

Company announcement No. 569, 2024

19 November 2024

Interim Financial Report, Q3 2024

CHIEF EXECUTIVE OFFICER JÖRG BRINKMANN QUOTE

“Overall, I am very pleased with our Q3 performance. Our gross margin improved to 24%, better reflecting the underlying performance of the business and our restructuring program over the last two years. On top of this Poland and the UK markets are slowly improving building activity. Consequently, we are increasing output from the plant network and have successfully completed the re-opening of our UK plant in Pollington. Another key highlight of the quarter was the successful completion of the sale of the closed down plant in Warsaw, which brings our financial gearing closer to our long-term target.” says CEO Jörg Brinkmann.

PERFORMANCE HIGHLIGHTS FOR Q3 2024 (Q3 2023)

- Sales volume increased by 5% driven by growth in the UK and Poland, offset by the German market, which is weaker than last year.
- Revenue growth measured in local currencies (“organic growth”) was 2% (negative 24%).
- Gross profit before special items was DKK 174 million (DKK 138 million), corresponding to a gross margin of 24% (20%). The increase is driven by higher sales prices, normalised gas costs and adversely impacted by some de-stocking and the stand-still of the Borough Green plant in July.
- EBIT before special items was DKK 53 million (DKK 13 million), corresponding to an EBIT margin before special items of 7% (2%).
- Financial gearing was 4.4 times EBITDA before special items at the end of Q3 2024 (2.6 times EBITDA at the end of Q3 2023).

OTHER KEY EVENTS

- Sale of closed down plant in Warsaw for PLN 110 million completed after the balance sheet date. We expect our year-end financial gearing to be around 3 times EBITDA before special items.
- Re-opening of Pollington 1 in the UK completed.

UPDATED FINANCIAL OUTLOOK FOR 2024

- Revenue growth measured in local currencies is expected to around 0% (Unchanged).
- EBIT before special items is expected to be in the range of DKK million 50 to 80 (from 50 to 100).

Q3 2024 INTERIM FINANCIAL REPORT CONFERENCE CALL

In connection with the release of the Q3 2024 Interim Financial Report, a conference call for investors and analysts is scheduled for Wednesday 20 November 2024, at 10:00 p.m. CET. The presentation will be followed by a Q&A session. Participants can follow the conference call via live webcast [here](#).

KEY FIGURES – H+H GROUP

	Q3	Q3	Q1-Q3	Q1-Q3	Full-year
Amounts in DKK million	2024	2023	2024	2023	2023
Income statement					
Revenue	729	699	2,098	2,071	2,672
Gross profit before special items	174	138	415	470	564
EBITDA before special items	101	53	168	212	244
EBITDA	92	23	17	105	58
EBIT before special items	53	13	27	72	57
EBIT	44	(19)	(124)	(134)	(230)
Result before tax	26	(35)	(180)	(172)	(283)
Result for the period	19	(29)	(140)	(137)	(246)
Balance sheet					
Assets	3,435	3,615	3,435	3,615	3,454
Invested capital	2,242	2,405	2,242	2,405	2,435
Net working capital	212	437	212	437	359
Equity	1,546	1,760	1,546	1,760	1,678
Net Interest-bearing debt (NIBD)	887	844	887	844	887
Cash flow					
Cash flow from operating activities	135	87	126	(208)	(209)
Cash flow from investing activities	(13)	(33)	(73)	(115)	(137)
Free cash flow	122	54	53	(323)	(346)
Cash flow from financing activities	(32)	(129)	60	211	131
Financial ratios					
Organic growth	2%	(24)%	(1)%	(25)%	(25)%
Gross margin before special items	24%	20%	20%	23%	21%
EBITDA margin before special items	14%	8%	8%	10%	9%
EBITDA margin	13%	3%	1%	5%	2%
EBIT margin before special items	7%	2%	1%	3%	2%
EBIT margin	6%	(3)%	(6)%	(6)%	(9)%
Return on invested capital (ROIC) (excl. Goodwill)	(11)%	(4)%	(11)%	(4)%	(9)%
Solvency ratio	42%	46%	42%	46%	46%
Financial gearing before special items ratio	4.4x	2.6x	4.4x	2.6x	3.6x
Share data					
Share price, end of period (DKK)	92	71	92	71	89
Book value per share, end of period (DKK)	94	107	94	107	102
Earnings per share	1.0	(1.8)	(8.7)	(8.4)	(15.0)
Diluted earnings per share	1.0	(1.8)	(8.7)	(8.4)	(15.0)

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

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.

MANAGEMENT'S REVIEW

CURRENT BUSINESS DEVELOPMENT

Volumes and prices

Sales volumes grew by 5% in quarter compared to the same period last year, and we achieved 2% organic growth. This was partly driven by country mix of -3% and positive price growth of 1%.

The markets in Poland and the UK continued a positive trend and in particular Poland saw a strong volume development. In contrast, Germany continues to go backwards and show no indications of recovery in the short to mid term.

The price development remained stable. In Germany, list price increases were announced during the quarter. In Poland, prices are in line with previous quarter which is higher than third quarter last year.

Regional market development

UK

In the UK, building registrations have shown signs of improvement throughout the year, though growth has been from a low starting point. Mortgage approvals have risen, a positive trend influenced by recent interest rate cuts. Despite being below pre-pandemic levels, these approvals are significantly higher than last year. Consumer confidence has improved from late 2023, with optimism supported by lower interest rates and the new Labour government which has the country's ongoing housing shortage on their agenda. The Autumn Budget did not reveal any specific new programs to address the country's housing shortage.

Poland

In Poland, the building market shows strong growth in developer permits and project starts, while individual housing growth remains moderate. Mortgage demand has slowed significantly following the end of the "2% Safe Credit" program, though levels remain above pre-program figures. No new mortgages are being processed under the previous program. A potential successor program, "Kredyt na Start / Loan for Start," is currently under discussion, with timing details yet to be determined.

Germany

The construction industry in Germany continues to operate on low activity levels. With the economy in recession since the first quarter of 2023 and rising building costs new residential construction has been hit hard and there is a sharp decline in building permits. General election is set for February 2025.

OTHER KEY EVENTS

Sale of the closed down plant in Warsaw completed

After the balance sheet date, the conditions for the sale of the closed down plant in Warsaw to a Polish residential developer (as announced in a press release on 29 October 2024) have been fulfilled and the sale is therefore final.

The sales price of PLN 110 million (approximately DKK 190 million) have been paid in cash in October and the gain will be classified as special items in the fourth quarter, having no impact on the full-year financial outlook. We expect our year-end financial gearing to be around 3 times EBITDA before special items.

To ensure efficient service and timely deliveries in the future, we maintain a strategically located logistics hub near Warsaw.

Re-opening of Pollington 1 in the UK completed

The re-opening of our Pollington plant has been completed. The re-opening will provide us with additional capacity to support our partners in the UK market.

INCOME STATEMENT FOR THE THIRD QUARTER OF 2024

Revenue

Total revenue amounted to DKK 729 million for Q3 2024 which is an increase of DKK 30 million compared to Q3 2023 (DKK 699 million).

Revenue growth measured in local currencies (“organic growth”) was positive 2% in Q3 2024 compared to negative 24% in Q3 2023.

Revenue, external				
Amounts in DKK million	Q3		Q1-Q3	
	2024	2023	2024	2023
	Revenue			
Central Western Europe	271	299	784	999
United Kingdom	234	226	665	594
Poland	224	174	649	478
Total	729	699	2,098	2,071

Revenue in the CWE region decreased by 9% to DKK 271 million compared to DKK 299 million in Q3 2023. Organic growth in the region was negative 9% as a result of lower sales volumes and slightly higher prices vs. same period last year.

Revenue in the United Kingdom increased by 4% to DKK 234 million compared to DKK 226 million in Q3 2023. Organic growth of 2% in Q3 2024 was driven by higher volumes partly offset by lower prices vs. same period last year.

Sales in Poland continued to be strong in Q3 2024 and revenue increased by 29% to DKK 224 million compared to DKK 174 million in Q3 2023. Organic growth was 21% driven by both higher volumes and prices compared to same period as last year.

Gross profit before special items

Gross profit amounted to DKK 174 million compared to DKK 138 million in Q3 2023, corresponding to gross margins of 24% and 20%, respectively.

Gross margin is driven by higher sales prices and normalised gas costs vs. last year. Further, the margin in the quarter was adversely impacted by some de-stocking and the stand-still of the Borough Green plant in July.

EBITDA before special items

EBITDA before special items amounted to DKK 101 million compared to DKK 53 million in Q3 2023, corresponding to EBITDA before special items margins of 14% and 8%, respectively.

Depreciation and amortisation

Depreciation and amortisation in Q3 2024 amounted to DKK 48 million compared to DKK 40 million in Q3 2023 due to plant upgrades completed during 2024.

EBIT before special items

EBIT before special items amounted to DKK 53 million in Q3 2024, compared to DKK 13 million in Q3 2023, corresponding to EBIT margins before special items of 7% and 2%, respectively.

Special items

Special items of DKK 9 million for Q3 2024 relates to restructuring costs. Please refer to Note 8 for more information about special items for the period.

Net financials

Net financials amount to an expense of DKK 18 million in Q3 2024, compared to an expense of DKK 16 million in Q3 2023. The development is driven by increase in interest expenses from an increased debt position and higher increased interest rates during the period

Result before tax

Result before tax amounted to DKK 26 million in Q3 2024, compared to negative DKK 35 million in Q3 2023.

Tax

Tax for Q3 2024 amounted to a net expense of DKK 7 million compared to a net income of DKK 6 million in Q3 2023.

Result for the period

Result for the period amount to DKK 19 million and is attributable to H+H International A/S’ shareholders by DKK 17 million and to non-controlling interests by DKK 2 million compared to a loss of DKK 29 million in Q3 2023, allocated with a loss of DKK 30 million and income of DKK 1 million, respectively.

Comprehensive income

Other comprehensive income for Q3 2024 amounted to a loss of DKK 16 million compared to a profit of DKK 2 million in Q3 2023. The year-on-year development was mainly driven by actuarial gains offset by the fair value adjustment recognised in 2023.

INCOME STATEMENT FOR THE FIRST NINE MONTHS OF 2024

Revenue

Total revenue for the first nine months of 2024 amounts to DKK 2,098 million compared to DKK 2,071 million in the first nine months of 2023. Organic growth was negative 1% in the first nine months of 2024 compared to negative 25% for the first nine months of 2023.

Gross profit before special items

Gross profit in the first nine months of 2024 amounted to DKK 415 million compared to DKK 470 million in 2023, corresponding to gross margins of 20% and 23%, respectively. The decrease in gross margin is driven by de-stocking and excess gas costs in H1 2024 partly off-set by the positive development in Q3 2024.

EBITDA before special items

EBITDA before special items in the first nine months amounted to DKK 168 million compared to DKK 212 million in 2023, corresponding to EBITDA margins of 8% and 10%, respectively.

Depreciation and amortisation

Depreciation and amortisation in the first nine months of 2024 amounted to DKK 141 million compared to DKK 140 million in first nine months of 2023.

EBIT before special items

EBIT before special items amounted to DKK 27 million for the first nine months of 2024, compared to DKK 72 million the first nine months of 2023, corresponding to margins of 1% and 3%, respectively.

Special items

Special items of DKK 151 million for the first nine months in 2024 relate to settlement of gas hedges of DKK 110 million and restructuring costs of DKK 41 million. Please refer to Note 8 for more information about special items for the period.

Net financials

Net financials amounted to an expense of DKK 56 million in first nine months 2024, compared to an expense of DKK 38 million in first nine months of 2023. The development is driven by increase in interest expenses from an increased debt position and higher increased interest rates during the period.

Result before tax

Result before tax for the first nine months of 2024 amounted to a loss of DKK 180 million, compared to a loss of DKK 172 million in first nine months of 2023.

Tax

Tax for the period amounted to a net income of DKK 40 million compared to a net income of DKK 35 million in first nine months of 2023.

Result for the period

Result for the first nine months of 2024 decreased by DKK 3 million to a loss of DKK 140 million, compared to a loss of DKK 137 million in 2023.

Loss for the period is attributable to H+H International A/S' shareholders by DKK 144 million and a profit to non-controlling interest by DKK 4 million compared to a loss of DKK 138 million and DKK 1 million, respectively, for the first nine months of 2023.

Comprehensive income

Other comprehensive income for the first nine months of 2024 was positive DKK 8 million compared to negative DKK 37 million for the first nine months of 2023. The positive development is mainly due to negative fair value adjustments of derivatives and actuarial losses in 2023.

CASH FLOW

Operating activities

Cash flow from operating activities before financial items and tax amounted to DKK 170 million in Q3 2024 compared to DKK 107 million in Q3 2023.

Cash flow from operating activities before financial items and tax in the first nine months of 2024 was DKK 208 million compared to cash out-flow of DKK 131 million in 2023. The improvement is mainly driven by a de-stocking in 2024 versus a stock build-up in 2023.

Investing activities

Cash flow from investing activities in Q3 2024 amounted to a cash out-flow of DKK 13 million compared to a cash out-flow DKK 33 million in Q3 2023.

Cash flow from investing activities in first nine months of 2024 was a cash out-flow DKK 73 million, compared to a cash out-flow of DKK 115 million in 2023.

Financing activities

Cash flow from financing activities were a cash out-flow of DKK 32 million in the third quarter of 2024 compared to a cash out-flow of DKK 129 million in Q3 2023.

Cash in-flow from financing activities in the first 9 months amounted to DKK 60 million compared to a cash in-flow of DKK 211 million in 2023 where H+H drew on credit facilities, due to the development in earnings and working capital.

BALANCE SHEET

On 30 September 2024, the balance sheet total amounted to DKK 3,435 million compared to DKK 3,615 million on 30 September 2023 mainly driven by a decrease in inventories of DKK 293 million.

Net interest-bearing debt

Net interest-bearing debt amounted to DKK 887 million as of 30 September 2024 which is on par with 31 December 2023.

Equity

The consolidated equity decreased by DKK 132 million compared to 31 December 2023 and decreased by DKK 214 million compared to 30 September 2023.

Equity	Q1-Q3	Q1-Q3
Amounts in DKK million	2024	2023
1 January	1,678	1,938
Result for the period	(142)	(137)
Actuarial gains/losses on pension plans	7	(41)
Value adjustments of derivative financial instruments	(4)	(17)
Foreign exchange adjustments	5	21
Purchase of treasury shares	-	(2)
Share based payment	2	(2)
30 September	1,546	1,760

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 AFTER THE BALANCE SHEET DATE

After the balance sheet date, the conditions for the sale of the closed down plant in Warsaw to a Polish residential developer (as announced in a press release on 29 October 2024) have been fulfilled and

the sale is therefore final. The assets and related liabilities have been presented as assets held for sale.

No other events have occurred after the balance sheet date that will have a material effect on the H+H Groups financial position.

UPDATED FINANCIAL OUTLOOK FOR 2024

- Revenue growth measured in local currencies is expected to be around 0% (Unchanged).
- EBIT before special items is expected to be in the range of DKK 50 million to DKK 80 million (from DKK 50-100 million).

ASSUMPTIONS FOR THE FINANCIAL OUTLOOK

Specific assumptions

The expectations for H+H's financial performance in 2024 are based on certain specific and general assumptions. Management believes that the most significant of these assumptions relate to the following items:

- Building activity in line with 2023 level
- Price discipline maintained in our key markets
- Exchange rates, primarily GBP, EUR and PLN remain at mid-November 2024 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 2024

2024 Annual Report	4 Mar 2025
2024 Annual General Meeting	8 Apr 2025
Q1 2025 Interim Financial Report	20 May 2025
H1 2025 Interim Financial Report	14 Aug 2025
Q3 2025 Interim Financial Report	11 Nov 2025

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 2024.

The interim financial report, which has not been audited or reviewed by 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 2024 and of the results of H+H's operations and its cash flows for the period 1 January to 30 September 2024.

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, 19 November 2024

EXECUTIVE BOARD

Jörg Brinkmann
CEO

Bjarne Pedersen
CFO

BOARD OF DIRECTORS

Kent Arentoft
Chair

Jens-Peter Saul
Vice chair

Stewart Antony Baseley

Volker Christmann

Kajsa von Geijer

Miguel Kohlmann

Helen MacPhee

CONDENSED INCOME STATEMENT

	Group				
	Q3 2024	Q3 2023	Q1-Q3 2024	Q1-Q3 2023	Full-year 2023
Amounts in DKK million					
Revenue	729	699	2,098	2,071	2,672
Cost of goods sold	(555)	(561)	(1,683)	(1,601)	(2,108)
Gross profit before special items	174	138	415	470	564
Sales costs	(29)	(37)	(92)	(115)	(149)
Administrative costs	(53)	(46)	(156)	(149)	(197)
Other operating income and costs, net	9	(2)	1	6	26
EBITDA before special items	101	53	168	212	244
Depreciation, amortisation and impairments	(48)	(40)	(141)	(140)	(187)
EBIT before special items	53	13	27	72	57
Special items, net	(9)	(32)	(151)	(206)	(287)
EBIT	44	(19)	(124)	(134)	(230)
Financial income	6	1	17	6	24
Financial expenses	(24)	(17)	(73)	(44)	(77)
Result before tax	26	(35)	(180)	(172)	(283)
Tax	(7)	6	40	35	37
Result for the period	19	(29)	(140)	(137)	(246)
Result for the period attributable to:					
H+H International A/S' shareholders	17	(30)	(144)	(138)	(248)
Non-controlling interest	2	1	4	1	2
Result for the period	19	(29)	(140)	(137)	(246)
Earnings per share (EPS-Basic)	1.0	(1.8)	(8.7)	(8.4)	(15.0)
Diluted earnings per share (EPS-D)	1.0	(1.8)	(8.7)	(8.4)	(15.0)

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Group				
	Q3 2024	Q3 2023	Q1-Q3 2024	Q1-Q3 2023	Full-year 2023
Amounts in DKK million					
Result for the period	19	(29)	(140)	(137)	(246)
Items that may be reclassified subsequently to profit or loss:					
Fair value adjustments of derivative financial instruments	-	18	(12)	(25)	(20)
Gain/(loss) on derivative financial instruments transferred to the income statements	3	8	8	8	10
Tax on fair value adjustment	-	-	-	-	3
Foreign exchange adjustments, foreign entities	(3)	(21)	5	21	63
	-	5	1	4	56
Items that will not be reclassified subsequently to profit or loss:					
Actuarial gains and losses	(20)	(1)	9	(47)	(68)
Tax on actuarial gains and losses	4	(2)	(2)	6	15
	(16)	(3)	7	(41)	(53)
Other comprehensive income after tax	(16)	2	8	(37)	3
Total comprehensive income for the period	3	(27)	(132)	(174)	(243)

CONDENSED BALANCE SHEET

	Group		
	30 September 2024	31 December 2023	30 September 2023
Amounts in DKK million			
ASSETS			
Non-current assets			
Goodwill	422	422	420
Other intangible assets	227	240	248
Property, plant and equipment	1,696	1,773	1,739
Deferred tax assets	83	31	15
Financial assets	2	2	5
Total non-current assets	2,430	2,468	2,427
Current assets			
Inventories	395	657	688
Receivables	286	190	253
Cash	249	139	247
Total current assets	930	986	1,188
Assets classified as held for sale	75	-	-
TOTAL ASSETS	3,435	3,454	3,615
EQUITY AND LIABILITIES			
Equity			
Share capital	165	165	165
Retained earnings	1,391	1,526	1,649
Other reserves	(98)	(99)	(151)
Equity attributable to H+H International A/S' shareholders	1,458	1,592	1,663
Equity attributable to non-controlling interests	88	86	97
Total equity	1,546	1,678	1,760
Non-current liabilities			
Pension obligations	24	59	47
Provisions	46	31	38
Deferred tax liability	44	54	64
Credit institutions	994	907	978
Deferred payments, acquisition of subsidiary	93	99	99
Lease liabilities	70	95	88
Total non-current liabilities	1,271	1,245	1,314
Current liabilities			
Lease liabilities	26	24	25
Trade payables	274	278	340
Income tax	2	5	1
Deferred payment, acquisition of subsidiary	6	7	7
Provisions	69	7	4
Other payables	195	210	164
Total current liabilities	572	531	541
Total liabilities	1,843	1,776	1,855
Liabilities related to assets classified as held for sale	46	-	-
TOTAL EQUITY AND LIABILITIES	3,435	3,454	3,615
Net interest-bearing debt	887	887	844

CONDENSED CASH FLOW STATEMENT

Amounts in DKK million	Q3	Q3	Q1-Q3	Q1-Q3
	2024	2023	2024	2023
Operating result (EBIT)	44	(19)	(124)	(134)
Depreciation, amortisation and impairment	48	40	141	241
Change in working capital	73	100	147	(209)
Change in provisions and pension contribution	3	(9)	49	(27)
Other non-cash adjustments	2	(5)	(5)	(2)
Operating activities before financial items and tax	170	107	208	(131)
Financial items, net	(18)	(16)	(56)	(38)
Income tax paid	(17)	(4)	(26)	(39)
Operating activities	135	87	126	(208)
Acquisition of property, plant and equipment and intangible assets	(13)	(33)	(73)	(115)
Investing activities	(13)	(33)	(73)	(115)
Proceeds from borrowings	-	-	-	150
Bank overdraft and other debt	(21)	(122)	87	85
Payment of lease liabilities	(11)	(7)	(27)	(22)
Purchase of treasury shares	-	-	-	(2)
Financing activities	(32)	(129)	60	211
Total cash flow for the period	90	(75)	113	(112)
Cash and cash equivalents, opening	165	322	139	358
Foreign exchange adjustments of cash	(6)	-	(3)	1
Cash and cash equivalents at 30 September	249	247	249	247

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
Equity at 1 January 2024	165	(7)	(92)	1,526	1,592	86	1,678
Total changes in equity							
Result for the period	-	-	-	(144)	(144)	2	(142)
Other comprehensive income	-	(4)	5	7	8	-	8
Total comprehensive income	-	(4)	5	(137)	(136)	2	(134)
Share-based payment	-	-	-	2	2	-	2
Total changes in equity in 2024	-	(4)	5	(135)	(134)	2	(132)
Equity at 30 September 2024	165	(11)	(87)	1,391	1,458	88	1,546
Equity at 1 January 2023	175	-	(155)	1,822	1,842	96	1,938
Total changes in equity							
Result for the period	-	-	-	(138)	(138)	1	(137)
Other comprehensive income	-	(17)	21	(41)	(37)	-	(37)
Total comprehensive income	-	(17)	21	(179)	(175)	1	(174)
Share-based payment	-	-	-	(2)	(2)	-	(2)
Purchase of treasury shares	-	-	-	(2)	(2)	-	(2)
Share capital decrease	(10)	-	-	10	-	-	-
Total changes in equity in 2023	(10)	-	21	(173)	(179)	1	(178)
Equity at 30 September 2023	165	(17)	(134)	1,649	1,663	97	1,760

NOTES

1. Accounting policies

The interim financial report for the period 1 January to 30 September 2024 has been prepared in accordance with the 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.

The accounting policies are consistent with those applied in the 2023 Annual Report, which includes a full description of the accounting policies applied, except for the addition mentioned below.

Assets held for sale

Non-current assets and related liabilities are classified as held for sale when it is virtually certain their carrying amount will be recovered through a sale transaction rather than through continuing use. Non-current assets are measured at the lower of the carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the transaction, excluding financial costs and income tax. Property, plant and equipment, intangible assets and right-of-use assets are not depreciated or amortised once classified as held for sale. Assets and liabilities held for sale are presented separately as current items in the statement of the financial position.

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 2024. 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 2023 Annual Report. These are unchanged as of 30 September 2024.

4. Significant accounting 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 2023 Annual report for H+H International A/S.

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.

6. Income statement classified by function

Amounts in DKK million	Q3 2024	Q3 2023	Q1-Q3 2024	Q1-Q3 2023
Revenue	729	699	2,098	2,071
Cost of goods sold	(585)	(585)	(1,772)	(1,690)
Gross profit including depreciation and amortisation	144	114	326	381
Sales cost	(40)	(46)	(126)	(148)
Administrative costs	(60)	(53)	(174)	(167)
Other operating income and costs	9	(2)	1	6
EBIT before special items	53	13	27	72
Special items, net	(9)	(32)	(151)	(206)
EBIT	44	(19)	(124)	(134)
Depreciation and amortisation comprise:				
Depreciation of property, plant and equipment	37	17	101	97
Amortisation of intangible assets	11	23	40	43
Total	48	40	141	140
Depreciation, amortisation and impairment are allocated to:				
Production costs	30	24	89	89
Sales costs	11	9	34	33
Administration costs	7	7	18	18
Total	48	40	141	140

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 2024	Q3 2023	Q1-Q3 2024	Q1-Q3 2023
	Revenue			
Central Western Europe	271	299	784	999
United Kingdom	234	226	665	594
Poland	224	174	649	478
	729	699	2,098	2,071

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 2024 amounted to DKK 181 million (2023: DKK 197 million) and DKK 495 million for the first nine months of 2024 (2023: DKK 662 million).

8. Special items, net

Amounts in DKK million	Q3 2024	Q3 2023	Q1-Q3 2024	Q1-Q3 2023
Impairment of assets, closed down factories	-	2	-	99
Restructuring costs	9	16	41	71
Inefficient part of gas hedges, including settlement	-	14	110	36
Total	9	32	151	206
Impact of special items on EBIT				
Cost of goods sold	-	23	116	79
Sales and administrative costs	9	7	35	28
Depreciation, amortisation and impairments	-	2	-	99
EBIT before special items	9	32	151	206

As disclosed in the 2023 annual report H+H decided to settle the remaining gas contracts entered in the summer of 2022. As a consequence, the day one loss, reflecting the loss at the time of falling outside the own-use exemption has been recognised as special items in Q1 2024 amounting to DKK 93 million. In addition, a loss of gas sold back to the market in Q1 2024 has been recognised as special items amounting to DKK 17 million.

Other special items for the first nine months of 2024 comprise restructuring costs of DKK 41 million.

9. Assets and liabilities classified as held for sale

H+H has agreed to a conditional sale of its closed down plant in Warsaw and consequently classified these assets to assets held for sale. In addition, a lease of land relating to the sold assets have been classified as liabilities relating to assets held for sale.

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.

The net pension obligation on 30 September 2024 amounts to DKK 24 million, compared to DKK 47 million on 31 December 2023. The decrease is driven by payments, interest, value adjustment and currency adjustment.

11. Derivative financial instruments

In Q1 2024, H+H settled its commodity forward gas contracts, and therefore no assets or liabilities are measured at fair value as of 30 September 2024. The fair value related to previous forward contracts for gas for the period Q4 2024 – Q1 2026 amounts to DKK 11 million as of 30 September 2024. These adjustments are recognised in Equity. The balance will be transferred to the profit & loss statement up until expiry of the previous forward contracts.

12. Financial resources and cash flow

On 30 September 2024, net interest-bearing debt, totalled DKK 887 million which is the same as per 31 December 2023.

H+H's financing is subject to usual financial covenants, which have been fulfilled in the first nine months of 2024 and are also expected to be fulfilled for the full year 2024.

13. Share-based payment

The performance-share-units schemes for 2023, 2022 and 2021 are active and presented in the 2023 Annual Report.

In April 2024, the Board of Directors of H+H International A/S implemented a new long-term incentive programme ("LTIP") being a performance share unit ("PSU") program. At initiation, a total of approximately 160,300 PSUs were granted to the participants, including 47,850 PSUs to CEO Jörg Brinkmann and 17,600 PSUs to CFO Bjarne Pedersen. Based on the average share price for H+H shares trading on the Nasdaq Copenhagen stock exchange during the first ten days after the release of the 2023 Annual Report on 5 March 2024, the theoretical value per PSU is DKK 68.02, corresponding to a total theoretical value of DKK 10.9 million if all 160,300 were to vest. The vesting period for the PSUs is approximately three years, with vesting being in 2027 when the audited annual report for 2026 is published.

14. Tax

Amounts in DKK million	Q3 2024	Q3 2023	Q1-Q3 2024	Q1-Q3 2023
Current tax	(6)	16	(15)	-
Movement in deferred tax	(1)	(10)	55	35
Tax	(7)	6	40	35

15. 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.

16. Share capital

There have been no movements in the share capital in the last five years except for the changes stated in Note 19 “Share capital and treasury shares” of the 2023 Annual Report.

17. Events after the balance sheet date

After the balance sheet date the conditions for the sale of land and buildings from H+H Polska Sp. z o.o. to a Polish residential developer (as announced in a press release on 29 October 2024) have been fulfilled and the sale is therefore final. The sales price of PLN 110 million (approximately DKK 190 million) have been paid in cash in October and the gain will be classified as special items in the fourth quarter, having no impact on the full-year financial outlook. The assets and related liabilities have been presented as assets held for sale.

No other events have occurred after the balance sheet date that will have a material effect on H+H Groups financial position.