

Company announcement No. 558, 2024

15 May 2024

## Interim Financial Report, Q1-2024

1 January 2024 – 31 March 2024

### CHIEF EXECUTIVE OFFICER JÖRG BRINKMANN QUOTE

*“In the first quarter, we saw signs of market improvements in the UK and Poland resulting in 13% higher sales volumes. Our business improvement program delivered in line with our expectations. However, gross margin in Q1 is still impacted by planned de-stocking and effects from unfavourable gas hedges. We expect this to improve going forward. Across regions we are preparing for future growth by enhancing operational efficiencies and dedicated investments to de-bottleneck plants and expand customer offerings”* says CEO Jörg Brinkmann.

### PERFORMANCE HIGHLIGHTS FOR Q1 2024 (Q1 2023)

- Sales volume increased by 13% to 719k m<sup>3</sup> (634 k m<sup>3</sup>)
- Revenue growth measured in local currencies (“organic growth”) was negative 4% (negative 25%)
- Gross profit before special items was DKK 109 million (DKK 154 million), corresponding to a gross margin of 17% (24%)
- EBITDA before special items was DKK 26 million (DKK 72 million), corresponding to an EBITDA margin before special items of 4% (11%).
- EBIT before special items was negative DKK 21 million (positive DKK 21 million), corresponding to an EBIT margin before special items of negative 3% (3%).
- Free cash flow was negative DKK 91 million (DKK negative 309 million).
- Financial gearing was 5.1 times EBITDA before special items at the end of Q1 2024 (1.4 times EBITDA at the end of Q1 2023).
- Special items for the quarter was DKK 129 million, of which 93 million relates to the settlement of the gas contract in accordance with plan.

## FINANCIAL HIGHLIGHTS FOR THE PERIOD

| DKK million                            | Q1 2024 | Q1 2023 |
|----------------------------------------|---------|---------|
| Sales volume (thousand cubic metres)   | 719     | 634     |
| Revenue                                | 644     | 641     |
| Organic growth                         | (4)%    | (25)%   |
| Gross margin before special items      | 17%     | 24%     |
| EBITDA before special items            | 26      | 72      |
| EBITDA margin before special items     | 4%      | 11%     |
| EBIT before special items              | (21)    | 21      |
| EBIT margin before special items       | (3)%    | 3%      |
| Special items                          | (129)   | (9)     |
| Return on Invested Capital (ROIC)      | (16)%   | 15%     |
| NIBD/EBITDA before special items ratio | 5.1x    | 1.4x    |
| Free cash flow                         | (91)    | (309)   |

## FINANCIAL OUTLOOK FOR 2024

- Revenue growth measured in local currencies is expected to be ranging from -5% to +5%
- EBIT before special items is expected to be in the range of DKK 50 million to DKK 150 million

### The financial outlook for 2024 is based on the following specific assumptions:

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

## Q1 2024 INTERIM FINANCIAL REPORT CONFERENCE CALL

In connection with the release of the Q1 2024 Interim Financial Report, a conference call for investors and analysts is scheduled for Wednesday 15 May 2024, at 12:00 p.m. CEST. On the call, Chief Executive Officer (“CEO”) Jörg Brinkmann and Chief Financial Officer (“CFO”) Bjarne Pedersen will present the Q1 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

UK: +44 203 769 6819

US: +1 646 787 0157

- 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](#).

## KEY FIGURES – H+H GROUP

|                                                    | Q1    | Q1    | Full-year |
|----------------------------------------------------|-------|-------|-----------|
| Amounts in DKK million                             | 2024  | 2023  | 2023      |
| <b>Income statement</b>                            |       |       |           |
| Revenue                                            | 644   | 641   | 2,672     |
| Gross profit before special items                  | 109   | 154   | 564       |
| EBITDA before special items                        | 26    | 72    | 244       |
| EBITDA                                             | (103) | 63    | 58        |
| EBIT before special items                          | (21)  | 21    | 57        |
| EBIT                                               | (150) | 12    | (230)     |
| Result before tax                                  | (167) | 2     | (283)     |
| Result for the period                              | (130) | (7)   | (246)     |
| <b>Balance sheet</b>                               |       |       |           |
| Assets                                             | 3,477 | 3,655 | 3,454     |
| Invested capital                                   | 2,405 | 2,223 | 2,435     |
| Net working capital                                | 390   | 540   | 359       |
| Equity                                             | 1,560 | 1,901 | 1,678     |
| Net Interest-bearing debt (NIBD)                   | 1,006 | 804   | 887       |
| <b>Cash flow</b>                                   |       |       |           |
| Cash flow from operating activities                | (65)  | (272) | (209)     |
| Cash flow from investing activities                | (26)  | (37)  | (137)     |
| Free cash flow                                     | (91)  | (309) | (346)     |
| Cash flow from financing activities                | 122   | 386   | 131       |
| <b>Financial ratios</b>                            |       |       |           |
| Organic growth                                     | (4)%  | (25)% | (25)%     |
| Gross margin before special items                  | 17%   | 24%   | 21%       |
| EBITDA margin before special items                 | 4%    | 11%   | 9%        |
| EBITDA margin                                      | (16)% | 10%   | 2%        |
| EBIT margin before special items                   | (3)%  | 3%    | 2%        |
| EBIT margin                                        | (23)% | 2%    | (9)%      |
| Return on invested capital (ROIC) (excl. Goodwill) | (16)% | 15%   | (9)%      |
| Solvency ratio                                     | 42%   | 49%   | 46%       |
| Financial gearing before special items ratio       | 5.1x  | 1.4x  | 3.6x      |
| <b>Share data</b>                                  |       |       |           |
| Share price, end of period (DKK)                   | 70    | 108   | 89        |
| Book value per share, end of period (DKK)          | 96    | 117   | 95        |
| Earnings per share                                 | (7.9) | (0.3) | (15.0)    |
| Diluted earnings per share                         | (7.9) | (0.3) | (15.0)    |

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

## MANAGEMENT'S REVIEW

### CURRENT BUSINESS DEVELOPMENT

In the first quarter, there was an improvement in our UK and Polish markets, in line with improvements in consumer demand and business activities.

Conversely, the German market continues to face challenges, with a decrease in market volumes and an apparent stalling in its economic recovery. Despite mixed market conditions, our adjustments to business operations in 2023 have enabled us to maintain financial stability and overall, market activity was in line with our expectations.

The price development was in line with our expectation. 2023 saw significant price increases in the beginning of the year followed by adjustments in line with inflation development. Since then, both input cost and prices have declined, which is affecting our organic growth.

In Germany, price increases were implemented in the beginning of the year. In the UK, prices have decreased following annual negotiations, after maintaining prices throughout 2023 and in Poland, prices have remained stable from Q4 2023 to Q1 2024.

#### Regional development

In the UK, inflation is on a decline, but the mortgage environment remains challenging. The job market remains robust and mortgage approvals were over 60,000 new mortgages in February 2024, which is the first time since September 2022, albeit lower than pre-pandemic levels. In the first quarter, building registrations have dropped by 20% year-to-date compared to the same period last year.

In the UK, we are investing in the efficiency of our Borough Green plant, located south of London, which is expected to increase the plant's capacity by up to 20%. The upgrade is progressing to schedule and is anticipated to be completed in the second quarter of 2024.

In Poland, the solid momentum from Q4 2023 persisted into the first quarter of 2024, with the number of building starts and permits increasing by over 30% for March year-to-date compared to the previous year. In December, funding for the Polish government's safe 2% mortgage scheme was exhausted. A successor program, is currently under development and is expected to launch in the second half of 2024. The details and assumptions of this new program are still under discussion.

Demand in Germany remains low, with a 25% decrease in building permits for February year-to-date compared to same period previous year. The swift and steep increase in interest rates, high construction costs, and the lack of efficient government support programs have worsened the investment climate.

#### Gas unwinding

As outlined in the 2023 Annual Report, H+H has decided to settle unfavourable gas contracts that were established in the summer of 2022. Consequently, a one-off loss of DKK 93 million was recorded in the first quarter and classified as special items. Additionally, the sale of unused hedged gas back to the market led to a further loss of DKK 17 million, also recognised as special items. Thus, the total cost related to unfavourable gas, classified as special items in Q1 2024, amounted to DKK 110 million.

### INCOME STATEMENT FOR THE FIRST QUARTER OF 2024

#### Revenue

Total revenue amounted to DKK 644 million for Q1 2024 which is at a similar level as Q1 2023 (DKK 641 million).

Revenue growth measured in local currencies ("organic growth") was negative 4% in Q1 2024 compared to negative 25% in Q1 2023.

| Revenue, external      | Q1      |      |
|------------------------|---------|------|
|                        | 2024    | 2023 |
| Amounts in DKK million | Revenue |      |
| Central Western Europe | 245     | 345  |
| United Kingdom         | 184     | 146  |
| Poland                 | 215     | 150  |
| Total                  | 644     | 641  |

Revenue in the CWE region decreased by 29% to DKK 245 million compared to DKK 345 million in Q1 2023. Organic growth in the region was negative 30% as a result of lower sales volumes and lower prices despite prices in first quarter in 2024 being higher than prices in Q4 2023.

Revenue in the United Kingdom increased by 26% to DKK 184 million compared to DKK 146 million in Q1 2023. Organic growth of 22% in Q1 2024 was mainly driven by higher volumes, partly offset by lower prices.

Sale in Poland was strong in Q1 2024 and revenue increased by 43% to DKK 215 million compared to DKK 150 million in Q1 2023. Organic growth was 31% driven by the increased demand, partly offset by lower prices.

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

Gross profit amounted to DKK 109 million compared to DKK 154 million in Q1 2023, corresponding to gross margins of 17% and 24%, respectively.

The reduced gross margin is mainly driven by de-stocking, where same period last year saw a big stock build. This offsets positive impact from lower direct unit costs and the saving effects from the 2023 restructuring program.

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

EBITDA before special items amounted to DKK 26 million compared to DKK 72 million in Q1 2023, corresponding to EBITDA before special items margins of 4% and 11%, respectively.

#### **Depreciation and amortisation**

Depreciation and amortisation in Q1 2024 amounted to DKK 47 million compared to DKK 51 million in Q1 2023. The decline in depreciation is mainly due to the closure of plants in 2023.

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

EBIT before special items amounted to negative DKK 21 million in Q1 2024, compared to positive DKK 21 million in Q1 2023, corresponding to EBIT margins before special items of negative 3% and positive 3%, respectively.

#### **Special items**

Special items of DKK 129 million for Q1 2024 mainly relates to the difference between the fixed price and the market price for the remaining contract period for the unwinding gas contracts, DKK 93 million, loss on unused gas sold, DKK 17 million and restructuring costs of DKK 19 million. Please refer to Note 9 and Note 11 for more information about special items for the period.

#### **Net financials**

Net financials amount to an expense of DKK 17 million in Q1 2024, compared to an expense of DKK 10 million in Q1 2023. The development is mainly driven by higher net interest-bearing debt.

#### **Result before tax**

Result before tax amounted to negative DKK 167 million in Q1 2024, compared to positive DKK 2 million in Q1 2023.

#### **Tax**

Tax for the period amounted to a net income of DKK 37 million compared to a net expense of DKK 9 million in Q1 2023.

#### **Result for the period**

Loss for the period is attributable to H+H International A/S' shareholders by DKK 129 million and to non-controlling interests by DKK 1 million compared to a loss of DKK 5 million and DKK 2 million, respectively, for Q1 2023.

#### **Comprehensive income**

Other comprehensive income for Q1 2024 amounted to a profit of DKK 11 million compared to a loss of DKK 29 million in Q1 2023. The year-on-year development was mainly driven by a positive development in actuarial gains net of tax partly offset by the fair value adjustments of gas hedges of negative DKK 10 million.

### **CASH FLOW**

#### **Operating activities**

Cash flow from operating activities amounted to negative DKK 65 million in Q1 2024 compared to DKK negative 272 million in Q1 2023.

Despite lower earnings in Q1 2024 compared to Q1 2023, the operating cash flow is showing positive development. This improvement is driven by positive net working capital, resulting from reduced stock and increased liabilities related to gas contract settlements.

#### **Investing activities**

Cash flow from investing activities in Q1 2024 amounted to negative DKK 26 million compared to negative DKK 37 million in Q1 2023.

#### **Financing activities**

Cash flow from financing activities amounted to positive DKK 122 million in the first quarter of 2024 compared to DKK 386 million in Q1 2023 where borrowings were increased by DKK 150 million.

## BALANCE SHEET

On 31 March 2024, the balance sheet total amounted to DKK 3,477 million compared to DKK 3,655 million on 31 March 2023 mainly driven by a decrease in inventories of DKK 121 million.

### Net interest-bearing debt

Net interest-bearing debt amounted to DKK 1,006 million as of 31 March 2024 corresponding to an increase of DKK 119 million since 31 December 2023 and an increase of DKK 202 million since 31 March 2023. The development is in line with expectations driven by a positive development in inventory due to de-stocking offset by negative working capital items.

The Company's net interest-bearing debt excluding leasing totalled DKK 865 million on 31 March 2024 (DKK 701 million as per 31 March 2023).

### Equity

The consolidated equity decreased by DKK 118 million compared to 31 December 2023 and decreased by DKK 341 million compared to 31 March 2023.

| Equity                                                |       |       |
|-------------------------------------------------------|-------|-------|
|                                                       | Q1    | Q1    |
| Amounts in DKK million                                | 2024  | 2023  |
| 1 January                                             | 1,678 | 1,938 |
| Result for the period                                 | (130) | (7)   |
| Actuarial gains/losses on pension plans               | 15    | (36)  |
| Value adjustments of derivative financial instruments | (10)  | -     |
| Foreign exchange adjustments                          | 6     | 7     |
| Purchase of treasury shares                           | -     | (2)   |
| Share based payment                                   | 1     | 1     |
| 31 March                                              | 1,560 | 1,901 |

## 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

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 2024

- Revenue growth measured in local currencies is expected to be ranging from -5% to +5%
- EBIT before special items is expected to be in the range of DKK 50 million to DKK 150 million

## ASSUMPTIONS FOR THE FINANCIAL OUTLOOK FOR 2024

### 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-May 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

|                                  |             |
|----------------------------------|-------------|
| 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 quarter 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 31 March 2024 and of the results of H+H's operations and its cash flows for the period 1 January to 31 March 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, 14 May 2024

### EXECUTIVE BOARD

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**Jörg Brinkmann**  
CEO

**Bjarne Pedersen**  
CFO

### BOARD OF DIRECTORS

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**Kent Arentoft**  
Chair

**Jens-Peter Saul**  
Vice chair

**Stewart Antony Baseley**

**Volker Christmann**

**Kajsa von Geijer**

**Miguel Kohlmann**

**Helen MacPhee**



## CONDENSED INCOME STATEMENT

|                                               | Group        |            |                   |
|-----------------------------------------------|--------------|------------|-------------------|
|                                               | Q1<br>2024   | Q1<br>2023 | Full-year<br>2023 |
| Amounts in DKK million                        |              |            |                   |
| Revenue                                       | 644          | 641        | 2,672             |
| Cost of goods sold                            | (535)        | (487)      | (2,108)           |
| <b>Gross profit before special items</b>      | <b>109</b>   | <b>154</b> | <b>564</b>        |
| Sales costs                                   | (35)         | (37)       | (149)             |
| Administrative costs                          | (46)         | (46)       | (197)             |
| Other operating income and costs, net         | (2)          | 1          | 26                |
| <b>EBITDA before special items</b>            | <b>26</b>    | <b>72</b>  | <b>244</b>        |
| Depreciation, amortisation and impairments    | (47)         | (51)       | (187)             |
| <b>EBIT before special items</b>              | <b>(21)</b>  | <b>21</b>  | <b>57</b>         |
| Special items, net                            | (129)        | (9)        | (287)             |
| <b>EBIT</b>                                   | <b>(150)</b> | <b>12</b>  | <b>(230)</b>      |
| Financial income                              | 4            | 2          | 24                |
| Financial expenses                            | (21)         | (12)       | (77)              |
| <b>Result before tax</b>                      | <b>(167)</b> | <b>2</b>   | <b>(283)</b>      |
| Tax                                           | 37           | (9)        | 37                |
| <b>Result for the period</b>                  | <b>(130)</b> | <b>(7)</b> | <b>(246)</b>      |
| <b>Result for the period attributable to:</b> |              |            |                   |
| H+H International A/S' shareholders           | (129)        | (5)        | (248)             |
| Non-controlling interest                      | (1)          | (2)        | 2                 |
| <b>Result for the period</b>                  | <b>(130)</b> | <b>(7)</b> | <b>(246)</b>      |
| Earnings per share (EPS-Basic)                | (7.9)        | (0.3)      | (15.0)            |
| Diluted earnings per share (EPS-D)            | (7.9)        | (0.3)      | (15.0)            |

## CONDENSED STATEMENT OF COMPREHENSIVE INCOME

|                                                                                      | Group        |             |                   |
|--------------------------------------------------------------------------------------|--------------|-------------|-------------------|
|                                                                                      | Q1<br>2024   | Q1<br>2023  | Full-year<br>2023 |
| Amounts in DKK million                                                               |              |             |                   |
| <b>Result for the period</b>                                                         | <b>(130)</b> | <b>(7)</b>  | <b>(246)</b>      |
| <b>Items that may be reclassified subsequently to profit or loss:</b>                |              |             |                   |
| Fair value adjustments of derivative financial instruments                           | (12)         | -           | (20)              |
| Gain/(loss) on derivative financial instruments transferred to the income statements | 2            | -           | 10                |
| Tax on fair value adjustment                                                         | -            | -           | 3                 |
| Foreign exchange adjustments, foreign entities                                       | 6            | 7           | 63                |
|                                                                                      | (4)          | 7           | 56                |
| <b>Items that will not be reclassified subsequently to profit or loss:</b>           |              |             |                   |
| Actuarial gains and losses                                                           | 19           | (45)        | (68)              |
| Tax on actuarial gains and losses                                                    | (4)          | 9           | 15                |
|                                                                                      | 15           | (36)        | (53)              |
| <b>Other comprehensive income after tax</b>                                          | <b>11</b>    | <b>(29)</b> | <b>3</b>          |
| <b>Total comprehensive income for the period</b>                                     | <b>(119)</b> | <b>(36)</b> | <b>(243)</b>      |

## CONDENSED BALANCE SHEET

| Amounts in DKK million                                     | Group            |                     |                  |
|------------------------------------------------------------|------------------|---------------------|------------------|
|                                                            | 31 March<br>2024 | 31 December<br>2023 | 31 March<br>2023 |
| <b>ASSETS</b>                                              |                  |                     |                  |
| <b>Non-current assets</b>                                  |                  |                     |                  |
| Goodwill                                                   | 422              | 422                 | 420              |
| Other intangible assets                                    | 232              | 240                 | 259              |
| Property, plant and equipment                              | 1.792            | 1.773               | 1.814            |
| Deferred tax assets                                        | 47               | 31                  | 11               |
| Financial assets                                           | 2                | 2                   | 5                |
| <b>Total non-current assets</b>                            | <b>2.495</b>     | <b>2.468</b>        | <b>2.509</b>     |
| <b>Current assets</b>                                      |                  |                     |                  |
| Inventories                                                | 565              | 657                 | 686              |
| Receivables                                                | 243              | 190                 | 242              |
| Cash                                                       | 174              | 139                 | 218              |
| <b>Total current assets</b>                                | <b>982</b>       | <b>986</b>          | <b>1.146</b>     |
| <b>TOTAL ASSETS</b>                                        | <b>3.477</b>     | <b>3.454</b>        | <b>3.655</b>     |
| <b>EQUITY AND LIABILITIES</b>                              |                  |                     |                  |
| <b>Equity</b>                                              |                  |                     |                  |
| Share capital                                              | 165              | 165                 | 175              |
| Retained earnings                                          | 1.412            | 1.526               | 1.780            |
| Other reserves                                             | (102)            | (99)                | (148)            |
| Equity attributable to H+H International A/S' shareholders | 1.475            | 1.592               | 1.807            |
| Equity attributable to non-controlling interests           | 85               | 86                  | 94               |
| <b>Total equity</b>                                        | <b>1.560</b>     | <b>1.678</b>        | <b>1.901</b>     |
| <b>Non-current liabilities</b>                             |                  |                     |                  |
| Pension obligations                                        | 31               | 59                  | 60               |
| Provisions                                                 | 69               | 31                  | 37               |
| Deferred tax liability                                     | 34               | 54                  | 95               |
| Credit institutions                                        | 1.039            | 907                 | 919              |
| Deferred payments, acquisition of subsidiary               | 99               | 99                  | 105              |
| Lease liabilities                                          | 117              | 95                  | 79               |
| <b>Total non-current liabilities</b>                       | <b>1.389</b>     | <b>1.245</b>        | <b>1.295</b>     |
| <b>Current liabilities</b>                                 |                  |                     |                  |
| Lease liabilities                                          | 24               | 24                  | 24               |
| Trade payables                                             | 252              | 278                 | 266              |
| Income tax                                                 | -                | 5                   | 34               |
| Deferred payment, acquisition of subsidiary                | 7                | 7                   | 7                |
| Provisions                                                 | 79               | 7                   | 6                |
| Other payables                                             | 166              | 210                 | 122              |
| <b>Total current liabilities</b>                           | <b>528</b>       | <b>531</b>          | <b>459</b>       |
| <b>Total liabilities</b>                                   | <b>1.917</b>     | <b>1.776</b>        | <b>1.754</b>     |
| <b>TOTAL EQUITY AND LIABILITIES</b>                        | <b>3.477</b>     | <b>3.454</b>        | <b>3.655</b>     |
| Net interest-bearing debt                                  | 1.006            | 887                 | 804              |

## CONDENSED CASH FLOW STATEMENT

| Amounts in DKK million                                             | Q1          | Q1           |
|--------------------------------------------------------------------|-------------|--------------|
|                                                                    | 2024        | 2023         |
| Operating result (EBIT)                                            | (150)       | 12           |
| Depreciation, amortisation and impairment                          | 47          | 51           |
| Change in working capital                                          | (34)        | (301)        |
| Change in provisions and pension contribution                      | 91          | (8)          |
| Other non-cash adjustments                                         | 4           | (2)          |
| <b>Operating activities before financial items and tax</b>         | <b>(42)</b> | <b>(248)</b> |
| Financial items, net                                               | (17)        | (10)         |
| Income tax paid                                                    | (6)         | (14)         |
| <b>Operating activities</b>                                        | <b>(65)</b> | <b>(272)</b> |
| Acquisition of property, plant and equipment and intangible assets | (26)        | (37)         |
| <b>Investing activities</b>                                        | <b>(26)</b> | <b>(37)</b>  |
| Proceeds from borrowings                                           | -           | 150          |
| Bank overdraft and other debt                                      | 132         | 28           |
| Payment of lease liabilities                                       | (10)        | (8)          |
| Purchase of treasury shares                                        | -           | (2)          |
| <b>Financing activities</b>                                        | <b>122</b>  | <b>168</b>   |
| <b>Total cash flow for the period</b>                              | <b>31</b>   | <b>(141)</b> |
| Cash and cash equivalents, opening                                 | 139         | 358          |
| Foreign exchange adjustments of cash                               | 4           | 1            |
| <b>Cash and cash equivalents at 31 March</b>                       | <b>174</b>  | <b>218</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 2024</b>        | <b>165</b>    | <b>(7)</b>      | <b>(92)</b>         | <b>1,526</b>      | <b>1,592</b>           | <b>86</b>                        | <b>1,678</b> |
| <b>Total changes in equity</b>         |               |                 |                     |                   |                        |                                  |              |
| Result for the period                  | -             | -               | -                   | (129)             | (129)                  | (1)                              | (130)        |
| Other comprehensive income             | -             | (10)            | 6                   | 15                | 11                     | -                                | 11           |
| <b>Total comprehensive income</b>      | <b>-</b>      | <b>(10)</b>     | <b>6</b>            | <b>(114)</b>      | <b>(118)</b>           | <b>(1)</b>                       | <b>(119)</b> |
| Share-based payment                    | -             | -               | -                   | 1                 | 1                      | -                                | 1            |
| <b>Total changes in equity in 2024</b> | <b>-</b>      | <b>(10)</b>     | <b>6</b>            | <b>(113)</b>      | <b>(117)</b>           | <b>(1)</b>                       | <b>(118)</b> |
| <b>Equity at 31 March 2024</b>         | <b>165</b>    | <b>(17)</b>     | <b>(86)</b>         | <b>1,413</b>      | <b>1,475</b>           | <b>85</b>                        | <b>1,560</b> |
| <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>         |               |                 |                     |                   |                        |                                  |              |
| Result for the period                  | -             | -               | -                   | (5)               | (5)                    | (2)                              | (7)          |
| Other comprehensive income             | -             | -               | 7                   | (36)              | (29)                   | -                                | (29)         |
| <b>Total comprehensive income</b>      | <b>-</b>      | <b>-</b>        | <b>7</b>            | <b>(41)</b>       | <b>(34)</b>            | <b>(2)</b>                       | <b>(36)</b>  |
| Share-based payment                    | -             | -               | -                   | 1                 | 1                      | -                                | 1            |
| Purchase of treasury shares            | -             | -               | -                   | (2)               | (2)                    | -                                | (2)          |
| <b>Total changes in equity in 2023</b> | <b>-</b>      | <b>-</b>        | <b>7</b>            | <b>(42)</b>       | <b>(35)</b>            | <b>(2)</b>                       | <b>(37)</b>  |
| <b>Equity at 31 March 2023</b>         | <b>175</b>    | <b>-</b>        | <b>(148)</b>        | <b>1,780</b>      | <b>1,807</b>           | <b>94</b>                        | <b>1,901</b> |

## NOTES

### 1. Accounting policies

The interim financial report for the period 1 January to 31 March 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.

### 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 31 March 2024.

### 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 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. 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                                             | Q1 2024      | Q1 2023    |
|--------------------------------------------------------------------|--------------|------------|
| Revenue                                                            | 644          | 641        |
| Cost of goods sold                                                 | (565)        | (521)      |
| <b>Gross profit including depreciation and amortisation</b>        | <b>79</b>    | <b>120</b> |
| Sales cost                                                         | (46)         | (49)       |
| Administrative costs                                               | (52)         | (51)       |
| Other operating income and costs                                   | (2)          | 1          |
| <b>EBIT before special items</b>                                   | <b>(21)</b>  | <b>21</b>  |
| Special items, net                                                 | (129)        | (9)        |
| <b>EBIT</b>                                                        | <b>(150)</b> | <b>12</b>  |
| <b>Depreciation and amortisation comprise:</b>                     |              |            |
| Depreciation of property, plant and equipment                      | 26           | 34         |
| Amortisation of intangible assets                                  | 21           | 17         |
| <b>Total</b>                                                       | <b>47</b>    | <b>51</b>  |
| <b>Depreciation, amortisation and impairment are allocated to:</b> |              |            |
| Production costs                                                   | 30           | 34         |
| Sales costs                                                        | 11           | 12         |
| Administration costs                                               | 6            | 5          |
| <b>Total</b>                                                       | <b>47</b>    | <b>51</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 | Q1 2024    | Q1 2023    |
|------------------------|------------|------------|
|                        | Revenue    |            |
| Central Western Europe | 245        | 345        |
| United Kingdom         | 184        | 146        |
| Poland                 | 215        | 150        |
|                        | <b>644</b> | <b>641</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 Q1 2024 amounted to DKK 150 million (2023: DKK 230 million).

## 8. Special items, net

| Amounts in DKK million                               | Q1 2024    | Q1 2023  |
|------------------------------------------------------|------------|----------|
| Restructuring costs                                  | 19         | 9        |
| Inefficient part of gas hedges, including settlement | 110        | -        |
| <b>Total</b>                                         | <b>129</b> | <b>9</b> |
| <b>Impact of special items on EBIT</b>               |            |          |
| Cost of goods sold                                   | 115        | 5        |
| Sales and administrative costs                       | 14         | 4        |
| <b>EBIT before special items</b>                     | <b>129</b> | <b>9</b> |

As disclosed in the 2023 annual report H+H has 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 quarter of 2024 comprise restructuring costs of DKK 19 million.

## 9. 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 UK pension obligation on 31 March 2024 amounts to DKK 18 million, compared to DKK 47 million on 31 December 2023. The decrease is driven by payments, interest, value adjustment and currency adjustment.

## 10. 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 31 March 2024. The fair value adjustment related to the forward gas contracts with the underlying hedged item not realised yet amounts to DKK 17 million and are recognised in Equity and will be transferred to the profit & loss statement upon utilisation.

## 11. Financial resources and cash flow

On 31 March 2024, net interest-bearing debt, totalled DKK 1,006 million, corresponding to an increase of DKK 119 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.

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

## 12. 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.

## 13. Tax

| Amounts in DKK million   | Q1 2024 | Q1 2023 |
|--------------------------|---------|---------|
| Current tax              | 21      | (10)    |
| Movement in deferred tax | 16      | 1       |
| Tax                      | 37      | (9)     |

## 14. 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.

## 15. 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.

## 16. 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.