 where indicated.

Consolidated financial statements

The Company has not prepared consolidated financial statements. Reference is made to the annual report for parent company, Diego HC TopCo A/S, where consolidated financial statements are prepared.

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.

Implementation of new or amended standards and interpretations

Standards issued but not yet effective

The Group has implemented all new IFRS standards, amendments and IFRIC interpretations as adopted by EU and effective as of 1 January 2018.

The standards relevant for the Group are:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers
- IFRIC 2+L212 Transactions in foreign currency and prepayments

Of the above, only IFRS 9 and IFRS 15 have implications on the recognition, measurement, and presentation in the annual report.

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued, but are not yet effective.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Constructions Contracts, IAS 18 Revenue and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their cus-tomers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Group adopted the new standard using the modified retrospective method of adoption with the date of initial application of 1 January 2018 under which the cumulative effect of initially applying IFRS 15 is recognised at the date of initial application as an adjustment to the opening balance of retained and the comparative figures are not restated.

The Group has performed a detailed analysis on IFRS 15 and current accounting procedures. The analysis shows that accounting policies within the Group are compliant with the new IFRS 15 Revenue from Contracts with Customers.

IFRS 15 requires assessment of performance obligations and the assessment of the allocation of the transaction price hereto. The Group considered the contracts to comprise only one performance obligation and any changes to a contract will therefore be recognized as changes to the original contract and not as a separate performance obligation. All contracted construction contracts are recognized over time according to costs incurred, while revenue from the sale of non-contracted building constructions (sales of houses constructed on own land for which no customer contract has been entered info before construction starts) are recognized at the single point in time where control is transferred to the customers.

The presentation and disclosure requirements in IFRS 15 are more detailed compared to the previous standard, whereby several disclosure requirements in IFRS 15 are new. The Group implemented the disclosures required according to IFRS 15.

Based on the Group's revenue and contract types, IFRS 15 did not affect the financial statements, but only affected the level of detail in the disclosures provided in the notes.

Note 1.1 General accounting policies

IFRS 9 Financial Instruments

IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for the financial instruments: classification and measurement; impairment; and hedge accounting.

IFRS 9 introduces a logical classification of financial assets based on the Group's business model and its underlying cash flow. Furthermore, a new expected credit loss (ECL) model is introduced, as opposed the previous credit loss model under IAS 39. The expected credit loss model requires and entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk.

The Group applied IFRS prospectively, with an initial application date of 1 January 2018.

The classification, recognition and measurement requirements of IFRS 9 did not have a significant impact to the Group. Due to immateriality no impacts on opening balance are reported and no details on the previous accounting policy applied was disclosed.

IFRIC 22 Transactions in foreign currency and prepayments

The interpretation is a clarification interpretation with no significant impact on the Group.

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 Group expects to implement the new standards, if applicable, when they become effective.

IFRS 16 – Leases

IFRS 16, which is effective for annual periods beginning on or after 1 January 2019, replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases on-balance, similar to accounting treatment for finance leases under IAS 17. The standard will significantly change the accounting treatment for lease contracts that are currently treated as operational leases.

The standard requires that all lease contracts at the commencement date of a lease need to be capitalized as a lease asset, representing the right to use the underlying asset, with a matching lease liability, representing the lease payments.

The two exemptions for lessees are leases of low value assets and leases with a lease term of 12 months or less. The interest expense on the lease liability and the depreciation expense will be recognized separately. Under the current treatment lease payments are classified as operating expenses. Under IFRS 16 annual leasing costs will be divided into two elements, depreciation and interest costs. This will have a positive impact on the Group's EBITDA and to a lesser extent on EBIT.

Furthermore, IFRS 16 requires more extensive disclosures than under IAS 17.

The Group plans to adopt IFRS 16 retrospectively to each prior reporting period presented. For Diego HC A/S the expected effect will be on key figures for subsidiaries described below, and will have no material effect on parent company.

During the financial year the Group has performed a detailed impact assessment of IFRS 16. In summary, the impact on the Group's consolidated financial statements of transition to IFRS 16 is expected to be within the following ranges:
- Profit or loss increase in EBITDA of DKK 15 to 25 million, and an increase in EBIT of less than DKK 10 million.
- It is expected that the net result will not be significantly affected.
- Assets increase in total assets of approximately DKK 115 to 130 million. Liabilities increase in total liabilities of approxi-mately DKK 115 to 130 million.
-Equity will not be affected of transition to IFRS 16.

In accordance with IFRS 16 the annual operational lease payment of approximately DKK 22.3 million in 2018 needs to be presented as cash flow from financing activities, as opposed to the current treatment as cash flow from operating activities. This change in disclosure will im-prove the cash flow from operating activities by approximately 13 percent.

The Group's expectation is that the majority of the leasing portfolio in amount of contracts relates to vehicles and rental of buildings. Most of the leasing contracts within the Group are identified in Denmark.

The impact assessment may be subject to changes arising from further reasonable and supportable information being made available to the Group in 2019.

Within the estimated effects on the 2019 financial statements the Group undertakes several assumptions and judgements. The discount rates used for calculating the present value of the lease assets is based on the currencies of the leasing contract and the length of a leasing contract. In addition, the Group uses their internal mark-up on the discount rate.

The Group will elect to use the exemptions proposed by the standard on short-term lease contracts with an initial term of less than 12 months, and lease contracts for which the underlying asset is of low value. The Group has leases of certain office equipment that are considered of low value (i.e. printing and photocopying machines).

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 Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

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

Significant estimates and judgements	Note
Percentage-of-completion profit recognition	2.7
Guarantee commitments	3.5
Impairment of non-financial assets	4.4

Note 1.3 Application of materiality

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

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

The disclosure requirements are substantial in IFRS and the group provides these specific required disclosures unless the information is considered immaterial to the economic decision-making of the readers of the financial

SECTION 2:

Introduction

This section provides information regarding the Company's performance in 2018, 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 Reconciliation of EBITDA to normalised EBITDA (analysis of special items)

2.4 Special items

2.5 Financial risk management

2.6 Accounting policy

2.7 Significant estimates and judgements

Note 2.1 Revenue

Revenue per category

2018

DKK'000	Total revenue
Other revenue	15.656
Total	15.656

2017

DKK'000	Total revenue
Other revenue	11.052
Total	11.052

Other revenue comprise management-fee from other Group companies.

Note 2.2 Costs including staff costs and remuneration

Staff costs

DKK'000	2018	2017
Wages and salaries	8.451	9.538
Other social security costs	21	13
Other staff Costs	49	50
Total	8.521	9.601
Average number of full-time employees	3	3

Remuneration of key management personnel and Directors

	2018	2017
DKK'000	Executive Management & Board of Directors	Executive Management & Board of Directors
Base salary and non-monetary benefits	16.539	9.538
Total remuneration	16.539	9.538

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

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

Reconciliation of EBITDA

DKK'000	2018	2017
Operating profit before depreciation and amortisation	-21.885	-4.825
Special items		
-Strategic organisational changes	0	3.339
-Costs in connection with Acquisition	27.193	78
-Other special items	421	1.428
Total special items	27.614	4.845
Operating profit before depreciation and amortisation (EBITDA) before special items	5.729	20

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

Since such financial measures are not calculated by all companies in the same way, they are not always comparable to measures used by other companies. These financial measures should therefore not be considered to be a replacement for measurements as defined under IFRS. The definition section 6.6 provides information in greater detail regarding definitions of financial performance measures. Information regarding special items is included in note 2.4

Note 2.4 Special items

DKK'000		
Cost related to restructuring of process and fundamental structural adjustment:		
-Strategic organisational changes	0	3.339
-Costs in connection with Acquisition	27.193	78
-Other special items	421	1.428
Total special items	27.614	4.845

Note 2.5 Financial risk management

Currency Risk

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

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

Total revenue generated in SEK and EUR for 2018 amounted to 474 million (2017: 418 million). Management considers the Group's exposure to SEK and EUR as low.

Note 2.6 Accounting policy

Revenue

Accounting policies are described for 2018 only based on IFRS 15, as the effect of the transition has been insignificant. The transition is described earlier in the accounting policies in the paragraphs relating to changes in accounting policies, and reference is made to these.

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

Staff costs

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

Special items

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

Special items also include items that by nature are non-recurring, specifically impairment of goodwill, gains and losses on the disposal of activities and transaction cost from a business combinations.

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

Note 2.7 Significant estimates and judgements

Percentage-of-completion profit recognition

Percentage-of-completion profit is effected of significant estimates and judgements, reflected in the Company's investment in subsidiary companies.

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

The assessment of project revenues and project costs is based on a number of estimates and assessments that depend on the experience and knowledge of project management in respect of project control, training and the prior management of project. There is a risk that the final result will differ from the profit accrued based on percentage-of-completion. At year-end, recognized revenues amounted to DKK 631 million (2017: DKK 615 million).

SECTION 3:

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

Contingent liabilities

The company is continiously involved in minor disputes, but nothing significant per 31st December 2018

Investment in sibsidaries has been provided as a security for balances with Nordea.

The Company is jointly taxed with its parent, Diego HC TopCo A/S and Danish subsidiaries, 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 2018 and withholding taxes falling due for payment on or after 18 August 2015 in the group of jointly taxed entities.

Note 3.2 Changes in working capital

DKK'000	2018	2017
Increase in trade and other receivables	0	24
Increase in trade and other payables	13.215	-36.733
Total	13.215	-36.709

Note 3.3 Financial risk management

Credit risk

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

It is the Company's assessment that the exposure towards credit risk is not significant. The current loss on debtors in 2018 is caused by deviation frem group policy and is included in special items.

Impairment of receivables amounted to nil in 2018 and 2017.

Note 3.4 Accounting policy

Trade and other receivables

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

Provisions are made up as the difference between the carrying amount and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate used at the time of initial recognition is used as the discount rate for the individual receivable or portfolio.

Cash and cash equivalents

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

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

Note 3.5 Significant estimates and judgements

Guarantee commitments

Guarantee commitments is effected of significant estimates and judgements, reflected in the Company's investment in subsidiary companies.

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 27 million (2017: DKK 25 million).

SECTION 4: INVESTMENTS

Introduction

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

The following notes are presented in Section 4:

Note 4.1 Investment in Subsidaries

DKK'000	2018	2017
Cost at 1 January	2.317.057	2.277.016
Additions	0	40.041
Cost at 31 December	2.317.057	2.317.057
Share of result at 1 January	224.773	68.394
Share of results	153.067	156.719
Other comprehensive income	-2.626	-340
Share of results at 31 December	375.214	224.773
Net book value	2.692.271	2.541.830

Investment in subsidary companies relate to investment in 100% of shares in HusCompagniet A/S

Note 4.2 Impairment

Goodwill and intangible assets with indefinite lives

At 31 December 2018, Management tested the carrying amount of goodwill included in net booked value of investment in subsidaries for impairment based on the allocation of the cost of goodwill on the geographic segments.

DKK'million	2018	2017
Cost at 1 January		
Denmark	1.761	1.761
Germany	56	56
Sweden	295	306
Carrying amount 31 December	2.112	2.123

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

The recoverable amount is based on the value in use determined using expected net cash flows based on budgets for the years 2018-2019 approved by Management and with a pre-tax discount factor of 10.8% (2017: 10.8%).

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

The budgeted number of houses sold is expected to increase by an average of 12-13 % in the budget period (2017: 8-9%).

The weighted average growth rate used in connection with extrapolation of future net cash flows for the years after 2022 is estimated to 2% (2017: 2%). The growth rate is not assessed to exceed the long-term average growth rate within the Company's markets.

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

Sensitivity analysis

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

Note 4.3 Accounting policy

Investments in subsidiaries

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

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

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

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

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

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

Note 4.4 Significant estimates and judgements

Impairment of non-financial assets

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

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

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

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

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

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

SECTION 5: 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 5:

Note 5.1 Equity

Share capital

	2018		2017	
	Nominal value (DKK'000)	Number of shares	Nominal value (DKK'000)	Number of shares
Share capital at 1 January (issued and fully paid)	14.356	14.356	14.356	14.356
Share capital at 31 December	14.356	14.356	14.356	14.356

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

Note 5.2 Borrowings and non-current liabilities

Borrowings

DKK'000	2018	2017
Non-current liabilities	677.503	732.293
Current liabilities	222.473	204.508
Total carrying amount	899.976	936.801
Nominal value	917.473	959.508

2018

DKK'000	Currency	Interest rate	Average interest rate	Carrying amount
Bank borrowings	DKK	Floating	3,60%	917.473

2017

DKK'000	Currency	Interest rate	Average interest rate	Carrying amount
Bank borrowings	DKK	Floating	3,70%	959.508

Investments in subsidiaries have been provided as security for balances with Nordea.

Note 5.3 Financial income and expenses

Financial expenses

DKK'000	2018	2017
Financial expenses		
Interest paid to banks*	43.561	42.624
Other financial cost	2	0
Total financial expenses	43.563	42.624
Net financials	-43.563	-42.624

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

Note 5.4 Financial risk management

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

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

Liquidity risk

Diego HC A/S does not receive payment until construction is finished and the house is handed over to the client.

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

The Group continues monitoring the need of liquidity. At 31 December 2018, the Group has an undrawn credit facility of DKK 351 million to ensure that the Group is able to meet its obligations (2017: DKK 252 million). Management considers the credit availability to be sufficient for the next 12 months.

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

Contractual maturity analysis of financial liabilities

2018

DKK'000	Hedging instrument	Due within 1 year	Due between 1 and 5 years	Due after 5 years	Total contractual cash flows	Carrying amount
Non-derivative financial liabilities						
Other payables		632	0	0	632	632
Bank Borrowings		222.473	677.503	0	899.976	917.473
Other Liabilities		19.791	0	0	19.791	19.791
Total non-derivative financial liabilities		242.896	677.503	0	920.399	937.896
Derivative financial liabilities						
Bank borrowings	IRS	0	0	0	0	0
Bank borrowings	CAP	0	0	0	0	0
Total derivative financial liabilities		0	0	0	0	0
Total financial liabilities		242.896	677.503	0	920.399	937.896

2017 DKK'000	Hedging instrument	Due within 1 year	Due between 1 and 5 years	Due after 5 years	Total contractual cash flows	Carrying amount
Non-derivative financial liabilities						
Other payables		45	0	0	45	45
Bank Borrowings		204.508	732.293	0	936.801	959.508
Other Liabilities		7.163	0	0	7.163	7.163
Total non-derivative financial liabilities		211.716	732.293	0	944.009	966.716
Derivative financial liabilities						
Bank borrowings	IRS	2.024	0	0	2.024	2.024
Bank borrowings	CAP	0	0	0	0	0
Total derivative financial liabilities		2.024	0	0	2.024	2.024
Total financial liabilities		213.740	732.293	0	946.033	968.740

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

Diego HC A/S 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.

Categories of financial assets and financial liabilities

DKK'000	2018	2017
Cash and receivables	0	0
Financial liabilities measured at amortised cost	920.399	944.009
Derivatives, financial liabilities	0	2.024

Note 5.5 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).

Share premium reserve

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

Foreign currency translation reserve

The reserve comprises currency translation adjustments arising on the translation of financial statements of foreign subsidiaries from their functional currencies into the presentation currency used by Diego HC A/S.

Financial income and expenses

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

Financial assets

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

Financial liabilities

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

The Group's financial liabilities comprise other payables, which primarily consist of staff-related costs not due for payment.

Derivative financial instruments

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

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

Fair value measurement

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

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

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

SECTION 6: OTHER DISCLOSURES

Introduction

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

The following notes are presented in Section 6:

Note 6.1 Tax

Current tax

DKK'000	2018	2017
Income tax	-5.650	-5.533
Movement in deferred tax	-746	-746
Adjustment relating to previous years	38	2.701
Income taxes in the income statement	-6.358	-3.578
Profit before tax	87.619	109.270
Tax rate, Denmark	22,00%	22,00%
Tax at the applicable rate	19.276	24.040
Non-taxable income	-33.675	-34.478
Expenses not deductible for tax purposes	8.448	3.767
Adjustments relating to prior years	38	2.701
Effect of change in tax rate		
Other	-445	392
Tax expense for the year	-6.358	-3.578
Effective tax rate, %	-7,26%	15,30%

Deferred tax

DKK'000	2018	2017
Deferred tax at 1 January	-1.772	-1.026
Recognised in profit or loss	-746	-746
Exchange differences	0	0
Deferred tax at 31 December	-2.518	-1.772

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

	Deferred tax asset		Deferred tax liability	
DKK'000	2018	2017	2018	2017
Tax loss carried forward	2.518	1.772	0	0
Deferred tax	2.518	1.772	0	0

Corporation tax payable

DKK'000	2018	2017
Corporation tax payable at 1 January	-5.925	-11.355
Adjustment of corporation tax at 1 January , related to prior years	-38	2.701
Current tax including jointly taxed subsidiaries	-5.650	-5.533
Corporation tax paid during the year	5.964	8.654
Tax related to financial instruments	445	-392
Corporation tax payable at 31 December	-5.204	-5.925

Note 6.2 Other non-cash items

DKK'000	2018	2017
Share of profit/(loss) in subsidaries	-153.067	-156.719
Non-cash financial items	43.563	42.624
Other non-cash items	-109.504	-114.095

Note 6.3 Related parties

The ultimate Parent

The ultimate Parent of the Group is EQT's Fond VI. There were no transactions between the company and the ultimate company.

The direct owner is Diego HC TopCo A/S. There were no transactions between the company and the direct owner.

Other related Parties

Name	% equity interest	Country of incorporation
HusCompagniet Midt- og Nordjylland A/S	100%	Denmark
HusCompagniet Fyn A/S	100%	Denmark
HusCompagniet Sønderjylland A/S	100%	Denmark
HusCompagniet Sjælland A/S	100%	Denmark
FM-Søkjær Entreprise A/S	100%	Denmark
Svenska HusCompagniet AB	100%	Sweden
VårgårdaHus AB	100%	Sweden
Svenska HusCompagniet Fastighetsutveckling AB	100%	Sweden
Svenska HusCompagniet Fastighetsutveckling Allerum 1 AB	100%	Sweden
Svenska HusCompagniet Fastighetsutveckling Allerum 2 AB	100%	Sweden
Die Haus-Compagnie Gmbh	100%	Germany
HusCompagniet A/S	100%	Denmark
LejlighedsCompagniet A/S	100%	Denmark
Diego HC TopCo A/S	Direct parent	Denmark

Transactions with key management personnel

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

Significant transactions between the Group and the ultimate parent company

No transaction between the Groupand the ultimate parent company. (2017: DKK 0 million).

Note 6.4 Auditor's fee

Fees to auditors

DKK'000	2018	2017
Audit Service	48	105
Tax advice services	10	0
Other non-audit services	0	630
Total	58	735

Note 6.5 Events after the balance sheet date

No signigicant events have occured subsequent to the financial year.

Note 6.6 Definitions

EBITDA before special items
Operating profit before depreciation amortisation and special items.

EBITDA after special items
Operating profit before depreciation amortisation and after special items.

Operating profit (EBIT)
Operating profit after depreciation and amortisation.

Financial ratios

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015".
The financial ratios stated in the survey of financial highlights have been calculated as follows:

Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
EBITDA margin	$\frac{\text{EBITDA before special items x 100}}{\text{Revenue}}$
ROCE	$\frac{\text{Operationg profit (EBIT)}}{\text{Total assets - Current Liabilities}}$

Note 6.7 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.

Operating leases

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

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

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Diego HC A/S for the financial year 1 January – 31 December 2018.

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

It is our opinion that the financial statements give a true and fair view of the Company's financial position at 31 December 2018 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2018.

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

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

Horsens, 31 May 2019

Executive Board:

Steffen Martin Baungaard CEO	Michael Toxværd Hansen CFO	Morten Chrone COO

Board of Directors:

Tore Thorstensen Chairman	Jan Buck-Emden	Matthew John Russell
Andreas Karl Aschenbrenner	Allan Lindhart Jørgensen	Mads Munkholt Ditlevsen

Independent auditor's report

To the shareholders of Diego HC A/S

Opinion

We have audited the financial statements of Diego HC A/S for the financial year 1 January – 31 December 2018, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies, for the Company. 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 2018 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2018 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" (hereinafter referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the 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 our procedures, 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.

Independent auditor's report

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.

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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

Copenhagen, 31 May 2019
ERNST & YOUNG
Godkendt Revisionspartnerselskab

Torben Bender	Thomas Bruun Kofoed
State Authorised	State Authorised
Public Accountant	Public Accountant
MNE no.: mne21332	mne28677