HusCompagniet

Co-creating the homes of tomorrow – today

Annual report 2022

Our purpose

Co-creating the homes of tomorrow – today

Content

Management review

Financial statements

Letters from Management

Read letters from our Chairperson Claus V. Hemmingsen and our CEO Martin Ravn-Nielsen.

The management has taken sharp action to address the market downturn and has observed extra careful financial discipline to ensure stability and enable the company to pursue its strategic priorities.

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Sustainability

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

→ Page 31

Updated LCA of our standard house

In 2022, we have updated the climate calculation of our standard house with the newest products and data to get an updated status on the achievement of our targets

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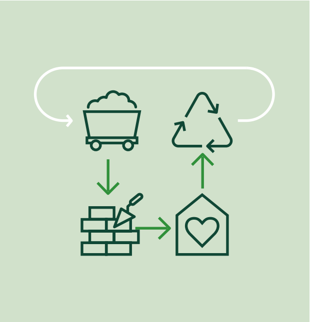


Overview

At a glance

HusCompagniet a leading Nordic single-family housebuilder

HusCompagniet is a leading provider of detached houses in Denmark. We also facilitate semi-detached houses to both private consumers and professional investors. From 2022, we offer prefabricated wood-framed houses to the semi-detached segment via our newly acquired factory in Esbjerg, HusCompagniet Production. We also have a presence in Sweden where we produce prefabricated wood-framed houses through our VårgårdaHus brand.

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

HusCompagniet has nine offices with showrooms and more than 60 show houses throughout Denmark and Sweden. In addition, we offer digital sales through our online platform "HusOnline".

2010
HusCompagniet brand established

518
employees

9
office locations in Denmark and Sweden

27,500
houses built since establishment, trailing 40 years back

Our purpose

Co-creating the homes of tomorrow – today

Our segments

Detached
Read more
On page 13

Semi-detached
Read more
On page 14

Sweden
Read more
On page 15

Performance Highlights

Revenue (DKK)

Segment split

80%
Detached
(2021: 81%)

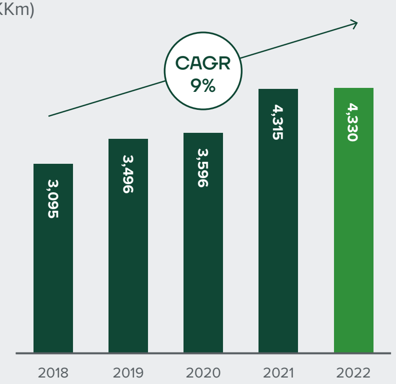
12%
Semi-detached*
(2021: 12%)

8%
Sweden
(2021: 7%)

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

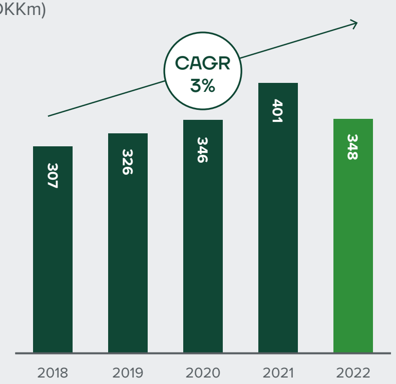
Revenue

(DKKm)



EBITDA before special items

(DKKm)



348m
EBITDA before special items (DKK)

8,0%
EBITDA bsi margin

152m
Free cash flow (DKK)

4.7/5.0
Based on more than
5,000 reviews on Trustpilot

2003
houses built in 2022

957
houses sold in 2022

Sustainability Highlights

Target reached

60%

of houses ordered with renewable energy sources by 2025
Target reached (with 45% of houses delivered exclusively with renewable heating sources, and 55% with district heating, which on average is 70% renewable).

Sustainability targets

Find more information about our sustainability targets
On page 33-34

70%

reduction in CO_2 emissions from building materials through the lifecycle of a house by 2030 compared to 2019

Zero

scope 1 emissions through 100% electric owned and leased vehicle fleet by 2025

Sustainability in 2022

Read more about our sustainability
On page 32

Our sustainable focus areas and related SDG's

Aspire to impact	Climate			People			Responsible business		
Sustainable cities and communities	Climate – building materials	Climate – customer use phase	Climate – own operations	Employee well-being	Diversity & inclusion	Health & safety	Responsible business	Sustainable sourcing	Labour rights and human rights
2025 Targets	35% reduction in emissions from building materials	60% houses ordered with renewable energy sources	Zero scope 1 emissions through 100% electric owned and leased vehicle fleet	Reduce sick leave below 2%	2/6 females on the BoD 25% females in management	Reduce LTif by 30%	Annual targets are set	Annual targets are set	Annual targets are set

Letter from the Chairperson

Demonstrating a flexible business model

The past year has been yet another extraordinary year, with high inflation and increasing interest rates leading to a historically low consumer confidence impacting our business. Despite these challenges HusCompagniet's 2022 results were the second best in the Group's history.

The year posed a range of challenges, especially for our employees. They have all gone an extra mile in a year with high building activity, but we and they have also had to say farewell to many good colleagues, as we have adapted the organisation to a significantly lower demand for new houses. A dedicated effort was made across the organisation, and to all our existing and former colleagues, I owe a special thanks.

We anticipate a significantly reduced activity level in 2023, but due to our flexible business model we have demonstrated our ability to swiftly adjust to changes, and I am confident that the company will come out strong following this and be capable of continued good performance in an adverse market.

Transformative acquisition

Climate change continues to be one of the defining challenges of our time and the building industry has a key responsibility to participate in the sustainable transition. To cater for these changes HusCompagniet acquired a pre-fab factory in Esbjerg in 2022. The factory is a transformative acquisition which will accelerate HusCompagniet's efforts to reduce its carbon footprint going forward and, in addition, it reduces the risk of sub-contractor bottlenecks. Being the only traditional Danish housebuilder with pre-fab competencies also provides us with a unique competitive advantage in our sustainability capabilities.

HusCompagniet's efforts to create a more transparent reporting on sustainability was acknowledged in 2022 as the Group was ranked top 5 in Position Greens ESG100 report. This acknowledgement further affirmed our ambitions to continue our journey with sustainability as a key element in our strategy.

Professionalising the industry

During 2022, we have continued to invest in further digitalisation of our value-chain. It is our clear ambition to contribute to professionalising the industry with a bold digital strategy that will transform the customer journey, using our size and scale to leverage data and become digital front-runners. We will use our digital platform to promote sustainable design and construction covering the entire value chain.

With the best combination of design and construction, we believe we are creating the strongest possible foundation for long-term growth and shareholder value.

Shareholder value

In 2022 we returned approx. DKK 170m to our investors through dividend and share buy-back. Due to the adverse market conditions, the Board of Directors emphasises financial discipline, and will not propose any pay-out of dividend in 2023.

Thank you!

To realise our ambitions to constantly improve our industry, we depend on the continued support and dedication from our colleagues. Based on their outstanding efforts this past year, I feel optimistic that we will be able to continue this journey, despite unprecedented market conditions. Also, I would like to express my thanks to our customers for their trust in us, our suppliers and subcontractors for their cooperation and our shareholders for their continued support.

Claus V. Hemmingsen
Chairperson of the Board

Letter from the CEO

Strong financial performance in a weak market

During my +25-years tenure in the housebuilding industry, 2022 will stand out as one of the most extraordinary. Instant surcharges and high inflation combined with a rapid negative shift in market conditions has not been seen for decades. Despite these challenges, I am satisfied with the financial results achieved in 2022, which is unrivalled to the rest of our industry, and proves the robustness of our business model.

A new normal

All three segments experienced negative sales growth in 2022 as market conditions shifted, which drove the need to adapt the organisation to lower sales and lower building activity in 2023. This was an unusual situation for HusCompagniet as the company has consistently grown more than 10% annually from 2007 to 2021. Despite the set-back in the market, we have demonstrated one of the key strengths of our business model, which is our ability to swiftly adapt the business to the new market conditions. As these market conditions might be the new normal for a while, we will cautiously monitor the markets and ensure we are ready to quickly scale-up again when market growth returns, while preserving value for shareholders.

Focus on customers

Despite all challenges and market constraints, we managed to maintain an industry-high customer satisfaction score of 4.7 out of 5.0 on Trustpilot. We have received more than 5000 5-star ratings on Trustpilot, which is a record-high number for HusCompagniet. Our relationships with our customers are built on trust, and meeting our customers' expectations is of utmost importance. In uncertain markets it becomes even more important for customers that their preferred housebuilder is a safe haven. It is therefore of strategic importance that we maintain our position as the most trustworthy and financially-robust housebuilder.

Lean-in on the sustainability agenda

As a market leader we want to lean-in on the sustainability agenda, as our industry has a huge responsibility to reduce its carbon footprint. We have taken several actions during the past year to set the agenda for the industry. Towards our customers, as of the end of 2021, we no longer offer new homes with heating source based on fossil fuels, and we introduced a sustainability package which our customers embraced. To further improve our competitiveness, we acquired an automated factory enabling us to offer pre-fab houses with wooden-frames. We believe the demand for these houses will increase significantly over the coming years, and our ability to produce these pre-fab houses will also contribute to reducing our carbon footprint.

We will continue this journey and constantly ensure that we have the right competencies to enable us to offer the customers unique sustainable solutions.

Outlook

Due to the lower sales volumes in 2022, we expect a significant decrease in building activity in 2023. We expect that the challenges in the supply chain will fade out at the beginning of 2023 while price inflation will persist. The increased geopolitical uncertainty in Europe has further reduced visibility for 2023, yet we are confident that our continued strategic initiatives and timely adjustments will drive long-term performance in all our business segments.

Tremendous effort from our colleagues

I am proud to have the amazing support of all of our colleagues throughout the organisation including the new joiners in HusCompagniet Production. I wish to express thanks and appreciation to all for their remarkable efforts this past year. I am confident that they will continue to drive our business with our customers at heart and a clear ambition of reaching our strategic targets in the years to come.

Martin Ravn-Nielsen
Chief Executive Officer

Consolidated key figures

DKKm	2022	2021	2020	2019	2018
Income statement					
Revenue	4,330	4,315	3,598	3,496	3,095
Gross profit	837	875	756	716	671
Operating profit before depreciation and amortisation (EBITDA) before special items*	348	401	346	326	307
Special items	-32	0	-79	-17	-40
Operating profit before depreciation and amortisation (EBITDA) after special items*	316	401	268	309	267
Operating profit (EBIT) before special items*	300	355	299	288	290
Operating profit (EBIT)*	268	355	220	271	250
Financial, net	-27	-20	-45	-51	-42
Profit for the year (continued operations)	190	265	159	168	153
Profit for the year (discontinued operations)*****	-20	0	-66	-168	-63
Profit for the year	170	265	92	0	90
Balance sheet					
Total assets	3,572	3,578	3,408	4,528	4,124
Contract assets, net	626	725	445	676	591
Net working capital	511	517	433	412	374
Net interest bearing debt (NIBD)	768	713	697	832	807
Equity	1,881	1,885	1,857	1,777	1,777
Cash flow					
Cash flow from operating activities	268	258	141	134	175
Cash flow from investing activities	-117	-22	-31	-43	-38
- Hereof from investment in property, plant and equipment	-22	-11	-20	-15	-44
Cash flow from financing activities	-192	-261	-152	-115	-93
Free cash flow	152	237	110	91	137

***** 2022 loss is mainly due to currency loss related to intercompany loan

DKKm	2022	2021	2020	2019	2018
Key figures					
Revenue growth	0.3%	19.9%	2.9%	13,0%	9.9%
Gross margin**	19.3%	20.3%	21.0%	20.5%	21.7%
EBITDA margin before special items**	8.0%	9.3%	9.6%	9.3%	9.9%
EBITDA margin after special items**	7.3%	9.3%	7.4%	8.8%	8.6%
EBIT margin**	6.2%	8.2%	6.1%	7.7%	8.1%
Earnings Per Share (EPS Basic), DKK ***	9.4	13.7	8.0	8.0	5.0
Diluted earnings per share (EPS-D) (DKK)***	9.4	13.7	8.0	8.0	5.0
Dividend per share, DKK	0	7.35	3.0	n.a.	n.a.
Share price end of year	41.0	118.4	125.0	n.a.	n.a.
Market value (bn)	0.7	2.4	2.5	n.a.	n.a.
ROIC	9.8%	13.2%	8.4%	n.a.	n.a.
ROIC (Adjusted for goodwill)	37.1%	53.4%	37.1%	n.a.	n.a.
NIBD/EBITDA before special items ratio	2.2	1.8	2.0	2.5	2.6
Average number of employees****	518	455	452	436	504
ESG key figures					
CO_2-e/m² delivered (Scope 1+2) - market-based	23	18	20	21	n.a.
CO_2-e/m² delivered (Scope 1+2) - location-based	9	8	10	13	n.a.
Direct CO_2-e emissions (Scope 1)	761	772	776	878	n.a.
LTIf	11.6	9.3	11.4	12	n.a.
Sick leave	1.9%	3.5%	2.8%	2.2%	n.a.
Percentage female managers	40%	21%	20%	20%	n.a.
Number of female board members	2/6	2/6	2/6	1/6	n.a.

Revenue and EBITDA are adjusted for discontinued operations in 2018-2019. Discontinued operations comprise Germany and the Swedish brick house activity closed down in September 2020.

Net working capital comparable figures (2019-2020) are adjusted due to change of method.

* Operating profit before depreciation and amortisation (EBITDA) before special items and Operating profit (EBIT) before special items respectively are used as alternative performance measures to reflect a more true and comparable view of the Groups ordinary operations.

** Margins for continued operations

*** Earnings per share, basic and diluted are calculated in accordance with IAS 33. Other key figures are calculated in accordance with the key definitions in Section 6.9

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

**** 2019 numbers exclude discontinued operations which amounts to 47 average full-time employees

Our business

Our markets

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

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

Besides building on new land, the detached market in Denmark presents an additional opportunity in demolition. The current number of new-build detached houses in Denmark is well below the building boom in the 1960s and 1970s, during which more than 400,000 single-family detached houses were built. This huge stock of time-worn houses represents a growth opportunity due to favourable economics in tearing down an old house and replacing it with a new-build low-energy house instead of renovating the old house. Around 29% of HusCompagniet houses sold in 2022 will replace an older house.

General market developments in 2022

Significant price inflation on certain materials impacted both the Danish and the Swedish markets in 2022, and price inflation as well as scarcity in supply of subcontractors affected the markets. Also, energy prices increased significantly during 2022 due to the European energy crisis. High energy costs are expected to continue to affect the market in 2023.

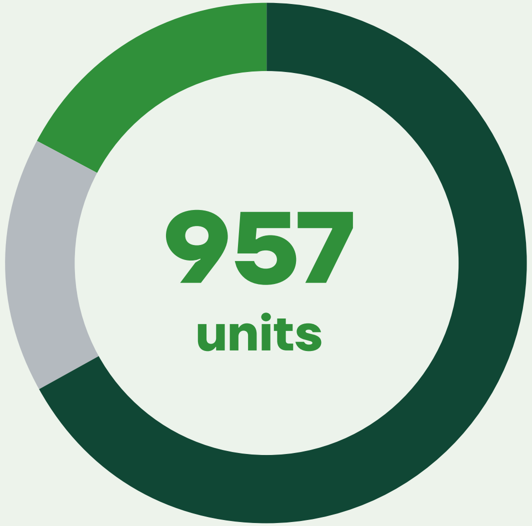
The high building activity for both new-builds and renovation caused bottlenecks, which especially affected the markets in Q1. Given a decrease in market size in terms of permits, the building activity is expected to be at a lower level in 2023. The increase in the interest rates during 2022 caused significant uncertainties among the consumers. Many consumers postponed buying a new house. In addition. the higher cost of capital resulted in fewer people who could buy a new house.

29%

of houses sold in 2022 will replace an older house

Units sold in 2022

Segment split



78%
Detached
(2021: 67%)

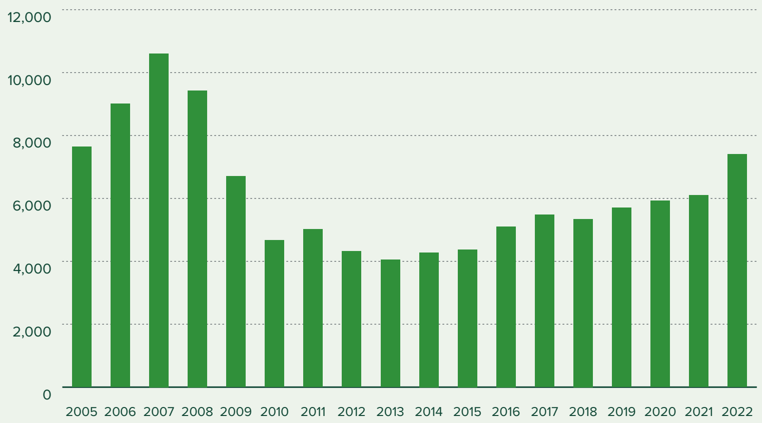
14%
Semi-detached
(2021: 16%)

8%
Sweden
(2021: 17%)

Denmark – detached

In the Danish market for detached houses, HusCompagniet has been market leader since 2011 and today holds an estimated market share of between 20 and 25%. The four largest competitors together hold a market share of around 30-35%, while the rest of the market is composed of smaller to mid-sized competitors. Market shares are subject to a higher uncertainty due to market turmoil. Since 2007, HusCompagniet has taken a leading role in consolidating the originally highly fragmented market. HusCompagniet aims to maintain its market share while improving profitability.

Completions - Total detached, Denmark



Market and business development

In 2022, market size in terms of completions was 7,408 units and grew by 19% compared to 2021. In terms of building permits awarded, market size amounted to 5,523 and declined by -33% compared to 2021.

In H2 2022 the number of permits was 2,207, down from 4,035 in H2 2021 equivalent to a 45% decline. In Q4 2022 the number of permits was 1,045, down from 2,083 in Q4 2021 equivalent to a 50% decline.

Permits is an indicator of the market acitivity. It is our view that permits describe the market activity with a delay in the range of 3-6 months from time of sale.

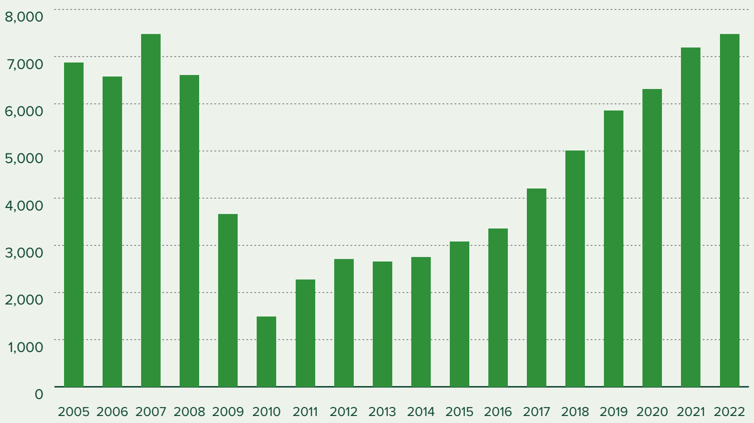
In times like these with high volatility it is not possible to measure market shares accurately - these can be measured over time. We believe our market share is in the range of 20-25%.

In 2022, the Danish detached market was characterised by reduced demand in the first six months of the year compared to 2021. Following the beginning of the war in Ukraine, the subsequent energy crisis, and the increasing inflation and interest rates, HusCompagniet experienced a stagnation in sales rate. The combination of market factors has caused an increased amount of uncertainty and indecisiveness among customers. The effect was seen in both activity and prices in the real estate market for existing houses as well as new builds and we expect an overall lower activity level in 2023. As inflation in 2022 was on a high level, HusCompagniet has increased the prices throughout the year and do not expect to reduce prices in 2023. HusCompagniet managed to maintain the high standards of timely deliveries and delivered 98% of all houses as agreed with the costumers.

Denmark – semi-detached

The Semi-detached market in Denmark is large and highly fragmented, characterised by many small multi-regional construction companies and local builders. The market characteristics are quite similar to the characteristics of the detached market back in 2006, a highly fragmented market. HusCompagniet is aiming at being at the forefront of an organic (non-acquisitive) consolidation concentrating and participating in the industry of the Danish semi-detached market as well, and in 2022 our market share (completions) grew from 2.5% to 4.0%.

Completions – Total Semi-detached, Denmark



Market and business development

Market size (completions) amounted to 7,482 units in 2022 and grew 1 % year-on-year. The semi-detached market has had an average completion rate of approx. 6,000 a year the last 40 years. The market value is half the size of Detached.

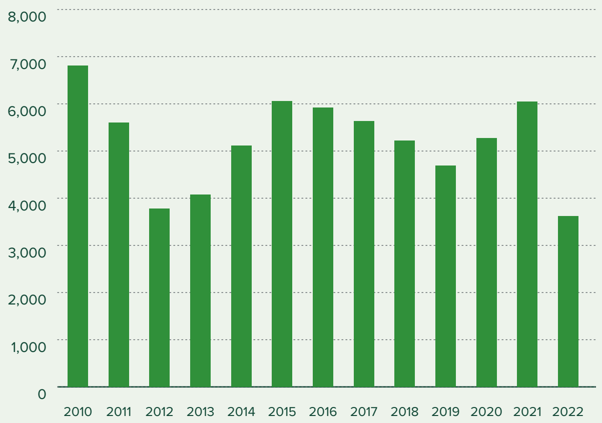
We have been delivering semi-detached houses for private customers over the past 10 years. To further grow our position in this market, we are focusing on developing the business-to-business (B2B) segment by offering building and delivery of semi-detached houses to professional investors, who then lease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

We offer the professional investors a highly standardised building process for multiple houses and have built a centralised project team securing an integrated offering. We offer an attractive pricing model, which benefits from our existing supply chain, scale, and competences. In 2021, we achieved a DGNB certification, which is further strengthening our business proposal. In July 2022, we acquired Danhaus' factory in Esbjerg which we will use to manufacture wood elements for the B2B business, HusOnline and roof cassettes to our detached business. This acquisition makes us less dependant on subcontractors and enables the business to become even more scalable.

Sweden

The Swedish market for new-builds has been growing over the past couple of years and is characterised by a high degree of fragmentation with only a few large players and around 70% of the market composed by smaller and mid-sized construction companies. HusCompagniet's Swedish subsidiary, VårgardaHus, increased its deliveries from 214 in 2021 to 259 in 2022.

Permits, Total detached, Sweden



Market and business development

In terms of permits, the Swedish market declined by 41% for detached houses to 3,620 units in 2022 from 6,047 units in 2021.

The new-build market activity in 2022 was at a level similar to 2021 due to a long orderbook from 2021, but the increasing interest rates and material prices caused a slowdown in new demand.

We expect the demand to continue at a lower level in 2023. In order to match the reduced demand the production will run mainly on the upgraded and more efficient part of the pre-fab production line.

During 2022, we upgraded part of our pre-fab production line with automaisation and new ways of working, thereby increasing the factory capacity with up to 40%.

Our pre-fabricated houses made primarily of wooden frames and wooden facades are sold via our agent sales network. Our network comprise of external agents and the relations have been build up over the years. We aim to continue to expand our agent network.

The gross order backlog was DKK 215 million by the end of 2022.

Equity story

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

Flexible business model through cycles

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

Proof of execution

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

Sustainability

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

Digital ambitions

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

Market drivers

Strong structural trends in demographics. Strong growth potential in Danish semi-detached market. Opportunities for harvesting synergies between existing core business and prefab.

Business model

Resources

People
Our diverse workforce and industry experience are at the core of our business

Natural resources
HusCompagniet houses are built from raw materials, such as timber, aircrete, concrete, brick, steel and glass

Partners
We rely on strong, long-term relations with our material suppliers and subcontractors

Innovation
Digital and sustainable innovation

Our brand
Our private and B2B customers know us as a trusted brand in the industry

Financial capital
We finance investments through cash flow from operations and credit facilities. Financial strength to offer customers bank-guarenteed payment at delivery

Our business

Driving performance throughout the value chain

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

Design & construction
Customised solutions let customers built their dream home

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

On-time deliveries
We aim to deliver 98% of detached and semi-detached houses for private and commercial customers on time, approx. 80% on third-party land

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

Value created

Customer value
- 2,003 houses delivered, providing quality houses at competitive prices
- Customer satisfaction score of 4.7 out of 5.0, being highest in the industry

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

Planet
- 23 kg CO_2 e/m^2 delivered (Scope 1 & 2, market-based) in 2022.
- Emissions from the production of building materials for standard house reduced by 12% compared to 2019 (e/m^2/year)

Safety and well-being at work
- LTIf 11,6 - down 4% from 12 in 2019
- LTIf down 35% for own employees since 2019
- eNPS engagement score of +30

Shareholder value
- DKK 400m returned to shareholders since listing in 2020
- 4.3 DKKbn in revenue

Our purpose

Co-creating the homes of tomorrow – today

Strategy

4,7/5

Trustpilot score in 2022

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

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

Our purpose unifies us in a joint direction, attracts talent and loyal customers, and drives innovation and new thinking in our industry. In short, a purpose that lifts our business strategy and strengthens our role in society, so we are not just proud of the homes we build, but also how we build them. Our purpose is guiding both our long-term objectives and short-term actions and decisions and allows us to co-create the homes of tomorrow – today.

Roadmap to growth and value creation

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

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

Our strategy is targeted at three business segments and two key focus areas:

Our focus areas	Our strategic targets	Update on progress in 2022	Focus in 2023
Business segments			
Detached	Maintaining clear leadership position and continuously improve margins in the Danish detached market through leading customer experience. Growth in line with market growth, while building closer customer relationships.	Successful downscale of business driven by challenging market development demonstrates flexible business model. Margins and income maintained at satisfactory levels. Continued efforts to improve customer experience and offerings.	Continue to scale the business according to the market development and maintain margin and income at a satisfactory level. Further optimise processes with a focus to draw more leverage from our scale. Strengthening the order book.
Semi-detached	Establishing footprint in the Danish business-to-business market for semi-detached through standardised solutions and economies of scale. Aim to increase the market share of the semi-detached business.	Acquisition of Danhaus factory adds new capabilities to manufacturing of wooden elements for construction. Continued focus on adding new subcontractors for higher volumes.	Enter new strategic partnerships by leveraging new capabilities within wooden elements. Strengthening the order book.
Sweden	Growing the Swedish business though augmented product offerings and optimisation of agent network. Aim to increase market share through consolidation – both organically and through potential acquisitions.	Upgrade and automation of one Swedish production line through robotics which increases capacity by up to 40%. Continued focus on expanding agent network.	Adapt product offering to new market conditions. Strengthening the order book.
Key focus areas			
Digitalisation and customer journey	Continuous improvement of the customer journey through digitalisation to sustain a scalable platform. Leveraging data and becoming digital front-runners through personalised products and new services.	Launch of customer platform, "MitHus", where customers can get an overview of their documents, photos and building process at any time through purchasing journey. Foundation for new customer relationships management system prepared for launch in 2023. Continued focus on building digital platform to further drive sales.	Continue to develop and digitalise internal and external tools to support our customer journey. Continuously upgrade IT architecture to become more agile and increase the development pace.
Sustainability and design	Leading the market evolution and setting the standards for sustainable house building and living. Integrating sustainability throughout the value chain, from selection of building materials, making sustainable options available to customers, and through the use phase of the houses after handover and through to final demolition.	Gas heating no longer offered as heating option. 2025 target of 60% houses sold with renewable energy as heating source reached. Continued efforts to transform car fleet to EV.	Increasing transparency on environmental impact and conduct detailed LCA reports on all constructions. Develop new façade options and optimise use of materials to further reduce CO_2 emission together with subcontractors.

Update on business segments

Detached

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

Due to the current market situation, we have downscaled our business to eight offices and ten show parks in Denmark. We continue to have a country-wide coverage and maintaining a local presence. In addition to our physical presence, we also engage with our customers using a broad range of virtual tools.

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

Our flexible business model demonstrates that we can adapt to changes in the supply and demand structure and to safeguard continuous competitive offerings to our customers.

The increased focus on margins of houses sold and the use of technology to improve and standardise vital internal processes, enhanced process efficiencies and reduced mistakes will drive margin improvements.

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

Semi-detached B2B in Denmark

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

With our size, profitability and focused offering, HusCompagniet has a competitive advantage in entering the business-to-business market for semi-detached housing.

Professional investors typically entail larger projects than private investors. We use our highly standardised building process "Ready to build" product for multiple houses and have built a centralised project team securing a one-stop-shop offering. The offering entails an attractive pricing model, and HusCompagniet builds mostly on customer-owned land, coupled with strategic use of own land plots.

With the addition of the factory in Esbjerg acquired in July 2022, we add a new dimension to our delivery model by manufacturing wooden elements for construction. We continue to utilise the existing network of suppliers and adding additional subcontractors for the higher volumes. In combination with being built in blocks of multiple units, this provides a very efficient building process with digital tools.

Our sustainable endeavours are also embedded in our business-to-business offerings, and we are able to provide DGNB-certified projects for our customers. DGNB certification is based on three central sustainability areas of ecology, economy and sociocultural issues, and HusCompagniet closed the first DGNB agreement in November 2021. In 2022, construction started on this first project, and several more are in pipeline.

Our strategic targets are to increase the market share of the semi-detached business.

Vårgårdahus

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

The Vårgårda Fritidshus brand offers wood-framed vacation houses and the HusCompagniet brand is offered on wooden frame with facade options of wood, plaster or bricks maintaining the Danish brand expression. The houses are developed and produced at our factory in Vårgårda.

Swedish market segment

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

Sales focus is on three densely populated hub regions in a market characterised by a high degree of fragmentation. The headquarters and pre-fab production facility is located in Vårgårda. In 2022, a key strategic upgrade and automation of one of the pre-fab production lines through robotics was completed, which increases capacity by up to 40% enabling Vårgårda to absorb increased demand.

Our strategic ambition is to increase market share through consolidation of the market.

We have laid the digital foundation

Our newly launched customer platform, which integrates customer relationship management and document case management system, provides our customers with a strong overview of their building project. The system collects all relevant documents onto a single platform, provides a dynamic overview of the projects from first meeting to delivery, and enables the customer to see pictures of their ongoing construction. The system provides a strong foundation for continuous development to support the customer journey through digital tools.

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

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

In 2022 we have created the foundation for a new customer relationship management system and expect the implementation to be finalised in 2023. With the new customer relationship management system, all major IT systems are upgraded to modern systems that allow HusCompagniet to develop and integrate new digital tools at a higher pace, supporting our digital vision.

Digitalisation and customer journey

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

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

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

We offer a 100% digital solution through our "MitHus", where our customers can access the tool or platform in their own time without having to depend on an available sales force or opening houses. The offering is an important part of the transition towards implementing many digital applications along the house purchasing journey.

Sustainability and design

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

It is our vision to lead the market evolution and set the standard for sustainable house building. We have intensified our efforts to integrate sustainability throughout the value chain, from selecting building materials and making sustainable options available to customers, to dedicated sustainable house product offerings, and through the use phase of the houses after handover to the customers.

One of the critical elements in the lifecycle of the house is heating. The choice of energy sources impacts emissions, and we have set a target aiming for 60% of our houses sold to be delivered with renewable energy sources by 2025. In 2022, 55% of our houses in Denmark had district heating as heating source, which on average is 70% renewable. We welcome this transition as an alternative to gas, which HusCompagniet has not offered since 1 January 2022. Remaining customers (45%) have chosen either geothermal or heat pumps as heating source and independent of other heating sources. In addition, 17% of our customers have chosen solar panels which will ensure partially self-sufficient production of electricity for heating and electricity use. We therefore consider our 2025 target as being reached.

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

Our 2030 target is to achieve a 70% reduction in lifecycle CO_2 emissions. One way of reaching that has been the launch of our Climate-Improved house, which is designed to emit significantly fewer emissions than our Functionalism House from where the architecture originates. The house emits around 30% less CO_2 from building materials, and around 26% less CO_2 throughout the entire lifecycle.

In 2023 we will continue our development of new options for outdoor facades and walls as well as optimised use of concrete in foundations and terrain decks with a view to further reducing CO_2 emissions, in close dialogue and co-operation with our suppliers.

In our own operations we are aiming at reaching zero emissions through a 100 % electric vehicle fleet in 2025, but we have come to the realisation that it will not be possible to reach this in 2025 for larger vans for construction managers, as electric vans currently do not have the necessary range. Furthermore, for the remaining part of our vehicle fleet, the transition is slower than planned.

Follow up on 2022 guidance

	Revenue	EBITDA before special items	Operating profit (EBIT)	Financial leverage
Outlook for 2022 Initial financial outlook for 2022 issued at 5 November 2021.	4,350 – 4,650 m(DKK)	420 – 450 m(DKK)	370 – 400 m(DKK)	Expected leverage ratio below 2.0x net debt to last twelve months EBITDA before special items (bsi) at the end of 2022.
Downgrade in April 2022 On the 28 April 2022, we downgraded the full-year 2022 guidance due to instant surcharges.	4,250 – 4,550 m(DKK)	370 – 410 m(DKK)	320 – 360 m(DKK)	Expected leverage ratio below 2.25x net debt to last twelve months EBITDA before special items (bsi) at the end of 2022.*
Outlook adjustment in August 2022 On the 18 August 2022, we adjusted the full-year 2022 guidance due to lower than expected sales for 2022 and delayed effects in price adjustments.	4,100 – 4,400 m(DKK)	340 – 360 m(DKK)	265 – 290 m(DKK)	Expected leverage around 2.0x net debt to last twelve months EBITDA before special items (bsi) at the end of 2022.

* The financial ratio was updated the 22 April along with the announcement of the acquisition of the Factory in Esbjerg.

	Revenue	EBITDA before special items	Operating profit (EBIT)	Financial gearing
2022 results Realised 2022 figures came within guidance.	4,330 m(DKK)	348 m(DKK)	268 m(DKK)	2.2x Net debt to EBITDA bsi (LTM)

Outlook for 2023

HusCompagniet introduces full-year 2023 guidance:

Revenue	EBITDA before special items	Operating profit (EBIT)
2,200 - 2,500 m(DKK)	75 - 125 m(DKK)	25 - 75 m(DKK)

Forward-looking statements
This annual report includes forward-looking statements on various matters, such as expected earnings and future strategies and expansion plans. Such statements are uncertain and involve various risks, as many factors, some of which are beyond our control, may result in actual developments differing considerably from the expectations set out in the 2022 Annual Report. Such factors include, but are not limited to, general economic and business conditions, exchange rate and interest rate fluctuations, the demand for our services and competition in the market.

Assumptions for the 2023 outlook

The outlook comprises a wider guidance range and less quantified assumptions than previous years outlook due to unusual market uncertainties driven by geopolitical situation combined with high inflation and higher interest rates. The potential impact from these factors are elements adversely affecting HusCompagniet and during 2022 we have experienced some of the consequences resulting in a significant decrease in sales and unprecedented price increases on materials – hence our usual strong financial visibility is currently significantly reduced.

The 2023 guidance is based on no severe disruption of supply chains emerging and on raw material prices not significantly exceeding current levels and that the market will slowly pick-up during 2023.

- Current expectations for 2023 deliveries are between 900 and 1,100 houses.
- Revenue from the semi-detached segment is assumed to be between DKK 350-450 million.
- Special items between DKK 5-10 million related to reorganisation in all segments and management changes in Sweden.
- Dividends are proposed to be suspended in 2023 and thus no distribution to shareholders in 2023. HusCompagniet expects to return to making dividend payments, once the leverage is back within the long-term target. HusCompagniet has initiated a review of the appropriate capital structure going forward.

Medium-term targets

For our three segments we have the following medium-term targets:

Detached

For the Danish detached business our target is to pursue continued growth in line with the detached market segment whilst pursuing strong margins

Semi-Detached

We aim to increase the market share of the semi-detached business.

Wooden-houses

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

Financial review

Financial review

For the first time in the Group's history, HusCompagniet delivered more than 2,000 houses within a financial year with 2,003 houses delivered in 2022. This drove revenue of DKK 4,330 million resulting in a flat growth between 2021 and 2022. The organic growth was -1% as the acquisition of the factory in Esbjerg contributed with revenue of DKK 45 million in 2022.

HusCompagniet achieved the second-best earnings in the Group's history resulting in an EBITDA bsi of DKK 348 million. Special items amounted to DKK 32 million due a reorganisation and acquisition costs resulting in an EBITDA of DKK 316 million. However, this year will most of all be remembered for unprecedented market conditions due to an energy crisis and high inflation driving instant surcharges on energy consuming materials and a historically low consumer confidence driving a 60% decline in sales with 957 houses sold. The decline in sales impacted all three segments.

To protect the business against price inflation, HusCompagniet made several price adjustments during the year. Part of the price increases have driven the margin increase in Q3 and Q4. End of Q4 we have seen scarcity of subcontractors unwind.

To adapt to the lower sales, HusCompagniet has utilized its flexible business model and completed four collective layoff rounds during the year releasing +150 employees, thus reducing overall SG&A costs significantly.

The building process

All of our houses are built by subcontractors, and to ensure our suppliers and subcontractors meet the high quality we demand, the construction phase is managed carefully by our very experienced construction managers. We are highly selective in our choice of suppliers in order to ensure the highest quality.

As we carefully embrace responsibility for the health and safety of our employees, we are also strongly focused on the health and safety of our subcontractors working at our building sites. We have a Code of Conduct that sets out our standards for safety and working conditions at the building sites, which all subcontractors are required to sign. Increased use of digital solutions is optimising the building process and leads to improved efficiency. Our average building time for a single family house is among the shortest in the market. HusCompagniet controls all stages of the building process and a house normally takes 17-21 weeks to build.

Revenue

HusCompagniet reported a total revenue of DKK 4,330 million in 2022, up 0.3% from DKK 4,315 million in 2021. The increase was mainly due to an increase in the number of houses delivered to a total of 2,003, up 9% from 1,831 houses in 2021, off-set by lower work-in-progress driven by the drop in sales. The average sales price (ASP) in Detached increased from DKK 2.3 million to DKK 2.5 million, driven by the price adjustment carried out in 2021 and 2022 to cater for increasing material prices and selection of renewable energy sources.

Revenue in Detached decreased by 1%, 3,444 million in 2022 against DKK 3,492 million in 2021, in line with deliveries which decreased 1% in 2022 compared to 2021. The decrease in revenue was due to lower contracted work in progress driven by lower sales in 2022, and less revenue from land, which decreased to DKK 20 million in 2022 from DKK 140m in 2021.

Semi-detached (excluding HC Production) realised a slight decrease in 2022 of 2%, as revenue was DKK 494 million in 2022 against DKK 504 million in 2021. This was attributable to lower sales, decreasing from 387 units in 2021 to 137 in 2022.

HC Production contributed DKK 45 million in revenue, generated solely in H2.

Sweden realised a revenue growth of 9%, as 2022 reported DKK 346 million against DKK 319 million in 2021 due to a strong orderbook entering 2022.

Gross margin

Gross margin was 19.3% against 20.3% in 2021. The gross margin was negatively affected by instant surcharges beginning of the year, and share of own land was lower for both detached and semi-detached, totalling 11.1% in 2022 against 19.5% in 2021. Also, we did a write-down of land holdings of DKK 3 million end of 2022, impacting the margin negatively in 2022 (Q4).

2022 gross margin in Detached was 18.5% against 19.8% in 2021. The decrease was driven by instant surcharges introduced by suppliers in March, combined with subcontractor bottlenecks, negatively impacting H1. H1 margin was off-set by inter-segment move between Semi-detached and Detached, beginning of the year. We increased the prices during H1 to cater for the instant surcharges and this impact has partly materialised during H2 as the inter-segment adjusted gross margin in H1 2022 was 17.1% while gross margin in H2 2022 was 18,2%.

Semi-detached gross margin was 10.4% in 2022 against 12.5% in 2021. The margin was impacted by inter-segment move of B2B projects produced in the detached segment and lower share of land.

The margin in HC production was 34.8% in 2022.

In Sweden, gross margin was 38.1% in 2022 against 37,4% in 2021. The margin was positively affected by having a lower share turnkey projects off-set by negative gross margin from a low utilisation during the summer combined with both automation of the factory and increased prices on materials.

EBITDA

EBITDA before special items was DKK 348 million, down 13% compared with DKK 401 million in 2021. This corresponds to an EBITDA margin before special items of 8.0% compared to a margin of 9.3% in 2021. Staff cost and other external expenses (SG&A) amounted to DKK 489 million and was on par with DKK 474 million with 2021, when adjusting for HC Production's SG&A of DKK 14 million in 2022. Ratio to revenue was 11.3% in 2022 compared to 11.0% in 2021.

Detached SG&A decreased DKK 21 million to DKK 361 million in 2022 against 382 million in 2021. H2 2022 was DKK 25m lower than H1 2022. The decrease was driven by lay-offs executed during the year and lower sales provisions due to a 53% decrease in sales.

19.3%

Gross margin

	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	FY-21	FY-22	Change
Sales	626	721	545	484	374	358	138	87	2376	957	-60%
Deliveries	394	424	390	623	480	526	417	580	1831	2003	9%

Semi-detached SG&A increased DKK 5 million to DKK 24 million in 2022 against 19 million in 2021, driven by a ramp-up of the department.

SG&A for the factory in Esbjerg amounted to DKK 14 million and was mainly blue-collar labour.

In Sweden SG&A increased by DKK 16 million to DKK 89 million in 2022 against 73 million in 2021. The increase was driven by the increase in activity in Sweden to cater for the 9% growth in revenue.

EBITDA was DKK 316 million in 2022 and DKK 401 million in 2021.

Special items
Special items amount to a cost of DKK 32 million in 2022 of which the majority related to collective layoffs and transaction related costs for the acquisition of the factory in Esbjerg. No special items incurred in 2021.

Amortisation and depreciation
Amortisation and depreciation amounted to DKK 48 million compared to DKK 46 million in 2021. Amortisation mainly consists of developing projects including ERP system. Depreciation mainly refers to leasing contracts. In 2022, depreciation amounted to DKK 33 million (DKK 29 million in 2021), and amortisation amounted to DKK 15 million (DKK 17 million in 2021).

EBIT
Reported EBIT amounted to DKK 268 million, a decrease of DKK 87 million or 25% from DKK 355 million in 2021. The decrease was driven by lower gross margin and special items.

Net financials
Reported net financials were an expense of DKK 27 million compared to DKK 20 million in 2021. The increase was due to an increase in the loan base rate (CIBOR 3-month), as global interest levels increased during 2022.

Profit for the year before tax for continued operations
Profit for the year before tax from the continued operations was DKK 241 million in 2022, a decrease of DKK 94 million from DKK 335 million in 2021. 2022 was impacted by special items of DKK 32 million and lower EBITDA and DKK 38 million lower gross profit.

Taxation
Reported tax for 2022 was DKK 50 million against DKK 70 million in 2021.

Net profit
Net profit generated was DKK 170 million against DKK 265 million in 2021. Reported loss from discontinued operations was DKK 20 million in 2022 against DKK 0 million in 2021, due to a noncash effect of currency adjustments on loans received from group entities. As we have settled the loan per 1 December 2022, this element will not impact the business going forward.

Cash flows
Operating activities
Net cash generated from operating activities was DKK 268 million compared with DKK 258 million in 2021.

Investing activities
Net investments (excluding acquisition of the factory in Esbjerg) of DKK 36 million during 2022, against DKK 22 million in 2021. The development was mainly due to the investment in automation of the factory in Sweden and digitalisation of the Detached business. In addition, we acquired the Factory (HusCompagniet Production A/S) which net cash amounted to DKK 80m, of which DKK 75m was a cash outflow related to the acquisition.

Free cash flow
Free cash flow was DKK 152 million against DKK 237 million in 2021, mainly driven by changes in operating activities. Cash conversion was 44% (free cash flow to EBITDA Bsi).

Financing activities
Financing activities were negative of DKK 192 million, against negative of DKK 261 million in 2021. In 2022, dividends to shareholders of DKK 132 million were paid and shares of DKK 37 million were purchased through share buyback.

Balance sheet
Financing
Net interest-bearing debt totalled DKK 768 million at 31 December 2022 against DKK 713 million at 31 December 2021. The net interest-bearing debt to EBITDA ratio was 2.2x in 2022 compared to 1.8x in 2021.

Equity
The Group's equity decreased by DKK 4 million in 2022 to DKK 1,881 million from DKK 1,885 million by year end 2021. The decrease was based on the profit for the period offset by dividends paid of DKK 132 million and purchase of own shares of DKK 37 million, which were afterwards cancelled at the 2022 Annual General Meeting.

44%

Cash conversion

Net working capital
Net working capital totalled DKK 511 million at 31 December 2022, down from DKK 517 million at 31 December 2021. The change was partly caused by a DKK 78 million decrease in contract assets due to lower building activity, partly offset by a DKK 17 million change in trade and other payables and DKK 27 million change in inventories.

Contract assets
Net contract assets amounted to DKK 626 million compared to DKK 725 million in 2021. Excluding contract liabilities, contract assets amounted to DKK 731 million against DKK 809 million in 2021.

The contract work in progress (CWIP) at 31 December 2022 was negatively affected by lower sales in 2022, impacting building activity in H1 2023. Contract liabilities were largely affected by a high level of deposits in 2021, but due to higher interest rates the level in 2022 has been normalised. This was however off-set by B2B projects as a larger share of the orderbook comprise milestone payments.

Order backlog
The order backlog (gross) as of 31 December 2022 amounted to DKK 2,057 million compared to DKK 3,735 million in 2021. The lower backlog was caused by lower sales in 2022 compared to 2021, with an historically unseen low level in H2 2022. Adjusted for the backlog share recognised as revenue, orderbook (net) amounted to DKK 1,300 million against 2,855 million in 2021.

Deliveries amounted to 2,003 houses, which exceeded the 2021 figure of 1,831. In 2022, 11,1% of deliveries were houses built on own land (19.5% in 2021). In Detached, the share of own land was 8.0% against 14.5% in 2021.

As of 31 December 2022, HusCompagniet's inventory comprised 269 land plots (including plots for show houses) and 76 show houses valued at DKK 343 million.

Estimates and judgements
Please refer to Note 1.2 introduction to significant estimates and judgements and Note 4.4 impairment.

Discontinued operations
During 2020, the Group closed down its German and Swedish brick house activities. Reported loss from discontinued operations was DKK 20 million in 2022 against a DKK 0 million loss in 2021 due to a noncash effect of currency adjustment on loans received from group entities. As we have settled the loan per 1 December 2022, this element will not impact the business going forward.

Dividend
Dividends are proposed suspended in 2023 and therefore we do not expect any distribution to shareholders in 2023.

HusCompagniet A/S
The profit for the year in the Parent company, HusCompagniet A/S, amounts to DKK 205 million and the equity on 31.12.2022 amounted to DKK 1,881 million.

Events after the balance sheet date
No material events have occurred between 31 December 2022 and the date of publication of this annual report that have not already been included in the annual report and that would have a material effect on the assessment of the Group's financial position.

Units	2021	2022
Sales	**2,376**	**957**
Detached	1,589	744
Semi detached	387	137
Sweden	400	76
Deliveries	**1,831**	**2,003**
Detached	1,441	1,427
Semi detached	176	317
Sweden	214	259

	2021	2022
Orderbook value (DKKm) gross	**3,735**	**2,057**
Detached	2,695	1,244
Semi detached	627	598
Sweden	413	215
Orderbook value (DKKm) net	**2,855**	**1,300**
Detached	2,059	786
Semi detached	434	371
Sweden	362	142
Share of own land (Denmark)	**19.5%**	**11.1%**
Detached	14.5%	8.0%
Semi detached	60.8%	25.2%

Q4 Figures

DKKm	Q4 2022*	Q4 2021*	FY 2022	FY 2021
Income statement				
Revenue	980	1,201	4,330	4,315
Gross profit	195	237	837	875
Operating profit before depreciation and amortisation (EBITDA) before special items**	68	116	348	401
Special items	-18	0	-32	-
Operating profit before depreciation and amortisation (EBITDA) after special items**	50	116	316	401
Operating profit (EBIT) before special items**	55	104	300	355
Operating profit (EBIT)**	38	104	268	355
Financial, net	-11	-6	-27	-20
Profit for the year (continued operations)	25	82	190	265
Profit for the year (discontinued operations)	-7	0	-20	0
Profit for the year	19	82	170	265
Financial position as of 31 December				
Total assets	3,572	3,578	3,572	3,647
Contract assets, net	626	725	626	725
Net working capital	511	517	511	517
Net interest bearing debt (NIBD)	768	713	768	713
Equity	1,881	1,885	1,881	1,885

* Unaudited
** Operating profit before depreciation (EBITDA) and before special items and Operating proft (EBIT) before special items repectively are used as alternative performance measures to reflect a more true and comparable view of the Group's ordinary operations.

DKKm	Q4 2022*	Q4 2021*	FY 2022	FY 2021
Cash flow				
Cash flow from operating activities	277	280	268	258
Cash flow from investing activities	-6	-10	-117	-22
- hereof from investment in property, plant and equipment	-3	-4	-22	-11
Cash flow from financing activities	-258	6	-192	-261
Free cash flow	271	271	152	237
Key figures				
Revenue growth***	-18.4%	18.6%	0.3%	19.9%
Gross margin***	19.9%	19.7%	19.3%	20.3%
EBITDA margin before special items***	6.9%	9.7%	8.0%	9.3%
EBITDA margin after special items***	5.1%	9.7%	7.3%	9.3%
EBIT margin***	3.8%	8.7%	6.2%	8.2%

* Unaudited
*** Continued operations

Key figures Q4

Revenue
HusCompagniet reported total revenue of DKK 980 million in Q4 2022 down 18.4% from DKK 1,201 million in Q4 2021. The decrease was negatively affected by lower number of deliveries. Deliveries in the quarter comprised 580, down 6.9% from 623 in Q4 2021.

Revenue in detached decreased 18.2% down from DKK 960 million in Q4 2021 to DKK 786 million in Q4 2022. The decrease was driven by the low sales during 2022 impacting contracted work-in-progress negatively. The decrease was partly off-set by the average selling price (ASP) which increased 12,7% in detached y-o-y driven by prices increases introduced during the year.

Semi-detached revenue decreased 44.0% and came out DKK 80 million down from 143 million. The decrease was driven by the low sales in 2022 and delay of new projects, reducing the orderbook during the year. The 38.9% decrease in unit price in Q4 was attributable to change in share of own land decreasing from 70.2% in Q4 2021 to 0% in Q4 2022.

HC Production contributed DKK 23 million to Q4 revenue, of which most of the revenue derives from one project.

Wooden houses (SE) revenue was DKK 91m in Q4 2022 down from 97 million, equivalent to a 6.3% decrease. We started to see the impact from the reduced orderbook as Q4 was the first quarter during the year, in which wooden houses realised negative revenue growth year on year. Lower unit prices impacted by lower share turn-key projects in Q4 2022 compared to Q4 2021.

Gross margin
Gross profit was DKK 195 million in Q4 2022 against DKK 237 million Q4 2021, corresponding to a margin of 19.9% and 19.7%, respectively. Q4 2022 was positively impacted by HusCompagniet Production. Adjusting for the margin for HusCompagniet Production, the Q4 2022 margin would be 19.6%. Detached realised a margin of 17.0% in Q4 2022 down from 18,8% in Q4 2021. The margin was negatively impacted by a write-down of land of DKK 3m, impacting the margin negatively by 0.4% and share own land was also 5.6% in Q4 2022 against 15.1% in Q4 2021 diluting the Q4 margin and no significant intercompany transfers to semi-detached. Semi-detached margin (excluding HusCompagniet Production) was 18.6% in Q4. The margin is positively impacted by successful delivery of several projects and a very little share of revenue transferred from Detached.

HusCompagniet Productions Q4 2022 gross margin was 34,8% in line with previous Q3 gross margin of 34.7%.

Wooden house gross margin was 42.6% in Q4 2022 against 36.4% in Q4 2021, driven by a lower share of turn-key projects in Q4 2022.

EBITDA before special items
Reported EBITDA before special items was DKK 68 million compared with DKK 116 million in Q4 2021, corresponding to an EBITDA margin before special items of 6.9% compared to a margin of 9.7% in 2021.

Staff cost and other external expenses (SG&A) amounted to DKK 127 million against DKK 121 million. The increase was primarily due to acquisition of the factory in Esbjerg contributing DKK 7 million in SG&A in Q4.

Detached Q4 SG&A was DKK 90m in 2022 against 94m in 2021. Q4 2022 was negatively impacted by a true-up of intercompany allocation impacting detached SG&A negatively by DKK 4 million and benefitting semi-detached by DKK 4 million.

Special items
Special items amounted to a cost of DKK 18 million in Q4 2022. The majority relates to the reorganisation carried out mainly during H2 2022.

Profit for the period
Profit for the period from continued operations was DKK 25 million in 2022 down 77% from DKK 82 million in Q4 2021.

Cash flow

Operating activities
Net cash generated from operating activities was DKK 277 million compared with DKK 280 million in Q4 2021. The high level of cash generation in Q4 reflects HusCompagniet' s seasonality driven by changes in working capital due to high level of deliveries in Q4.

Investing activities
Net investments of DKK 6 million were made during Q4 2022, against DKK 10 million in Q4 2021. This was mainly driven by investments in Property, plant and equipment as well as digitalisation.

Free cash flow
Free cash flow was DKK 271 million against DKK 271 million in 2021..

Financing activities
Financing activities were negative DKK 258 million against negative DKK 6 million in 2021. The financing activities in 2022 were affected by repayment of current debt (RCF).

580

houses delivered in Q4 2022

Units	Q4 2022	Q4 2021
Sales	**87**	**484**
Detached	76	249
Semi Detached	0	149
Sweden	11	86
Deliveries	**580**	**623**
Detached -DK	429	443
Semi Detached	74	124
Sweden	77	56

Sustainability

Our progress with sustainability in 2022

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

In 2022, we continued our sustainability journey and further integrated ESG throughout our business, from strategy and governance to product innovation and customer offerings. HusCompagniet is committed to achieving our important climate, people and responsible business targets by 2030. With focus on our customers and the next generations, we are working with everyone in the value chain to improve our offerings. We want to take leadership in new solutions because the world needs sustainable homes. In 2022, we established a steering committee gathering every quarter with a view to further structure and strengthen our work towards our climate targets. In 2022, we also acquired a pre-fab factory for wooden frames, further strengthening our sustainability journey.

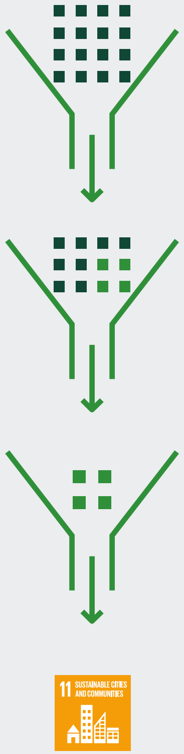
Sustainability issues such as climate change, safety, diversity, and inclusion are at the top of the agenda for investors, customers, and regulators. And as a leading house builder in the Nordics, we are uniquely positioned to contribute to sustainability within our industry and throughout the value chain. We are constantly driving innovation to reduce CO_2 emissions throughout the lifecycle of a house. Besides this, we actively promote respect for human and labour rights, fight corruption, and pioneer low-carbon offerings in the market. Our business model can be found on page 17.

Sustainability reporting

HusCompagniet is a signatory to UN Global Compact and committed to upholding the ten principles of human rights, labour rights, anti-corruption, and the environment. The following report is our Communication on Progress according to that commitment. We are also presenting our Task Force on Climate-Related Financial Disclosures for 2022 along with material sector topics and metrics according to Sustainability Accounting Standards (SASB). Our ESG data are prepared in alignment with the recommended indicators from CFA Society Denmark, FSR – Danish Auditors, and Nasdaq Copenhagen. In 2022, we have for the second time included disclosures according to the EU taxonomy for sustainable activities.

On the following page is an overview of our targets, initiatives, and results in 2022.

Our strategic approach to sustainability



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

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

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

We relate our targets to specific SDGs. See page 33 for SDGs linked to our targets.

Our ambitions and targets

	Ambitions	Baseline (2019)	Results 2022	Target/Ambitions 2023	Target 2025	Target 2030	Related SDGs
Climate	**1: Climate – building materials**	• 5.8 kg CO_2e per m² per year from building materials through the lifecycle of a house • 3,7 kg CO_2e per m² per year from the production of building materials	• Ready for Danish regulatory requirements for LCA from 2023 • LCA of 4 house types analysed • LCA of our standard house updated with newest products and data, showing 12% reduction from the production of building materials and 11% reduction for materials through the lifecycle • Construction started on first DGNB project, several other DGNB projects in our pipeline • DGNB consultants trained • Low-carbon solutions tested and developed with a particular focus on concrete, bricks and façade solutions	• Collect data from LCAs to guide customer choices and to prioritise further work • Implement low-carbon solutions in portfolio, including wooden frames from HC Production • Prepare for Danish regulatory requirement of including transportation and energy consumption from construction sites in climate calculations	• 35% reduction in upstream CO_2 emissions from building materials compared to 2019 (2.6kg CO_2 per m² per year)	• 70% reduction in CO_2 emissions from building materials through the lifecycle of a house compared to 2019 (1.7kg CO_2 per m² per year)	Target 9.4
Climate	**2: Climate – customer use phase**	• 48% of houses ordered with one or more on-site renewable energy technologies	• Natural gas phased out • Continued education of sales force in advising customers on heating sources and solar energy, 17% of detached houses (in Denmark) with solar panels (tripling from 2021) • 2025 target reached	• Consider specific target on solar energy • Monitor regulatory requirements from the EU on solar energy	• 60% of houses ordered with renewable energy sources • Target reached (with 45% with renewable heating sources and 55% with district heating, which on average is 70 % renewable)	• Assess and set new targets accordingly	Target 7.1
Climate	**3: Climate – own operations**	• 878 tonnes scope 1 CO_2 emissions (owned and leased company vehicles) • 1,536 tonnes scope 2 CO_2 emissions (purchased electricity and heating)	• Continued installing charging infrastructure at offices • PPA (Power Purchase Agreement) and other similar products considered	• Continue installing charging infrastructure at offices • Start changing smaller vans to EVs • Continue monitoring development in range for bigger vans • Enter PPA or similar agreement	• Zero scope 1 emissions through 100% electric owned and leased vehicle fleet. Target not expected to be reached – will be reassessed in 2023.	• Carbon-neutral scope 1 and 2 emissions from operations	Target 13.3

	Ambitions	Baseline (2019)	Results 2022	Target/Ambitions 2023	Target 2025	Target 2030	Related SDGs
People	**4: Employee well-being**	• 2.2% sick leave • Response rate: 89%* • Satisfaction score: 77%* • Loyalty score: 85%* • eNPS: 47* • mNPS: 42* *2020-baseline	• 1,9% sick leave • Annual employee satisfaction survey carried out across Danish operations (for the third time and including our new production operations for the first time) as well as our Swedish operations (for the first time). • Baseline established for Swedish operations • Individual health survey carried out across Danish operations • Response rate: 84% • Satisfaction score: 75% • Loyalty score: 83% • eNPS: 30 (down 11 compared to 2021) • mNPS: 47 (up 4 compared to 2021)	• Improve eNPS score through more stable organisation	• Maintain sick leave at 2%	• Maintain sick leave at 2%	Target 8.5
People	**5: Diversity & inclusion**	• One female out of seven total members on the Board of Directors • 20% females in management at Group level	• Two females out of six total members on the Board of Directors • 40% females in management at Group level	• Two females out of six total members on the Board of Directors	• Two females out of six total members on the Board of Directors • 25% females in management at Group level • Monitor possible new regulatory requirements around gender quotas in Denmark	• Two females out of six total members on the Board of Directors • 30% females in management at Group level	Target 5.5 Target 10.3
People	**6: Health & safety**	• LTIf of 15.2 for own blue and white collar • LTIf of 10.7 for subcontractors	• Reduced overall LTIf from 11.4 in 2020 to 9.3 in 2022 • Top safety issues identified and safety reporting system implemented	• Continue implementing initiatives (e.g. on-site safety inspections, site planning for materials, learning from near misses) • Continue embedding safety in our own and our subcontractors' culture	• Reduce LTIf by 30% compared to 2019	• Reduce LTIf by 50% compared to 2019	Target 8.3, 8.5
Responsible business	**7: Responsible business**	• Employee Guidelines for Values and Ethics • Standards of Business Conduct	• Code of Conduct integrated into contracts, operations, and HR manuals	• Continue focus on ensuring best practice poli-cies are in place	• Annual targets set	• Annual targets set	Target 16.5
Responsible business	**8: Sustainable sourcing**	• Supplier Code of Conduct • Whistle-blower system	• Suppliers and subcontractors have signed the updated Code of Conduct • Initiated dialogue with suppliers in documentation on more sustainable products, among other as input to LCAs	• Continue engaging with suppliers in creating more sustainable solutions • Continue focus on adoption of Code of Conduct throughout the supply chain	• Annual targets set	• Annual targets set	Target 12.6
Responsible business	**9: Labour rights and human rights**	• Employee Guidelines for Values and Ethics • Standards of Business Conduct	• Continued awareness efforts have been conducted towards suppliers and subcontractors	• Continue to work with suppliers and subcontractors to promote sound working conditions	• Annual targets set	• Annual targets set	Target 8.7, 8.8 Target 10.3

Materiality & The UN Sustainable Development Goals

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

In addition to carbon emissions, other environmental impacts include water and waste. HusCompagniet's current influence on waste at the end of the lifecycle of a house lies primarily in selection of materials that can be reused, recycled and recovered. Since water is not a natural resource used in large volumes during our construction process, and we do not operate in areas of high-water stress, this issue has been deselected for the time being. We still, however, acknowledge the key role of the water in healthy ecosystems and the importance of efficiency.

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

With our asset-light business model in mind, we are aware of our responsibility to also uphold these standards with our subcontractors and suppliers.

The lifecycle of a HusCompagniet house

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

The house construction phase includes transport to the site, construction of the house, and HusCompagniet's operations. We have the most direct influence over our own operations in this phase, including our construction managers, but also in choosing materials. We focus on limiting waste by constantly optimising quantity calculations and thus reducing excess materials to the site. It is worth noting that from 2025, it is expected that regulatory requirements in Denmark will include transportation to, as well as energy consumption and waste on, the construction sites.

After a house is delivered to our customers, the use phase consists of maintenance, repair, replacement, refurbishment, and operational energy and water use. HusCompagniet's influence on this phase is driven by the on-site energy solution and the house design, as well as by the guidance provided to our customers as they move into their new home.

The end of life of a house involves demolition, including transport and processing of materials for recycling, reuse, recovery, or disposal. While furthest from our influence, our main contribution to this phase is through the selection of materials, that are, for example, more readily recycled or reused. In some geographical areas, where new land plots are not available, the construction of a new house is more often than elsewhere preceded by the demolition of an old house. For this, we partner with demolition companies who practice selective demolition to the highest possible extent, to secure material reuse, recycling, and recovery.

Sustainability

Climate change

Climate change is one of the defining challenges of our time. It is an urgent global threat, and how we respond will determine the trajectory of global warming for generations.

The impacts of climate change are wide ranging, from physical events such as flooding, extreme weather events, water, and heat stress, to climate-related displacement and subsequent population movement, all of which have implications for business in the future. The climate transition also presents significant opportunities for HusCompagniet and others.

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

For HusCompagniet, climate change presents opportunities to bring new, low-carbon house concepts and alternative energy technologies to our customers. It also presents risks that we must mitigate, starting with reducing our own CO_2 emissions. We are committed to take a leadership role in climate-related innovation, reducing our CO_2 emissions, and integrating climate considerations into our strategic decision making. The acquisition of a wooden frame factory in 2022 is an illustration of this commitment, which we pursue throught both incremental and radical innovation.

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

Pursuing ambitious targets

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

It is our ambition to reduce the lifecycle CO_2 emissions from building materials of HusCompagniet homes by 70% by

2030. To achieve this target, we are focusing our efforts on the areas, where we have the biggest impact. One of the most important areas is in the selection of lower carbon building materials, and we have set a short-term target of a 35% reduction in CO_2 emissions from the production of building materials by 2025. In 2022, we have updated the climate calculation of our baseline house with the newest products and data to get an updated status on the achievement of our targets. The calculation shows that CO_2 emissions from the building of our baseline house has been reduced by 12% and emissions from materials throughout the entire life cycle has been reduced by 11% compared to 2019. See more details on page 38. The biggest reductions come from foundations, bricks, roofing tiles and heating installation. Hence, we are confident that we can reach our 2025 target. To reach our 2030 target, more radical reductions from our suppliers will be necessary. With the new regulatory requirements in Demark from 2023, a climate calculation will be made on all our houses, giving us an even more refined understanding of the factors influencing the carbon footprint of a house, and when relevant, we plan to disseminate this to our customers so they can make more informed decisions.

Transparent reporting

In 2021 we used external support to evaluate our ESG figures. We chose a free reliable data source on emissions factors from “Energistyrelsen” and restated figures for 2020 and 2019 for comparability. We believe this will provide a smooth process for the 2023 assurance process.

In 2021, we added market-based emission figures. For 2022, total CO_2 emissions (Scope 1 & 2 market-based) show an increase of 34%, due to an increase in Scope 2. The latter can be explained by handing over more houses (7% more delivered m^2 than in 2021), with extended construction periods spanning from 2021 to 2022. This means energy accounted for in 2022, was also used in 2021. In 2023, we will look into more refined methods for data collection to be able to take this into account.

The carbon intensity of our operations (market based) increased by 25% from 18,4 kg CO_2 e per m^2 to 23,1 kg, due to the same reasons as the increase in our total Scope 1 and 2 emissions.

We do not participate in the purchase of certificates, which would significantly improve the figures. We believe the market for purchase of certificates is not a reliable way of reducing emissions but rather a way to artificially improve your figures. In 2022, we looked into the opportunity of entering into Power Purchase Agreements and similar agreements, as a way to contributing to expanding the market for renewable energy and not just buying certificates that claims the usage of existing sources. In 2023, we plan to enter the first of such an agreement.

Scope 1 emissions were almost the same as in 2021 (down 1 %), and down 13% compared to our base year 2019 (market based), illustrating that the increase in our carbon intensity and total Scope 1 and 2 emissions come exclusively from an increase in Scope 2 emissions.

From incremental to more radical portfolio initiatives

2019 provided us with important knowledge of the life-cycle emissions (LCA) of our standard house, which constitute around 80% of our sales. 2020 and 2021 gave us important learnings, when we developed and launched our Climate-Improved house. Since then, we have used the learnings from this process to develop initiatives and as an incubator for low-carbon solutions that can be rolled out across our entire portfolio. The first steps were taken in 2021, and in 2022 we developed and made climate calculations on new façade solutions, inspired by the façade solution used on our Climate-Improved house. When using these solutions, CO_2 emissions from one running metre of outer wall are reduced by approximately 30% compared to our most used brick facade. More will follow in the coming years, including the implementation of wood frames in our portfolio. We are in close cooperation with our suppliers to explore and test for low-carbon solutions and building materials and in 2022, we have had a particular focus on lower carbon versions of bricks and concrete.

We believe this will enable us to assess and scale viable solutions that reduce CO_2 emissions throughout the portfolio and achieve our targets.

From the end of 2021 and throughout the first half of 2022, we launched a campaign, offering renewable energy sources at low cost – leading among others to a tripling of the percentage of houses with solar panels (to 17%). The energy crisis naturally increased customer demand for solar energy, and we expect the demand to continue to increase with the expected increase in electricity demand due to, among others, electric vehicles and heat pumps.

Since 1 January 2022, we no longer offer gas as heating source, and this has resulted in a reduction of the CO_2 emissions from the use phase of our houses of 30% compared to 2019.

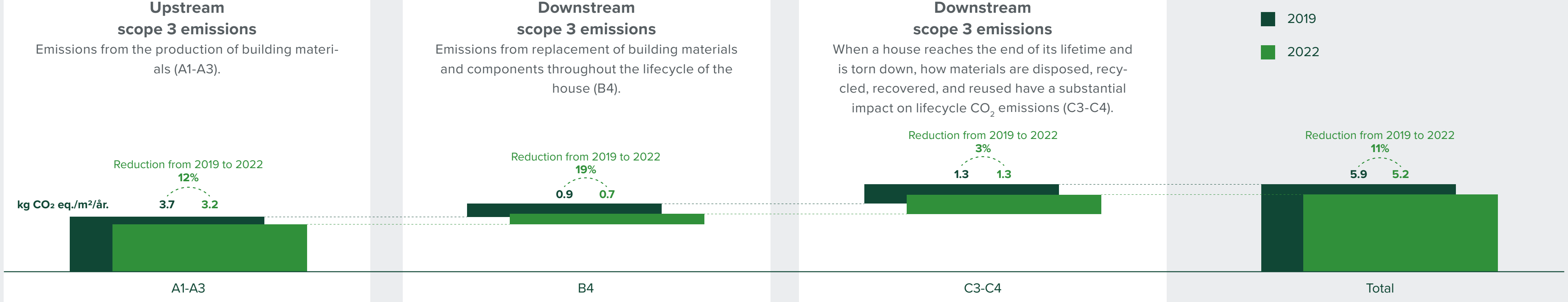
Climate – building materials in the lifecycle

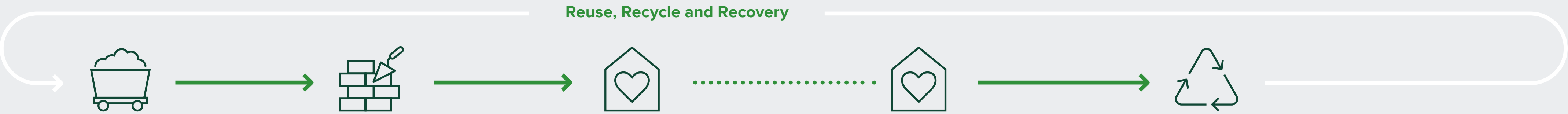
HusCompagniet's standard house - carbon emissions from materials across the lifecycle of the house

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

Downstream scope 3 emissions
Emissions from replacement of building materials and components throughout the lifecycle of the house (B4).

Downstream scope 3 emissions
When a house reaches the end of its lifetime and is torn down, how materials are disposed, recycled, recovered, and reused have a substantial impact on lifecycle CO_2 emissions (C3-C4).





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

House construction

Living in the house: replacement

Living in the house – energy consumption
Target 2025: 60% of houses ordered with renewable energy sources

Considered reached with 45% of houses are with renewable heating sources (geothermal or heat pump), and 55% with district heating, which on average is 70 % renewable.

End of life / Demolition
Currently, HusCompagniet has the least influence on the end-of-life phase. Our main contribution is through the selection of more readily recycled or reused building material.

We continue to partner with demolition firms that focus on reuse of materials, and encourage circular and other innovations that further close the loop in the lifecycle of a house.

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

When assessing climate impact and CO_2 emissions, it is important to take a view of the entire value chain of a house, and the upstream and downstream scope 3 emissions. According to the Nordic Council of Ministers, realising the vision of a carbon-neutral and circular building sector will be impossible without addressing CO_2 emissions embedded in building materials and processes, which combined represent 11% of global CO_2 emissions, and this emphasises the importance of focusing on our scope 3 emissions.

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

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

The lifecycle emissions of the standard house

In the short- and medium-term, our focus will be upstream and in the use phase, where we can engage with our suppliers to reduce scope 3 emissions from the production of building materials, and with our customers, offering houses built with less carbon-intensive materials. When it comes to energy sources, we consider our 2025 target reached, and we will in the future consider further efforts on solar energy.

In the longer term, we will further focus on end of life, starting with materials selection, shifting towards more readily recycled and reused materials, thereby reducing future downstream scope 3 emissions.

Ready for new regulatory requirements in Denmark

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

According to the agreement, all new-builds below 1,000 sqm will require a climate calculation (a simplified LCA) from 2023, and from 2025 there will be introduced a threshold for maximum kg CO_2e/m^2/year. The expected threshold is 10.5 but will be assessed by the end of 2023 based on latest knowledge and data. In 2027 the threshold is expected to fall to 9.0 kg CO_2e/m^2/year and in 2029 to 7.5 kg CO_2e/m^2/year. Already from 2023, buildings with emissions under 8.0 kg CO_2e/m^2/year belong to the voluntary low emission class. This threshold will be lowered to 7 in 2025, 6 in 2027 and 5 in 2029.

In 2022, we have improved our understanding of the LCA of our houses and updated them to the calculation methods prescribed in the requirements, which among others include HVAC materials (from heating and ventilation installations) in addition to building materials. This means that our newest climate calculations are not directly comparable to our baseline house, which has therefore been updated separately, as previously explained.

As part of a collaboration with BUILD (Aalborg University), we received LCA of nine different show houses (covering four of our house types). Two of these houses, the climate improved house and a show house similar to our baseline house, were further refined and updated with the most recent data. The results show emissions from the materials throughout the lifecycle of 6.3 and 6.6 kg $CO_2e/m^2/year$, and 7.2 and 9.4 when operational energy is included. The difference in operational energy is explained by the difference between geothermal and district heating, the latter having the highest emissions. However, the calculation methods disadvantage district heating, and while striving for as low a footprint as possible, we think it is important not to forget the bigger picture in terms of the energy system. Our recommendation is therefore that customers choose district heating when available as this is a collective solution that becomes more environmentally and economically sustainable the more buildings that are connected to it, and that on average is 70% renewable in Denmark. Furthermore, district heating is a convenient heating source from a customer perspective, requiring minimal maintenance and facilities in the house.

In 2022, we also made climate calculations on six houses, of which four were 'HusOnline' show houses and two were other houses, and four of these were placed in the voluntary low emission class (below 8 kg CO_2 eq./m^2/year).

Based on these calculations, we expect to secure an LCA below the expected threshold of 10.5 $CO_2e/m^2/year$ in all our offerings and also that a proportion of our houses will be in the low emission class.

It is worth noting that the threshold in the Danish legislation, in contrast to our own targets, include operational energy. In setting and reaching our targets, we treat operational energy separately. Partly by the energy efficiency of our houses (in Denmark, all have Danish energy label A2015 or A2020, and in Sweden most have energy label B or C (corresponding to similar efficiency as Danish label A)), and partly by the choice of heating source and energy production (solar panels).

The test phase of the voluntary sustainable building class (to which we contributed back in 2021) has been prolonged to November 2023. We monitor any further development of this class closely and take part in an ongoing dialogue with the authorities where we contribute with our perspective. Our own testing of the class has prepared us for any coming regulatory requirements.

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

Case: Climate calculations

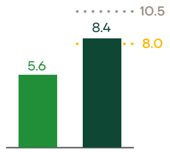
Altogether eight climate calculations, living up tp the latest regulatory requirements in Denmark, show that we are well prepared for expected treshold value of 10,5 kg CO_2 eq./m²/year in 2025. Four of the houses are in the voluntary low emission class.

- Expected treshold value from 2025.
- Voluntary low emission class in 2023 and 2024.
- Materials throughout life cycle, kg CO_2 eq./m²/year
- Including operational energy use, kg CO_2 eq./m²/year

Single storey straight - 3 bedrooms - 1 bathroom

120m²

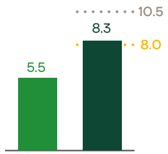
Architecture: Classic
Heating: District / Geothermal



Single storey with angle - 4 bedrooms - 2 bathrooms

145m²

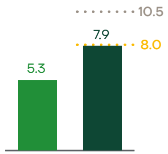
Architecture: Classic
Heating: District / Geothermal



Single storey straight - 5 bedrooms - 2 bathrooms

165m²

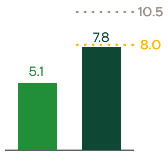
Architecture: Classic
Heating: District / Geothermal



Single storey angle - 5 bedrooms - 2 bathrooms

174m²

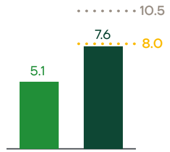
Architecture: Classic
Heating: District / Geothermal



Single storey staggered - 5 bedrooms - 2 bathrooms

200m²

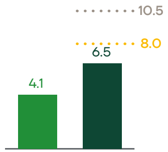
Architecture: Classic
Heating: District / Geothermal



Single storey staggered - 6 bedrooms - 2 bathrooms

230m²

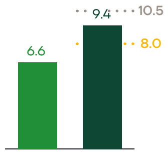
Architecture: Classic
Heating: District / Geothermal



Single storey angle - 4 bedrooms - 2 bathrooms

154m²

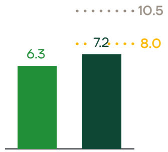
Architecture: Classic
Heating: District / Geothermal



Single storey staggered - 4 bedrooms - 2 bathrooms

160m²

Architecture: Functionalist
Heating: District / Geothermal



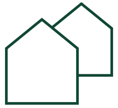
Sustainable energy savings

To reach the EU's climate neutrality target for 2050, it is critical to ensure a transition towards a more sustainable building stock, requiring both renovation and new-builds. At HusCompagniet, we build new homes at high energy efficiency standards, corresponding to the Danish Energy Agency's class A. Almost 75% of buildings in the EU were built before energy performance standards existed. In Denmark, nearly 70% of all houses have an energy class of D or lower.

While the construction of a new house incurs more CO_2 emissions than the renovation of an older house, older houses tend to be less energy efficient, making the CO_2 footprint during its use phase higher than in a new house. Furthermore, even after renovation, there is a limit to how much the energy performance of the existing building stock can be improved. Most existing houses in Denmark cannot reach an energy class higher than C. This also has an economic and social (comfort-related) impact for the home owner, who will expectedly have relatively higher heating costs. The current energy crisis has only emphasised this.

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

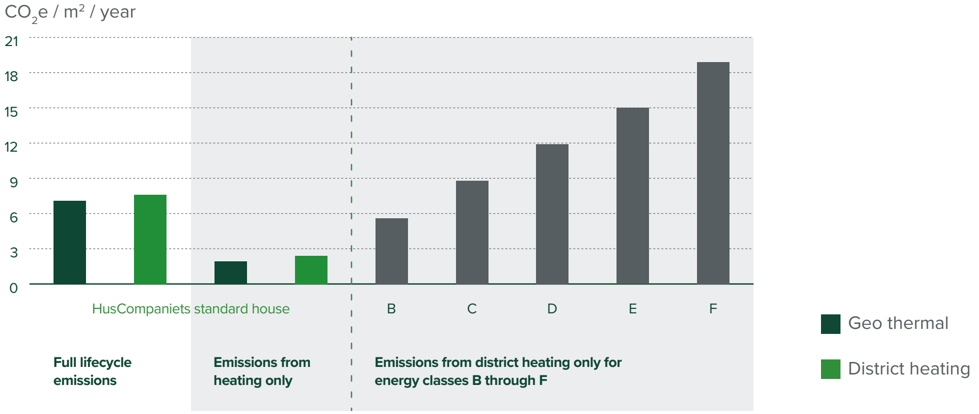
A successful green transition must include both new-builds and renovation, and we applaud that both activities have been included in the EU Taxonomy for sustainable activities, as long as the relevant technical criteria are met. At HusCompagniet, we welcome this development towards a uniform classification system of sustainable activities, ensuring a level playing field and providing investors and stakeholders with clarity on how companies' activities are aligned with the green transition. Furthermore, we see a strategic value in the EU Taxonomy, beyond reporting and compliance. Read more about our reporting on Taxonomy eligibility and alignment on page 52.



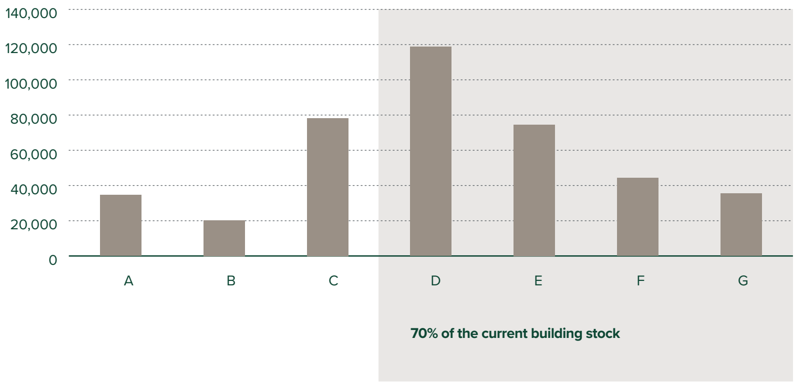
70%

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

Houses in energy class C – F emit more CO_2 in heating alone than the full lifecycle emissions of our house types



Number of houses by energy class in Denmark



Avoiding CO_2 emissions in our own operations

It is our announced target to become carbon neutral in our scope 1 and 2 emissions by 2030.

We have been working to install electric vehicle (EV) charging stations in all offices and after completing a full roll out in 2021, we have in 2022 increased the number of charging stations at some of our large offices as we move towards our 2025 target.

In 2021, we tested an electric van for our construction managers. Our construction managers have high mileage requirements, and after the testing period we had to realise that the technological development of vans could not yet meet the milage need of our construction managers. This is still the case. We have thus come to the realisation that it will not be possible to reach this in 2025 for larger vans for construction managers. For our other cars we focus on shift to EV cars, when a car is replaced by a new leasing agreement. In 2023, we will start replacing our smaller vans with electrical vans.

We are monitoring developments in the EV market closely. While remaining firmly committed to the full electrification of our fleet, we may first be able to reach this in 2026 or 2027. Still, we are optimistic that increased demand will continue to drive technological innovation over the coming years and bring EVs to market with ranges that meet the needs of our employees, especially our construction managers, who spend most of their time on the road or on construction sites.

Future initiatives

In 2022, we finalised a test project with our supplier Bygma for waste reduction through reuse of rubble in new bricks, thus, reducing waste from the building process and increasing the recycled content of new bricks. However, environmental benefits are limited due to increased logistics.

A crucial first step in the work on waste reduction is obtaining good data on actual waste quantities of each fraction, and in 2022, we have been in close dialogue with our waste handling companies, so that we can secure data and document the recycling percentage from every single construction site, which will be necessary in order to report according to the EU taxonomy.

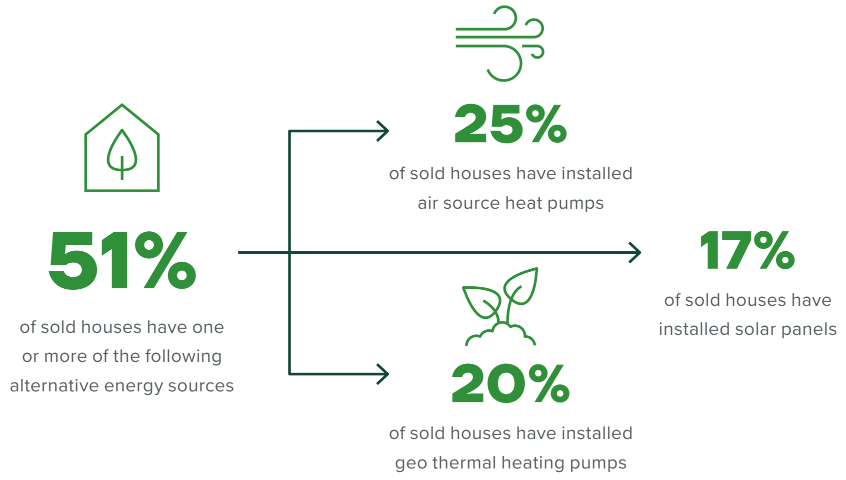
It is our ambition that our digitalisation efforts will further optimise materials delivered to the house through automation of material quantification.

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

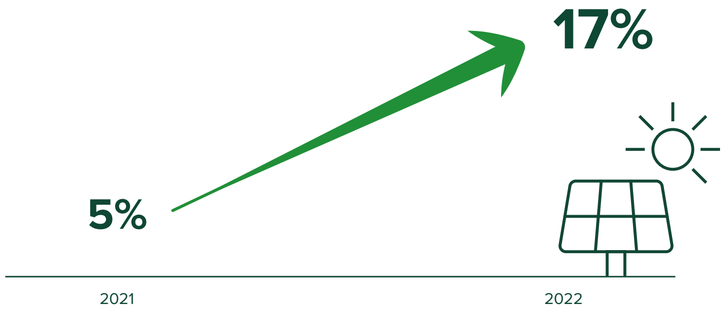
Renewable energy facilitates the reach of our common goal

We know from the standard house lifecycle assessment that alternative heating solutions have a substantial impact on the total lifecycle CO_2 emissions of a home. For instance, replacing gas heating with geothermal heating reduces lifetime emissions by over 50%. In January 2022, we phased out gas as energy source in our offering, thus fossil energy heating is no longer part of our solutions. Phasing out fossil natural gas in households is an important part of achieving Denmark's common goal of reducing CO_2 emissions by 70% by 2030.

Percentage of houses sold with renewable energy sources in 2022



Development in percentage of houses with solar panels.



Case: Construction started on first semi-detached DGNB-Gold project - and more projects in the pipeline

In our B2B business, we develop semi-detached projects for customers, ranging from private investors to asset managers, pension funds and other institutional investors. A long investment-time horizon naturally calls for a long-term view on sustainability-related risks and opportunities.

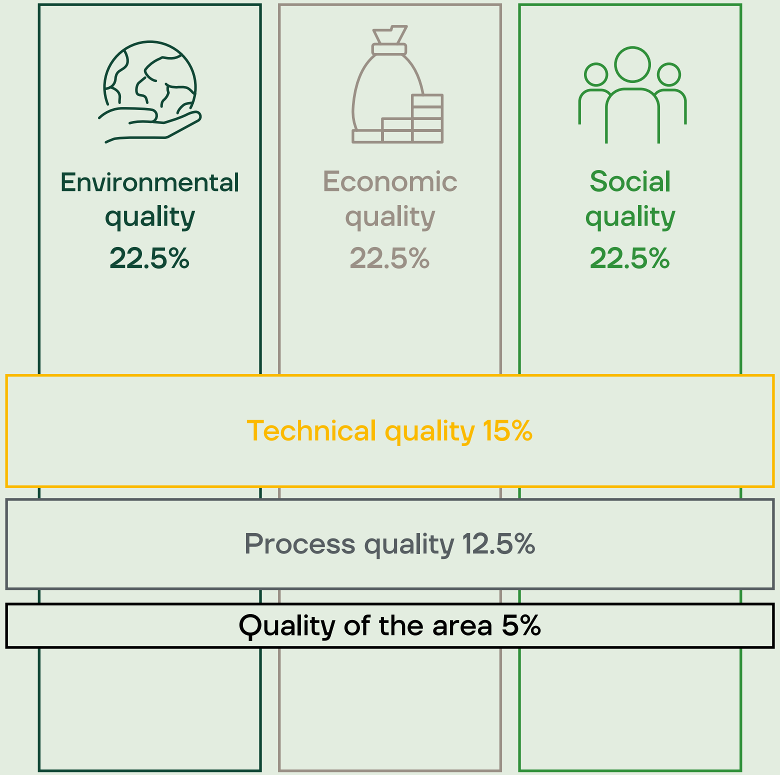
DGNB, a leading global certification system for sustainable buildings, is based on the three central sustainability areas of ecology, economy and sociocultural issues. The DGNB certification aims to set more ambitious thresholds than the legislation in order to push the industry towards more sustainable development. DGNB is currently agreed by the industry in Denmark to be the chosen certification due to the holistic approach and the expectation that certified buildings will lift the building quality.

At HusCompagniet, we are exploring our product portfolio's alignment with the DGNB criteria, with the aim of providing DGNB-certified projects for our customers. This is currently relevant for our B2B offerings.

In 2022, we started building our first DGNB-Gold project, and we have more projects in our pipeline. It is our ambition and expectation that, over time, all our projects will be certified. For the documentation phase we have chosen external support and will benefit from the learnings. In 2022, we further secured general internal knowledge by hiring competencies within sustainability and trained two employees to become DGNB consultants. Furthermore, a half day training on DGNB in practice was organised for all employees in our semi-detached team, from design to production.

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

DGNB's six main focus areas



People

Our employees are the most important asset at HusCompagniet, and their knowledge and insights are among our strongest capabilities. We rely on them to facilitate and deliver high-quality homes for families and doing so safely. We support and engage our people through focusing on safety, well-being, diversity, and inclusion.

HusCompagniet has a lean structure, and we work with local subcontractors for most of our construction work. This operating model gives us a high degree of agility and efficiency, which we have benefitted from during the past year with exceptionally high building activities.

Our operating model also means that we must maintain a close cooperation with our subcontractors to ensure that they also maintain a satisfactory performance on safety, quality, and sustainability standards. Over the years, we have built long-term, recurring working relationships with our suppliers and subcontractors, which has led to an efficient, standardised operating model across projects.

Employee well-being

The physical and mental well-being of our people is of utmost importance to HusCompagniet. Meeting our customers' expectations every day requires us to bring together a broad range of people and skill sets, from sales to architecture and construction management. To improve employee engagement and well-being, we continue to work with development and engagement initiatives that improve team dynamics and communication.

HusCompagniet uses a psychometric tool to measure and improve employees' awareness of strengths and development areas, and to promote understanding of different personality types working together. It is part of our goal to enable better communication both among our employees and in client engagement, and we have had positive feedback and commitment from many employees. In 2022, all new employees were also tested according to the system.

Sick leave is a challenge to both employees and the business. We aim to maintain sick leave at 2% in 2025. In 2022, sick leave decreased to 1.9% from 3.5% in 2021. The sick leave is thus slightly below our 2025 target of 2% sick leave. We will continue our efforts to keep it at that level.

Employee satisfaction

Since 2020, we have been conducting a yearly employee satisfaction survey measuring areas such as satisfaction and loyalty as well as questions concerning health and safety, diversity and inclusion. In 2022, the survey was extended to also include employees in HusCompagniet Production and VårgårdaHus. The survey yielded a response rate of 84%, with a satisfaction score of 75%, and a loyalty score of 83%, which is only a small decrease compared to 2021. We are very pleased with this performance, which is comparable with both national and industry benchmarks, particularly given the substantial reorganisation and reduction of staff the group has been through in 2022. As part of the survey, we also achieved an employee Net Promoter Score (eNPS) of 30 compared to 41 in 2021. The level reflected a challenging year for our employees and in the assessment, it must also be included that we have extended the survey with HusCompagniet Production and VårgårdaHus. The 30 score is below both industry and eNPS benchmarks, and we aim to improve the score in 2023 with special focus on optimising the building flow for a sustainable working flow.

The results of the survey have been shared with local managers, who are tasked with engaging their teams to develop action plans based on the survey results. Our organisational structure, with smaller teams, is well positioned to anchoring efforts at the local level, with our central HR team following progress on local action plans. As such, the implementation of initiatives will be customised to suit the needs of each department at the discretion of managers, who drive our local efforts to improve employee well-being across our organisation.

Employee turnover increased to 29% (including redundencies) from 20% in 2021 heavily influenced by the market conditions and the organisational adjustments we have implemented in 2022. We expect the relatively high level to decrease again when the market normalises.

75%

Satisfaction score in employee survey

Diversity & inclusion

This section includes our statutory reporting on diversity & inclusion. At HusCompagniet, we strive to provide a diverse and inclusive work environment with equal opportunity for people of all ages, genders, nationalities, sexual orientation, religions, political opinions and abilities.

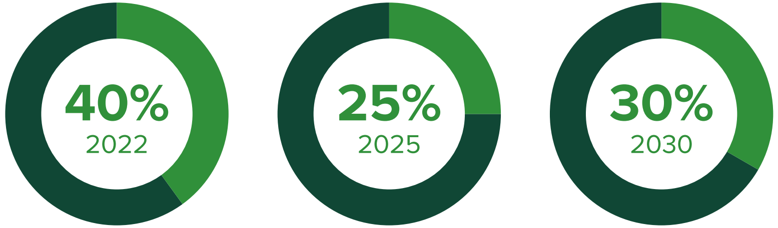
The construction sector has traditionally been a male-dominated industry, which poses a challenge for the industry and for HusCompagniet. The starting point for improving the gender diversity of our workforce is to monitor the demographics of our employees with the aim to track and improve gender balance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

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

Diversity in management

The tone set at the top management is important, not least when it comes to diversity and inclusion. In 2022, females comprised 33% of our Board of Directors, which is in line with our target and constitutes an equal distribution of gender according to the Danish Business Authority's guidelines on equal gender distribution on the Board of Directors. It is our ambition over time to maintain equal gender distribution at the Board of Directors going forward and retain our 2025 and 2030 target of two out of six female directors. On other levels of management, HusCompagniet currently has a female representation at group level of 40% among executive management and their direct reports with employee responsibility against 21% in 2021. The increase in female representation is caused by a reduction in Executive Management's direct reports due to organisational changes. The number of females in other management levels has, however, remained unchanged in 2022. Organisational changes in 2023 have caused a reduction in female representation in other management levels causing a drop in representation of the underrepresented gendder in management at Group level. It is HusCompagniets ambition to continue to focus on

In 2022, we had 40% of the underrepresented gender in management, and we aim to maintain female representation in management at Group level at no lower than 30% in 2030.



gender diversity and to increase female representation on other management levels to ultimately reach equal representation at group level. HusCompagniet maintain previously communicated targets of having 25% females in other management levels by 2025 and 30% by 2030.

Health and safety

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

Working Environment Policy & Workplace Assessment

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

In 2022, we carried out the statutory annual workplace assessment. The conclusions from the assessment are that we have recurring challenges with noise and temperatures in the offices and are continuously working to improve these. The assessment also showed that we can improve the preparedness level within fire and first aid. In 2023, we will focus on improving these points in our working environment.

To monitor safety for both our own employees and our subcontractors, we make regular safety performance reporting. We value transparent and accurate reporting, as it is the outset for improving safety performance, and we will work to push towards complete coverage.

30

employee Net Promoter Score (eNPS)

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

Our updated Standards of Business Conduct and Supplier Code of Conduct further detail our expectations of both employees and subcontractors, and we are firmly committed to uphold the highest safety standards on our construction sites.

Secure Workplace programme

To facilitate our efforts on employee safety, we are using the safety programme "Tryg Arbejdsplads" or "Secure Workplace". The programme includes a broad range of initiatives including improved reporting, increased focus on construction site layout and special focus on working in hights. The programme also includes initiatives to improve competences among our own and subcontractors' employees and more visible leadership through regular site visits, among others. In 2022, we have implemented further activities, which have been integrated into our safety reporting and management systems.

Safety reporting

While we see a reduction of LTIf for own empolyees of 35% compared to 2019, we see an increase of 25% for subcontractors also compared to 2019. This means overall LTIf is 11,6, down 4% compared to 2019. The level of LTIf for subcontractors is unsatisfactory, and the overall LTIf is still not in line with our 2025 Target. However, accidents with high risk of fatality have been reduced to 0, which has been a priority in our safety work. It is also worth noting that the use of an online safety inspection application for registration improves our reporting. All together, this illustrates the importance of the investments done in our safety programme launched in H2 2021, and of our relentless attention to safety.

Several initiatives have been ongoing in 2022 to ensure structural and systemic change in operations to reduce risk of injuries. The initiatives include but are not limited to:

Design and layout of construction site: The purpose of this initiative is to standardise HusCompagniet's construction site layout as far as possible to ensure a better working environment which (as a side effect) also indicates improved operational efficiency. Focus on ensuring access roads, location of the scavenger, areas for new materials and return materials.

Registration and learning of unplanned events: The purpose of this initiative is to ensure a learning process and feedback loop, so that the same cause of an occupational accident does not repeat itself. Data on near misses and safety observations is captured via our safety inspection application and data is transferred to PowerBI in which autogenerated reports are created.

Clean building sites: The purpose is to ensure that HusCompagniet's construction sites are tidy and that the craftsmen clean up after themselves every day. The project is linked to "Design and layout of construction site" as this sub-project will help to structure the site for surplus materials, waste etc. At the same time, order and tidiness are part of our working environment policy. The initiative is thought to focus on the implementation of order and tidiness and consist of the following elements:

- Nudging, for example with posters, metal buckets with sand for cigarette butts etc.
- Illustration of the bad habits that exist on many of HusCompagniet's sites and that need to be changed
- Reporting system with pictures of the site sent to the technical manager once a week (linked to "Learning and registration of unplanned events"
- Follow-up from the management with more frequent visits to the site and potential intervention.

Responsible business

Working against corruption, and in support of environmental responsibility, human rights, and labour rights throughout our value chain, is an essential part of our license to operate. We are aware, that our sector is often scrutinised for challenges related to business ethics, labour relations and working conditions. Through our long-standing, recurring business relationships, we are well-positioned to address responsible business principles in collaboration with suppliers and subcontractors.

In 2022, our Code of Conduct for our suppliers and our employees have been integrated into our contracts, operations, and HR manuals throughout our organisation, thereby strengthening our position to responsibly address the environmental and social challenges in our industry.

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

Data Ethics Policy

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

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

Maintaining ethical standards

At HusCompagniet, we have a zero-tolerance policy against corruption and bribery in any form, and we are firmly committed to conducting our business responsibly. Our business operations are regulated by our Anti-Corruption and Business Ethics Policy, which details our approach to combating corruption, and formulates our company's position on the matter.

As a company operating in the construction sector, we are aware that our main business ethics risks lie in our collaboration with third parties. As such, we take active measures to ensure that our business partners understand and uphold our ethical standards. All our suppliers are required to adhere to our Code of Conduct, which reflects our commitment to the UN Global Compact and align with our Anti-Corruption and Business Ethics Policy.

At HusCompagniet, we consider responsible business practices to be fundamental to a transparent, efficient, and prosperous business environment, and we will continue to strengthen our understanding of business ethics risks

0

Concerns or breaches of ethical standards reported in 2022

throughout our organisation and in our collaboration with business partners.

Our whistleblower system provides our employees and business partners with a confidential channel for addressing concerns or breaches of our ethical standards without fear of reprisal. No breaches to our Anti-Corruption Policy were identified during 2022.

Engaging with our suppliers and subcontractors for sustainable sourcing

As HusCompagniet continues to explore sustainable materials for our homes, sustainable sourcing will continue to be an area of focus and collaboration with a view to further improving supply availability and traceability. In 2022, we have increased our efforts to improve transparency through a focus on EPDs (Environmental Product Declarations) of the materials and products we use for our houses.

When working with suppliers and subcontractors, HusCompagniet requires compliance with all applicable regulation. All purchasing agreements with suppliers and subcontractors include a requirement to comply with the Supplier Code of Conduct, which includes elements of human and labour rights, anti-corruption, and environmental sustainability. We encourage our suppliers to further promote its principles within their own organisations and supply chains. Non-compliance, or where a supplier or subcontractor demonstrates a lack of improvement, may result in termination of the business relationship. Our construction managers monitor our subcontractors and a list of sanctions for non-compliance has been created.

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

HusCompagniet negotiates the purchase of key materials categories directly with manufacturers, centralising a large portion of our procurement and enabling long-term relations with key materials suppliers. The centralised procurement somewhat mitigates the risk of business ethics breaches. Additionally, substantial purchasing decisions are made at the relevant authority level, and approval processes have been put in place. Supplier agreements above a specific threshold must be approved by our Executive Management or Group procurement.

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

Environmental responsibility

Our contribution is to further increase the focus on the full life cycle of a home, and the integration of circular thinking and environmental stewardship. We aim to further understand and integrate environmental and biodiversity considerations into our business model, from the ecosystems of the land we build on, to our construction processes and materials. This will include, for instance, increasing the re-use and recyclability of our building materials, and improving waste and water management on our construction sites. Materials used for HusCompagniet houses are mainly locally sourced, reducing the environmental impact of transportation.

Respect for labour rights and human rights

HusCompagniet is committed to respecting human rights and labour rights as set out in the Universal Declaration of Human Rights and the fundamental Conventions of the International Labour Organization (ILO). We work to advance these principles both in our own organisation and among our business partners, subcontractors, and suppliers. Our Sustainability Policy, internal Standards of Business Conduct, and Supplier Code of Conduct reflect our commitment to the UN Global Compact (UNGC) and its principles related to human rights and labour rights, among other areas.

We respect our employees' right to freedom of association and collective bargaining.

The construction industry in general has been scrutinised for labour issues, particularly related to vulnerable groups, such as migrant workers. This is a dilemma across geographies because the legal minimum wage may not necessarily reflect a living wage. We have minimum wage requirements integrated into our subcontractor agreements, and have contractually secured our right to audit. HusCompagniet does not tolerate social dumping and will terminate subcontractors who engage in this practice, and we have a close positive dialogue with unions on these matters.

Going forward, we will continue to work with our suppliers and subcontractors to promote sound working conditions and protect human and labour rights throughout HusCompagniet's value chain. In 2022, no breaches of our Supplier Code of Conduct related to human rights were identified.

Taxonomy-eligibility and alignment

The European Commission adopted on 21 April 2021 an ambitious and comprehensive package of measures to help improve the flow of capital towards sustainable activities across the European Union. By enabling investors to re-orient investments towards more sustainable technologies and businesses, these measures will be instrumental in making Europe climate neutral by 2050. They will make the EU a global leader in setting standards for sustainable finance.

Accounting practice

Environmental objectives

For the HusCompagniet Group, the following two economic activities have been identified as relevant: 7.1. Construction of buildings and 6.5 Transport by motorbikes, passenger cars and light commercial vehicles have been assessed as contributing to environmental objective 1, climate change mitigation. In the context of the HusCompagniet Group, this environmental objective has been assessed as most relevant to report on. Taxonomy eligibility is characterised as an economic activity that is covered by the taxonomy regulations delegated acts. Whether an activity is taxonomy-eligible or not says nothing about the sustainability of that activity. To be characterized as sustainable, the activity has to be aligned.

Restatement of 2021 Taxonomy eligibility

In the 2021 annual report, HusCompagniet Group reported taxonomy eligibility percentages for OpEx and CapEx based on an allocation key of FTEs that could be allocated to activity 7.1 Construction of new buildings. The EU-taxonomy is continuously developing and so is the interpretation. For 2022, allocation keys have not been used – see KPI -OpEx and KPI – CapEx for accounting policy and calculation method, which we expect to be using from now on.

Our accounting policies for the calculations are always based on our best interpretation, using external advisory, of the EU taxonomy regulation and delegated acts as well as the currently available guidelines from the European Commission and from Green Building Council Denmark. The latter is a non-profit membership organisation working to promote sustainability in the building industry and has recently published a first version of guidance on the taxonomy, developed among others in close dialogue with the industry and Climate Positive European Alliance.

KPI - Turnover

Numerator – Eligiblity

Taxonomy-eligible turnover is calculated as the turnover from the taxonomy-eligible activity stated below, which is generated from one of the activities presented below.

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

2022	Turnover	OPEX	CAPEX
Taxonomy-eligible activities			
7.1 Construction of new buildings	100%	75%	64%
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	0%	0%	12%
Taxonomy-non-eligible activities or activities not covered			
Non-eligible activities	0%	25%	24%
Sum of Activities	**100%**	**100%**	**100%**

Numerator – Alignment

Taxonomy-alignment turnover is calculated as the portion of the net turnover from the taxonomy-eligible activity stated below, which can be classified as taxonomy-aligned and comply with the screening criteria in the annex to the delegated act.

Due to lacking data quality, we report 0% on taxonomy-alignment on activity 7.1 construction of new buildings. We expect to report alignment for selected semi-detached projects for the financial year 2023 and report alignment for the remaining in 2024. We expect to report alignment on environmental objective 1 (climate change mitigation). To do this, we plan to have Green Building Council Denmark do taxonomy screenings on a range of detached projects as input to the assurance of our reporting.

For objective 1, the technical screening criteria is an energy performance of at least 10% better than NZEB (Nearly Zero-Emission Building). We expect that approximately 30% of our revenue will be aligned, based on the proportion of houses built in 2022 that have an energy performance above this threshold. We are working on putting procedures and processes in place to secure sufficient data to document taxonomy alignment for all five DNSH (Do No Significant Harm) criteria that apply to the construction of buildings and the compliance with minimum social safeguards. More specifically, regarding the DNSH criteria that apply to the kind of buildings we build:

- Climate change adaptation: We expect to be aligned.
- Sustainable and protection of water and marine resources: We expect to be aligned.
- Transition to circular economy: We expect to be aligned and are working on securing data, among others to document reuse and recycling percentage on every construction site.
- Pollution prevention and control: Annex XVII to directive nr. 1007/2006 is not yet finalised.
- Protection and restoration of biodiversity and ecosystems: We expect to be aligned.

Denominator – Eligibility

Net turnover as shown in note 2.1 Segment information.

				Substantial contribution criteria						DNSH criteria ('Do Not Significant Harm')										
Economic activities (1)	Code(s) (2)	Absolute Turnover (3)	Proportion of Turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of Turnover year N (18)	Taxonomy-aligned proportion of Turnover year N-1 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
		(DKK'000)	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1 Environmentally sustainable activities (Taxonomy-aligned)																				
Construction of new buildings	7.1 (Annex 1)	0	0%	0%	0%-	0%	0%	0%	0%	N	N	N	N	N	N	N	0%	N/A	N/A	N/A
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**								**0%**			
A.2 Taxonomy-Eligible but not environmentally sustainable activities (Not Taxonomy-aligned activities)																				
Construction of new buildings	7.1 (Annex 1)	4,329,833	100%																	
Turnover of Taxonomy-eligible but not environmentally sustainable		**0**	**100%**																	
Total (A.1 + A.2)		**4,329,833**	**100%**																	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Turnover of Taxonomy-non-eligible activites		**0**	**0%**																	
Total (A + B)		**4,329,933**	**100%**																	

KPI - OPEX

Numerator – Eligiblity

Taxonomy-eligible OpEx is calculated as OpEx related to the following economic activities.

Numerator – Alignment

Taxonomy-aligned OpEx is calculated as the proportion of the eligible-OpEx from taxonomy-eligible activities stated below, which can be classified as taxonomy-aligned and comply with the screening criteria in the annex to the delegated act.

Due to insufficient data, we report 0% taxonomy alignment for the activity.

Denominator – Eligibility

Direct non-capitalised costs that relate to: Costs incl. maintenance for short-term leased cars, costs relating to building renovation measures, costs related to maintenance and repair, and any other direct expenditures relating to day-to-day servicing of assets of property, plant and equipment including wages for employees servicing data centres.

Denominator – Alignment

The taxonomy-eligible OpEx as defined in the delegated act, related to the relevant activities. Not aligned due to insufficient data quality.

Double Counting

There is no risk of double counting as all eligible expenses are related to activity 7.1 construction of new buildings.

				Substantial contribution criteria						DNSH criteria ('Do Not Significant Harm')										
Economic activities (1)	Code(s) (2)	Absolute OpEx (3)	Proportion of OpEx (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of OpEx year N (18)	Taxonomy-aligned proportion of OpEx year N-1 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
		(DKK'000)	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1 Environmentally sustainable activities (Taxonomy-aligned)																				
Construction of new buildings	7.1 (Annex 1)	0	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%	N/A	N/A	N/A
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**								**0%**			
A.2 Taxonomy-Eligible but not environmentally sustainable activities (Not Taxonomy-aligned activities)																				
Construction of new buildings	7.1 (Annex 1)	813	75%																	
OpEx of environmentally sustainable activities (Taxonomy aligned) (A.1)		**813**	**75%**																	
Total (A.1 + A.2)		**813**	**75%**																	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
OpEx of Taxonomy-non-eligible activites		**267**	**25%**																	
Total (A + B)		**1,080**	**100%**																	

KPI - CAPEX

Numerator – Eligiblity

Taxonomy-eligible CapEx is calculated as CapEx related to the following economic activities.

Numerator – Alignment

Taxonomy-aligned CapEx is defined as the taxonomy-eligible CapEx, which can be classified as being in compliance with the screening criteria in the annex to the delegated act. Due to insufficient data we report 0% alignment on both activity 7.1 construction of new buildings and activity 6.5 Transport by motorbikes, passenger cars and light commercial vehicles.

Denominator – Eligibility

CapEx as shown in Note 4.1 Goodwill and Intangible assets and note 4.3 Property, plan and equipment and right-of-use assets

All CapEx additions are assessed individually. The Taxonomy-eligible share of investments primarily relates to 7.1. construction of new buildings. Items include, but are not limited to, additions of production facility equipment, investments in development or IT.

Denominator – Alignment

The taxonomy-eligible CapEx as defined in the delegated act, related to the relevant activities. Not aligned due to insufficient data quality.

Double Counting

There is no risk of double counting as CapEx allocated to activity 7.1 or 6.5 are not related to both activities.

				Substantial contribution criteria						DNSH criteria ('Do Not Significant Harm')										
Economic activities (1)	Code(s) (2)	Absolute CapEx (3)	Proportion of CapEx (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of CapEx year N (18)	Taxonomy-aligned proportion of CapEx year N-1 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
		(DKK'000)	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1 Environmentally sustainable activities (Taxonomy-aligned)																				
Construction of new buildings	7.1 (Annex 1)	0	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%	N/A	N/A	N/A
Transport by motorbikes, passenger cars and light commercial vehicles	6.5 (Annex 1)	0	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%	N/A	N/A	N/A
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**								**0%**			
A.2 Taxonomy-Eligible but not environmentally sustainable activities (Not Taxonomy-aligned activities)																				
Construction of new buildings		25,795	64%																	
Transport by motorbikes, passenger cars and light commercial vehicles	7.1 (Annex 1)	4,748	12%																	
CapEx of Taxonomy-eligible but not environmentally sustainable	**6.5 (Annex 1)**	**30,543**	**76%**																	
Total (A.1 + A.2)		**30,543**	**76%**																	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
CapEx of Taxonomy-non-eligible activites		**9,910**	**24%**																	
Total (A + B)		**40,453**	**100%**																	

ESG disclosures and data

ENVIRONMENTAL	ESG data / disclosures	2021	2022	Unit
Energy consumption				
Nasdaq E.3, FSR/Nasdaq CPH/CFA	Total energy consumption	17,262	21,022	mWh
Nasdaq E.3	Energy from electricity consumption	12,795	16,468	mWh
Nasdaq E.3	Energy from district heating and thermal heating	1,062	1,157	mWh
Nasdaq E.3	Energy from natural gas for heating	333	409	mWh
Nasdaq E.3	Diesel consumption	295,032	273,064	Liters
Nasdaq E.3	Petrol consumption	13,942	29,015	Liters
GHG Emissions				
Nasdaq E.1.1	Total CO_2-e emissions (Scope 1 & 2) - market-based[1]	5,576	7,481	Metric tonnes
Nasdaq E.1.1, FSR/Nasdaq CPH/CFA	Direct CO_2-e emissions (Scope 1)	772	761	Metric tonnes
Nasdaq E.1.2, FSR/Nasdaq CPH/CFA	Indirect CO_2-e emissions (Scope 2 - market-based)[1]	4,805	6,720	Metric tonnes
Nasdaq E.1.2, FSR/Nasdaq CPH/CFA	Indirect CO_2-e emissions (Scope 2 - location-based)	1,689	2,272	Metric tonnes
GHG Intensity				
Nasdaq E.2	CO_2-e emissions per m^2 delivered (Scope 1 + 2 - market-based)	18.4	23,1	kg/m^2
Nasdaq E.2	CO_2-e emissions per m^2 delivered (Scope 1 + 2 - location-based)	8.1	9,4	kg/m^2
SASB, IF-HB-410a.1	Number of homes with Energimærkning for energy efficiency[1]	100%	100%	%[2]
SASB, IF-HB-410a.1	Average score of Energimærkning[1]	BR18 & Lavenergi (based on sales)		
Renewable energy				
Nasdaq E.5, FSR/Nasdaq CPH/CFA	Renewable energy percentage (market-based)	35%	31%	%
Nasdaq E.5, FSR/Nasdaq CPH/CFA	Renewable energy percentage (location-based)	69%	61%	%
SASB, IF-HB-410a.1	Number of homes with Energimærkning for energy efficiency (BR18) and (lavenergi)	100%	100%	%
SASB, IF-HB-410a.1	Average score of Energimærkning	BR18 & Lavenergi	BR18 & Lavenergi	
	Downstream emissions:			
Nasdaq E.1.3	Percentage of homes sold with renewable energy technologies	48%	51%	%
Land use & ecological impacts				
SASB F-HB-160a.2	Number of (1) lots and (2) homes sold in regional with High or Extremely High Baseline Water Stress	0[3]	0[3]	#
SASB F-HB-160a.1	Number of (1) lots and (2) homes delivered on redevelopment sites[5]	18%	30%	#
Nasdaq E.7, SASB IF-HB-160a.4	Process to integrate environmental considerations into site selection, design, development and construction[1]	See page 50	See page 50	Description

[1] new metrics in 2021.
[2] unit expressed in % instead of #.
[3] all of the countries in which HusCompagniet operates are low or low to medium water stress, according to the World Resources Institute.
[4] excludes covid-related and blue collar layoffs.
[5] comprise detached and semi-detached houses in Denmark. Data not available in Sweden.

SASB: Home Builders Standard.
Nasdaq: Nasdaq ESG Guide 2.0.
FSR/NasdaqCPH/CFA: ESG key figures in the annual report.

ENVIRONMENTAL	ESG data / disclosures	2021	2022	Unit
Climate risks				
SASB IF-HB-410a.4, TCFD	Description of risks and opportunities related to incorporating resource efficiency into home design, and how benefits are communicated to customers	See TCFD disclosure table page 54	See TCFD disclosure table page 58	Discussion & analysis
SASB IF-HB-420a.2, TCFD	Description of climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risks	See TCFD disclosure tabel page 54	See TCFD disclosure tabel page 58	Discussion & analysis

SOCIAL	ESG data / disclosures	2021	2022	Unit
FTE & Turnover				
FSR/Nasdaq CPH/CFA	FTE (continued operations)	455	518	#
Nasdaq S.3, FSR/Nasdaq CPH/CFA	Employee turnover ratio[1]	20%[4]	29%[6]	Ratio
Health & safety				
Nasdaq S.7, SASB IF-HB-320a.1	LTI (lost-time injuries) total - own employees and subcontractors	27	35	#
Nasdaq S.7, SASB IF-HB-320a.1	LTI own employees - blue and white collar	8	6	#
Nasdaq S.7, SASB IF-HB-320a.1	LTI subcontractors	19	29	#
Nasdaq S.7, SASB IF-HB-320a.1	LTIf (lost-time injury frequency) total - own employees and subcontractors	9.3	11.6	Frequency
Nasdaq S.7, SASB IF-HB-320a.1	LTIf own employees - blue and white collar	10.5	6.9	Frequency
Nasdaq S.7, SASB IF-HB-320a.1	LTIf - subcontractors	8.9	13.4	Frequency
FSR/Nasdaq CPH/CFA	Sick leave	3.5%	1.9%	Days per FTE
Diversity				
Nasdaq S.2, FSR/Nasdaq CPH/CFA	Gender Pay Ratio[1]	1.1	1.0	Ratio
Nasdaq S.4, FSR/Nasdaq CPH/CFA	% females in the company	20.6%	19.0%	%
FSR/Nasdaq CPH/CFA	% females in management	21.0%	40.0%	%
Nasdaq S.6	Non-discrimination policy	See page 46	See page 47	Description
Nasdaq S.9	Child and forced-labour policy	Sustainability policy	Sustainability policy	Description

GOVERNANCE	ESG data / disclosures	2021	2022	Unit
Nasdaq G.1, FSR/Nasdaq CPH/CFA	Gender diversity on the Board of Directors - underepresented gender	33.3%	33.3%	#
Nasdaq S.1, FSR/Nasdaq CPH/CFA	CEO Pay Ratio[1]	14.63	16.10	Ratio
FSR/Nasdaq CPH/CFA	Board Meeting Attendance Rate[1]	95.0%	93.0%	Ratio

[1] new metrics in 2021.
[2] unit expressed in % instead of #.
[3] all of the countries in which HusCompagniet operates are low or low to medium water stress, according to the World Resources Institute.
[4] excludes covid-related and blue collar layoffs.
[5] comprise detached and semi-detached houses in Denmark. Data not available in Sweden.
[6] including redundancies.
SASB: Home Builders Standard.
Nasdaq: Nasdaq ESG Guide 2.0.
FSR/NasdaqCPH/CFA: ESG key figures in the annual report.

TCFD disclosures

	TCFD Recommendation	2022 Disclosures
Governance	**Describe the board's oversight of climate-related risks and opportunities**	The HusCompagniet Board of Directors has the ultimate oversight of climate-related risks and opportunities, and ESG-related issues, including those related to climate. Sustainability and climate are items in the Board's annual wheel, meaning that climate risks are considered at least once annually, or more frequently as needed. Climate-related risks are an important part of HusCompagniet's overall ESG risk considerations, and are incorporated into strategic discussions, in annual business planning, and in annual reporting.
Governance	**Describe management's role in assessing and managing climate-related risks and opportunities**	The Executive Management team is responsible for assessing and managing climate-related risks. The Group CEO and Group CFO are actively involved in the sustainability strategy process, and the operationalisation of the sustainability focus areas is owned by the Head of Business Development. In 2022, a Steering Committee for Sustainability was established, counting Executive Management, Marketing, Purchasing and Business Development, in order to further structure and strengthen our work towards our climate targets.

	TCFD Recommendation	2022 Disclosures
Strategy	**Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term**	In 2020, HusCompagniet conducted the first assessment of the risks and opportunities that we may be exposed to as a result of climate change in accordance with the TCFD recommendations. In 2021, we revisited the findings, adjusted the timeframes to better reflect our internal planning processes and the TCFD recommendations, and updated some of our expectations. Updated time frames: 0-3 years is considered to be short-term, 4-10 years to be medium-term, and more than 10 years to be long-term. In 2022, we assessed these adjustments to still be valid. **Short-term (0-3 years) risks identified:** Political risk from increased prices on emissions or standards; Political push to bring new low-carbon products to market before they are fully tested; Political preference for incentivising renovations instead of new-builds; Technology-related risks from investments in unsuccessful new, renewable technologies; The physical risks identified were all expected to manifest in the longer term. **Medium-term (4-10 years) risks identified:** Reputational risks from potential shifts in consumer and market preferences towards low-carbon products; Political ambitions of allocating more landmass to nature, resulting in reduced availability of plots suitable for commercial development. **Long-term (more than 10 years) risks identified:** Physical risks from: reduced availability of lots without exposure to flooding or other weather hazards available for development; Construction times marginally prolonged from chronic changes in weather patterns, such as heavier rainfall and increased temperatures; Rising sea levels and heightened risk of flooding may impact the availability of development plots; Increased accuracy in pricing; physical climate risks into mortgage and insurance policies may affect demand.

	TCFD Recommendation	2022 Disclosures
Strategy	**Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term**	HusCompagniet continues to identify the potential opportunities from climate change. To address the current and expected shift in consumer demand towards more sustainable house offerings, we launched our Climate-Improved House in 2021 and tested it towards the voluntary sustainable building class. In 2022, we worked on integrating solutions from the climate-improved house into our portfolio. Further, from 1 January 2022, we no longer offer gas as an energy source. Read more on pages 21 of this report. Sustainable house offerings might also lead to increased market share in the house market as well as in new markets, as consumer preferences shift towards low-carbon solutions. This development might be further accelerated if increased climate-related damage on the existing property mass results in an increased demand for new houses.
Strategy	**Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario**	In 2019, we conducted our first qualitative scenario analysis in alignment with the TCFD recommendations. The analysis explored the implications to the business model and strategy in the context of three scenarios based on groupings of IEA, IPCC, WEC scenarios, and other publicly available scenarios. The three scenarios explored were: a scenario based on "business as usual" and current policies, a scenario based on stated political commitments, and a decarbonisation scenario resulting in no more than a 2°C increase in average global temperatures. Each scenario included an overlay of the physical risks posed by the corresponding temperature increase based on data projecting the physical changes specific to Denmark prepared by DMI in accordance with the IPCC scenarios. The analysis showed that our business model can be made resilient in all three scenarios. In 2022, we continued to use these insights when considering long-term exposure, and we plan to refresh the analysis as more data becomes available.

	TCFD Recommendation	2022 Disclosures
Risk management	**Describe the organisation's processes for identifying and assessing climate-related risks**	In 2019, the Management conducted a detailed assessment of risks and opportunities in line with the TCFD classifications, which was refreshed for 2021 and 2022. As we continue to work towards our ambitions and targets, risk management procedures will be put into place. HusCompagniet follows the developments of green building standards and certifications closely. We continue to increase our understanding and integration of physical climate risks into decision-making and strategy.
Risk management	**Describe the organisation's processes for managing climate-related risks**	Climate-related risks are evaluated on an annual basis, and action will be taken if and when needed. We continue to strengthen our ongoing processes for climate risk management.

	TCFD Recommendation	2022 Disclosures
Metrics and targets	**Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management**	We identify climate-related risks through the process of prioritising sustainability focus areas. Climate considerations have also informed our product development. Processes for integrating climate-related risks and opportunities were initiated in 2020, and continued in 2022.
	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	See pages 63-65 in this report
	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	See page 33-34 in this report
	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	See page 33-34 in this report

Risk Management

Risk Management

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

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

Risk management is based on ongoing monitoring to identify relevant risks. Our enterprise risk management practice aims to identify, monitor, assess and mitigate risks as early as possible to manage the likelihood and potential impact. Insurances are assessed on an ongoing basis by Group CFO and the Audit Committee to ensure sufficient coverage is provided to mitigate the day-to-day concerns. An insurance agency reports their assessment on HusCompagniet's coverage to the Board of Directors once a year.

Risk action hierarchy

Board of Directors

↓

Audit Commmitee

↓

Executive Management

Risk management Matrix 2022

1 Macroeconomic risk

2 Supply chain risk

3 IT systems and information (unchanged)

4 Climate change and change in regulation

5 Our people

6 Health and safety (unchanged)

7 Cyber threats

Top risks

	Macroeconomic risk	Supply chain risk	IT systems and information	Climate risks and change in regulation
Risk	The Group is subject to general macroeconomic conditions, and an economic slowdown could adversely affect demand for the houses and land it sells. The geopolitical situation in Europe in 2022 have had severely negative effects on a number of external factors resulting in a rapidly increasing inflation, increasing interest rates, and reduced mortgage availability. This has led to a general uncertainty surrounding the economic situation resulting in a decline in sales and a negative consumer confidence. Other external factors that could have a negative impact include rate of employment, property prices and GDP growth.	The Group setup means exposure to and reliance on third-party suppliers, contractors, subcontractors and other service providers in executing its projects. Shortage of materials and/or subcontractors may result in price pressure or lack of labour for execution. This could cause liquidity strain due to the "payment at delivery" model and costs in terms of delay penalties. 2022 continued to be affected by distressed supply chains and the risk of further constraints mainly regarding energy pricing and availability has increased in connection with the continued geopolitical instability in Europe.	The Group continues to integrate its IT systems to enhance control and drive efficiency. The failure of any of these systems could restrict the Group's operations. Failure to comply with data regulations could also trigger significant financial penalties and reputational damage.	For HusCompagniet, climate risks and the expected transition to a low-carbon economy can pose financial challenges. Long-, medium-, and short-term climate-related risks include market risks such as shifts in consumer preferences towards low-carbon homes, policy and legal risks stemming from increased regulation, carbon taxes and tariffs. Regulation towards sustainable housing is expected to increase over the coming years, requiring necessary R&D investments in product development from house builders.
Mitigation	The Group diversifies its business by operating an agile and asset-light business model and only acquiring a small number of highly selective strategic land plots with a high turnover rate. The Group strives to maintain its share of own land projects at around 20% of total house deliveries in Denmark. The Group also operates a flexible cost base as most construction projects are outsourced to subcontractors, which add flexibility to the business model in facing downturns. An order book of minimum six months visibility enables rightsizing in due time and scale the business accordingly. The Group has different types of customers, both B2B and B2C.	Strong relationships established with subcontractors during boom-and-bust periods. The Group reduces its reliance on individual contractors by always engaging with several contractors. An overheated market can be partly mitigated through yearly negotiations on longer-term master agreements, and also by cascading cost to customers. The sustainability journey opens up for a larger variety of materials, thus reducing dependency of suppliers. We have a strong position due to our market share.	With increased digitalisation of work processes, critical applications are monitored and managed according to a business continuity plan. We ensure segregation of duties on our application to prevent unintended usage. Risk of loss of data is mitigated by a daily backup placed on a separate location for 30 days and a disaster recovery strategy is implemented with yearly exercise of disaster recovery. A Data Protection Policy was implemented in 2018 and is reviewed on an ongoing basis.	HusCompagniet integrates considerations on climate-related risks and opportunities into our strategy and operations. The Group has since 2019 implemented and publicly supported the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We have set ambitious targets for 2025 and 2030 to reduce carbon emissions, and in our efforts to reach the targets set, we continuously expand our low-carbon offerings in terms of materials and renewable energy solutions. The efforts taken also prepares for future regulatory changes. For our semi-detached offerings, it is our expectation and ambition that we are on a transition towards delivering only projects that are sustainability certified.

Top risks

	Our people	Health and safety	Cyber threats
Risk	The Group depends upon its management team and on the expertise of its key personnel and may be unable to attract and retain a highly skilled and experienced workforce. Development of skilled employees is critical to delivery of the Group's strategy of profit and volume growth through quality and efficiency.	The Group's subcontractors may fail to operate in accordance with high ethical and safety standards and in accordance with applicable laws and regulation.	The cyber threat has continued to increase. With increased digitalisation of business processes, cyberattacks could have financial and reputational consequences for HusCompagniet. Malicious hacking activities or theft of sensitive business data, personal employee data or customer data, may result in significant business disruption, monetary losses or fines and penalties from authorities. Risk of cyber threats has increased further due to the geopolitical turmoil in Europe.
Mitigation	HR processes including retaining and recruiting talent are increasingly important to the Group. The Group has a key focus on maintaining an attractive workplace with competitive compensation packages and a long-term incentive programme has been introduced with a view to retaining key personnel. Employee surveys are conducted on a regular basis in order to open a line of communication for all employees to provide feedback and help growth the company.	It is HusCompagniet's ambition to eliminate work-related injuries. HusCompagniet has increased the training of construction managers and engaging with subcontractors at building sites as well as maintaining a strong focus on safety when onboarding new companies. Training of construction managers and subcontractors are ongoing and continuously in development.	The Group's IT strategy comprises a continued effort to protect against cyber threats regarding IT infrastructure and business operations. Ongoing updates and investments in IT equipment and new technology as well as improvements of operating procedures seek to follow good practice. Furthermore, continuous user-awareness campaigns improve user behavior, which minimize risks of successful cyberattacks.

Shareholder information

Shareholder information

The share price

HusCompagniet A/S was listed on Nasdaq Copenhagen on 18 November 2020, becoming part of the mid-cap index. At first trading day the share price was DKK 117. The share price was at DKK 119.6 at the beginning of 2022 and closed at DK 41 at year end. In comparison, the Copenhagen mid-cap index decreased 8% in the period.

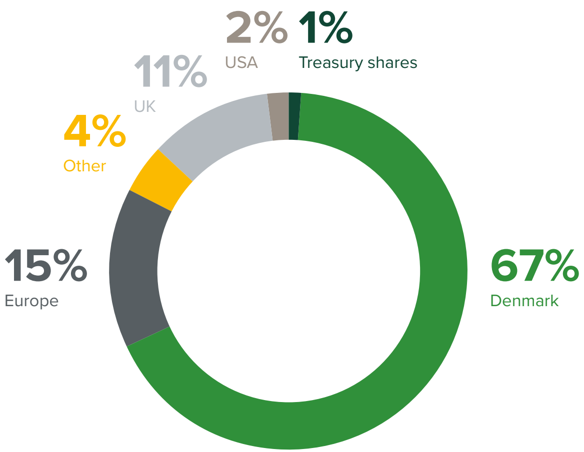
Shareholder structure

HusCompagniet A/S' share capital is nominally DKK 91,050,000 divided into 18,210,000 shares, each with a nominal value of DKK 5 and carrying five votes. On 31 December 2022, HusCompagniet had more than 5,100 registered shareholders collectively holding 96% of the share capital. One shareholder had at year end notified HusCompagniet A/S of holding 10% or more of the share capital and two shareholders holding 5% or more of the share capital:

- Lind Value II ApS + 10%
- Henderson Global Investors Limited + 5%
- PFA Asset management A/S + 5%

One shareholder had notified HusCompagniet A/S of holding 5% or more of the voting rights: Nordea Funds Ltd.

HusCompagniet held 209,989 treasury shares at year end, corresponding to 1.2% of the share capital. The treasury shares are held to cover the commitments under the current share-based incentive programme and cancellation.



Share-based incentive schemes

In total, 74,866 RSUs were issued on 8 April 2022, of which 19,453 were granted to the Executive Management and 55,413 were granted to other employees. The fair value of the RSU grant in the 2020 programme totalled DKK 16 million and the fair value of RSU grant dated in 2022 was DKK 8.4 million. In 2022, an expense of DKK 6.6 million was recognised in the income statement in respect of the incentive programmes (2021: 4.9 million).

Capital structure and financing

The primary objective of HusCompagniet's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximise shareholder value. HusCompagniet manages its capital structure and adjusts in response to changes in economic conditions. To maintain or adjust the capital structure, HusCompagniet may adjust dividend payments to shareholders, acquire its own shares or issue new shares. HusCompagniet has a target leverage for 2022 of around 2.0x net debt to EBITDA before special items considering the Group's cash flow profile. The financial leverage at year end 2022 was 2.2 net debt to EBITDA before special items. The leverage ratio - Net interest bearing debt divided by last twelve months adjusted EBITDA - may not exceed 3.5x end of quarters according to the current bank financing agreement. In case of breach of financial covenants the banks may demand immediate repayment of the full nominal amount.

The current outlook for 2023 implies that it is a possible scenario that HusCompagniet may not comply with the current covenant on financial leverage in 2023 and consequently a waiver will in such a situation need to be obtained from the banks or alternative measures taken.

Management is in process of generally reviewing the financing and capital structure of HusCompagniet going forward. Measures are first and foremost to optimize cash and earnings but could also include: amendment of bank financing agreement, waivers on financial covenants, an equity capital raise or through attracting other hybrid financing. As a precautionary measure in this connection distribution of dividends to shareholders are suspended in 2023 as also mentioned in the outlook for 2023.

Management is confident that appropriate financing at reasonable costs will be available to HusCompagniet and conclude on that basis that there is an appropriate and justified basis for continuing the current plans and operations of HusCompagnie.t

Dividend policy

The company's current dividend policy has a target initial pay-out ratio of at least 25% by means of dividend, supplemented by means of share buyback for around 25%.

The dividend policy is subject to change at the discretion of the Board of Directors, and there can be no assurance that the Group's performance will facilitate adherence to the dividend policy and that in any given year a dividend will be proposed or declared.

The Board of Directors announced in November 2022 that it would propose to the Annual General Meeting that no dividend shall be paid out in 2023. HusCompagniet expects to return to making dividend payments, once the leverage is back within the long-term target. HusCompagniet has initiated a review of the appropriate capital structure going forward.

Insiders and trading windows

Members of HusCompagniet A/S' Board of Directors and Executive Management are listed in the company's register of permanent insiders. These persons and their related parties are allowed to buy or sell shares in the company only during the four weeks immediately following the publication of each interim financial report, quarterly trading statements or annual report. If in possession of inside information, such persons are prohibited from trading even during the said four-week period for as long as such information remains inside information. The company may solely buy or sell its own shares during the three-week period immediately following each interim financial report, quarterly trading statement or annual report, and the company may not trade whilst in possession of inside information.

Communication with investors

To ensure that capital market participants, including current and prospective shareholders, can make well-informed investment decisions, HusCompagniet hosts conference calls with the Executive Management each quarter following the release of financial reports and trading statements. The Executive Management and Investor Relations team also meet current and potential investors on a regular basis at road shows and equity conferences.

Shareprice 2022

Financial calendar

Deadline for proposals to the agenda of the Annual General Meeting	2 March 2023
Annual General Meeting	14 April 2023
Trading statement for the period ending 31 March 2023	4 May 2023
Interim report for the period ending 30 June 2023	17 August 2023
Trading statement for the period ending 30 September 2023	3 November 2023

Analyst coverage

In 2022, the company was covered by four equity research providers, Carnegie, Citi Bank, Nordea and SEB. From January 2023, the company is covered by four equity research providers, Carnegie, Danske Bank, Nordea and SEB. The company is not normally available for dialogue about financial matters in the three-week period leading up to the publication of an interim financial report, trading statements or the annual report.

HusCompagniet share information

No. of shares: 18,210,000
Listing: Nasdaq Copenhagen
Trading symbol: HUSCO
Index: Nasdaq Copenhagen mid-cap

Corporate governance

HusCompagniet has a two-tier management structure comprising the Board of Directors and the Executive Management. There are no overlapping members. The Board of Directors is responsible for the overall and strategic management and proper organisation of the Group's business and operations. On behalf of the shareholders, the Board of Directors supervises HusCompagniet's organisation, day-to-day management, and results.

33%

female board members in 2022

The Board of Directors sets guidelines on the day-to-day responsibilities and obligations of the Executive Management. The Board of Directors and the Executive Management further assess HusCompagniet's business processes, the organisation, strategy, risks, business objectives and controls. A set of rules of procedure governs the work of HusCompagniet's Board of Directors. These rules are reviewed annually by the Board of Directors and updated as necessary.

Board of Directors

The Board of Directors consists of six members and has appointed a Chairperson and a Vice Chairperson. All six members of the Board of Directors are at the end of 2022 regarded as independent. The Board of Directors represents broad international business experience and skills considered relevant to HusCompagniet. The Board of Directors evaluates its work on an annual basis, and determines once a year the qualifications, experience and skills needed for the Board of Directors to best perform its tasks. All board members are up for election at each Annual General Meeting. The Board of Directors meets five times a year and holds extraordinary meetings when required. In 2022, the Board of Directors held 9 meetings of which 3 were extraordinary and one was a strategy meeting. The Board's annual wheel covers all essential areas of the business, including sustainability and climate. The Board attendance rate for 2022 is included in our table shown on page 69 and our ESG table on page 57.

Composition and competencies

At the Annual General Meeting on 8 April 2022, Claus V. Hemmingsen, Anja B. Eriksson, Ylva Ekborn, Mads Munkholt Ditlevsen, Bo Rygaard and Stig Pastwa were re-elected as members of the Board. The Board represents comprehensive experience and competencies, which is considered crucial for the further realisation of HusCompagniet's strategic targets. The Board's competencies are further described on page 72.

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

In 2022, the annual self-evaluation of the Board of Directors was performed with external advisor assistance. All board members participated in the evaluation along with Executive Management and other stakeholders. The self-evaluation consisted of conversations by the advisor with each member of the Board of Directors as well as each member of the Executive Management. Overall the evaluation proved a well-functioning Board and appropriate relations between Board and Executive Management. The self-evaluation was done with a particular focus on competences relative to the company's strategy and purpose and showed that the composition of the Board of Directors, including relevant competences, to a large extent matches what the Board of Directors considers necessary to best perform its tasks, including digital transformation, business-to-business experience, executive experience and sales experience within the industry, and knowledge of the Swedish market. The Board of Directors has, however, assessed that the board can benefit from strengthening its competences within business-to-consumer sales and marketing, industry supplier experience as well as increased building industry knowledge as well as production and manufacturing experience. The Board of Directors will reflect this in the board composition being proposed at the Annual General Meeting. The self-evaluation furthermore showed that the Board has functioned efficiently and that there is an open, challenging and transparent dialogue between the Board of Directors and the Executive Management. The Board of Directors can increase benefit from the board committees work by strengthening their function as vehicles for framing the discussions in the Board of Directors. The Board will use the feedback from the self-evaluation to further develop the framework for its activities in the coming year.

Diversity

HusCompagniet strives towards diversity in the composition of the Board of Directors and executive management, including gender, international experience, qualifications, and competencies. HusCompagniet is strongly focused on promoting diversity and equal opportunities as we believe that diversity leads to better performance and decision making. The construction sector has traditionally been and still is a male-dominated sector, which poses a challenge for both HusCompagniet and other companies within the industry. Yet, we aim to reach our ambitious targets and we are compliant with regulatory guidelines. At Board level, we are currently at our previously communicated 2030-target that a minimum of two out of six directors should be females as our Board of Directors in 2022 consists of two female and four male directors. The composition of the Board of Directors constitutes an equal distribution of gender as defined in the Danish Business Authority's guidelines on equal gender distribution on the Board of Directors and it is our ambition to maintain this going forward. The Board of Directors continues to monitor diversity at Board level and in Executive Management. Guided by the principles of our diversity policy, the Board of Directors ensures that any change in management is based on presentation of a diverse panel of candidates, both in terms of experience, competencies and gender.

Board Chairpersonship and committees

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

Board meeting and board committee meeting attendance

	Board	Meetings	Audit Committee	Meetings	Remuneration & Nomination Committee	Meetings	Election period
Claus V. Hemmingsen	●	9/9			●	3/3	1 year
Anja B. Eriksson	●	9/9	●	5/5			1 year
Stig Pastwa	●	8/9	●	5/5			1 year
Ylva Ekborn	●	9/9	●	5/5	●	3/3	1 year
Mads Munkholt Ditlevsen	●	7/9					1 year
Bo Rygaard	●	8/9			●	3/3	1 year
Attendance rate		93%		100%		100%	

● Chairperson of the committee ● Vice Chairperson ● Member of the committee

In order to support the Board of Directors, HusCompagniet has established an Audit Committee and a Remuneration & Nomination Committee. The purpose of the Board Committees is to report and make recommendations to the Board of Directors on committee related matters. The overall purposes and activities of the Audit Committee and Remuneration & Nomination Committee, respectively, can be found here: https://investors.huscompagniet.com/governance/committees/

Remuneration

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

CEO pay ratio and gender pay ratios are included in our ESG disclosures (see page 57). Our Remuneration Policy is available here: https://investors.huscompagniet.com/governance/committees/. The remuneration report for 2022 can be found here: https://investors.huscompagniet.com/files/Governance-documents/RemunerationReport2022.pdf.

All current board members have in 2022 received compensation fee. Mads Munkholt Ditlevsen has forfeited his compensation fee.

Reporting on Corporate Governance

HusCompagniet is committed to complying with Corporate Covernance standards and creating transparency around the company's affairs to maintain the trust of the company's shareholders and stakeholders. HusCompagniet reports on compliance with the Committee on Corporate Governance's recommendations on Corporate Governance and the Board of Directors reviews the recommendations in force on a regular basis and at least once a year. The Board of Directors and the Executive Management share the committee's views in all material respects. HusCompagniet deviates from just one of the recommendations as the company publishes trading statements for Q1 and Q3 instead of quarterly reports. We believe trading statements will provide shareholders and other relevant stakeholders with sufficient information on the company's financials. HusCompagniet's position on the recommendations on Corporate Governance as well as an explanation for the recommendation that HusCompagniet has opted to deviate from, can be found in the Corporate Governance statement available here: https://investors.huscompagniet.com/files/Governance-documents/CorporateGovernanceStatement2022.pdf.

Business policies

HusCompagniet has a set of policies to govern and further guide our overall efforts towards responsible business conduct and governance. The relevant policies are available here: https://investors.huscompagniet.com/governance/governance-documents/

General meeting

The next Annual General Meeting will be held on 14 April 2023 at 10.00 (CEST). The General meeting will be a physical meeting and held at Bech Bruun Advokatpartnerselskab, Langelinie Allé 35, 2100 Copenhagen, Denmark. In addition, the Annual General Meeting will be live streamed.

Corporate Governance

Board of Directors

Claus V. Hemmingsen

Chairperson (Independent)
Chair of the Remuneration and Nomination Committee
Member since: May 2020. Term ends: AGM 2023.

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

Board meeting participation: 9/9
Committee participation: Remuneration & Nomination Committee 3/3

Position:
Non-executive board-member

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

Other management positions:
Chair: DFDS A/S, Innargi A/S. Board member: Noble Corporation plc , A.P. Moller Holding A/S, A.P. Moller og Hustru Chastine Mc-Kinney Mollers Fond til almene Formaal, Den A.P. Mollerske Stottefond, Bacher Workwear A/S, Maersk Mc-Kinney Moller Center for Zero Carbon Shipping, Global Maritime Foundation, Det Forenede Dampskibs-Selskabs Jubilaeumsfond, Owner and director of CVH Consulting ApS.

Competencies:
Competencies and experiences particularly from within the international maritime and offshore drilling industries, incl. M&A, commercial and general management, operational expertise, strategic planning, HSSE & Sustainability, and regulatory affairs.

Holdings*
65,499, changed from 55,044 at 31 December 2021

Anja B. Eriksson

Vice-Chairperson (Independent)
Member of the Audit Committee
Member since: July 2020. Term ends: AGM 2023.

Born: 1974 **Gender:** Female **Nationality:** Danish

Board meeting participation: 9/9
Committee participation: Audit Committee 5/5

Position:
Vice President, ATP – Long Term Danish Capital

Education:
M.Sc. in Applied Economics and Finance, B.Sc. International Business from Copenhagen Business School, Young Managers Programme and Negotiation Dynamics from INSEAD Business School and High Performance Boards programme at IMD.

Other management positions:
Chair: M.J. Eriksson Holding A/S, Anders Nielsen & Co. A/S. Board member: M.J Eriksson A/S, Pihl Holdings A/S, Veo Technologies A/S, Ferrosan Medical Devices A/S, Owner and director F5 Invest ApS.

Competencies:
Experience from leading roles in the financial and construction industries, with a strong commercial focus, having driven change processes, M&A transactions, sale and HSSE.

Holdings*
33,326

Stig Pastwa

Board member (Independent)
Chair of the Audit Committee
Member since: April 2021. Term ends: AGM 2023.

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

Board meeting participation: 8/9
Committee participation: Audit Committee 5/5

Position:
Professional Board member, Advisor and Investor

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

Other management positions:
Member of Board of representatives: Hedeselskabet. Board member: SP Holding 2015 ApS and CC investment II ApS

Competencies:
Commercial and managerial experience, including M&A, ESG and real estate with a strong financial background as both CFO and CEO from executive roles and non-executive directorships in several large Danish and international corporations and institutions, both listed and private.

Holdings*
8,540 changed from 6,237 at 31 December 2021

* Indirect and direct

Corporate Governance

Board of Directors

Ylva Ekborn

Board member (Independent)
Member of the Audit Committee,
Member of Remuneration and Nomination Committee
Member since: July 2019. Term ends: AGM 2023.

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

Board meeting participation: 9/9
Committee participation: Remuneration & Nomination Committee 3/3 and Audit Committee 5/5

Position:
CEO PostNord Strålfors Group & member of Postnord Group Leadership Team

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

Other management positions:
Chair: Postnord Stralfors Oy, PostNord Stralfors AS. Board member: PIHR

Competencies:
Nordic CEO with experience form both B2C and B2B companies. Focus on strategy, operational excellence, digital transformation, business development and brand & communication.

Holdings*
20,247

Mads Munkholt Ditlevsen

Board member (Independent)
Member since: August 2015. Term ends: AGM 2023.

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

Board meeting participation: 7/9

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

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

Other management positions:
Deputy Chair: Banking Circle, Oterra A/S, Oterra Operations ApS, Fonden Human Practice Foundation Board member: Brancheforeningen for Aktive Ejere i Danmark, 3Shape Holding A/S. Owner and director of HEFAX ApS, Certoh ApS, Xela ApS and Lefix ApS.

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

Holdings
20,000, changed from 0 at 31 December 2021

Bo Rygaard

Board member (Independent)
Member of Remuneration and Nomination Committee
Member since: April 2021. Term ends: AGM 2023.

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

Board meeting participation: 8/9
Committee participation: Remuneration & Nomination Committee 3/3

Position:
CEO, Dreyers Foundation

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

Other managerial positions:
Chairperson: Netcompany Group A/S, Skamol A/S, Sovino Brands A/S, KFI Erhvervsdrivende Fond, KV Fonden, Marie & M.B. Richters Fond. Deputy Chair: Statens Ejendomsselskab A/S. Board member: Fondenes Videnscenter

Competencies:
Managerial experience in industry-related areas, including real estate and development, both in Denmark and internationally and experience as both executive and chairperson in listed companies. Also extensive managerial experience within consumer goods.

Holdings
No shares

* Indirect and direct

Corporate Governance

Executive Management

Martin Ravn-Nielsen

Group CEO

Born: 1971
Gender: Male
Nationality: Danish

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

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

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

Holdings*
283,861 changed from 261,861 at 31 December 2021

Mads Dehlsen Winther

Group CFO

Born: 1977
Gender: Male
Nationality: Danish

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

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

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

Holdings*
129,304

* Indirect and direct

Financial statements

Income statement – consolidated

DKK'000	Note	2022	2021
Revenue	2.1	4,329,833	4,314,783
Cost of Sales	2.1	-3,492,916	-3,439,886
Gross profit		**836,917**	**874,897**
Staff cost	2.2, 2.3	-346,287	-349,059
Other external expenses		-142,400	-124,900
Other operating income		67	173
Operating profit before depreciation and amortisation (EBITDA) before special items	2.4	**348,297**	**401,111**
Special items	2.4	-31,939	0
Operating profit before depreciation and amortisation (EBITDA) after special items		**316,358**	**401,111**
Depreciation and amortisation	4.1, 4.3	-48,343	-46,118
Operating profit (EBIT)		**268,014**	**354,993**
Financial income	5.5	697	300
Financial expenses	5.5	-27,784	-20,761
Profit before tax from continuing operations		**240,927**	**334,533**
Tax on profit	6.1	-50,449	-69,981
Profit for the period from continuing operations		**190,478**	**264,552**
Profit / (loss) after tax for the period from discontinued operations	6.2	-20,169	0
Profit for the period		**170,309**	**264,552**
Profits attributable to:			
Equity owners of the Company		170,309	264,552

DKK	Note	2022	2021
Earnings per share:	2.5		
Earnings per share (EPS Basic)		9.4	13.7
Diluted earnings per share (EPS-D)		9.4	13.7
Earnings per share (EPS Basic) continuing operations		10.6	13.7
Diluted earnings per share (EPS-D) continuing operations		10.5	13.7
Earnings per share (EPS) (DKK) from discontinued business		-1.1	0.0
Diluted earnings per share (EPS-D) (DKK) from discontinued business		-1.1	0.0

Statement of other comprehensive income DKK'000	Note	2022	2021
Profit for the year		**170,309**	**264,552**
Other comprehensive income			
Items that may be reclassified to the income statement in subsequent periods			
Foreign currency translation differences, subsidiary		-11,719	-2,112
Other comprehensive income, net of tax		**-11,719**	**-2,112**
Total comprehensive income for the year		**158,590**	**262,440**
Total comprehensive income attributable to:			
Equity owners of the Company		158,590	262,440

Balance sheet – consolidated

DKK'000	Note	2022	2021
Assets			
Non-current assets			
Goodwill	4.1	2,016,050	2,031,471
Intangible assets	4.1	37,550	39,741
Right-of-use assets	4.3	76,578	87,709
Property, plant and equipment	4.3	97,394	20,728
Deferred tax asset	6.1	29,254	28,153
Other receivables	3.3	4,151	4,756
Total non-current assets		**2,260,977**	**2,212,558**
Current assets			
Inventories	3.1	343,033	315,926
Contract assets	3.2	731,056	809,330
Trade and other receivables	3.3	217,221	170,272
Prepayments		14,796	14,203
Cash and cash equivalents		5,207	55,420
Total current assets		**1,311,313**	**1,365,151**
Total assets		**3,572,291**	**3,577,709**

DKK'000	Note	2022	2021
Equity and liabilities			
Equity			
Share capital	5.1	91,050	100,000
Retained earnings and other reserves		1,790,040	1,784,982
Total equity		**1,881,090**	**1,884,982**
Liabilities			
Non-current liabilities			
Borrowings	5.3	682,461	672,058
Lease liabilities	5.4	65,689	73,247
Provisions	3.4	7,011	8,680
Deferred tax liability	6.1	42,742	38,683
Total non-current liabilities		**797,902**	**792,668**
Current liabilities			
Borrowings	5.3	1,045	0
Lease liabilities	5.4	23,874	23,076
Trade and other payables	5.6	537,362	554,333
Contract liabilities	3.2	105,041	84,730
Prepayments from customers	3.2	15,312	10,081
Provisions	3.4	28,042	34,718
Income tax payable	6.1	40,750	44,998
Other liabilities	3.7	141,872	148,123
Total current liabilities		**893,299**	**900,059**
Total liabilities		**1,691,201**	**1,692,727**
Total equity and liabilities		**3,572,291**	**3,577,709**

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

Statement of cash flows – consolidated

DKK'000	Note	2022	2021
Cash flow from operating activities			
EBITDA, after special items		316,358	401,111
EBITDA, discontinued activities		-193	5,501
EBITDA		**316,164**	**406,612**
Adjustments for non-cash items	6.3	8,748	11,495
Adjustet EBITDA		**324,913**	**418,107**
Changes in working capital	3.5	35,711	-84,508
Cash flow from operating activities before financial items and taxes		**360,624**	**333,599**
Interest received	5.5	697	300
Interest elements of lease payments	5.5	-5,014	-5,736
Interest paid	5.5	-22,771	-15,025
Corporation tax paid	6.1	-65,065	-54,661
Net cash generated from operating activities		**268,471**	**258,477**
Cash flow from investing activities			
Investment in assets recognised as property, plant and equipment	4.3	-22,401	-11,327
Investment in assets recognised as intangible assets	4.1	-13,155	-10,435
Cash outflow on acquisition subsidiaries	4.2	-75,252	0
Cash and cash equivalents of subsidiaries on acquisition date	4.2	-5,746	0
Net cash generated from investing activities		**-116,554**	**-21,762**

DKK'000	Note	2022	2021
Cash flow from financing activities			
Repayment of long-term debt		-125,000	0
Proceeds from loans		125,000	0
Repayment of mortgage	5.3	-523	0
Repayment of lease liabilities	5.3	-22,697	-21,850
Dividends to equity holders		-132,276	-60,000
Dividends from own treasury shares		0	410
Acquisition of own shares	5.2	-36,821	-179,990
Net cash generated from financing activities		**-192,317**	**-261,430**
Total cash flows		**-40,400**	**-24,715**
Cash and cash equivalents at 1 January		55,420	77,467
Net foreign currency gains or losses		-9,813	2,668
Cash and cash equivalents at 31 December		**5,207**	**55,420**
Cash and cash equivalents			
Cash at bank		5,207	55,420
Cash and cash equivalents as at 31 December		**5,207**	**55,420**
Bank overdrafts		0	0
Net cash and cash equivalents as at 31 December		**5,207**	**55,420**
Free cash flow		**151,916**	**236,715**

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

Statement of changes in equity – consolidated

DKK'000	Share capital	Foreign currency translation reserve	Retained earnings	Proposed dividend	Total
2022					
Equity at 1 January	**100,000**	**1,656**	**1,651,050**	**132,276**	**1,884,982**
Profit for the period	**0**	**0**	**170,309**	**0**	**170,309**
Other comprehensive income:					
Foreign currency translation differences	0	-11,719	0	0	-11,719
Total other comprehensive income	**0**	**-11,719**	**0**	**0**	**-11,719**
Transactions with owners of the Company and other equity transactions:					
Capital reduction	-8,950	0	8,950	0	0
Share-based payment	0	0	6,615	0	6,615
Purchase of own shares	0	0	-36,821	0	-36,821
Dividends paid	0	0	0	-132,276	-132,276
Total transactions with owners of the Company and other equity transactions	**-8,950**	**0**	**-21,256**	**132,276**	**-162,482**
Equity on 31 December	**91,050**	**-10,063**	**1,800,103**	**0**	**1,881,090**

Statement of changes in equity – consolidated

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

Capital structure and financing

The primary objective of HusCompagniet's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximise shareholder value. HusCompagniet manages its capital structure and adjusts in response to changes in economic conditions. To maintain or adjust the capital structure, HusCompagniet may adjust dividend payments to shareholders, acquire its own shares or issue new shares. HusCompagniet has a medium term target leverage of below 2.0x net debt to EBITDA before special items considering the Group's cash flow profile.

The financial leverage at year-end 2022 was 2.2x net debt to EBITDA before special items. The leverage ratio - Net interest bearing debt divided LTM adjusted EBITDA may not exceed 3.5x end of quarters according to the current bank agreement. In case of breach of financial covenants the bank can demand a immediate repayment of the full nominal amount.

The current outlook for 2023 implies that it is a possible scenario that HusCompagniet may not comply with the current covenant on financial leverage in 2023 and consequently a waiver will in such a situation need to be obtained from the banks or alternative measures taken.

Management is in process of generally reviewing the financing and capital structure of HusCompagniet going forward. Measures are first and foremost to optimize cash and earnings but could also include: amendment of bank financing agreement, waivers on financial covenants, an equity capital raise or through attracting other hybrid financing. As a precautionary measure in this connection distribution of dividends to shareholders are suspended in 2023 as also mentioned in Outlook for 2023.

Management is confident that appropriate financing at reasonable costs will be available to HusCompagniet and conclude on that basis that there is an appropriate and justified basis for continuing the current plans and operations of HusCompagniet.

Dividends

The Board of Directors has adopted a dividend policy with a target initial pay-out ratio of at least 50% of reported profit for the year.

In 2022 HusCompagniet updated the dividend policy from at least 50% by means of dividend to at least 25% by means of dividend, supplemented by means of share buyback for around 25%. The dividend policy is subject to change at the discretion of the Board of Directors, and there can be no assurance that the Group's performance will facilitate adherence to the dividend policy and that in any given year a dividend will be proposed or declared.

For the financial year 2022 the dividend policy has been suspended.

Notes

Section 1

Basis of preparation

Introduction

HusCompagniet A/S is a company incorporated and domiciled in Denmark. HusCompagniet A/S and its subsidiaries are collectively referred to in the financial statement as the “Group”. The Group is a leading provider of single-family detached houses in Denmark. The Group’s core activity is the design, sale and delivery of customisable high-quality detached houses in Denmark to consumers predominantly built on-site on third-party (customer-owned) land. The Group also designs, sells and delivers semi-detached houses in Denmark to consumers, predominantly on land owned by the Group, and since January 2020 to professional investors, both on land also owned by the Group and on land owned by investors. Investors in the semi-detached business-to-business segment often lease or sell the houses to end-users. The Group is also present in Sweden, where it produces prefabricated wood-framed detached houses in its factory, which are finalised on-site and in most cases facilitated by third-party sales agents.

During September 2020, the Group closed down its German and Swedish brick house activities. In accordance with IFRS 5, the activities have in the consolidated financial statements been treated as discontinued operations. Accordingly, the net results of these activities are for year-end 31 December 2022 and 2021 respectively, presented separately in one line in the income statement.

The annual report has been approved by the Board of Directors at their meeting 9 March 2023. The annual report will be presented to the shareholders of HusCompagniet A/S for approval at the Annual General Meeting.

The accounting policies are, except for the amendment listed in Note 1.1 General accounting policies, unchanged compared to last year.

The following notes are presented in Section 1:

Note 1.1 General accounting policies

Basis of preparation

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as endorsed by the EU (“IFRS”) and additional requirements of the Danish Financial Statements Act.

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

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

Basis of consolidation

The consolidated financial statements comprise HusCompagniet A/S and entities controlled by HusCompagniet A/S. Control is achieved when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The financial statements for the subsidiaries are prepared for the same accounting period as HusCompagniet using consistent accounting policies.

On consolidation, intragroup balances and intragroup transactions are eliminated in full.

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

Foreign currency translation

Transactions and balances

Foreign currency transactions are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are recognised in the Income Statement under financial items. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Group companies

On consolidation, the assets and liabilities in foreign operations are translated into DKK at the spot rate of exchange prevailing at the reporting date and their income statements are translated at spot exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in Other Comprehensive Income.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operations, and are translated at the closing rate of exchange.

Note 1.1 General accounting policies (continued)

Implementation of new or amended standards and interpretations

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's consolidated annual financial statements for the year ended 31 December 2021, except for the adoption of new standards effective as of 1 January 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The Group has adopted relevant new or amended standards (IFRS) and interpretation (IFRIC) as adopted by the EU and which are effective for the financial year 1 January – 31 December 2022. The Group has assessed that the new or amended standards and interpretations have not had any material impact on the Group's Annual report in 2022.

The Group expects to implement the new standards when they become effective. It has been assessed that the implementation of the new standards will not have any significant effect on the recognition and measurement of the balance sheet at 1 January 2023.

Note 1.2 Introduction to significant estimates and judgements

In preparing the consolidated financial statements, management made various judgements, estimates and assumptions concerning future events that affected the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

The most significant risks are assessed to be restrictions on building activities and construction sites related to a lower demand on houses due to a declining economy.

Based on the above assumptions the estimates are assessed to be unchanged from previous years.

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

Estimates related to risk of impairment and recoverability of deferred tax assets are subject to impact from macro economical risks included those related to the war in Ukraine and general geopolitical turmoil. Fluctuating interest rates and inflation are also assessed to have an impact on future activities and profits. please refer to risk management model page 63.

Significant judgements	Note
Percentage-of-completion profit recognition	2.8
Leases - Estimating the incremental borrowing rate and lease period	4.5
Business Combinations - Determining fair value of assets	4.2
Development projects	4.1

Significant estimates	
Guarantee provisions	3.9
Assessment of risk of impairment of non-financial assets including goodwill	4.6
Assessment of recoverability of deferred tax assets	6.10

Note 1.3 Application of materiality

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

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

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

Section 2

EBITDA

This section provides information regarding the Group's performance in 2022, including the effects of non-recurring items on EBITDA.

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

The following notes are presented in Section 2:

Note 2.1 Segment information

For management purposes, the Group is organised into business units based on its products and services as well as geographical location. The Group has three reportable segments, as follows:

- The detached houses in Denmark segment, which comprises brick houses built on sites and plots
- The semi-detached houses in Denmark segment, which comprises brick houses built on sites and plots, includes both business-to-business and business-to-consumers. In 2022 an aqusition of a pre-fab factory was completed. The pre-fab factory produces components used in semi-detached production
- The Swedish business which comprises detached prefabricated houses

The Group has discontinued two reportable segments, Brick Houses in Sweden and the operation in Germany during the 2020. Please refer to Note 6.2 for further disclosure.

No operating segments have been aggregated to form the above reportable operating segments.

Executive Management is responsible for operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is for 2022 evaluated based on EBITDA bsi and is measured consistently with operating profit (EBIT) plus amortisation and depreciation in the consolidated financial statements. The Group's depreciation, amortisations, financing (including financial income and financial expenses) and income taxes are managed on a Group basis and are not allocated to operating segments. Assets and Liabilities are not allocated to segments.

A share of 44% semi-detached revenue is produced in the detached segment in 2022. All B2C semi-detached houses are built by the detached segment. Some B2B projects are currently being produced by the detached segment to optimise use of capacity. For segment purposes this revenue has been transferred via an inter-segment allocation. The transferred revenue carries a fixed mark-up. Transfer prices between operating segments are conducted on an arm's length basis in a manner similar to transactions with third parties.

Note 2.1 Segment information (continued)

2022	Denmark		Sweden				
DKK'000	Detached houses	Semi-detached houses	Wooden houses	Group**	Total continuing operations	Total discontinued operations	Total segments
Revenue							
External customers	3,683,787	300,049*	345,996	0	4,329,833	5	4,329,838
Inter-segment	-239,508	239,508	0	0	0	0	0
Total revenue	**3,444,279**	**539,558**	**345,996**	**0**	**4,329,833**	**5**	**4,329,838**
Income / (expenses)							
Cost of goods	-3,036,635	-242,200	-214,082	0	-3,492,916	-9	-3,492,925
Inter-segment	229,928	-229,928	0	0	0	0	0
Segment gross profit	**637,572**	**67,430**	**131,915**	**0**	**836,917**	**-4**	**836,913**
Gross margin	**18,5%**	**12,5%**	**38,1%**	**n.a.**	**19,3%**	**n.a.**	**19,3%**
Other operating income	67	0	0	0	67	0	67
Staff costs	-264,598	-34,305	-47,383	0	-346,287	0	-346,287
Other operating expenses	-96,621	-4,098	-41,680	0	-142,400	954	-141,446
Segment EBITDA bsi	**276,419**	**29,026***	**42,852**	**0**	**348,297**	**949**	**349,246**
EBITDA bsi margin	8,0%	5,4%	12,4%	n.a.	8,0%	n.a.	8,1%
Special items	-23,739	-5,047	0	-3,153	-31,939	-1,143	-33,082
EBITDA	**252.680**	**23,980**	**42,852**	**-3,153**	**316,358**	**-193**	**316,164**
EBITDA margin	7,3%	4,4%	12,4%	n.a.	7,3%	n.a.	7,3%

*HusCompagniet Production is included in semi-detached segment. Revenue amounted to DKK 45,5 million and EBITDA bsi amounted to DKK 1,8 million.
** Costs which can not be allocated to one segment

Note 2.1 Segment information (continued)

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

Note 2.1 Segment information (continued)

DKK'000	2022	2021
Reconciliation of profit		
Segment EBITDA before special items from continuing operations	348,297	401,111
Segment EBITDA before special items from discontinued operations	949	-9,390
Special items	-33,082	14,890
Depreciation and amortisations	-48,343	-46,118
Financial income	1,735	27,458
Financial expenses	-42,250	-49,451
Loss before tax from discontinued operations	13,621	-3,968
Profit before tax from continuing operations	**240,927**	**334,533**

DKK'000	2022	2021
Revenue from external customers		
Denmark	3,983,836	3,996,280
Sweden	345,996	318,694
Germany	0	2,006
Sweden (Discontinued operations)	-661	-192
Germany (Discontinued operations)	665	-2,006
Total revenue	**4,329,838**	**4,314,783**

The revenue information above is based on the locations of the customers.

No individual customer amounts to more than 10% of the consolidated revenue.

There have been no new sales in discontinued entitites.

DKK'000	2022	2021
Non-current operating assets		
Denmark	1,915,959	1,866,704
Sweden	345,019	317,701
Germany	0	0
Total non-current operating assets	**2,260,977**	**2,184,405**

The non-current operating assets information above is based on the locations of the assets' physical location.

Non-current assets for this purpose consist of property, plant and equipment, right-of-use assets, other receiva-bles, goodwill and intangible assets.

Note 2.1 Segment information (continued)

2022	Denmark		Sweden			
DKK'000	Detached houses	Semi-detached houses	Wooden houses	Total continuing operations	Total discontinued operations	Total segments
Revenue per segment and category - Contracted sales						
Sales value, houses sold on customers' building sites	3,134,065	364,238	345,996	3,844,299	0	3,844,299
Sales value, houses sold on own building sites	190,082	174,669	0	364,751	0	364,751
Total Contracted sales	**3,324,147**	**538,906**	**345,996**	**4,209,050**	**0**	**4,209,050**
Revenue per segment and category - Non-contracted sales						
Show and project houses	97,998	0	0	97,998	0	97,998
Other revenue	2,120	652	0	2,771	5	2,776
Sale of land plots	20,014	0	0	20,014	0	20,014
Total Non-contracted sales	**120,132**	**652**	**345,996**	**120,783**	**5**	**120,788**
Total Revenue	**3,444,279**	**539,558**	**345,996**	**4,329,833**	**5**	**4,329,838**

Note 2.1 Segment information (continued)

2021

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

DKK'000	2022	2021
Revenue per continuing and discontinued operations		
Total revenue from continuing operations	4,329,833	4,314,783
Total revenue from discontinued operations	5	1,814
Total revenue	**4,329,838**	**4,316,597**

The Group is engaged in construction activities in Denmark and Sweden.

The Group's brick house activity in Sweden and the Group's activities in Germany were discontinued in September 2020. Please refer to note 6.2 for further disclosure hereof.

Non-contracted sales are recognised on delivery (point-in-time). Contracted sales are recognised over time. Payment is typically due at the time of final delivery of the house project, however a small deposit is paid upon contract negotiation. The Group receives a bank guarantee in connection with the start-up of each contract, and is entitled to payment for work performed, including profit, during the project. Construction contracts with professional investors may also include payments on account.

Contracted sales comprise the sale of houses constructed on the customers land, or houses sold on own land (semi detached includes land plots) that are covered by a customer contract before construction is started. All contracted sales are fixed price contracts and any changes to the cost price is carried by HusCompagniet as an adjustment to the gross profit

Conversely, non-contracted sales comprise of:

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

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

Note 2.2 Costs including staff costs and remuneration

DKK'000	2022	2021
Staff costs		
Wages and salaries	330,999	318,572
Hereof capitalised wages and salaries	-5,854	-4,907
Defined pension contribution plans	20,857	19,083
Other social security costs	13,674	11,381
Share-based remuneration	6,615	4,930
Transferred to Special items	-20,004	0
Total	**346,287**	**349,059**
Average number of full-time employees	518	455
Number of full-time employees at year-end	471	481

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

DKK'000	2022	2021
Remuneration of Board of Directors		
Base salary and non-monetary benefits	3,050	2,915
Total remuneration	**3,050**	**2,915**
Remuneration of Executive Management		
Base salary and non-monetary benefits	7,896	7,547
Share-based remuneration	1,208	725
Bonus	2,658	5,610
Total remuneration	**11,762**	**13,882**

DKK'000	2022	2021
Remuneration of Executive Management		
Martin-Ravn Nielsen:		
Salary	4,325	4,125
Bonus	1,469	3,095
Share-based payment	667	400
Total	**6,461**	**7,620**
Mads Dehlsen Winther:		
Salary	3,571	3,422
Bonus	1,189	2,515
Share-based payment	542	325
Total	**5,301**	**6,262**

The long-term incentive programme is described in note 2.3.

Note 2.3 Share-based payments

Share-based payments

In accordance with the Company's Remuneration Policy, individual members of the Executive Management participate in a long-term incentive programme consisting of restricted share units ("RSUs"), which was implemented on 23 November 2020. Participants of the RSU programme are granted RSUs which entitle the participant to receive for free a number of shares in the Company equivalent to the number of vested RSUs upon vesting as described below.

The RSUs will vest over a three-year vesting period. Vesting is not conditional upon achieving any financial or non-financial targets, but is, however, conditional upon (i) the participant remaining employed with the Group for a period of three years from the date of grant, or the participant becoming a good leaver during the vesting period in which case only a proportionate portion of RSUs shall vest, and (ii) the participant having complied in all respects with the general terms and conditions as determined by the Board of Directors.

Participation in the RSU programme is offered to members of the Executive Management as an element of remuneration as incentive for the Executive Management to remain focused on value creation and achievement of the Company's long-term objectives. As determined by the Board of Directors, a selected number of employees of the Company in key positions may also be eligible to participate in long-term incentive programmes on terms similar to those of the Executive Management.

Fair value measurement

The Group measures share-based payments at fair value at the grant date.

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

DKK'000	Executive management	Other employees	Total shares
Number of shares at January 2021	**18,589**	**118,163**	**136,752**
Granted during the year	0	0	0
Exercised during the year	0	0	0
Forfeited during the year	0	-9,414	-9,414
Outstanding at 31 December 2021	**18,589**	**108,749**	**127,338**
Outstanding at 1 January 2022	**18,589**	**108,749**	**127,338**
Granted during the year	19,453	55,413	74,866
Exercised during the year	0	0	0
Forfeited during the year	0	-3,734	-3,734
Outstanding at 31 December 2022	**38,042**	**160,428**	**198,470**
Number of restricted shares that may be sold at 31 December 2022	0	0	0

For the RSU programme implemented on 23 November 2020 the average remaining term to vesting for outstanding restricted shares at 31 December 2022 was approx. 0.9 years. For the RSU programme implemented on 20 April 2022 the average remaining term to vesting for oustanding restriced shares at 31 December was approx. 2.3 years. The fair value of the RSU grant in the 2020 programme totalled DKK 16.0 million and the fair value of RSU grant dated in 2022 was DKK 8.4. In 2022, an expense of DKK 6.6 million was recognised in the income statement in respect of the incentive programmes (2021: 4.9 million). The fair value of the RSU at the grant date was calculated based on the share price at grant date.

Note 2.4 Special items

DKK'000	2022	2021
Special items		
Strategic organisational changes	18,509	0
Costs in connection with acquisition of subsidiary	2,341	0
Impairment of right-of-use assets	7,053	0
Other special items	4,036	0
Total special items	**31,939**	**0**
If special items had been included in the operating profit before special items, they would have been recognised and have effect as follows.		
Operating costs	4,882	0
Employee costs	20,004	0
Operating profit before depreciation (EBITDA) and special items	**24,886**	**0**
Profit on disposal of non-current assets and associates, net	0	0
Amortisation, depreciation, and impairment losses on intangible and tangible assets	7,053	0
Operating profit (EBIT) before special items	**7,053**	**0**

Strategic organisational changes include severance payments to former senior management and employees. Cost in connection with acquisition and vendor due dilligence is related to the acquisition of Danhaus Production A/S.

Reconciliation of EBITDA		
Operating profit before depreciation and amortisation	**348,297**	**401,111**
Special items	-31,939	0
Operating profit before depreciation and amortisation (EBITDA) after special items	**316,358**	**401,111**

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

Since such financial measures are not calculated in the same way by all companies they are not always comparable to measures used by other companies. These financial measures should therefore not be considered to be a replacement for measurements as defined under IFRS. Definitions provided in section 6.9 provide information in greater detail regarding definitions of financial performance measures.

Note 2.5 Earnings per share

DKK	2022	2021
Profit for the year	170,308,996	264,552,060
Average number of shares	18,210,000	20,000,000
Average number of treasury shares	-169,801	-695,964
Average number of outstanding shares	**18,040,199**	**19,304,036**
Dilution from share options	111,604	40,778
Average number of outstanding shares, diluted	**18,151,803**	**19,344,814**

DKK'000	2022	2021
Attributable to shareholders of HusCompaniet:		
Loss from discontinued business	-20,169	0
Profit from continuing business	190,478	264,552
Profit for the year	170,309	264,552

In calculating dilution from RSU, 111,604 shares (2021: 45,584), could potentially dilute the profit per share in the future.

Earnings per share (EPS) (DKK)	9.4	13.7
Diluted earnings per share (EPS-D) (DKK)	9.4	13.7
Earnings per share (EPS) (DKK) from continuing business	10.6	13.7
Diluted earnings per share (EPS-D) (DKK) from continuing business	10.5	13.7
Earnings per share (EPS) (DKK) from discontinued business	-1.1	0.0
Diluted earnings per share (EPS-D) (DKK) from discontinued business	-1.1	0.0

The 2022 per share calculations for continuing business and discontinued business are based on corresponding key figures in profit per share.

Note 2.6 Financial risk management

Currency Risk

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

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

Total revenue generated in SEK for 2022 amounted to 346 million DKK (2021: 319 million DKK). Due to the reduced continuing business activities related to SEK the management considers the Groups exposure to SEK as low.

Note 2.7 Accounting policy

Revenue

Revenue comprises completed construction contracts and construction contracts in progress (contracted sales), land plots and sales of show houses (non-contracted sales).

It is considered appropriate to recognize the sale of properties through divestment of companies in accordance with IFRS 15 and not as divested companies under IFRS 10 as it is an asset that is being divested, not a company with a business.

Contracted sales

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

The contracts are not assessed to have a significant financing component. The time value of the transaction price for contracts with a duration that exceeds 12 months is assessed insignificant, as the Group does not consume the main part of the costs before the end of the contract phase.

Therefore, an adjustment of the transaction price with regards to a financing component in the contracts with customers is not required. Payment is typically due at the time of final delivery of the construction, however a small deposit is paid upon contract negotiation. The Group receives a bank guarantee in connection with the start-up of each contract, and is entitled to payment for work performed, including profit, during the project.

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

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

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

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

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

Note 2.7 Accounting policy (continued)

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

Non-contracted sales

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

Cost of sales

Cost of sales include costs of raw materials, cost of subcontractors and consumables incurred in generating the revenue for the year.

Other external expenses

Other external expenses include the period's expenses relating to the Group's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, low-value and short-term leases, etc.

Other operating income

Other operating income includes income from secondary activities such as gains/losses from sale of property, plant and equipment.

Staff costs

Staff costs include wages and salaries, including compensated absence, share-based payments and pensions, as well as other social security contributions, etc. made to the Group's employees.

The item is net of refunds made by public authorities.

The Group has established a long-term bonus-based share programme (LTI) in accordance with the current remuneration policy.

Share-based payments are recognised over the period in which the participant renders the service entitling the participant to the payment.

This is, in principle, from the date of grant until the date on which the vesting conditions have been met.

The LTI programme is classified as an equity-settled plan. The value of services received as consideration for the granted right to restricted shares is measured at the fair value of the shares at the date of grant. The fair value of the granted right to restricted shares is not subsequently adjusted. The component of the fair value that can be attributed to employees that do not meet the vesting conditions is adjusted and recognised over the vesting period. In the consolidated financial statements, the cost is recognised as staff costs and a set-off to the recognised cost is recognised in equity over the vesting period.

In the parent company, costs associated with the LTI programme related to participants employed by subsidiaries are recognised in investments in subsidiaries, and a set-off to the recognised cost is recognised in equity over the vesting period. The LTI programme is classified as an equity-settled plan.

Special items

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

Special items also include items such as impairment of goodwill, gains and losses on the disposal of activities and transaction cost from business combinations.

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

Note 2.8 Significant estimates and judgements

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

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

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

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

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

Percentage-of-completion profit recognition

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

The assessment of project revenues and project costs is based on a number of estimates and assessments that depend on the experience and knowledge of project management in respect of project control, training and the prior management of project. There is a risk that the final result will differ from the profit accrued based on percentage-of-completion. At year-end, recognised revenues from contract assets amounted to DKK 760 million (2021: DKK 859 million); refer to note 3.2 Contract assets.

Section 3

Working capital

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

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

The following notes are presented in Section 3:

Note 3.1 Inventories

DKK'000	2022	2021
Raw materials	26,587	9,766
Show houses and semi-detached houses	164,158	140,718
Land	155,294	165,442
Write-down inventories	-3,005	0
Total inventories	**343,033**	**315,926**
Herof, unsold inventories	301,580	253,939

Write-down inventories in 2022 was due to 8 land plots where the assessed recoverable value were lower than cost price of the land plots.

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

Note 3.2 Contract assets

DKK'000	2022	2021
Selling price of contract assets	760,375	859,079
Invoicing on account	-134,360	-134,478
	626,015	**724,601**
Calculated as follows:		
Contract assets	731,056	809,330
Contract liabilities	-105,041	-84,730
	626,015	**724,601**
Prepayments from customers regarding construction contracts not yet started	**15,312**	**10,081**

Note 3.2 Contract assets (continued)

DKK'000	2022	2021
Delivery obligations		
Within one year	1,966,382	3,553,226
After one year	90,714	185,976

There are no detained payments related to contract assets.

Construction contracts (assets/liabilities)

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

Contract liabilities comprise agreed, unconditional payments received on account for work yet to be performed. During 2022, the entire contract liability recognised at the beginning of the period has been recognised as revenue.

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

The decrease in contract assets in 2022 reflects a high level of delivered houses and a decrease in sales compared to last year.

Contract liabilities were largely affected by a high level of deposits due to the negative interest rate environment. Deposit level was high in 2022, but relatively low compared to prior year.

Delivery obligations are secured orders from customers, where HusCompagniet are required to build a house for the customer.

Credit risk on contract assests is generally managed by regular credit rating of customers and business partners, furthermore bank deposits or bank guarantees are obtained before the house is build. The credit risk exposure relating to dealing with private counterparties is estimated to be limited. For B2B projects the credit risk is management by obtaining credit rating of customers.

Note 3.3 Trade and other receivables

DKK'000	2022	2021
Trade receivables	121,041	82,455
Provision for expected credit losses	-9,935	-16,620
Other receivables	110,267	109,193
As at 31 December	**221,372**	**175,027**
Provision for expected credit losses at 1 January	**-16,620**	**-27,715**
Exchange rate adjustment	354	213
Arising during the year	-295	-55
Utilised	2,188	103
Reversed	4,437	10,835
Provision for expected credit losses at 31 December	**-9,935**	**-16,620**

Note 3.3 Trade and other receivables (continued)

The Group receives security in the form of a bank guarantee or deposit in connection with the start-up of construction contracts and there is therefore limited risk of loss on trade receivables and contract assets in connection with the Group's receivables from sales activities. The Group's trade receivables consist of invoices issued shortly before delivering the house, and no key is delivered until payment is received. The increase in trade receivables is mainly related to the aquisition of HusCompagniet Production A/S.

Provision for losses on trade receivables in 2021 and 2022 is recognised following the decision to close down of brick houses in Sweden and Germany as well as re-assessment of provision made at year-end 2018. Amounts related to Sweden and Germany are included in discontinued operations.

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

Write-downs for bad and doubtful debts are consequently negligible except for debt in discontinued business which constitutes the main part of provision for expected credit losses in both 2021 and 2022.

Other receivables
Other receivables include restricted cash. The cash are located on a restricted bank account until the house is delivered to the customer.

Note 3.4 Guarantee commitments and contingent liabilities

DKK'000	2022	2021
Guarantee provision at 1 January	**43,398**	**40,927**
Exchange rate adjustment	0	45
Arising during the year	25,177	32,948
Utilised	-33,522	-30,522
Guarantee provision at 31 December	**35,053**	**43,398**
Distributed in the balance as follows:		
Non-current liabilities	7,011	8,680
Current liabilities	28,042	34,718

At year-end, the guarantee provision amounted to DKK 35 million (2021: DKK 43 million). Provisions for future costs of guarantee commitments at one and five year reviews of houses delivered are recognized at the amounts expected at the balance sheet date to be required to settle the commitment.

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

Contingent liabilities
The Group is regularly involved in disputes arising out of the normal conduct of its business. In 2021 the Group entered an arbitration which has not been settled in 2022. The Group expects a positive outcome of the dispute but has recognised a provision.

Collateral DKK 61 million of cash and short-term deposits is held in restricted accounts and released when the completed houses are delivered to the customers (2021: DKK 64 million). Restricted accounts are classified as other receivables.

Guarantees to trade creditors
The Company had issued guarantees to trade creditors of DKK 76 million as of 31 December 2022 (2021: DKK 39 million).

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

Note 3.5 Net working capital

DKK'000	2022	2021
Inventories	343,033	315,926
Contract assets	731,056	809,330
Trade and other receivables	221,372	175,028
Prepayments	14,796	14,203
Trade and other payables	-537,362	-554,333
Contract liabilities	-105,041	-84,730
Prepayments from customers	-15,312	-10,081
Other liabilities	-141,872	-148,124
Total	**510,670**	**517,219**

DKK'000	2022	2021
Change in working capital		
Inventories	27,108	-43,735
Contract assets	-78,275	261,353
Trade and other receivables	46,345	-32,423
Prepayments	593	825
Trade and other payables	16,971	-151,335
Contract liabilities	-20,311	17,771
Prepayments from customers	-5,231	3,637
Other liabilities	6,252	28,414
Hereof non-cash fair value adjustment due to businesss combinations	-29,162	0
Cash flow effect	**-35,711**	**84,508**

Note 3.6 Financial risk management

Credit risk
HusCompagniet is exposed to customers' inability to meet their financial obligations. To address this risk, the Group obtains a bank guarantee on the agreed selling price from all customers before construction starts and the customers pay on delivery. In contracts where the scope and price is subsequently changed, the bank guarantee is updated if the Management considers the change to be significant. This eliminates the risk of debtor loss, as all payment rights are secured before the houses are delivered.
Bank guarantees are obtained from primarily Danish financial institutions with a high credit rating.

Impairment of other receivables amounted to nil in 2022 and 2021.

Note 3.7 Other liabilitites

DKK'000	2022	2021
Wages and salaries, payroll taxes, social security costs, etc.	48,658	56,243
Holiday obligation	7,087	8,543
VAT and duties	77,493	69,858
Other costs payable	8,634	13,478
Total other payable	**141,872**	**148,121**

Note 3.8 Accounting policy

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

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

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

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

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

Work in progress is described further in Note 3.2 Contract assets and Note 2.7 Accounting policy

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

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

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

Provisions
Provisions differ from other liabilities because there is a degree of uncertainty concerning when payment will occur or concerning the size of the amount required to settle the provision.

Provisions are recognised in the balance sheet when a legal or informal commitment exists due to an event that has occurred and it is probable that an outflow of resources will be required to settle the commitment and the amount can be estimated reliably.

Trade and other payables
Trade and other payables are measured at amortised cost, which, in all essentials, corresponds to the net realisable value.

Prepayments
Prepayments comprise incurred expenses relating to subsequent financial years.

Prepayments from customers
Prepayments from customers comprise payments received prior to start of construction.

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

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

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

Note 3.9 Significant estimates and judgements

Guarantee commitments
Provisions for future costs due to guarantee commitments are recognised at the amount expected to be required to settle the commitment at the balance sheet date. This estimate is based on calculations, assessments by company management and experiences gained from past transactions.

The most significant key assumption include the cost of expected repairs from year 1 and year 5 reviews of delivered houses.
At year-end, guarantee provisions amounted to DKK 35 million (2021: DKK 43 million), refer to note 3.4 Provisions and contingent liabilities.

Section 4

Investments

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

The following notes are presented in Section 4:

Note 4.1 Goodwill and Intangible assets

Goodwill DKK'000	**Goodwill**
2022	
Cost at 1 January	**2,112,171**
Exchange rate adjustments	-21,391
Additions from business combinations	5,971
Cost at 31 December	**2,096,750**
Impairment losses at 1 January	80,700
Impairment losses at 31 December	**80,700**
Carrying amount at 31 December	**2,016,050**
2021	
Cost at 1 January	**2,117,280**
Exchange rate adjustments	-5,109
Cost at 31 December	**2,112,171**
Impairment losses	80,700
Impairment losses at 31 December	**80,700**
Carrying amount at 31 December	**2,031,471**

Note 4.1 Goodwill and Intangible assets (continued)

Intangible assets DKK'000	Trademarks	Software development	Software development projects in progress	Total
2022				
Cost at 1 January	**29,166**	**88,265**	**5,224**	**122,655**
Additions	0	4,349	8,807	13,155
Transfered to complerted software development projects	0	1,866	-1,866	0
Exchange rate adjustments	0	-26	0	-26
Cost at 31 December	**29,166**	**94,455**	**12,164**	**135,785**
Amortisation and impairment losses at 1 January	**29,166**	**53,748**	**0**	**82,914**
Amortisation	0	15,346	0	15,346
Impairment losses	0	0	0	0
Exchange rate adjustments	0	-26	0	-26
Amortisation and impairment losses at 31 December	**29,166**	**69,068**	**0**	**98,234**
Carrying amount at 31 December	**0**	**25,386**	**12,164**	**37,550**
2021				
Cost at 1 January	**29,166**	**83,054**	**0**	**112,220**
Additions	0	5,211	5,224	10,435
Transfered to completed development projects	0	0	0	0
Exchange rate adjustments	0	0	0	0
Cost at 31 December	**29,166**	**88,265**	**5,224**	**122,655**
Amortisation and impairment losses at 1 Jan	**29,166**	**36,581**	**0**	**65,747**
Amortisation	0	17,166	0	17,166
Impairment losses	0	0	0	0
Exchange rate adjustments	0	0	0	0
Amortisation and impairment losses at 31 December	**29,166**	**53,748**	**0**	**82,914**
Carrying amount at 31 December	**0**	**34,516**	**5,224**	**39,741**

Note 4.2 Business combinations

Acquisitions in 2022
On July 1 2022, the Group acquired the entire share capital of Danhaus Production A/S, at a price of DKK 90 million on a debt-free basis. As debt was recognised to DKK 14,7 million the purchase price was agreed to DKK 75,3 million. Of the total consideration, DKK 75,3 million was paid in cash.

With the acquisition the Group intends to strenghten its value chain and increase its ambitions in the B2B market.

The determination of the preliminary purchase price and the purchase price allocation is not considered final.

Based on the measurement of identifiable assets and liabilities at their fair values, the difference between the total consideration and the fair value of the identified net assets was calculated at DKK 6,0 million, which represents the goodwill from the acquisition of Danhaus Production A/S. Goodwill is not deductible for tax purposes.

In addition, the consideration paid for the business combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of Danhaus Production A/S. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

Asset and liabilitites recognised have been calculated using the subsidiary's results and adjusting them for differences in the accounting policies between the Group and the subsidiary. Please refer to fair value measurement below.

The acquired assets include receivables from sales and other receivables with a fair value measurement of DKK 22,628 thousands. The contractual gross receivable amount is DKK 22,734 thousands, of which DKK 106 thousands was assessed as uncollectible at the time of acquisition.

Acquisitions in 2021
The Group made no acquisitions during 2021.

Special items
The Group has incurred acquisition costs of DKK 2,3 million in 2022, which are included in special items.

Fair value measurement
Material net assets acquired for which significant estimates have been applied in the fair value assessment have been recognised using the following valuation techniques.

Property, plant and equipment
Fair value of individual material property, plant and equipment assets has been measured based on external market valuations carried out by professional appraisers and assessments of prices on an active market.

Inventory
Fair value of inventory has been measured at the updated prices. No impairment of inventory was identified.

Trade receivables,payables and contract assests
Fair value of trade receivables and trade payables, contract assets and accrued cost of services has been measured at the contractual amount expected to be received or paid. In addition, collectability has been taken into consideration on trade receivables. The amounts have not been discounted, as maturity on trade receivables and payables generally is very short and the discounted effect therefore immaterial.

Financial liabilities
Lease liabilities have been measured at the present value of the remaining lease payments at the acquisition date discounted using an appropriate incremental borrowing rate.

Note 4.2 Business combinations (continued)

Assets and liabilitites recognised DKK'000	Preliminary purchase price allocation of acquisition of Danhaus Production A/S
Property, plant and equipment	66,285
Right-of-use assests	6,298
Total non-current assets	**72,583**
Inventories	20,513
Contract work in progress	5,858
Trade receivables and other receivables	6,147
Other receivables	16,481
Prepayments	475
Cash	13,212
Total current assets	**62,686**
Bank debt and borrowings	16,962
Leasing liabilities	6,623
Deferred tax liability	8,891
Total non-current liabilities	**32,476**
Trade payables	26,219
Prepayment from customers	874
Other payables	6,419
Total current liabilities	**33,512**
Net assets taken over	**69,281**
Goodwill	5,971
Toal consideration	**75,252**
Cash payment	75,252
Total consideration	**75,252**

DKK'000	Revenue	Profit
Impact on revenue and profit/los from acquired business in 2022		
Danhaus Production A/S (since acquisition date, 1 July 2022)	45,440	-2,410
Danhaus Production A/S (Estimated full year)	90,880	-4,820

Note 4.3 Property, plant and equipment and right-of-use assets

DKK'000	Right of use assets, Motor vehicles	Right of use assets, property	Right of use assets, plants	Other Fixtures and fittings, tools and equipment	Leasehold improve-ments	Land and bulidings	Total
2022							
Cost at 1st January	**34,654**	**128,095**	**0**	**49,490**	**24,104**	**0**	**236,344**
Exchange rate adjustments	0	-5,095	0	-1,321	-77	0	**-6,493**
Additions from business combinations	416	0	5,882	6,784	0	59,501	**72,583**
Additions	4,748	149	0	19,392	1,419	1,590	**27,298**
Remeasurement of lease liabilities	-566	10,157	0	0	0	0	**9,590**
Disposals	-219	0	0	-10,984	-1,179	0	**-12,383**
Cost at 31 December	**39,033**	**133,306**	**5,882**	**63,360**	**24,267**	**61,091**	**326.938**
Depreciation and impairment 1 January	**18,982**	**56,058**	**0**	**33,754**	**19,112**	**0**	**127,905**
Exchange rate adjustments	0	-2,130	-4	-717	-206	0	**-3,056**
Depreciation	6,202	15,397	302	7,844	1,931	1,321	**32,997**
Impairment losses	0	6,600	0	0	0	0	**6,600**
Depreciation of disposals	234	0	0	-10,808	-907	0	**-11,481**
Depreciation and impair-ment 31 December	**25,418**	**75,926**	**299**	**30,073**	**19,930**	**1,321**	**152,967**
Carrying amount at 31 December	**13,615**	**57,380**	**5,584**	**33,287**	**4,337**	**59,769**	**173,972**

Note 4.3 Property, plant and equipment and right-of-use assets (continued)

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

Note 4.4 Impairment

Review of the annual impairment test

For impairment testing, goodwill is allocated to the three CGU's ("Detached", "Semi-detached" and "Wooden houses"), which are also the operating and reportable segments. Among other factors, the Group considers the relationship between its market capitalization and the carrying value of assets including goodwill, when assessing for indicators of impairment. Impairment tests are performed seperately for all three CGU's once a year or more frequently if indication of impairment excists.

Neither in 2022 nor in 2021 did the test however reveal an impairment need. The impairment test is an assessment of whether the cash generating units are expected to be able to generate sufficient positive net cash flow in the future to support the carrying amount of the net assets related to the CGUs. As highlighted under sensitivity changes, the conclusions from the impairment testing is subject to estimation uncertainty and possible future changes to key assumptions of future cashflows could result in impairments.

Cash Generating Unit

The Group's CGU's comprise: Detached houses, Semi-detached houses and Wooden houses. The discount rate is determined separately for each CGU to reflect the risks specific to each CGU. The discount rate applied is the weighted average cost of capital (WACC) and reflects the latest market assumptions for the cost of equity and the cost of debt.

Key Assumptions

The recoverable amount determined in the impairment test is based on a value-in-use calculation. To determine the value-in-use, management is required to estimate the present value of the future free net cash flows based on budgets and strategy for the coming 5 years ("the budget period") as well as projections for the terminal period after the budget period. A 5-year period is used to reflect a full business cycle.

Assumptions are used in the estimate of the present value are the discount rate, revenue growth (estimated on basis of expected units to be delivered and expected unit price) and EBIT-margin. Other assumptions include expected required investments, market share and growth expectations in the terminal period. For the impairment test for 2021, a one-year budget period was used to estimate the present value. The budget period has been extended from one to five years in the 2022 impairment tests to reflect the increased risk caused by the outlook for 2023 and beyond which is impacted by the current geopolitical turmoil and macroeconomic factors such as uncertainty in the housing markets, inflation, increase in interest rates etc . As a consequence of the change of approach for impairment testing some of the comparison figures in the sensitivity analysis has been assessed on the basis of management assumptions instead of like-for-like calculations

The expected annual growth rate and the expected margins in the budget period are based on historical experience and the assumptions about expected market developments for each CGU. The long-term growth rate for the terminal period is based on the expected growth in the Danish and Swedish economy, specifically for the house building industry. In 2022, the long-term growth rate in the terminal period is set to 2.0% unchanged from prior year.

Note 4.4 Impairment (continued)

DKK'000	2022 Detached	2022 Semi-detached	2022 Wooden houses	2021 Detached	2021 Semi-detached	2021 Wooden houses
Carrying amount of goodwill	1,760,712	5,971	249,367	1,760,712	0	271,758
Pre-tax discount rate	10.0%	10.0%	10.0%	8,5%	8,5%	8,5%
Budget period						
Annual revenue growth	-3.2%	12.0%	1.1%	11.1%	8.5%	15.50%
Operating margin	1-9%	3-7%	6-12%	8.0%	12.3%	10.6%
Terminal period						
Growth rate	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Operating margin	9.1%	7.2%	12.2%	8.0%	12.3%	10.6%
Sensitivity analysis						
Operating margin – decline (percentage points)	0.2%	1.7%	2.4%	4.4%	1.7%.	4.7%
Revenue growth in budget period – allowed decline (percentage points)	0.5%	8.8%	5.3%	60.6%	8.8%.	51.4%
Discount rate – allowed increase (percentage points)	0.1%	3.1%	2.0%	8.3%.	3.1%.	5.5%

CGU Detached

Despite ongoing global macroeconomic and geopolitical turmoil, we expect that the long-term (terminal period) demand for new detached houses will remain intact compared to the historical levels of new buildings in Denmark. We expect that the challenges in the supply chain will fade out at the beginning of 2023 while price inflation will persist for a longer period subject to the development in the current geopolitical turmoil. The outlook for CGU Detached in 2023 is impacted by the decline in housing sale in 2022 which negatively impacted the order book going into 2023. However, the market is expected to gradually improve over the rest of the budget period compared to 2023. We expect that the current geopolitical turmoil will continue to impact revenue in 2023 and 2024 and then gradually recover during the rest of the budget period from 2025 – 2027 although still expected to be below the activity levels in recent years. We expect a decline in the operating margin for 2023 compared to 2022 which gradually over the rest of the budget period is expected to increase to the same level as for 2022 as a result of the continuous focus on margin improvements and the development in general market conditions.

CGU Semi-detached

Semi-detached business is expected to be negative impacted by the ongoing global macroeconomic and geopolitical turmoil, although to a lesser degree than what is expected for the detached business. Expectations to supply chain and price inflation is in line with our expectations regarding the detached segment. Adjusted for the impact from the acquisition of HusCompagniet Production revenue for 2023 and 2024 is expected to be significantly below 2022 and to gradually recoup during 2025 and exceed the 2022 levels in the rest of the budget period as more sustainable B2B collaborations are initiated. Revenue from HusCompagniet Production is expected to increase over the budget period compared to 2022 (adjusted to full-year impact) and be in line with the business case from the acquisition. We expect a gradual increase in the operating margin over the budget period compared to 2022 as a result of the continuous focus on margin improvements. Operating margin from external sales delivered by HusCompagniet Production is expected to follow the Detached segment.

CGU Wooden Houses

We expect Sweden to be impacted in 2023 to a lesser degree than detached and semi-detached due to the size of the order book going into 2023. On basis hereof and the historical market conditions in Sweden we expect an annual revenue growth of 1.1% over the budget period despite an expected revenue decline in the budget for 2023 only gradually recovering during 2024 and 2025 compared to the levels of 2022 and 2021. Revenue for 2026 and 2027 is expected to be comparable with revenue realized in 2022. Expectations to supply chain and price inflation is in line with our expectations regarding the detached segment. Operating profit is generally higher in Sweden compared to Denmark and the factory has undergone an automation resulting in a more efficient production positively impacting the operating margin which is expected to be in the range of 6 - 12 % over the budget period.

Sensitivity analysis

The sensitivity analysis shows the lowest possible operating margin, growth rate or highest possible discount rate in percentage points by which the assumptions used can change before goodwill becomes impaired. Key assumptions and other assumptions are subject to estimation uncertainty especially related to the financial impact and length of the current macroeconomic turmoil and how it will continue to impact the interest rates and sales activities in all segments.

Note 4.5 Accounting policy

Goodwill
At the acquisition date goodwill is recognised in the balance sheet at cost as described under Business combinations. Subsequently, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but is tested for impairment at least once a year. Goodwill is written down to the recoverable amount if the carrying amount is higher than the computed recoverable amount. The recoverable amount is computed as the present value of the expected future net cash flows from the enterprises or activities to which the goodwill is allocated. Impairment of goodwill is not reversed.

The carrying amount of goodwill is allocated to the Group's cash-generating units at the acquisition date. Identification of cash-generating units is based on the management structure and independent cash inflows.

Intangible assets
Trademarks
Trademarks are initially recognised at cost. Subsequently, trademarks are measured at cost less accumulated amortisation and impairment. Trademarks are amortised on a straight-line basis over their estimated useful lives up to no more than 10 years.

Trademarks are tested for impairment on an annual basis using the relief-from-royalty method and based on future free cash flows expected to be generated by the individual trademark during the following five years and and projections for subsequent years.

Software development projects
In-progress and completed software development projects that are clearly defined and identifiable where the technical equality, sufficient resources, and a potential future market or potential for use in the group can be demonstrated and where it is intended to manufacture, market or use project.

These assets are recognised as intangible assets if the cost price can be reliably determined and there is sufficient reasonable assurance that future earnings or the net selling price may cover production, sales, administration and development costs.

Other development costs are recognised in the income statement under other external costs, as costs likely to be held.

Development costs are measured at cost less accumulated depreciation and impairment losses. Cost includes salaries, depreciation and other costs attibutable to the Group's development activities and borrowing costs from specific and general borrowing that relate directly to the development of development projects.

Upon completion of the development work, development projects are amortised on a straight-line basis over the assessment period economic life from the time the asset is ready for use.

The amortisation period usually constitutes 3-5 years. The amortisation basis is reduced by any write-downs.

Property, plant and equipment
Land and buildings, plant and machinery and fixtures and fittings, other plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost comprises the purchase price and costs of materials, components, suppliers, direct wages and salaries and indirect production costs until the date when the asset is available for use.

Depreciation is provided on a straight-line basis over the expected useful lives, which are 10-30 years for buildings, 3-5 years for operating assets and equipment, and 3-5 years for leasehold improvements.

Business combinations
Acquisitions of businesses are accounted for using the acquisition method. The cost of an acquisition is measured as the consideration transferred for assets acquired and liabilities assumed in the business combination measured at fair value on acquisition date. Deferred tax related to the revaluations is recognised.

The most significant assets acquired generally comprise goodwill, property, plant and equipment and inventory.

The consideration paid for a business consists of the fair value of the agreed consideration in the form of the assets transferred, equity instruments issued, and liabilities assumed at the date of acquisition. Any adjustments after 12 months has been and will be recognised in income statement as a fair value adjustment of the consideration payable.

Lease agreements
The Group has lease contracts for leaseholds, vehicles and other equipment used in its operations. Lease of leaseholds generally has lease terms between 3 and 5 years, while vehicles generally have lease terms between 5 and 6 years. Generally, the Group is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension and termination options and variable lease payments. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises judgement in determining whether these extension and termination options are reasonably certain to be exercised.

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

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease agreements. Subsequently the right-of-use asset is measured at cost less accumulated depreciation and impairment losses.

The right-of-use asset is adjusted for changes in the lease obligation as a consequence of changes in lease terms or changes in the cash flows of the lease agreement upon changes in an index or a borrowing rate.

Right-of-use assets are depreciated on a straightline basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Leaseholds:	3-5 years
Cars:	5-6 years

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

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

Note 4.6 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 four 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 the terminal period. These estimates are most relevant to goodwill with indefinite useful lives recognised by the Group.

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

Business Combinations

Key assumptions for the methods applied in determining the fair value is based on the present value of future cash flows, churn rates or the expected cash flows related to the specific asset. Estimates and methodologies used, can have a material impact on the respective values and ultimately the amount of the fair values recognised for identifiable assets and liabilities of the acquired business. transferred, equity instruments issued, and liabilities assumed at the date of acquisition. If part of the consideration is contingent on future events, such consideration is recognised at fair value. Subsequent changes in the fair value of contingent consideration are recognised in the income statement.

A positive excess (goodwill) of the consideration transferred over the fair value of the identifiable net assets acquired is recorded as goodwill. If uncertainties regarding identification or measurement of acquired assets, liabilities or contingent liabilities or determination of the consideration transferred exist at the acquisition date, initial recognition will be based on provisional values. Any adjustments in the provisional values, including goodwill, are adjusted retrospectively, until 12 months after the acquisition date, and comparative figures are restated

Leases - Estimating the incremental borrowing rate

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

- Leaseholds
- Cars

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

In the determination of the incremental borrowing rate for leaseholds the Group has performed its determination based on an interest rate from a mortgage loan with a loan maturity that resembles the maturity of the lease agreements. The rate on the financing of the part where a mortgage loan cannot be accomplished, has been estimated based on a reference rate with a supplement of a credit margin from the Group's existing credit facilities.

The Group has adjusted the credit margin for lessor's right to take back the asset in case of violation of the lease payments (secured debt). The Group has determined its incremental borrowing rate on lease agreements regarding cars with basis on a reference rate with a credit margin from the Company's existing credit facilities. The applied incremental borrowing rates are 5-6%.

Section 5

Funding and capital structure

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

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

The following notes are presented in Section 5:

Note 5.1 Equity

DKK'000	Nominal value	Number of shares
2022		
Share capital		
Share capital at 1 January (issued and fully paid)	100,000	20,000,000
Reduction of share capital	-8,950	-1,790,000
Share capital at 31 December	**91,050**	**18,210,000**
2021		
Share capital		
Share capital at 1 January (issued and fully paid)	100,000	20,000,000
Share capital at 31 December	**100,000**	**20,000,000**

The Company's share capital is nominally DKK 91,050,000 divided into 18,210,000 shares of DKK 5 each or multiples hereof.

Note 5.2 Treasury shares

Number of shares	2022	2021
Treasury shares at 1 January	1,683,058	136,752
Acquisition of treasury shares	316,931	1,546,306
Cancellation of treasury shares	-1,790,000	**0**
Treasury shares at 31 December	**209,989**	**1,683,058**
Market value of treasury shares based on quoted share price at 31 December, DKK million	8,609,549	199,274,067

Until 1 November 2025, the Board of Directors are authorised to approve the acquisition of shares (treasury shares), on one or more occasions, with a total nominal value of up to 10% of the share capital of the Company from time to time, provided that the Company's hold of treasury shares after such acquisition does not exceed 10% of the share capital. The consideration paid for such shares may not deviate more than 10% from the official price quoted on Nasdaq Copenhagen at the date of the acquisition as determined by the Board of Directors. Based on this authorisation, the Board of Directors has authorised Executive Management to initiate share buy-backs of treasury shares to fully cover the Company's obligations under its long-term incentive programme. The treasury shares are held for the purpose of cancellation and HusCompagniets commitments under RSU incentive programmes. In 2022 a share buy back of 316,931 shares was initiated and completed. The share buy back amounted to DKK 37 million.

Note 5.3 Borrowings and non-current liabilities

DKK'000	2022	2021
Borrowings		
Non-current liabilities	748,150	745,305
Current liabilities	24,920	23,076
Total carrying amount	**773,069**	**768,381**
Nominal value	789,024	792,101
Interest-bearing borrowings, incl. leases liabilities		
Interest-bearing borrowings at 1 January	768,381	774,985
Additions	4,897	15,204
Additions from business combinations	17,827	0
Repayments	-23,220	-22,343
Other (amortised cost, reassesment leasing liabilities IFRS 16 etc.)	8,579	1,355
Exchange rate adjustments	-3,395	-820
Interest-bearing borrowings at 31 December	**773,069**	**768,381**

Note 5.3 Borrowings and non-current liabilities
(continued)

DKK'000	Currency	Interest rate	Average interest rate	Carrying amount
2022				
Bank borrowings	DKK	Floating	2,06%	683,506
Commitments on leasing agreements	DKK	Fixed-rate	5,85%	89,563
				773,069
2021				
Bank borrowings	DKK	Floating	1.55%	672,057
Commitments on leasing agreements	DKK	Fixed-rate	5.79%	96,323
				768,381

Note 5.4 Lease liabilities

DKK'000	2022	2021
Lease liabilities		
Maturity of lease liabilities		
Due within 1 year	23,874	23,076
Due between 1 and 5 years	55,228	51,584
Due after 5 years	10,461	21,663
Total lease liabilities at 31 December	89,563	96,323
Lease liabilities recognised in balance sheet		
Hereof short-term lease liabilities	23,874	23,076
Hereof long-term lease liabilities	65,689	73,246
Amounts recognised in income statement		
Interest expenses related to lease liabilities	5,014	5,736
Costs related to leases less than 12 months (included in cost of sales)	0	0
Costs related to leasing contracts of low value (included in operating expenses)	0	0
Total amount recognised in income statement	**5,014**	**5,736**

Reference is made to note 4.3 for statement of right-of-use assets in connection with lease liabilities.

Note 5.5 Financial income and expenses

DKK'000	2022	2021
Financial income		
Interests received from banks	310	231
Exchange rate gains	281	1
Other financial income	105	68
Total financial income	**697**	**300**
Financial expenses		
Interest paid to banks	18,694	12,832
Interest lease liabilities	5,014	5,736
Exchange rate losses	33	19
Other financial cost	4,044	2,174
Total financial expenses	**27,784**	**20,761**
Net financials	**-27,088**	**-20,461**

Note 5.6 Financial risk management

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

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

Liquidity risk

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

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

The Group continues monitoring the need of liquidity. 31 December 2022, the Group has an undrawn credit facility of DKK 400 million to ensure that the Group is able to meet its obligations (2021: DKK 400 million). The Management considers the credit availability to be sufficient for the next 12 months.

The financial leverage at year-end 2022 was 2.2x net debt to EBITDA before special items. The leverage ratio - Net interest bearing debt divided LTM adjusted EBITDA may not exceed 3.5x end of quarters according to the current bank agreement.

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

Note 5.6 Financial risk management (continued)

Contractual maturity analysis of financial liabilities DKK'000	Due within 1 year	Due between 1 and 3 years	Due between 3 and 5 years	Due after 5 years	Total contractual cash flow	Carrying amount
2022						
Non-derivative financial liabilities						
Trade and other payables	537,362	0	0	0	537,362	537,362
Bank borrowings	23,148	699,258	2,236	5,818	730,460	683,506
Lease liabilities	26,850	38,520	19,560	17,677	102,608	89,563
Other liabilities	141,872	0	0	0	141,872	141,872
Total non-derivative financial liabilities	**729,232**	**737,778**	**21,797**	**23,495**	**1,512,301**	**1,452,303**
2021						
Non-derivative financial liabilities						
Trade and other payables	554,333	0	0	0	554,333	554,333
Bank borrowings	10,463	20,925	685,463	0	716,850	672,058
Lease liabilities	28,227	37,774	23,807	21,835	111,643	96,323
Other liabilities	148,124	0	0	0	148,124	148,124
Total non-derivative financial liabilities	**741,146**	**58,699**	**709,270**	**21,835**	**1,530,950**	**1,470,837**

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

Interest rate risk

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

The bank agreement expires in 2024.

At 31 December 2022 the Group's long-term debt is kept at floating rates based on the 3M CIBOR with a variable interest rate based on the quarterly leverage ratio.

If the interest rate increased (decreased) by 1% the effect on interest during 2022 would have been DKK 6.7 million (2021: DKK 6.7 million, 2020: 6.7 million).

Note 5.6 Financial risk management (continued)

DKK'000	2022	2021
Categories of financial assets and financial liabilities		
Cash (financial assets at amortised cost)	5,207	55,420
Receivables (financial assets at amortised cost)	221,372	175,028
Bank borrowings (financial liabilities at amortised cost)	683,506	672,058
Lease liabilities (financial liabilities at amortised cost)	89,563	96,323
Trade and other payables (financial liabilities at amortised cost)	537,362	554,333
Other liabilities	141,872	148,124

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

Note 5.7 Accounting policy

Equity

Dividends

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

Foreign currency translation reserve

The reserve comprises currency translation adjustments arising on the translation of financial statements of foreign subsidiaries from their functional currencies into the presentation currency used by HusCompagniet.

Financial income and expenses

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

Financial assets

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

Financial liabilities

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

The Group's financial liabilities comprise trade payables, borrowings and other payables.

Section 6

Other disclosures

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

The following notes are presented in Section 6:

Note 6.1 Tax

DKK'000	2022	2021
Tax		
Tax for the year can be specified as follows:		
Tax on profit from continued operations	50,449	69,981
Tax on profit from discontinued operations	6,547	3,968
Income taxes in the income statement	**56,996**	**73,949**
Current tax continued operations		
Tax for the year from continued operations can be specified as follows:		
Income tax	57,426	58,378
Movement in deferred tax	-7,193	11,597
Adjustment relating to previous years	216	2
Income taxes in the income statement	**50,449**	**69,981**
Profit before tax	**240,927**	**334,533**
Tax rate, Denmark	22.00%	22.00%
Calculated tax at the applicable rate for continued operations	53,004	73,597
Non-taxable income	-5,788	-5,227
Expenses not deductible for tax purposes	2,245	12
Adjustments related to prior years	216	6
Effective change in tax rate	0	-310
Other	772	1,903
Tax expense for the year	**50,449**	**69,981**
Effective tax rate, %	**20.94%**	**20.92%**

Expenses not deductible for tax purpose primarily relates to costs related to aquisition of DanHaus Production A/S.

Note 6.1 Tax (continued)

DKK'000	2022	2021
Deferred tax		
Deferred tax at 1 January	**10,531**	**-1,669**
Recognised in profit or loss, continued business	7,193	11,597
Recognised in profit or loss, discontinued business	-3,701	1,042
Adjustments relating to prior years	-92	-355
Exchange differences	-443	-82
Deferred tax at 31 December	**13,488**	**10,531**

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

DKK'000	Deferred tax asset 2022	Deferred tax liability 2022	Deferred tax asset 2021	Deferred tax liability 2021
Intangible assets	0	3,071	0	6,447
Right-of-use assets and property, plant and equipment	4,215	10,394	2,331	0
Construction contracts	0	29,277	0	32,235
Other payables	5	0	0	0
Tax loss carried forward	25,034	0	25,822	0
Deferred tax	**29,254**	**42,742**	**28,153**	**38,682**

DKK'000	2022	2021
Corporation tax payable		
Corporation tax payable at 1 January	**44,998**	**35,905**
Foreign exchange adjustments	547	-102
Adjustment of corporation tax related to prior year	-216	1,983
Current tax including jointly taxed subsidiaries, from continued business	57,642	58,382
Current tax including jointly taxed subsidiaries, from discontinued business	2,846	3,491
Corporation tax regarding previus years tranferred from other receivables	0	0
Corporation tax paid during the year	-65,066	-54,661
Tax related to financial instruments	0	0
Corporation tax payable at 31 December	**40,750**	**44,998**

Note 6.2 Discontinued operations

In 2019, the Group decided to close down its German activities and to focus on its original core market segments. The decision was driven by the difficulty of establishing a network of suppliers to support its business and of establishing significant brand recognition in a new large market.Also in 2019, the Group decided to cease its Swedish brick-house business activities due to the substantial differences in the supply and sales process in Sweden as compared to Denmark and due to Swedish customer preferences for wood rather than brick houses. The German and Swedish brick house activities were closed down during September 2020.

As part of the discontinuation of the operations assets were impaired by DKK 7.5 million at 30 September 2020. The impairment has been recognised in the Group's result under discontinued operations.

Costs incurred in 2022 has been on a lower level. Finance costs are mainly realted to currency exchange losses from intercompany loans and tax on profit/(loss) are realted to adjustment of deferred tax and income taxes for the year.

Note 6.2 Discontinued operations (continued)

DKK'000	2022	2021
Revenue	5	1,814
Expenses	-198	3,687
Impairment	0	0
Operating income	**-193**	**5,501**
Finance costs	-13,428	-1,533
Profit / (loss) before tax from discontinued operations	**-16,621**	**3,967**
Tax on profit / (loss)	-6,547	-3,968
Profit / (loss) after tax for the period from discontinued operations	**-20,169**	**0**
Earnings per share (EPS) (DKK) from discontinued business	-1.1	0.0
Diluted earnings per share (EPS-D) (DKK) from discontinued business	-1.2	0.0

The net cash flows generated / (incurred) by the business segments brick houses in Sweden and the operations in Germany are, as follows: Financing costs are mainly related to currency exchange losses from intercompany loans. Tax on profit/ (loss) are mainly realted to adjustment of deferred tax and income tax.

DKK'000	2022	2021
Operating cash flow	-3,222	-15,723
Investing cash flow	0	0
Financing cashflow	-6,100	10
Net cash inflow / (outflow)	**-9,322**	**-15,713**

Note 6.3 Other non-cash items

DKK'000	2022	2021
Movements in provisions recognised in the income statement	-8,345	2,471
Movement in provisions regarding discontinued business	0	4,629
Non-cash financial items	17,093	4,395
Other non-cash items	**8,748**	**11,495**

Non-cash financial items consists of share based payments, equity movements from previous years, write down on right-of-use assets and other adjustments.

Note 6.4 Related parties

Transactions with Executive Management & Board of Directors
Transactions with the Executive Management & Board of Directors include transactions with companies controlled by the Executive Management & Board of Directors. Reference is made to note 2.2 and note 2.3.

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

Significant transactions between the Group and related parties with a significant influence
There were no transactions between the Group and related parties with a significant influence besides remuneration in 2022 (2021: no transactions besides remuneration).

Note 6.5 Auditor's fee

	Group		Parent	
Fees to auditors DKK'000	**2022**	**2021**	**2022**	**2021**
Audit Services	2,221	1,752	813	656
Assurance engagements*	0	0	0	0
Tax advice services	0	18	0	11
Other non-audit services*	240	159	212	159
Total	**2,461**	**1,929**	**1,025**	**826**

* The fee for non-audit services and assurance engagements delivered by EY Godkendt Revisionspartnerselskab to the Group amounts to DKK 0.2 million (2021: DKK 0.2 million) and consists of other assurance engagements, advisory, tax assistance and tax services, sundry accounting advisory.

Note 6.6 Events after the balance sheet date

No material events have occurred between 31 December 2022 and the date of publication of this annual report that have not already been included in the annual report and that would have a material effect on the assessment of the Group's financial position.

Note 6.7 List of Group companies

Investment in Group companies comprise the following at 31 December 2022.

	Country of	% equity interest	
Name	**incorporation**	**2022**	**2021**
HusCompagniet Holding A/S	Denmark	100%	100%
HusCompagniet Danmark A/S	Denmark	100%	100%
RækkehusCompagniet A/S	Denmark	100%	100%
HusCompagniet Production A/S	Denmark	100%	0%
PFA Boliger Svenstrup ApS	Denmark	100%	0%
Svenska Huscompagniet AB (Discontinued)	Sweden	100%	100%
VårgårdaHus AB	Sweden	100%	100%
HusCompagniet Sverige AB	Sweden	100%	100%
Svenska HusCompagniet Fastighetsutveckling AB	Sweden	100%	100%
Svenska HusCompagniet Fastighetsutveckling Allerum 1 AB	Sweden	100%	100%
Svenska HusCompagniet Fastighetsutveckling Allerum 2 AB	Sweden	100%	100%
Die Haus-Compagnie GmbH* (Discontinued)	Germany	100%	100%

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

Note 6.8 Definitions

Definition of key figures and ratios

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

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

* Earnings per share (EPS) and diluted earnings (EPS-D) are determined in accordance with IAS 33

Glossary

EBITDA before special items: Operating profit before depreciations, amortisations, financial items, tax and special items

EBITDA: Operating profit before depreciations, amortisations, financial items and tax

EBIT: Operating profit before financial items and tax

Net working capital (NWC): Trade receivables, other receivables and other current operating assets less trade payables, other payables, prepayments and other current operational liabilities

Net interest bearing debt: Cash less bank loans and other loans less bank debt less lease liabilities

Special items: Special items comprise non-recurring income and expenses, reference to note 2.4

Margin before special items: Consists of defined margins adjusted for special items

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

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

Ordre book
Delivery obligations are secured orders from customers, where HusCompagniet are required to build a house for the customer.

Key figures and ratios

The ratios have been calculated in accordance with www.keyratios.org/ issued by CFA Society Denmark. The ratios mentioned in the five-year summary are calculated as described in the definitions above

ESG key figures have been calculated in accordance with FSR - Danish Auditors, CFA Society Denmark and Nasdaq's 15 suggestions on standardised ESG key figures for the annual report

Note 6.9 Accounting policy

Current income tax

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

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

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

Deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the period, adjusted for tax on the taxable income of prior periods and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable values.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Discontinued business

Discontinued operations are a considerable component of the entity the operations and cash flows of which can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the entity and that have either been disposed of or is classified as held for sale and expected to be disposed of within one year according to a formal plan. Net profit / (loss) from discontinued operations and value adjustments after tax of the associated assets and liabilities and gains / losses on sale are presented as a separate line in the income statement.

Revenue, expenses, value adjustments and tax of discontinued operations are disclosed in the notes. Assets and related liabilities for discontinued operations are reported as separate line items in the balance sheet without restatement of comparative figures. Cash flows from the operating, investing and financing activities of discontinued operations are disclosed in note 6.2.

Note 6.10 Significant estimates and judgements

Recovery of deferred tax assets

Deferred tax assets are recognised for all unused tax losses, to the extent that it is considered likely that tax surpluses in which deficits can be offset. Determining the amount recognised for deferred tax assets are based on estimates of the likely timing and the amount of future taxable profits.

Parent Company

Income statement – parent

DKK'000	Note	2022	2021
Revenue	11	20,982	10,240
Staff cost	2	-20,823	-13,860
Other external expenses		-4,628	-3,856
Operating profit before depreciation and amortisation (EBITDA) before special items		**-4,469**	**-7,476**
Special items	3	-5,249	0
Operating profit before depreciation and amortisation (EBITDA) after special items		**-9,718**	**-7,476**
Depreciation and amortisation		0	0
Operating profit (EBIT)		**-9,718**	**-7,476**
Share of result from subsidiaries after tax	6	205,166	291,229
Financial income		4	0
Financial expenses	4	-32,498	-26,712
Profit before tax		**162,955**	**257,041**
Tax on profit	5	7,354	7,514
Profit for the year		**170,309**	**264,555**
Profits attributable to:			
Equity owners of the Company		170,309	264,555

Statement of other comprehensive income DKK'000	Note	2022	2021
Profit for the year		**170,309**	**264,555**
Other comprehensive income			
Items that may be reclassified to the income statement in subsequent periods			
Foreign currency translation differences, subsidiary		-11,720	-2,114
Other comprehensive income, net of tax		**-11,720**	**-2,114**
Total comprehensive income for the year		**158,590**	**262,441**
Total comprehensive income attributable to:			
Equity owners of the Company		158,590	262,441

Balance sheet – parent

DKK'000	Note	2022	2021
Assets			
Non-current assets			
Investments in subsidiaries	6	3,446,760	3,253,311
Total non-current assets		**3,446,760**	**3,253,311**
Current assets			
Income tax receivable	5	26,526	27,145
Receivables from affiliated companies		3,172	16,088
Total current assets		**29,698**	**43,234**
Total assets		**3,476,458**	**3,296,545**

DKK'000	Note	2022	2021
Equity and liabilities			
Equity			
Share capital		91,050	100,000
Retained earnings and other reserves		1,790,040	1,784,982
Total equity		**1,881,090**	**1,884,982**
Liabilities			
Non-current liabilities			
Borrowings	9	672,825	672,058
Total non-current liabilities		**672,825**	**672,058**
Current liabilities			
Credit institutions		5,462	2,673
Trade and other payables		3,010	753
Payables to affiliated companies		909,041	731,459
Other liabilities		5,031	4,620
Total current liabilities		**922,543**	**739,505**
Total liabilities		**1,595,369**	**1,411,562**
Total equity and liabilities		**3,476,458**	**3,296,545**

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

Statement of cash flows – parent

DKK'000	Note	2022	2021
Cash flow from operating activities			
EBITDA, after special items		-9,718	-7,476
EBITDA		**-9,718**	**-7,476**
Adjustments for non-cash items	8	6,615	4,930
Adjustet EBITDA		**-3,103**	**-2,546**
Changes in working capital	7	2,667-	-28,647
Cash flow from operating activities before financial items and taxes		**-435**	**-31,193**
Interest paid		-32,493	-26,712
Corporation tax received		7,335	-1,299
Net cash generated from operating activities		**-25,593**	**-59,204**
Cash flow from financing activities			
Change in intercompany balances		191,134	295,217
Repayment of long-term debt	9	-125,000	0
Proceeds from loans		128,556	3,568
Dividends from own treasury shares		0	410
Dividends to equity holders		-132,276	-60,000
Acquisition of own shares		-36,821	-179,990
Net cash generated from financing activities		**25,593**	**59,204**
Total cash flows			**0**
Cash and cash equivalents at 1 January		0	0
Net foreign currency gains or losses		0	0
Cash and cash equivalents at 31 December		**0**	**0**

DKK'000	Note	2022	2021
Cash and cash equivalents			
Cash at bank and on hand		0	0
Cash and cash equivalents as at 31 December		**0**	**0**
Bank overdrafts		0	0
Net cash and cash equivalents as at 31 December		**0**	**0**

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

Statement of changes in equity – parent

DKK'000	Share capital	Revaluations reserve under the equity method	Retained earnings	Proposed dividend	Total
2022					
Equity at 1 January	**100,000**	**936,266**	**716,440**	**132,276**	**1,884,982**
Profit for the period	**0**	**0**	**170,309**	**0**	**170,309**
Reserve for net revaluation according to equity method	**0**	**205,166**	**-205,166**	**0**	**0**
Other comprehensive income:					
Foreign currency translation differences, subsidiary	0	-11,719	0	0	-11,719
Total other comprehensive income	**0**	**-11,719**	**0**	**0**	**-11,719**
Transactions with owners of the Company and other equity transactions:					
Capital reduction	-8,950	0	8,950	0	0
Value of share-based payment	0	0	6,615	0	6,615
Purchase of own shares	0	0	-36,821	0	-36,821
Dividends, own shares	0	0	0	0	0
Proposed dividends	0	0	0	0	0
Dividends paid	0	0	0	-132,276	-132,276
Total transactions with owners of the Company and other equity transactions	**-8,950**	**0**	**-21,256**	**-132,276**	**-162,482**
Equity on 31 December	**91,050**	**1,129,713**	**660,327**	**0**	**1,881,090**

Statement of changes in equity – parent

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

Parent Company financial statements

Notes

In this section

Note 1 Summary of significant accounting policies

Basis of preparation

The separate financial statements are prepared in accordance with International Financial Reporting Standards as endorsed by the EU ("IFRS") and additional requirements of the Danish Financial Statements Act, applying to large reporting class D entities. The separate financial statements have been prepared on a historical cost basis, except as noted in the various accounting policies.

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

The accounting policies of the Parent Company are unchanged from last year and identical to the accounting policies in the consolidated financial statements, with the following exceptions.

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, but on Group level.

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

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

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

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

Net revaluation reserve to the equity method

The net revaluation reserve according to the equity method comprises net revaluations of equity investments in group entities compared to cost comprising i.a. recognised shares of profit/loss and foreign exchange adjustments less dividends.

The reserve can be eliminated in case of losses, realisation of equity investments or changes in accounting estimates. The reserve cannot be recognised at a negative amount.

Significant judgement and estimates

Reference is made to the consolidated financial statements on page 75.

Note 2 Costs including staff costs and remuneration

DKK'000	2022	2021
Staff costs		
Wages and salaries	22,989	16,054
Defined contribution plans	0	0
Other social security costs	13	18
Share based payment	1,895	725
Movement in bonus provision	-2,233	-2,937
Transferred to special items	-1,841	0
Total	**20,823**	**13,860**
Average number of full-time employees	2	2
Number of full-time employees at year-end	3	2

DKK'000	2022	2021
Remuneration of Board of Directors		
Base salary and non-monetary benefits	3,050	2,915
Total remuneration	**3,050**	**2,915**
Remuneration of Executive Management		
Base salary and non-monetary benefits	7,896	7,547
Share-based remuneration	1,208	725
Bonus	2,658	5,610
Total remuneration	**11,762**	**13,882**

DKK'000	2022	2021
Remuneration to the Executive management		
Martin-Ravn Nielsen:		
Salary	4,325	4,125
Bonus	1,469	3,095
Share-based payment	667	400
Total remuneration	**6,461**	**7,620**
Mads Dehlsen Winther:		
Salary	3,571	3,422
Bonus	1,189	2,515
Share-based payment	542	325
Total remuneration	**5,302**	**6,262**

Part of the management remuneration is partly paid by group companies.

The long term incentive programme is described in note 2.3 in Group.

Note 3 Special items

DKK'000	2022	2021
Strategic organisational changes	1,077	0
Costs in connection with acquisition and vendor due dilligence	2,331	0
Other special items	1,841	0
Total special items	**5,249**	**0**

DKK'000	2022	2021
Reconciliation of EBITDA		
Operating profit before depreciation and amortisation	-4,468	-7,476
Special items	-5,249	0
Operating profit before depreciation and amortisation (EBITDA) after special items	**-9,718**	**-7,476**

Other special items includes severance payment for senior management.

There has been no special items in continued business in 2021.

Note 4 Finance costs

DKK'000	2022	2021
Interests paid to banks*	29,026	24,882
Exchange rate losses	14	2
Other financial cost	3,457	1,828
Total financial costs	**32,498**	**26,712**

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

Note 5 Income taxes

DKK'000	2022	2021
Current tax		
Income tax	-7,354	-7,518
Movement in deferred tax	0	0
Adjustment relating to previous years	0	4
Income taxes in the income statement	**-7,354**	**-7,514**
Profit before tax	**162,955**	**257,041**
Tax rate, Denmark	22.00%	22.00%
Tax at the applicable rate	38,850	56,548
Non-taxable income	-45,136	-64,070
Expenses not deductible for tax purposes	1,932	0
Adjustments relating to prior years	0	8
Effective change in tax rate	0	0
Other	0	0
Tax expense for the year	**-7,354**	**-7,514**
Effective tax rate, %	**-5%**	**-3%**
Deferred tax		
Deferred tax at 1 January		
Recognised in profit or loss	0	0
Exchange differences	0	0
Deferred tax at 31 December	**0**	**0**

DKK'000	2022	2021
Corporation tax receivable		
Corporation tax receivable at 1 January	**27,149**	**18,332**
Adjustment of corporation tax at 1 January, from deferred tax	0	0
Current tax including jointly taxed subsidiaries	7,354	7,518
Corporation tax paid during the year	-7,335	1,299
Adjustment related to prior year	-642	0
Corporation tax receivable at 31 December	**26,526**	**27,149**

Note 6 Investments in subsidiaries

Investments in subsidiaries DKK'000	2022	2021
Cost at 1 January	2,317,057	2,317,057
Additions	0	0
Cost at 31 December	**2,317,057**	**2,317,057**
Share of result at 1 January	936,254	647,139
Share of results	205,166	291,229
Other comprehensive income	-11,717	-2,114
Share of results at 31 December	**1,129,703**	**936,254**
Net book value	**3,446,760**	**3,253,311**

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

Note 7 Changes in working capital

DKK'000	2022	2021
Increase / (decrease) in trade and other payables	2,667	-28,647
Total	**2,667**	**-28,647**

Note 8 Adjustments for non-cash items

DKK'000	2022	2021
Non-cash financial items	6,615	4,930
Other non-cash items	**6,615**	**4,930**

Note 9 Borrowings

DKK'000	2022	2021
Interest-bearing borrowings, 1 January	672,058	671,163
Additions	125,000	0
Change short-term overdraft	0	0
Other (amortised cost, etc.)	767	895
Repayments	-125,000	0
Interest-bearing borrowings, 31 December	**672,825**	**672,058**

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

Note 10 Auditor's fee

Fees to auditors DKK'000	2022	2021
Audit Services	813	656
Assurance engagements*	0	0
Tax advice services	0	11
Other non-audit services*	212	159
Total fees to auditors appointed at the Annual General Meeting	**1,025**	**826**

* The fee for non-audit services and assurance engagements delivered by EY Godkendt Revisionspartnerselskab to the Group amounts to DKK 0.2 million (2021: DKK 0.2 million) and consists of other assurance engagements, advisory, tax assistance and tax services, sundry accounting advisory.

Note 11 Other disclosures

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

- Guarantee commitments and contingent liabilities (note 3.4)
- Equity (note 5.1)
- Related parties (note 6.4)
- Events after the balance sheet date (note 6.6)
- Receivables and payables from affiliated companies at 31 December 2022 stated in the balance sheet relates primarily to tax payments in joint taxation and cash pool. Balances are interdependant and settled on an ongoing basis. No write-downs have been made on balances in 2022 or 2021.

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

The Parent has provided collateral for bank loan amounting to DKK 1,075 million in 2022 comprise bank loan of DKK 675 million and DKK 400million RCF (2021: DKK 1,075 million)

The Company was engaged in the below related parties transactions:

DKK'000	2022	2021
Sales of services (Management fee and allocated income) from subsidaries	20,982	10,240

Statement by Management

The Board of Directors and the Executive Board have today discussed and approved the annual report of HusCompagniet A/S for 2022.

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

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2022 and of the results of their operations and cash flows for the financial year 1 January – 31 December 2022.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Parent Company's activities and financial matters, results for the year, cash flows and financial position as well as a description of material risks and uncertainties that the Group and the Parent Company face.

We recommend that the annual report be approved at the Annual General Meeting.

Virum, 9 March 2023

Executive Board:

Martin Ravn-Nielsen
Group CEO

Mads Dehlsen Winther
Group CFO

Board of Directors:

Claus V. Hemmingsen
Chairperson

Anja B. Eriksson
Vice chairperson

Stig Pastwa

Ylva Ekborn

Mads Munkholt Ditlevsen

Bo Rygaard

Independent auditor's report

To the shareholders of HusCompagniet A/S

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

Opinion

We have audited the consolidated financial statements and the parent company financial statements of HusCompagniet A/S for the financial year 1 January – 31 December 2022, which comprise income statement, statement of other comprehensive income, balance sheet, statement of cash flows, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company. The consolidated financial statements and the parent company financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2022 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January – 31 December 2022 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Our opinion is consistent with our long-form audit report to the Audit Committee and the Board of Directors.

Basis for opinion

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

Independence

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

To the best of our knowledge, we have not provided any prohibited non-audit services as described in article 5(1) of Regulation (EU) no. 537/2014.

Appointment of auditor

Subsequent to HusCompagniet A/S being listed on Nasdaq Copenhagen, we were initially appointed as auditors of HusCompagniet A/S on 12 April 2021. We have been reappointed annually by resolution of the general meeting for a total consecutive period of two years up until the financial year 2022.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year 2022. These matters were addressed during our audit of the financial statements as a whole and in forming our opinion thereon. We do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the "Auditor's responsibilities for the audit of the financial statements" section, including in relation to the key audit matters below. Accordingly, our audit included the design and performance of procedures to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements

Key audit matter	Description of key audit matter	How our audit addressed the key audit matter
Recognition and measurement of construction contracts and related revenue recognition	Accounting policies and information regarding revenue recognition related to construction contracts are disclosed in notes 2.1, 2.7, 2.8 and 3.2 to the consolidated financial statements. The Group's main activity and revenue comes from sale and delivery of detached and semi-detached houses under construction contracts with private customers or professional investors, where the delivery of the houses typically extends over a longer period. Due to characteristics of the projects and in accordance with the accounting policies, HusCompagniet recognizes and measures revenue on these construction contracts over time based on input-based accounting methods as the performance obligation usually is considered fulfilled throughout the construction. Recognition and measurement of construction contracts involve estimates and judgments by Management to assess percentage-of-completion at the balance sheet date, cost of completion of the houses, including costs related to warranties or disputes. Changes to these accounting estimates during the construction phase, can have a material impact on revenue, production costs and results. Therefore, we consider recognition of construction contracts as a key audit matter in respect of the financial statements.	Our audit procedures included: • Assessment of the assumptions and methodology applied by Management to calculate the sales value of construction contracts and recognition and accrual of revenue. We have considered the approach taken by Management, assessed key assumptions and obtained corroborative evidence for the explanations provided by comparing key assumptions to past performance, contract estimate, our past experience of similar transactions and Management's forecast supporting the calculated sales value. • Analysis of selected contracts to assess and compare recognised revenue, including any contract modifications, and production cost to contract estimate, current project economy and the latest forecast of cost to complete, including any costs related to warranties or disputes. • Discussions of the status of houses in progress with members of Management, the finance function and project management. • For the purpose of assessing dispute and/or litigation, we obtained letters of attorney from the Group's external and internal attorneys and discussed with members of Management and the finance function cases subject to disputes to provide an assessment hereof. • Focused on ensuring that policies and processes for performing management estimates have been applied consistently to uniform contracts and in accordance with previous years.
Valuation of goodwill	Accounting policies and information regarding goodwill and impairment testing of goodwill are disclosed in notes 4.1, 4.4, 4.5 and 4.6 to the consolidated financial statements. Valuation of goodwill is significant to our audit due to the carrying value of goodwill and the risks related to Management's assessment of the future timing and amount of cash flows that are discounted to project the recoverability of the carrying amount of goodwill. Management's assessment is subject to uncertainty related to their expectations of the negative impact on future building activity from macroeconomic conditions, interest rates and inflation. Management applies significant assumptions when estimating the future sales volumes, sales prices, margins, discount rates and growth rates when projecting the recoverability of the carrying amount of goodwill as well as judgement when defining cash-generating units. Therefore, we consider valuation of goodwill as a key audit matter in respect of the financial statements.	Our audit procedures in relation to valuation of goodwill included: • Assessment of the discounted cash flow models prepared by Management, including consideration of the cash-generation units defined by Management and the valuation methodology applied. We evaluated the factors used by Management in their definition of cash-generating units. • Testing of the mathematical accuracy of the discounted cash flow models prepared by Management to project the recoverability of the carrying amount of goodwill. We reconciled the applied estimates of future cash flows to the most recent approved Management budgets to ensure internal consistency. • Evaluating the key assumptions and input data applied by Management based on our knowledge of the business and industry together with available supporting evidence such as available budgets and externally observable market data related to market volumes, inflation rates and interest rates etc. • Evaluating the sensitivity analysis on the assumptions applied in the valuations prepared by management in note 4.4 to the consolidated financial statement.

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements and the parent company financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on compliance with the ESEF Regulation

As part of our audit of the Consolidated Financial Statements and Parent Company Financial Statements of HusCompagniet A/S, we performed procedures to express an opinion on whether the annual report of HusCompagniet A/S for the financial year 1 January – 31 December 2022 with the file name HusCompagniet-2022-12-31-en.zip is prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the Consolidated Financial Statements including notes.

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

- The preparing of the annual report in XHTML format;

- The selection and application of appropriate iXBRL tags, including extensions to the ESEF taxonomy and the anchoring thereof to elements in the taxonomy, for all financial information required to be tagged using judgement where necessary;

- Ensuring consistency between iXBRL tagged data and the Consolidated Financial Statements presented in human readable format; and

- For such internal control as Management determines necessary to enable the preparation of an annual report that is compliant with the ESEF Regulation.

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

- Testing whether the annual report is prepared in XHTML format;

- Obtaining an understanding of the company’s iXBRL tagging process and of internal control over the tagging process;

- Evaluating the completeness of the iXBRL tagging of the Consolidated Financial Statements including notes;

- Evaluating the appropriateness of the company’s use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified;

- Evaluating the use of anchoring of extension elements to elements in the ESEF taxonomy; and

- Reconciling the iXBRL tagged data with the audited Consolidated Financial Statements.

In our opinion, the annual report of HusCompagniet A/S for the financial year 1 January – 31 December 2022 with the file name HusCompagniet-2022-12-31-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

Copenhagen, 9 March 2023

EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Torben Bender	Morten Weinreich Larsen
State Authorised Public Accountant	State Authorised Public Accountant
mne21332	mne42791

Design and production: Noted

HusCompagniet

HusCompagniet A/S
Agerøvej 31A
DK-8381 Tilst
(+45) 75 64 57 99
www.HusCompagniet.dk

CVR: 36972963