

Company Announcement No. 546, 2023

**Interim Financial Report Q3 2023:** H+H narrows financial outlook for full-year 2023 and taking further steps to align production with current demand



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Date:  
17 November 2023

Today, the Board of Directors of H+H International A/S (hereinafter referred to as “H+H” or “the Company”) has adopted the Interim Financial Report for the third quarter (“Q3 2023”) and the first nine months of 2023 (“Q1-Q3 2023”).

### CHIEF EXECUTIVE OFFICER JÖRG BRINKMANN QUOTE

*“Our quarterly result is in line with our expectations. Our focus on the business improvement program continues and I am pleased to see first effects coming through, however, we are also impacted by higher energy costs. In light of expected low building activity in the mid-term we have decided to pause production in four factories across our footprint. This will allow us to increase efficiency of the remaining plants, while maintaining a flexible approach to restarting production when market conditions improve. It will also contribute to reduce our stock levels in line with our cash management priorities.” says CEO Jörg Brinkmann.*

### PERFORMANCE HIGHLIGHTS FOR Q3 2023 (Q3 2022)

- Sales volume decreased by 27% to 740 thousand cubic metres (1,018 thousand cubic metres)
- Revenue growth measured in local currencies (“organic growth”) was negative 24% (positive 7%)
- Gross profit before special items was DKK 138 million (DKK 254 million), corresponding to a gross margin of 20% (23%).
- EBITDA before special items was DKK 53 million (DKK 160 million), corresponding to an EBITDA margin before special items of 8% (17%).
- EBIT before special items was DKK 13 million (DKK 110 million), corresponding to an EBIT margin before special items of 2% (12%)
- Free cash flow was DKK 54 million (DKK 36 million)
- Financial gearing was 2.6 times EBITDA at the end of Q3 2023 (0.5 times EBITDA at the end of Q3 2022)

## FINANCIAL HIGHLIGHTS FOR THE PERIOD

DKK million	Q3 2023	Q3 2022	Q1-Q3 2023	Q1-Q3 2022
Sales volume (thousand cubic metres)	740	1,018	2,097	3,288
Revenue	699	920	2,071	2,794
Organic growth	(24)%	7%	(25)%	16%
Gross margin before special items	20%	28%	23%	29%
EBITDA before special items	53	160	212	546
EBIT before special items	13	110	72	397
EBIT margin before special items	2%	12%	3%	14%
Special items	(32)	(9)	(206)	(28)
Return on Invested Capital (ROIC)	(4)%	24%	(4)%	24%
NIBD/EBITDA before special items ratio	2.6x	0.5x	2.6x	0.5x
Free cash flow	54	36	(323)	138

## FINANCIAL OUTLOOK FOR 2023

- Revenue growth measured in local currencies is expected to be negative around -25% (previously -20% to -25%)
- EBIT before special items is expected to be in the range of DKK 30 million to DKK 80 million (previously DKK 30 to 100 million)

The financial outlook for 2023 is based on the following specific assumptions:

- Sales volumes expected to decrease around -35%
- Exchange rates, primarily GBP, EUR and PLN remain at mid-November 2023 levels.

## Q3 2023 INTERIM FINANCIAL REPORT CONFERENCE CALL

In connection with the release of the Q3 2023 Interim Financial Report, a conference call for investors and analysts is scheduled for Friday 17 November 2023, at 10:00 a.m. CEST. On the call, Chief Executive Officer (“CEO”) Jörg Brinkmann and Chief Financial Officer (“CFO”) Peter Klovgaard-Jørgensen will present the Q3 interim financial report. The presentation will be followed by a Q&A session. Investors and analysts are invited to participate via phone (PIN code: 275042):

DK: +45 78 76 84 90

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- Other participants can follow the conference call via live webcast [here](#).
- The presentation slides for the conference call will be made available beforehand [here](#).
- After the conference call, you can access the replay and transcript on H+H’s Investor Relations website [here](#).

*H+H’s core activity is the manufacture and sale of wall-building materials with a revenue in 2022 of DKK 3.6 billion. The main product lines are aircrete blocks and calcium silicate units used for the residential new building segment. H+H has factories in Northern and Central Europe and has a leading position. H+H is listed on the Nasdaq Copenhagen stock exchange.*

## KEY FIGURES – H+H GROUP

Amounts in DKK million	Q3 2023	Q3 2022	Q1-Q3 2023	Q1-Q3 2022	Full-year 2022
<b>Income statement</b>					
Revenue	699	920	2,071	2,794	3,604
Gross profit before special items	138	254	470	818	1,020
EBITDA before special items	53	160	212	546	657
EBITDA	23	151	105	518	615
EBIT before special items	13	110	72	397	455
EBIT	(19)	101	(134)	369	413
Profit before tax	(35)	98	(172)	357	398
Profit for the period	(29)	82	(137)	283	317
<b>Balance sheet</b>					
Assets	3,972	3,705	3,972	3,705	3,750
Invested capital	2,405	2,034	2,405	2,034	2,142
Net working capital	437	205	437	205	242
Equity	1,760	1,868	1,760	1,868	1,938
Net Interest-bearing debt (NIBD)	844	368	844	368	492
<b>Cash flow</b>					
Cash flow from operating activities	87	101	(208)	287	316
Cash flow from investing activities	(33)	(65)	(115)	(149)	(255)
Cash flow from financing activities	16	(22)	391	(92)	(19)
Free cash flow	54	36	(323)	138	61
<b>Financial ratios</b>					
Organic growth	(24)%	7%	(25)%	16%	14%
Gross margin before special items	20%	28%	23%	29%	28%
EBITDA margin before special items	8%	17%	10%	20%	18%
EBITDA margin	3%	16%	5%	19%	17%
EBIT margin before special items	2%	12%	3%	14%	13%
EBIT margin	(3)%	11%	(6)%	13%	11%
Return on invested capital (ROIC) (excl. Goodwill)	(4)%	24%	(4)%	24%	19%
Solvency ratio	42%	48%	42%	48%	49%
NIBD/EBITDA before special items ratio	2.6x	0.5x	2.6x	0.5x	0.7x
<b>Share data</b>					
Share price, end of period (DKK)	71	100	71	100	103
Book value per share, end of period (DKK)	108	107	108	107	110
Earnings per share	(1.8)	4.5	(8.5)	15.9	17.1
Diluted earnings per share	(1.8)	4.5	(8.4)	15.7	17.0

Financial ratios have been calculated in accordance with recommendations from the Danish Society of Financial Analysts.

## MANAGEMENT'S REVIEW

### INCOME STATEMENT FOR THE THIRD QUARTER OF 2023

#### Revenue

Total revenue decreased by 24% to DKK 699 million in Q3 2023 compared to DKK 920 million in Q3 2022. Revenue growth measured in local currencies ("organic growth") was negative 24% in Q3 2023 compared to positive 7% in Q3 2022.

The decline in revenue is driven by reduced market demand across all regions slightly offset by price increases.

Revenue, external				
Amounts in DKK million	Q3		Q1-Q3	
	2023	2022	2023	2022
	Revenue			
Central Western Europe	299	406	999	1,242
United Kingdom	226	296	594	816
Poland	174	218	478	736
<b>Total</b>	<b>699</b>	<b>920</b>	<b>2,071</b>	<b>2,794</b>

Revenue in the CWE region decreased by 26% to DKK 299 million compared to DKK 406 million in Q3 2022 driven by lower sales volumes. Organic growth in the region was negative 27% as a result of lower sales volumes for both AAC and CSU.

Revenue in the United Kingdom decreased by 24% to DKK 226 million compared to DKK 296 million in Q3 2022. This decline was driven by negative organic growth of 22%, due to decreased demand, offset by higher sales prices.

Revenue in Poland decreased by 20% to DKK 174 million compared to DKK 218 million in Q3 2022. Organic growth was negative 21% driven by decreasing demand.

Of the total revenue in Q3 2023 of DKK 699 million, AAC and CSU constituted 74% and 26%, respectively.

#### Production cost

Led by lower production volumes but partly offset by high gas prices, production cost decreased by DKK 105 million to DKK 561 million in Q3 2023 compared to DKK 666 million in Q3 2022.

In the second and third quarter of 2023, H+H made adjustments to its production capacity in response to reduced market demand. For further details, please see Note 8 and Note 9. Also, production costs are impacted by gas hedges entered in summer 2022. These hedges are currently unfavourable to current

market prices and impacted production costs for the quarter by DKK 32 million.

#### Gross profit before special items

Gross profit amounted to DKK 138 million compared to DKK 254 million in Q3 2022, corresponding to gross margins of 20% and 28%, respectively.

The lower gross profit margin is driven by indirect production cost spread over lower volumes as well as increased energy costs..

#### EBITDA before special items

EBITDA before special items amounted to DKK 53 million compared to DKK 160 million in Q3 2022, corresponding to EBITDA before special items margins of 8% and 17%, respectively. Adjusted for the unfavourable gas hedges EBITDA before special items would be DKK 85 million corresponding to a margin of 12%.

#### Depreciation and amortisation

Depreciation and amortisation in Q3 2023 amounted to DKK 40 million compared to DKK 50 million in Q3 2022. The decrease in depreciations is primarily caused by the closure of factories in 2023, but it is also influenced by reduced CAPEX investments and a review of the useful lives of machinery and equipment.

#### EBIT before special items

EBIT before special items amounted to DKK 13 million in Q3 2023, compared to DKK 110 million in Q3 2022, corresponding to EBIT margins before special items of 2% and 12%, respectively. Adjusted for the gas hedges EBIT before special items would be DKK 45 million corresponding to a margin of 6%.

#### Special items

Special items of DKK 32 million for Q3 2023 mainly relates to restructuring costs in relation to adjustments of our production capacity and production network optimisation. Additionally, gas hedges that were entered in the summer 2022, when matched with lower volumes, led to the sale of unused gas. In the quarter, the unfavourable part of the gas hedges amounted to DKK 14 million. Please refer to Note 9 and Note 11 for more information about special items for the period.

#### Net financials

Net financials for Q3 amounts to an expense of DKK 16 million in Q3 2023, compared to an expense of

DKK 3 million in Q3 2022. The development is mainly driven by increasing debt position and increased market interest rate.

#### **Profit before tax**

Profit before tax amounted to negative DKK 35 million in Q3 2023, compared to positive DKK 98 million in Q3 2022.

#### **Tax**

Tax for the period amounted to a net income of DKK 6 million compared to a net expense of DKK 16 million in Q3 2022. Please refer to Note 15 for more information about tax for the period.

#### **Net profit**

Net profit for the period amounted to a loss of DKK 29 million compared to a profit of DKK 82 million in Q3 2022.

Loss for the period is attributable to H+H International A/S' shareholders by DKK 30 million and profit to non-controlling interests by DKK 1 million compared to a profit of DKK 78 million and DKK 4 million, respectively, for Q3 2022.

#### **Comprehensive income**

Other comprehensive income for Q3 2023 amounted to a profit of DKK 2 million compared to a loss of DKK 28 million in Q3 2022. The year-on-year development was mainly driven by a development in fair value adjustments of gas hedges offset by negative foreign exchange rates.

### **INCOME STATEMENT FOR THE FIRST NINE MONTHS OF 2023**

#### **Revenue**

Total revenue for the first nine months of 2023 decreased by 26% to DKK 2,071 million compared to DKK 2,794 million in the first nine months of 2022. Organic growth was negative 25% in the first nine months of 2023 compared to positive 16% for the first nine months of 2022. Of the total revenue of DKK 2,071 million, AAC and CSU constituted of 70% and 30%, respectively.

#### **Gross profit before special items**

Gross profit in the first nine months of 2023 decreased by 43% to DKK 470 million compared to DKK 818 million in 2022, corresponding to gross margins of 23% and 29%, respectively. The decrease in gross profit margin is driven by overhead costs spread over lower volumes and increased energy costs.

#### **EBITDA before special items**

EBITDA before special items in the first nine months of 2023 decreased by 61% to DKK 212 million compared to DKK 546 million in 2022, corresponding to EBITDA margins of 10% and 20%, respectively. Adjusted for the unfavourable gas hedges EBITDA before special items would be DKK 244 million corresponding to a margin of 12%.

#### **Depreciation and amortisation**

Depreciation and amortisation in the first nine months of 2023 amounted to DKK 140 million compared to DKK 149 million in first nine months of 2022.

#### **EBIT before special items**

EBIT for the first nine months of 2023 decreased by DKK 325 million compared to the first nine months of 2022, corresponding to EBIT margins of 3% and 14%, respectively. Adjusted for the gas hedges EBIT before special items would be DKK 104 million corresponding to a margin of 5%.

#### **Special items**

Special items of DKK 206 million for the first nine months in 2023 mainly comprise of impairment of non-current assets, restructuring costs associated to the strategic adjustment of our production capacity, including close down of certain factories, and the ineffective part of gas hedges which is DKK 36 million for the first nine months.

Please refer to Note 9 and Note 11 for more information about special items for the period.

#### **Net financials**

Net financials amounted to an expense of DKK 38 million in first nine months 2023, compared to an expense of DKK 12 million in first nine months of 2022. The development is mainly driven by increase in interest expenses from an increased debt position and interest rates.

#### **Profit before tax**

Profit before tax for the first nine months of 2023 amounted to a loss of DKK 172 million, compared to positive DKK 357 million in first nine months of 2022.

#### **Tax**

Tax for the period amounted to a net income of DKK 35 million compared to a net expense of DKK 74 million in first nine months of 2022. Please refer to Note 15 for more information about tax for the period.

### Net profit

Profit in the first nine months of 2023 decreased by DKK 420 million to a loss of DKK 137 million, compared to positive DKK 283 million in 2022.

Loss for the period is attributable to H+H International A/S' shareholders by DKK 138 million and a profit to non-controlling interest by DKK 1 million compared to a profit of DKK 275 million and DKK 8 million, respectively, for the first nine months of 2022.

### Comprehensive income

Other comprehensive income for the first nine months of 2023 was negative DKK 37 million compared to negative DKK 79 million for the first nine months of 2022, mainly driven by a loss in fair value adjustments of derivative financial instruments of DKK 17 million offset by a positive development in foreign exchange rates of DKK 59 million.

### CASH FLOW

#### Operating activities

Cash flow from operating activities amounted to positive DKK 87 million in Q3 2023 compared to DKK 101 million in Q3 2022.

Cash flow from operating activities in the first nine months of 2023 was negative DKK 208 million against positive DKK 287 million in 2022.

Development in operating cash flow is led by lower earnings for the period and a negative net working capital development driven by stock build in Q1 due to capacity adjustments and inflation.

#### Investing activities

Cash flow from investing activities in Q3 2023 amounted to negative DKK 33 million compared to negative DKK 65 million in Q3 2022.

Cash flow from investing activities in the first nine months of 2023 was negative DKK 115 million, compared to negative DKK 149 million in the first nine months of 2022.

#### Financing activities

Cash flow from financing activities amounted to positive DKK 16 million in the third quarter of 2023 compared to negative DKK 22 million in Q3 2022. Cash flow from financing activities amounted to positive DKK 391 million in first nine months of 2023 compared to negative DKK 92 million in 2022.

The year-on-year increase, both for the quarter and the first 9 months, was mainly driven by draw on credit facilities due to the development in earnings and working capital, and the purchase of treasury shares.

### BALANCE SHEET

On 30 September 2023, the balance sheet total amounted to DKK 3,972 million compared to DKK 3,705 million on 30 September 2022 mainly driven by an increase in inventories of DKK 246 million.

### Net interest-bearing debt

Net interest-bearing debt amounted to DKK 844 million as of 30 September 2023 corresponding to an increase of DKK 352 million since 31 December 2022 and a decrease of DKK 31 million since 30 June 2023.

The increase in net interest-bearing debt since the beginning of the year was primarily driven by negative net working capital development in Q1 and cash flows from operations during the period.

On 30 September 2023, the Company's financial gearing last twelve months was 2.6 times net interest-bearing debt to EBITDA.

The Company's net interest-bearing debt excluding leasing totalled DKK 0.8 billion on 30 September 2023, corresponding to an unused committed bank facility of DKK 0.2 billion.

### Equity

The consolidated equity decreased by DKK 178 million compared to 31 December 2022 and decreased by DKK 108 million compared to 30 September 2022.

Equity	Q1-Q3	
	2023	2022
Amounts in DKK million		
1 January	1,938	1,814
Profit for the period	(137)	283
Actuarial gains/losses on pension plans	(41)	(41)
Value adjustments of derivative financial instruments	(17)	-
Foreign exchange adjustments	21	(38)
Purchase of treasury shares	(2)	(132)
Adjustment to non-controlling interests arising from acquisition	-	(22)
Share based payment	(2)	4
30 September	1,760	1,868

## CURRENT BUSINESS DEVELOPMENT

### Challenging market conditions persist

In the third quarter of 2023, building activity, as anticipated, continued to be affected by high interest rates impacting future homeowners, which led to a decrease in the issuance of permits and delays in starts. In Q3 2023, our sales volumes were 27% lower compared to the same period in the previous year, and the first nine months declined 36% compared to the previous year.

In Germany, the number of building permits issued declined by 33% from January to August 2023, compared to the previous year and high cost for housing have resulted in a reduction of new mortgage loans for private investors. Though we have managed to maintain relatively stable sales prices throughout the quarter project prices have decreased slightly. However increasing list prices for the upcoming year has recently been announced.

In the quarter, we achieved -27% organic growth and a negative 17% organic growth for the first nine months compared to last year in the CWE region.

In the UK, the number of new home registrations fell by 53% in the third quarter of 2023 compared to the same period last year. We have maintained sales prices which resulted in negative 22% organic growth in Q3 and negative 26% for the first nine months as we benefit from foundation sales and newly onboarded customers.

In Poland, the number of building permits decreased by 27% from January to August 2023 compared to last year mainly driven by a decrease in developer projects. On the other hand, there has been increased demand in mortgages as initial data indicate a strong reception among first-time Polish borrowers for the newly introduced 2% safe credit loan. Although the market conditions in Poland are highly competitive, pricing has remained relatively stable overall.

In Poland, we delivered negative 21% organic growth in Q3 and negative 40% for the first nine months.

### Taking further capacity out of our network

Efficiency of our plant network continues to be a key focus area. We have during the year taken measures to consolidate plants and redirect production to larger plants, resulting in cost savings through economies of scale. Earlier in the year, we

announced closing of five of our previous 32 plants and we have reduced our workforce by 20%. Importantly, these closures will not compromise our overall network capacity as continuous improvement in existing plants will allow for a more efficient supply in the future and better service for our customers.

As a part of this commitment and given the challenging economic conditions our markets are currently faced with, we have decided to take further capacity out of our network and pause production in three AAC factories and one CSU factory. This will allow us to reduce our stock in line with our cash management priorities and increase efficiency of the remaining plants while maintaining a flexible approach to restarting production when market conditions improve.

In Germany, a plant in Northern Germany has been temporarily closed with regional supply now being handled by the two other plants in the area. Additionally, a factory in Southern Germany, has been temporary closed and supply will be transferred to the two other factories in the region.

In the UK, one of our factories in the Northern UK will temporary close as production capabilities at our other factories combined with inventory holds sufficient capacity in the current market environment.

In Poland, a CSU factory in the South will pause production by the end of the year, and supply will shift to the nearby plants.

In the coming period, we plan to operate with the expectation that demand will not come back quickly and as a result, we aim to align our production with existing sales levels and effectively manage our inventory.

The cost-savings initiatives also include rationalisation of sales and administration resources primarily in the CWE region, driven by further centralisation of administrative functions. In the third quarter, DKK 16 million in restructuring costs related to the cost savings program have been recognised as special items, resulting in a total of DKK 71 million for the first nine months. We now expect total restructuring costs of DKK 120 million, as opposed to the previously announced DKK 100 million.

On top of reducing fixed costs, we continue to drive several procurement initiatives and have recently

strengthened our group procurement function. Increasing the coordination among our regional procurement allows us to harmonise spend further and drive savings.

Our efforts on SG&A reductions are mainly focused towards CWE. In the recent years a number of acquisitions have been made in CWE and while they are integrated from a sales perspective, there are further synergies in the SG&A. We therefore work hard to optimise and align processes across CWE through a newly implemented ERP system.

### Energy costs

During the third quarter, gas hedges dating back to summer 2022 led to increased production costs. These hedges are currently unfavourable to market prices and increased production costs for the quarter by DKK 32 million. Based on the current market prices and current production volumes, we expect an impact of around DKK 20 million for the fourth quarter 2023.

In addition, lower volumes led to the sale of unused gas in the market for the third quarter, resulted in financial losses classified as special items amounting to a net DKK 14 million. Total loss of unused gas for the first nine months was DKK 36 million.

## MOST MATERIAL RISKS AND UNCERTAINTIES

For most material risk and uncertainties, please refer to Note 3 "Risks Management" and to Note 4 "Significant accounting estimates and judgements".

## EVENTS IN THE QUARTER

For significant events in the quarter, please refer to Note 9 "Special items, net", Note 10 "Pension obligations" and note 11 "Derivative financial instruments".

## EVENTS AFTER THE BALANCE SHEET DATE

No events have occurred after the balance sheet date that will have a material effect on the parent company's or the H+H Company's financial position.

## FINANCIAL OUTLOOK FOR 2023

The Company's financial expectations for the full year 2023 is narrowed:

- Revenue growth measured in local currencies of around -25%. (Previous -20% to -25%)

- EBIT before special items is expected in the range of DKK 30-80 million (Previously DKK 30-100 million)

## ASSUMPTIONS FOR THE FINANCIAL OUTLOOK FOR 2023

### Specific assumptions

The expectations for H+H's financial performance in 2023 are based on certain specific and general assumptions. Management believes that the most significant of these assumptions relate to the following items:

- Sales volumes to decrease around -35%
- Exchange rates, primarily GBP, EUR and PLN remain at mid-November 2023 levels.

### General assumptions

The expectations for H+H's financial performance are also based on certain general assumptions. Management believes that the most significant assumptions underlying H+H's expectations relate to:

- sales volumes and product mix;
- price competition;
- developments in the market for building materials;
- distribution factors;
- weather conditions;
- macro-economic and geopolitical developments; and
- operational uptime at H+H's production plants, including the supply of relevant energy and raw materials.

## FINANCIAL CALENDAR 2023/2024

2023 Annual Report	6 Mar 2024
2024 Annual General Meeting	9 Apr 2024
Q1 2024 Interim Financial Report	15 May 2024
H1 2024 Interim Financial Report	14 Aug 2024
Q3 2024 Interim Financial Report	20 Nov 2024

## FORWARD-LOOKING STATEMENTS

The Interim Financial Report contains forward-looking statements. Such statements are subject to risks and uncertainties, as various factors, many of which are beyond the control of H+H, may cause actual developments and results to differ materially from the expectations expressed in this document.



In no event shall H+H be liable for any direct, indirect, or consequential damages or any other damages whatsoever resulting from loss of use, data, or profits, whether in an action of contract, negligence, or other action arising out of or in connection with the use of information in this document.

## STATEMENT BY THE EXECUTIVE BOARD AND THE BOARD OF DIRECTORS

The Executive Board and the Board of Directors have today discussed and approved the interim financial report for H+H International A/S for the first nine months of 2023.

The interim financial report, which has not been audited or reviewed by the H+H's auditors, has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and the Danish disclosure requirements for the interim financial reports of listed companies.

It is our opinion that the interim financial report gives a true and fair view of H+H's assets, liabilities, and financial position on 30 September 2023 and of the results of H+H's operations and its cash flows for the period 1 January to 30 September 2023.

Furthermore, it is our opinion that management's review provides a fair account of developments in H+H's operations and financial conditions, the results for the period and H+H's overall financial position, as well as a description of the most significant risks and uncertainties that H+H faces.

Copenhagen, 17 November 2023

### EXECUTIVE BOARD

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**Jörg Brinkmann**  
CEO

**Peter Klovgaard-Jørgensen**  
CFO

### BOARD OF DIRECTORS

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**Volker Christmann**

**Kajsa von Geijer**

**Miguel Kohlmann**

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## CONDENSED INCOME STATEMENT

Amounts in DKK million	Group				
	Q3 2023	Q3 2022	Q1-Q3 2023	Q1-Q3 2022	Full-year 2022
Revenue	699	920	2,071	2,794	3,604
Cost of goods sold	(561)	(666)	(1,601)	(1,976)	(2,584)
<b>Gross profit before special items</b>	<b>138</b>	<b>254</b>	<b>470</b>	<b>818</b>	<b>1,020</b>
Sales costs	(37)	(41)	(115)	(125)	(170)
Administrative costs	(46)	(53)	(149)	(157)	(222)
Other operating income and costs, net	(2)	0	6	10	29
<b>EBITDA before special items</b>	<b>53</b>	<b>160</b>	<b>212</b>	<b>546</b>	<b>657</b>
Depreciation, amortisation and impairments	(40)	(50)	(140)	(149)	(202)
<b>EBIT before special items</b>	<b>13</b>	<b>110</b>	<b>72</b>	<b>397</b>	<b>455</b>
Special items, net	(32)	(9)	(206)	(28)	(42)
<b>EBIT</b>	<b>(19)</b>	<b>101</b>	<b>(134)</b>	<b>369</b>	<b>413</b>
Financial income	1	1	6	3	6
Financial expenses	(17)	(4)	(44)	(15)	(21)
<b>Profit before tax</b>	<b>(35)</b>	<b>98</b>	<b>(172)</b>	<b>357</b>	<b>398</b>
Tax on profit	6	(16)	35	(74)	(81)
<b>Profit for the period</b>	<b>(29)</b>	<b>82</b>	<b>(137)</b>	<b>283</b>	<b>317</b>
<b>Profit for the period attributable to:</b>					
H+H International A/S' shareholders	(30)	78	(138)	275	303
Non-controlling interest	1	4	1	8	14
<b>Profit for the period</b>	<b>(29)</b>	<b>82</b>	<b>(137)</b>	<b>283</b>	<b>317</b>
Earnings per share (EPS-Basic)	(1.8)	4.5	(8.5)	15.9	17.1
Diluted earnings per share (EPS-D)	(1.8)	4.5	(8.4)	15.7	17.0

## CONDENSED STATEMENT OF COMPREHENSIVE INCOME

Amounts in DKK million	Group				
	Q3 2023	Q3 2022	Q1-Q3 2023	Q1-Q3 2022	Full-year 2022
<b>Profit for the period</b>	<b>(29)</b>	<b>82</b>	<b>(137)</b>	<b>283</b>	<b>317</b>
<b>Items that may be reclassified subsequently to profit or loss:</b>					
Fair value adjustments of derivative financial instruments	18	-	(25)	-	-
Gain/(loss) on derivative financial instruments transferred to the income statements	8		8		
Foreign exchange adjustments, foreign entities	(21)	(23)	21	(38)	(17)
	5	(23)	4	(38)	(17)
<b>Items that will not be reclassified subsequently to profit:</b>					
Actuarial gains and losses	(1)	1	(47)	(39)	18
Tax on actuarial gains and losses	(2)	(6)	6	(2)	(1)
	(3)	(5)	(41)	(41)	17
<b>Other comprehensive income after tax</b>	<b>2</b>	<b>(28)</b>	<b>(37)</b>	<b>(79)</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>(27)</b>	<b>54</b>	<b>(174)</b>	<b>204</b>	<b>317</b>

## CONDENSED BALANCE SHEET

Amounts in DKK million	Group		
	30 September 2023	31 December 2022	30 September 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	420	419	453
Other intangible assets	248	253	272
Property, plant and equipment	1,739	1,822	1,718
Deferred tax assets	15	17	15
Financial assets	5	6	7
<b>Total non-current assets</b>	<b>2,427</b>	<b>2,517</b>	<b>2,465</b>
<b>Current assets</b>			
Inventories	688	523	442
Receivables	253	174	270
Cash	604	536	528
<b>Total current assets</b>	<b>1,545</b>	<b>1,233</b>	<b>1,240</b>
<b>TOTAL ASSETS</b>	<b>3,972</b>	<b>3,750</b>	<b>3,705</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	165	175	175
Retained earnings	1,649	1,822	1,773
Other reserves	(151)	(155)	(176)
Equity attributable to H+H International A/S' shareholders	1,663	1,842	1,772
Equity attributable to non-controlling interests	97	96	96
<b>Total equity</b>	<b>1,760</b>	<b>1,938</b>	<b>1,868</b>
<b>Non-current liabilities</b>			
Pension obligations	47	23	91
Provisions	38	38	41
Deferred tax liability	64	110	126
Credit institutions	1,335	920	802
Deferred payments, acquisition of subsidiary	99	105	105
Lease liabilities	88	81	74
<b>Total non-current liabilities</b>	<b>1,671</b>	<b>1,277</b>	<b>1,239</b>
<b>Current liabilities</b>			
Lease liabilities	25	27	20
Trade payables	340	278	292
Income tax	1	37	59
Deferred payment, acquisition of subsidiary	7	7	7
Provisions	4	9	5
Other payables	164	177	215
<b>Total current liabilities</b>	<b>541</b>	<b>535</b>	<b>598</b>
<b>Total liabilities</b>	<b>2,212</b>	<b>1,812</b>	<b>1,837</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,972</b>	<b>3,750</b>	<b>3,705</b>
Net interest-bearing debt	844	492	368

## CONDENSED CASH FLOW STATEMENT

	Q3	Q3	Q1-Q3	Q1-Q3
Amounts in DKK million	2023	2022	2023	2022
Operating profit (EBIT)	(19)	101	(134)	369
Financial income, received	1	1	3	3
Financial expenses, paid	(17)	(4)	(41)	(15)
Depreciation and amortisation	40	50	140	149
Impairment of assets associated with closed down factories	4	-	101	-
Gain and losses on sale of assets and other non-cash effects	(9)	2	(2)	(5)
Change in working capital	100	(27)	(209)	(138)
Change in provisions and pension contribution	(9)	(5)	(27)	(32)
Income tax paid	(4)	(17)	(39)	(44)
<b>Operating activities</b>	<b>87</b>	<b>101</b>	<b>(208)</b>	<b>287</b>
Acquisition of enterprises	-	-	(7)	-
Acquisition of property, plant and equipment and intangible assets	(33)	(65)	(108)	(149)
<b>Investing activities</b>	<b>(33)</b>	<b>(65)</b>	<b>(115)</b>	<b>(149)</b>
Change in borrowings	23	31	415	59
Change in lease liabilities	(7)	(6)	(22)	(19)
Purchase of treasury shares	-	(47)	(2)	(132)
<b>Financing activities</b>	<b>16</b>	<b>(22)</b>	<b>391</b>	<b>(92)</b>
<b>Total cash flow for the period</b>	<b>70</b>	<b>14</b>	<b>68</b>	<b>46</b>
Cash and cash equivalents, opening	540	526	536	499
Foreign exchange adjustments of cash	(6)	(12)	-	(17)
<b>Cash and cash equivalents at 30 September</b>	<b>604</b>	<b>528</b>	<b>604</b>	<b>528</b>

## CONDENSED STATEMENT OF CHANGES IN EQUITY

Amounts in DKK million	Share capital	Hedging reserve	Translation reserve	Retained earnings	H+H shareholders share	Non controlling interests' share	Total
<b>Equity at 1 January 2023</b>	<b>175</b>	<b>-</b>	<b>(155)</b>	<b>1,822</b>	<b>1,842</b>	<b>96</b>	<b>1,938</b>
<b>Total changes in equity</b>							
Profit for the period	-	-	-	(138)	(138)	1	(137)
Other comprehensive income	-	(17)	21	(41)	(37)	-	(37)
<b>Total comprehensive income</b>	<b>-</b>	<b>(17)</b>	<b>21</b>	<b>(179)</b>	<b>(175)</b>	<b>1</b>	<b>(174)</b>
Share-based payment	-	-	-	(2)	(2)	-	(2)
Purchase of treasury shares	-	-	-	(2)	(2)	-	(2)
Share capital decrease	(10)	-	-	10	-	-	-
<b>Total changes in equity in 2023</b>	<b>(10)</b>	<b>(17)</b>	<b>21</b>	<b>(173)</b>	<b>(179)</b>	<b>1</b>	<b>(178)</b>
<b>Equity at 30 September 2023</b>	<b>165</b>	<b>(17)</b>	<b>(134)</b>	<b>1,649</b>	<b>1,663</b>	<b>97</b>	<b>1,760</b>
<b>Equity at 1 January 2022</b>	<b>180</b>	<b>-</b>	<b>(138)</b>	<b>1,662</b>	<b>1,704</b>	<b>110</b>	<b>1,814</b>
<b>Total changes in equity</b>							
Profit for the period	-	-	-	275	275	8	283
Other comprehensive income	-	-	(38)	(41)	(79)	-	(79)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(38)</b>	<b>234</b>	<b>196</b>	<b>8</b>	<b>204</b>
Share-based payment	-	-	-	4	4	-	4
Purchase of treasury shares	-	-	-	(132)	(132)	-	(132)
Share capital decrease	(5)	-	-	5	-	-	-
Adjustment to non-controlling interests arising from acquisition	-	-	-	-	-	(22)	(22)
<b>Total changes in equity in 2022</b>	<b>(5)</b>	<b>-</b>	<b>(38)</b>	<b>111</b>	<b>68</b>	<b>(14)</b>	<b>54</b>
<b>Equity at 30 September 2022</b>	<b>175</b>	<b>-</b>	<b>(176)</b>	<b>1,773</b>	<b>1,772</b>	<b>96</b>	<b>1,868</b>

## NOTES

### 1. Accounting policies

The interim financial report for the period 1 January to 30 September 2023 has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and additional Danish disclosure requirements for the interim financial reports of listed companies. The application of IAS 34 means that the disclosures are more limited than in a complete annual report, but that the interim financial report complies with the recognition and measurement principles in the International Financial Reporting Standards (IFRS). The interim financial report has not been reviewed by H+H's auditors.

With reference to Note 11 "Derivative financial instruments", H+H has introduced the accounting principles below.

Fixed price and volume contracts for energy such as gas and electricity are accounted for using the 'own use' exemption and recognized in the profit and loss statement upon realization of the usage. These contracts are on frequent basis assessed if the 'own use' assumptions are still valid. If contracts are in breach with the 'own use' assumption a 'day one loss/gain' corresponding to the fair value of the underlying derivative as of the date of identifying the breach are recognised, and the contracts are subsequently accounted for using the hedge accounting principles for derivative financial instrument. The day one loss/gain are transferred to the profit and loss statement upon realization of the underlying hedged item.

Derivative financial instruments are initially recognised in the balance sheet at fair value and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are included as other receivables and other payables, respectively.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of future cash flows are recognised in other comprehensive income. Gain and losses relating to such hedging transactions are transferred from other comprehensive income to the income statement upon realisation of the hedged item or when the hedge relationship is no longer effective. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in the income statement.

Other than above, the accounting policies are consistent with those applied in the 2022 Annual Report, which includes a full description of the accounting policies applied.

### 2. Adoption of new and revised IFRSs

H+H International A/S has adopted all new or revised and amended International Financial Reporting Standards (IFRSs) and interpretations (IFRIC) issued by IASB and endorsed by the EU effective for the financial year 2023. It is assessed that the revisions and amendments have not had a material impact on the consolidated financial statements.

### 3. Risk Management

H+H's principal risks and the external factors that may affect H+H are provided in the 2022 Annual Report. These are unchanged as of 30 September 2023.

### 4. Significant estimates and judgements

Determining the carrying amounts of some assets and liabilities requires Management to make judgements, estimates and assumptions concerning future events. The estimates and assumptions made are based on historical experience and other factors that are believed by Management to be sound under the circumstances but that, by their nature, are uncertain and unpredictable. Financial statement items in which more significant accounting estimates and judgements are applied are listed in Note 2 of the 2022 Annual report for H+H International A/S.

In the case of the H+H Group, significant changes in the estimates and assumptions on which values are based may have a material effect on the measurement of assets and liabilities including impairment testing of goodwill and non-current assets (reference made to note 8).

The estimates and assumptions may be incomplete or inaccurate, and unforeseen events or circumstances may occur. Moreover, the H+H Group is subject to risks and uncertainties that may lead to the actual outcomes vary from these estimates and assumptions. It may be necessary to change estimates and assumptions made previously as a result of changes in the factors on which these were based or as a result of new knowledge or subsequent events.

## 5. Seasonal fluctuations

The sales pattern for H+H's products is seasonal. Sales in the second and third quarters are traditionally higher than during the rest of the year. As a part of H+H's cost base is not directly variable with revenue, deviations from projected sales may result in considerable fluctuations in the Company's earnings. As a result of the current market situation the seasonal fluctuations are lower than in previous years.

## 6. Income statement classified by function

Amounts in DKK million	Q3 2023	Q3 2022	Q1-Q3 2023	Q1-Q3 2022
Revenue	699	920	2,071	2,794
Cost of goods sold	(585)	(700)	(1,690)	(2,076)
<b>Gross profit including depreciation and amortisation</b>	<b>114</b>	<b>220</b>	<b>381</b>	<b>718</b>
Sales cost	(46)	(53)	(148)	(162)
Administrative costs	(53)	(57)	(167)	(169)
Other operating income and costs	(2)	-	6	10
<b>EBIT before special items</b>	<b>13</b>	<b>110</b>	<b>72</b>	<b>397</b>
Special items, net	(32)	(9)	(206)	(28)
<b>EBIT</b>	<b>(19)</b>	<b>101</b>	<b>(134)</b>	<b>369</b>
<b>Depreciation and amortisation comprise:</b>				
Depreciation of property, plant and equipment	17	41	97	116
Amortisation of intangible assets	23	9	43	33
<b>Total</b>	<b>40</b>	<b>50</b>	<b>140</b>	<b>149</b>
<b>Depreciation, amortisation and impairment are allocated to:</b>				
Production costs	24	34	89	100
Sales costs	9	12	33	37
Administration costs	7	4	18	12
<b>Total</b>	<b>40</b>	<b>50</b>	<b>140</b>	<b>149</b>

The above table shows an extract of the income statement adapted to show depreciation and amortisation classified by function.

## 7. Geographical information

Amounts in DKK million	Q3 2023	Q3 2022	Q1-Q3 2023	Q1-Q3 2022
			<b>Revenue</b>	
Central Western Europe	299	406	999	1,242
United Kingdom	226	296	594	816
Poland	174	218	478	736
	<b>699</b>	<b>920</b>	<b>2,071</b>	<b>2,794</b>

When presenting information on geographical areas, information on revenue is based on countries with the exception of the "Central Western Europe" region which comprises Germany, Switzerland, Denmark, Sweden, the Czech Republic, Netherlands and Belgium. Revenue for Germany for Q3 2023 amounted to DKK 197 million (2022: DKK 289 million) and to DKK 662 million for the first nine months of 2023 (2022: DKK 872 million).



## 8. Impairment testing of goodwill and non-current assets

### *Change in cash-generating units*

In Q2 2023, Management reassessed the cash-generating units ('CGUs') identified for the Group. It is Management's assessment the two CGU's CWE AAC and CWE CSU should be combined into one CGU, 'CWE' due to changes in internal reporting, shared internal processes to support both product groups and how goodwill is monitored at H+H Group level. As of 30 June 2023 the identified CGUs are aligned with our operating segments, being Central West Europe('CWE'), Poland and United Kingdom. Management is of the opinion that the lowest level of cash-generating unit to which the carrying amount of goodwill can be allocated is in each CGU.

The carrying values of goodwill recognised for each of the CGU's amount to; Central Western Europe DKK 397 million (31 December 2022: DKK 398 million), Poland DKK 23 million (31 December 2022: DKK 23 million) and United Kingdom DKK 0 million (31 December 2022: DKK 0 million).

### *Impairment testing*

Management test goodwill for impairment for each CGU to which such assets has been allocated at least once a year or if key assumptions has changed leading to an indication of possible impairment. Due to the significant decrease in earnings in the first 6 months of 2023, Management performed impairment testing of goodwill as of 30th June 2023. For the purpose of the impairment testing the recoverable amounts was defined as the value in use calculated by using a discounted cash flow model ('DCF'). The impairment testing for each of the CGUs concluded a reasonable headroom still exist and Management believes that any likely changes in the key assumptions will not cause the carrying amount of goodwill and non-current assets to exceed the recoverable amounts. Therefore, no impairment of Goodwill were recognised as of 30 June 2023.

The realised Q3 results were in line with expectations and there has not been any material changes to the forecast used in the H1 2023 impairment testing. Therefore, Management has assessed there is no indication of impairment need as of 30 September 2023, and thus no impairment testing has been performed.

### *Key assumptions*

Management reassessed all the key assumptions made in connection with the impairment test performed at year-end 2022, and whether these has changed in the 6 months period ending 30 June 2023 due to significant change in market conditions and internal initiatives conducted to adapt to the current market situation. The assumptions are made based on actual performance for the first 6 months and the strategy plan developed for 2023-2027 as approved by the Board prolonged by one year to 2028.

Factories closed down in Germany comprise three factories included in the CGU for "CWE", and factories closed down in Poland comprised two factories, both included in the CGU for "Poland". It is Management assessment, that the factory close downs will not negatively affect the expected future cash in-flows to be generated from each of the CGUs as the remaining factories within each of the CGUs has sufficient capacity to supply existing markets both on short, mid- and long term.

The market decline materialised in 2023 was more severe than initially anticipated, this driven by the continued interest rate increases for mortgages as a consequence of the central banks effort to lower inflation. The market is expected to have reached it's low in 2023, and furthermore expected to remain on this lower activity level throughout 2024, for then to pick-up from 2025 and onwards. Assumptions are based on historic trends, external benchmarked data as well as Management's best estimate. The key assumptions for the impairment test are growth in terminal period and WACC, but also to some extent impacted by annual growth in revenue (CAGR) and gross margins.

In the impairment test as of 30 June 2023, a WACC after tax of 8.7% (2022: 8.2%) was applied for the CWE CGU, and 11.7% (2022: 13.0%) was applied for the PL CGU. The CAGR for the CWE CGU applied in the impairment test is to 7% (2022: 6%) and 8.1% for the PL CGU (2022: 6.9%) significantly impacted by a lower basis (H1 2023 LTM revenue). The total forecasted revenue in the 2028 budget used for impairment tests are respectively 4% (CWE) and 18% (PL) lower than the forecasted revenue in the impairment tests performed in connection with the annual report 2022. Growth in the terminal period (2%) and expected gross margin development assumptions (CWE CGU:

(0.3%) and PL CGU 0.7% compared to 2022 margins) remain unchanged compared to assumptions applied in the impairment test performed as of 31 December 2022.

## 9. Special items, net

Amounts in DKK million	Q3 2023	Q3 2022	Q1-Q3 2023	Q1-Q3 2022
Impairment of assets, closed down factories	2	-	99	-
Restructuring costs	16	9	71	28
Unfavorable part of gas hedges	14	-	36	-
<b>Total</b>	<b>32</b>	<b>9</b>	<b>206</b>	<b>28</b>
<b>Impact of special items on EBIT</b>				
Cost of goods sold	23	9	79	21
Sales and administrative costs	7	-	28	7
Depreciation, amortisation and impairments	2	-	99	-
<b>EBIT before special items</b>	<b>32</b>	<b>9</b>	<b>206</b>	<b>28</b>

During the second and third quarter of 2023, three factories in Germany and two in Poland has been closed down. As required, an assessment of the recoverable amounts of production and related equipment has been carried out. The assessment has led to the recognition of impairment losses of DKK 99 million which have been recognised in the profit and loss statement as a special item.

The review has comprised an assessment of estimated sales value less cost to sell or disposal, which has been based on initial discussion with potential buyers of machines or equipment, historically experience or possibilities for using the equipment or machinery in other factories. The main classes of assets affected by the impairment losses are various operational production assets and other machinery and equipment used in the production.

Further to this, restructuring costs of DKK 16 million has also been recognised as special items in the quarter. Restructuring costs has been recognised in accordance with IAS 37, and mainly comprise directly associated costs to factory close downs in Germany and Poland as well as general restructuring costs including costs related to termination of employees.

In the third quarter 2023, the H+H has continued to sell unused gas back to the market resulting in financial losses of DKK 17 million as the fixed prices of the gas being sold off exceeds current market prices. In addition to this, a fair value adjustment of the ineffective part of the commodity forward contracts hedges of positive DKK 3 million has also been recognised. Therefore, the total ineffective part of gas hedges, presented as special items, amounts to a loss of DKK 14 million in the quarter and DKK 36 million for the 9 months period ending 30 September 2023.

## 10. Pension obligations

H+H has defined-benefit pension plans in the UK, Switzerland, and Germany. The UK and Swiss pension plans are managed by a pension fund to which payments are made, whereas the German pension plan is funded from current earnings. H+H's pension obligations predominantly relate to the plans in the UK.

For interim periods, H+H's defined-benefit pension obligations are based on valuations from external actuaries carried out at the end of prior financial year considering any subsequent movements in the obligation due to pension costs, contributions etc. up until the reporting date. Actuarial calculations are updated or extrapolated quarterly.

On 30 September 2023, an updated actuarial valuation of the defined benefit plan in H+H UK, based on the April 2020 valuation agreed in January 2022, showed a net asset of DKK 1 million (GBP 0.2 million), triggering IFRIC 14 recognition of future committed pension contribution of the scheme, as H+H UK do not have unconditional right to refund. Consequently, a net value of DKK 38 million (GBP 4.4 million) has been recognised as of 30 September 2023.

Compared to December 2022, and based on the above, a value adjustment (including the effects of IFRIC 14), has been made relating to UK pension plan, affecting total comprehensive income negatively by DKK 41 million net of tax.

The total pension obligation, including the recognition of future committed pension contributions, on 30 September 2023 amounts to DKK 47 million, compared to DKK 23 million on 31 December 2022. The increase is driven by recognition of future commitments in Q2 2023, payments, interest, value adjustment and currency adjustment.

#### 11. Derivative financial instruments

During 2022, H+H entered into some fixed volume and price gas contracts covering the period 2023 to 2026. Due to a significantly lower demand, not all gas for the period 1 April 2023 to 31 March 2024 is expected to be used in production and consequently the excess will be sold off to the market at spot prices on a monthly basis, effectively falling outside the exemption of "own use" recognition in accordance with IFRS 9 for all similar gas contracts entered. Therefore, the hedge accounting principles has been applied for the commodity forward contracts from the day of the breach, being 1 April 2023. At initial recognition the commodity forward contracts were measured at fair value and a corresponding 'day one loss' included in other payables.

The 'day one loss' are transferred to the income statement upon realisation of the underlying hedged items, whereas the commodity forward contracts are measured at fair value through OCI for the part that qualify for hedge accounting and as Special Items in the income statement for the part that is deemed ineffective. As of 30 September 2023 the 'day one loss' and fair value of the commodity forward contracts amount to DKK 158 million and DKK 178 million, respectively, and thus included in other payables with a net liability of DKK 20 million. The effective part of the commodity forward contracts are recognised in OCI by DKK 17 million and an ineffective part of DKK 3 million has been recognised as special items in the income statement.

Derivative financial instruments recognised only contain the above mentioned commodity forward contracts which are measured at fair value using generally accepted valuation techniques based on observable market prices and forward market rates and therefore categorised as Level 2 in the fair value hierarchy. No other assets or liabilities are measured at fair value as of 30 September 2023.

#### 12. Financial resources and cash flow

On 30 September 2023, net interest-bearing debt, totalled DKK 844 million, corresponding to an increase of DKK 352 million since the beginning of the year. The increase in net interest-bearing debt since the beginning of the year was primarily driven by lower earnings due to a lower activity level as well as a negative working capital development led by stock build due to capacity adjustments.

On 1 March 2023, a new committed credit facility was agreed with Nordea Danmark, branch of Nordea Abp, Finland, effectively in place 31 March 2023. The agreement has a duration of 3 years.

H+H's financing is subject to usual financial covenants, which have been fulfilled in the first nine months of 2023 and are also expected to be fulfilled for the full year 2023.

#### 13. Share buy-back programme

On 4 January 2023, the share buy-back programme initiated in 2022 was concluded with 1,118,800 shares acquired at total purchase price of DKK 150 million.

#### 14. Share-based payment

The performance-share-units schemes for 2022 and 2021 are active and presented in the 2022 Annual Report.

In October 2023, the Board of Directors of H+H International A/S decided to initiate a new share-based long-term incentive program (LTIP) being a performance share unit (PSU) program. PSU grants under the LTIP are made as described in Company announcement no. 545.

In the first nine months of 2023, a net income of DKK 3 million was recognised under staff costs compared to a net expense of DKK 4 million in first nine months of 2022.

### 15. Tax on profit

Amounts in DKK million	Q3 2023	Q3 2022	Q1-Q3 2023	Q1-Q3 2022
Current tax	(16)	15	-	76
Movement in deferred tax	10	1	(35)	(2)
<b>Tax on profit</b>	<b>(6)</b>	<b>16</b>	<b>(35)</b>	<b>74</b>

### 16. Related parties

Related parties of H+H with significant influence include the Board of Directors and the Executive Board of the Company and their close family members. Related parties also include companies in which the aforementioned persons have control or significant interests.

#### Transactions with related parties

H+H did not enter into any significant transactions with members of the Board of Directors or with members of the Executive Board, except for compensation and benefits received as a result of their membership of either the Board of Directors, employment with H+H or shareholdings in H+H.

### 17. Share capital

Amounts in DKK million	Number		Nominal value, DKK million	
	2023	2022	2023	2022
Share capital at 1 January	17,500,000	17,983,365	175	180
Movements	(1,000,000)	(483,365)	(10)	(5)
<b>Share capital at 30 June</b>	<b>16,500,000</b>	<b>17,500,000</b>	<b>165</b>	<b>175</b>

On 4 May 2023, and with reference to Company Announcement no. 433 of 30 March 2023, the approved reduction of the share capital by a nominal amount of DKK 10,000,000 from 175,000,000 to DKK 165,000,000 through the cancellation of 1,000,000 shares of nominally DKK 10.00 each was registered at the Danish Business Authority.

Similarly, on 5 May 2022, and with reference to Company Announcement no. 485 of 5 May 2022, the approved reduction of the share capital by a nominal amount of DKK 4,833,650 from 179,833,650 to DKK 175,000,000 through the cancellation of 483,365 shares of nominally DKK 10.00 each was registered at the Danish Business Authority.

There have been no movements in the share capital in the last five years except for the changes stated in the above paragraph.

### 18. Events after the balance sheet date

No events have occurred after the balance sheet date that will have a material effect on the parent company's or the H+H Group's financial position.