H+H International A/S
Q3 2022 Interim Financial Report

PARTNERS IN WALL BUILDING

Introduction

Contents

H+H is a Partner in Wall Building across Europe

H+H is a wall-building materials provider. The core activity is the production and sale of autoclaved aerated concrete ("AAC" or "aircrete") and calcium silicate units ("CSU" or "sand lime bricks"). The primary products are building blocks used for wall building, mainly in the residential new-building segment, but the product range also includes more advanced products, such as high-insulating blocks, larger elements, and a range of traded goods used for wall building.

H+H has leading position in most of its markets, with 32 factories in Northern and Central Europe producing a total annual output of close to 4.5 million cubic metres of wall-building materials. The Group has more than 1,600 employees working in eight countries in Central and Northern Europe.

The business is cyclical and H+H is always pursuing organic growth and margin improvements. In addition, restructuring and consolidation of the markets in Central Europe is on the strategic agenda.

The parent company, H+H International A/S, is headquartered in Copenhagen, Denmark, and the company is listed on the Nasdaq Copenhagen stock exchange under the ticker symbol, HH.

Pleased to have joined H+H Group

"I'm very excited to join H+H and to be part of the highly committed organization. I am pleased to see the benefits of the agile business model and how H+H is capable to offset the continued inflationary pressure with sales price increases and taking advantage of its factory network established over the recent years. Our focus will remain to service customers across our footprint and deliver strong operational performance while not losing sight of our long-term commitments."

Jörg Brinkmann
Chief Executive Officer

PARTNERS IN WALL BUILDING

Q3 2022: High-inflation environment continued to drive price increases, while market demand started to soften

Selected financial figures for Q3 2022

Figures in DKKm unless otherwise stated. Q3 2021 figures in brackets

Organic growth	Gross margin[1]	EBIT margin[1]
7%	28%	12%
(13%)	(31%)	(15%)

Return on Invested Capital	Free cash flow	Financial gearing[2]
24%	36	0.5x
(21%)	(5)	(0.3x)

(1) Before special items (2) Net interest-bearing debt to EBITDA before special items ratio

Central Western Europe: Strengthened factory network in a time of growing uncertainty

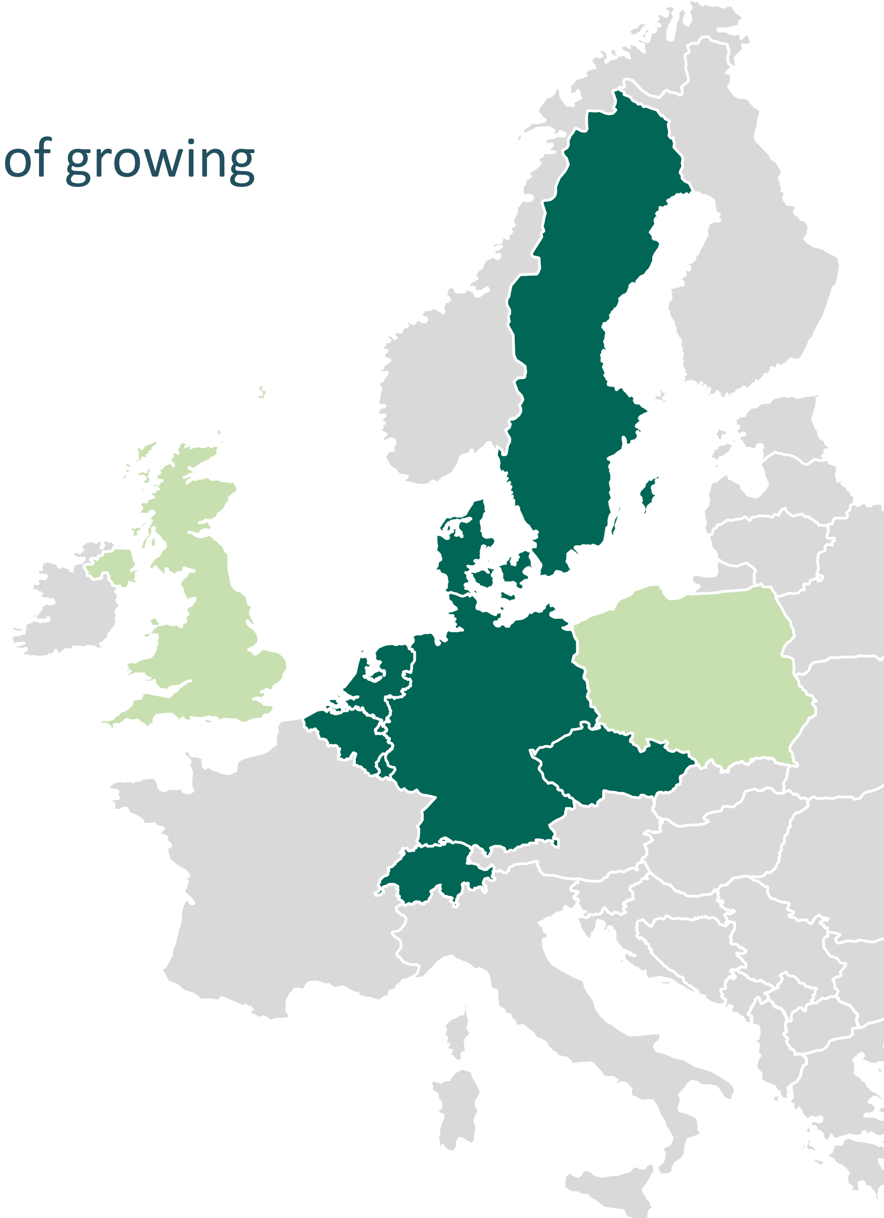
Market conditions and trends

Germany:

- The country faces growing inflation rates, in large part due to rising natural gas prices driven by uncertainties related to future supply.
- The number of building permits for new buildings issued has declined by 11% in August year-on-year. Further, the rising inflation is driving an increasing trend of postponements of construction starts.
- In Q3 the Wittenborn factory was shut down for the upgrade and is currently in ramp up.
- The update of the Wittenborn factory gives strength to H+H’s AAC factory network which will help drive market share across Germany and into adjacent markets.

Other markets:

- In the Nordics, building permits and the latest economic analyses point to a more negative outlook for the construction industry due to high inflation and a shortage of labour and materials. However, current activity levels remains stable which is also expected for remainder of the year
- In Switzerland and the Benelux countries, uncertainties from current geopolitical events continue to weigh on the expected economic growth and building activities.

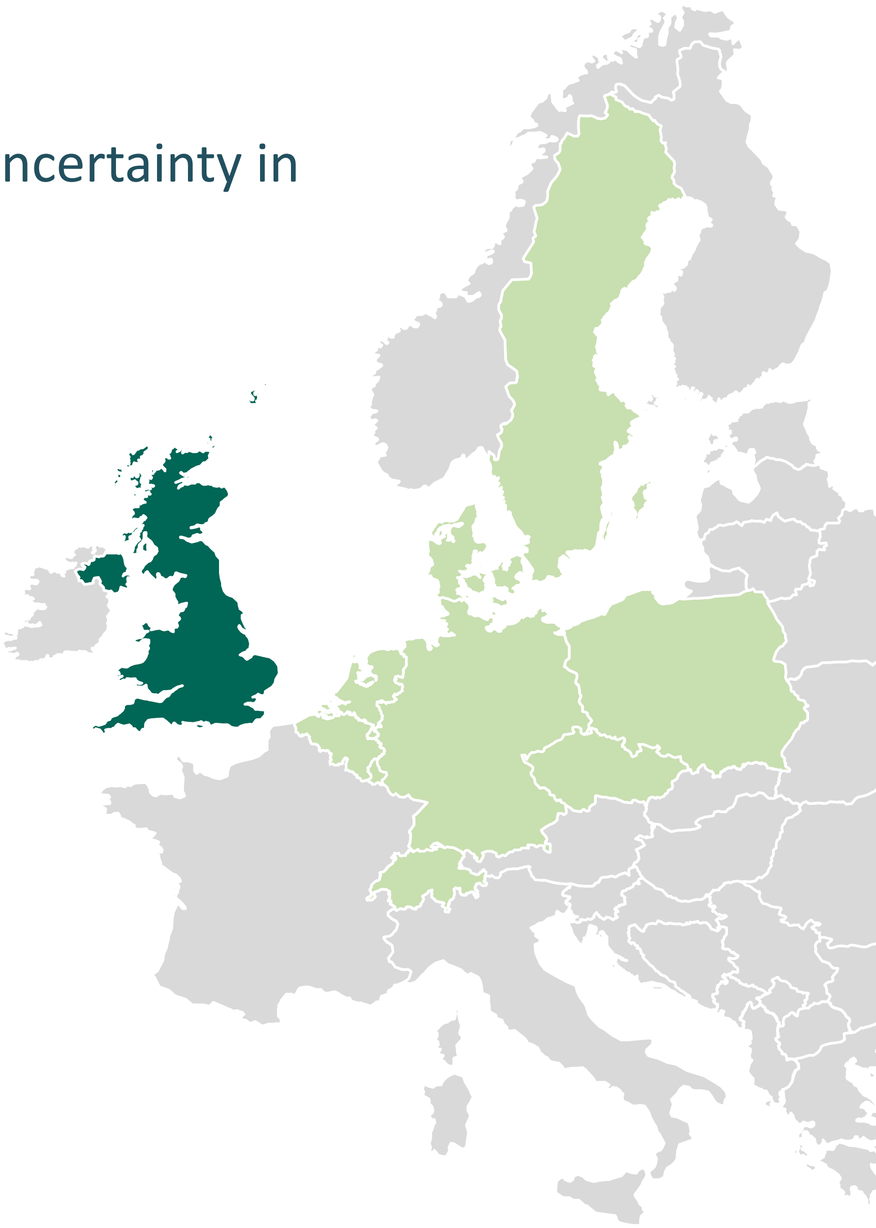


PARTNERS IN WALL BUILDING

The United Kingdom: Current undersupply to demand mitigates uncertainty in the medium term

Market conditions and trends

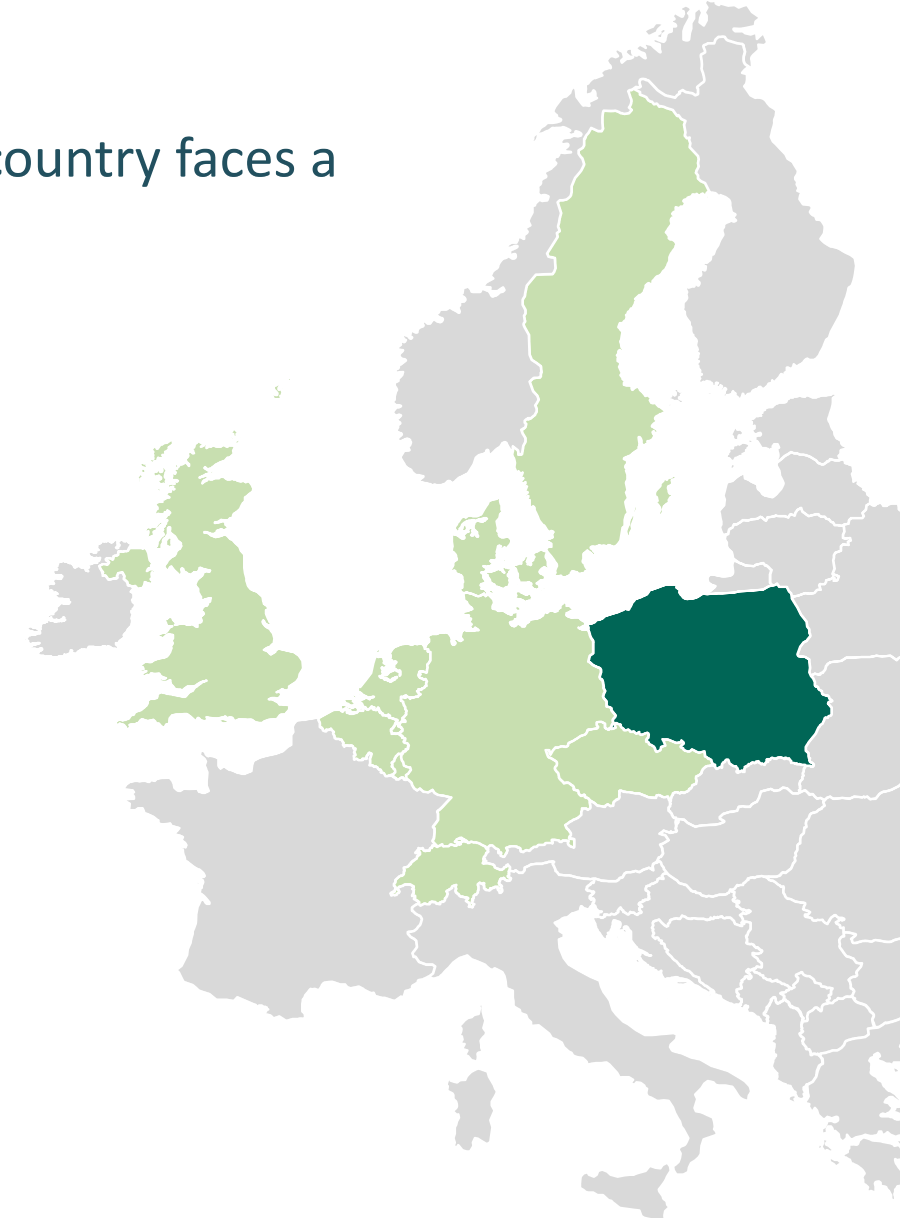
- In the private housing segment, demand remains resilient, but in combination with the growing inflation, rising interest rates have led to decreases in expected starts.
- While activity levels for the remainder of 2022 remains stable, the increased level of uncertainty fuel the anticipation of more difficult conditions in the medium term.
- As H+H recently have undersupplied compared to customer demand, we view favorably at our position to serve the UK market.
- As we remain positive on the long-term fundamentals, we continue to seek opportunities to further increase our UK capacity.



Poland: Growing inflation impacts construction starts while the country faces a growing need for additional housing space

Market conditions and trends

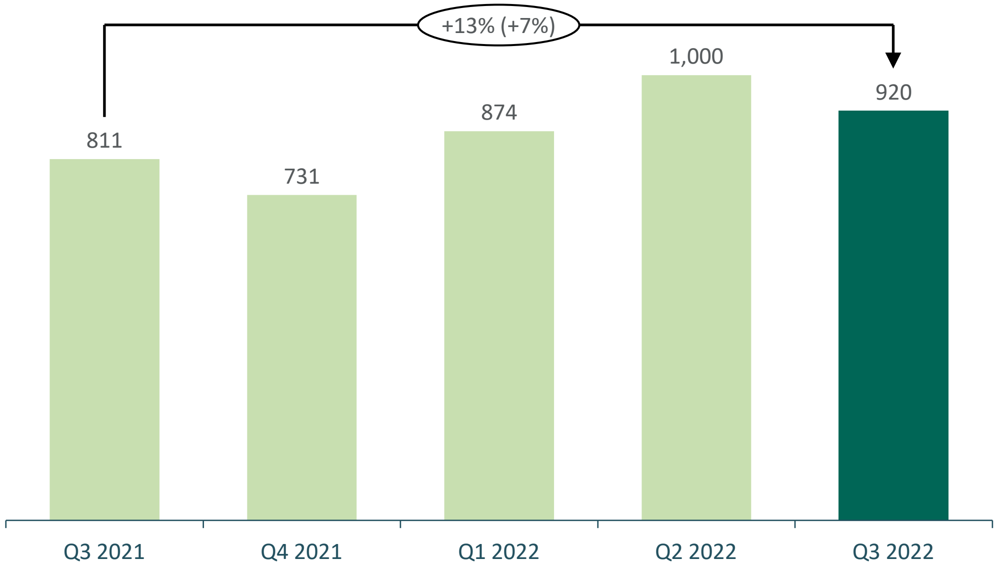
- The number of building permits issued over the period remains at a reasonable high level, driven by changes in legislation.
- However, due to growing inflation and rising interest rates, Polish purchasing power is now significantly lower which will likely influence investment decisions in the country.
- Construction starts have decreased by approximately 17% compared to the corresponding period in 2021 (As of end September)
- It remains unclear to which extent the great number of refugees from Ukraine will impact the Polish housing markets, but the situation will likely drive further construction activity due to the already significant shortage of housing space in the country.
- The expansion of the AAC factory in Reda with an additional CSU production line was completed in Q3 and is now supplying the Polish Tri-City area.
- H+H has initiated specific resilience actions to mitigate impacts from a potential continued declining market demand in Poland. These measures include adjusting production capacity where needed. Also, actions have been taken to reduce and manage the operating cost base where relevant.



Quarterly revenue driven by the continued implementation of sales price increases to offset inflationary pressure

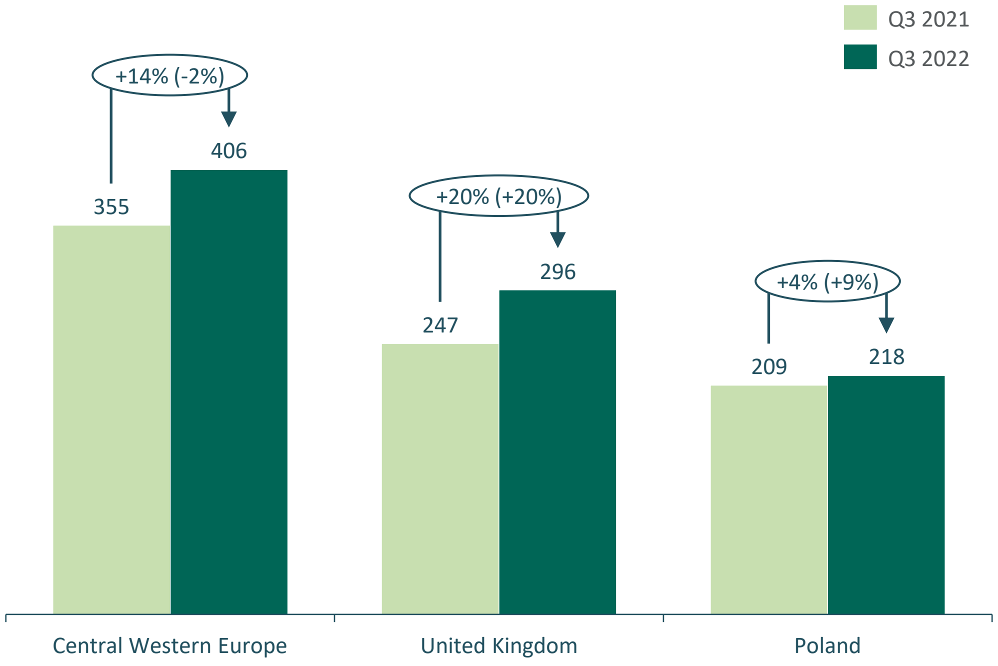
Consolidated revenue by quarter

DKKm. Bubbles show revenue growth (organic growth)



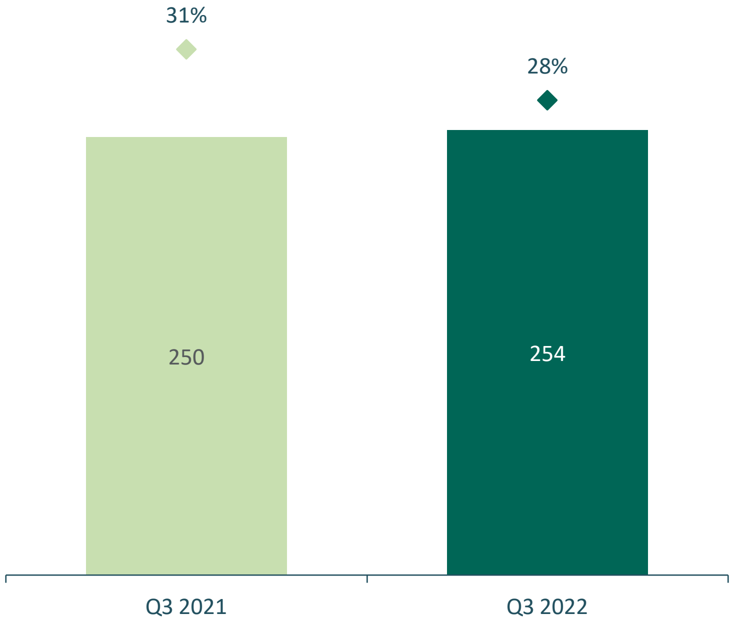
Quarterly revenue by region

DKKm. Bubbles show revenue growth (organic growth)

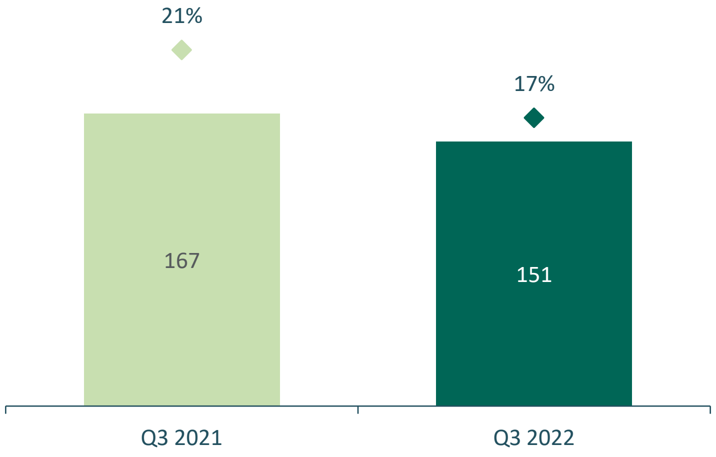


Margins under pressure in Q3 2022 driven by German factory updates and high inflation

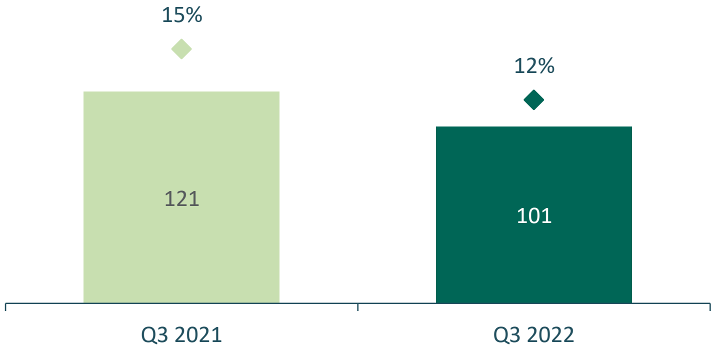
Gross profit and gross margin
DKKm and percent, respectively



EBITDA and EBITDA margin
DKKm and percent, respectively



EBIT and EBIT margin
DKKm and percent, respectively

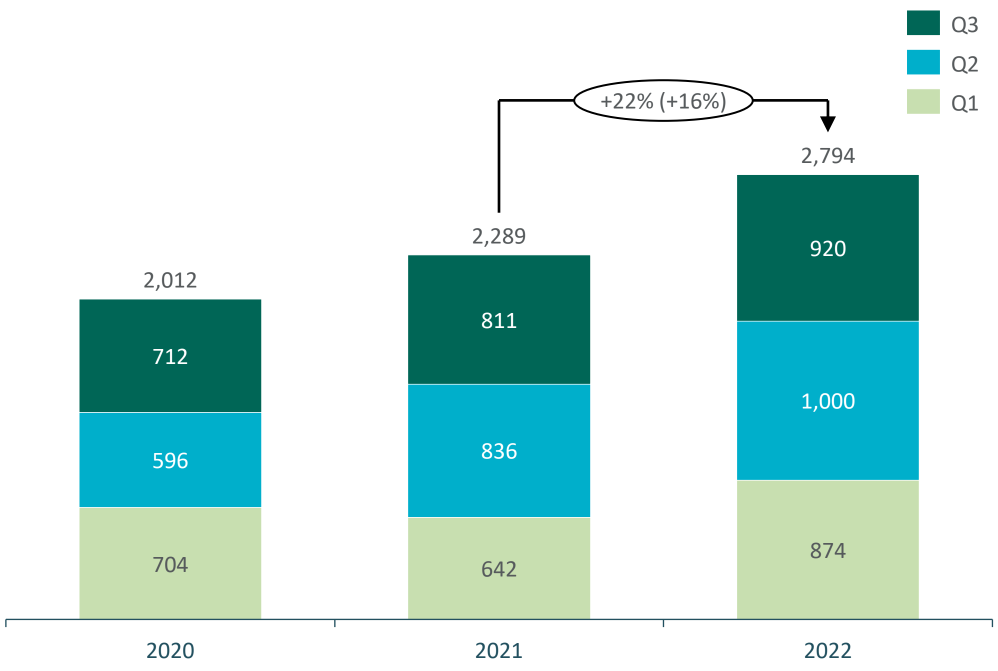


Note: All figures are before special items

Strong start contributes to solid organic growth across all regions for Q1-Q3 2022

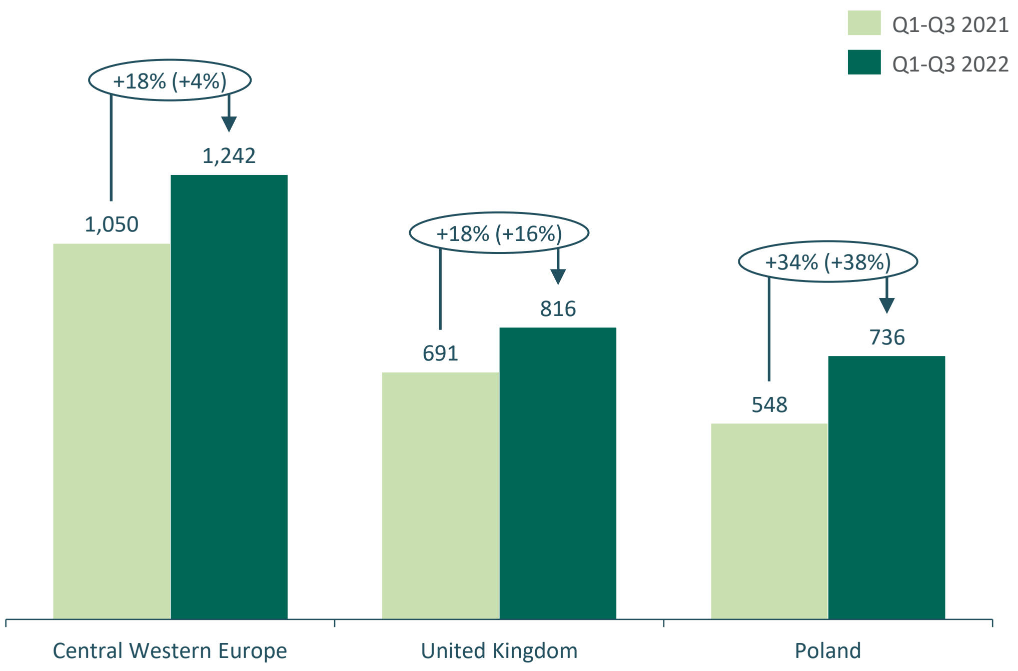
Consolidated Q1-Q3 revenue

DKKm. Bubbles show revenue growth (organic growth)



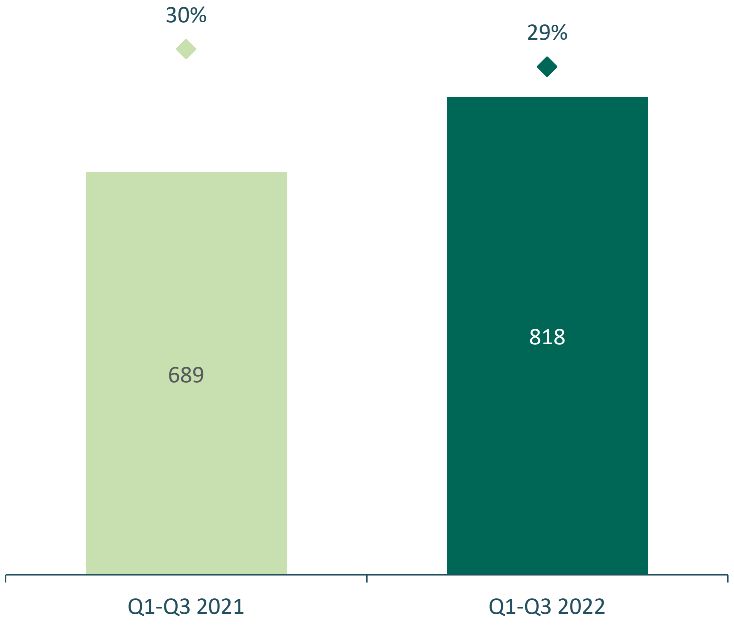
Q1-Q3 revenue by region

DKKm. Bubbles show revenue growth (organic growth)

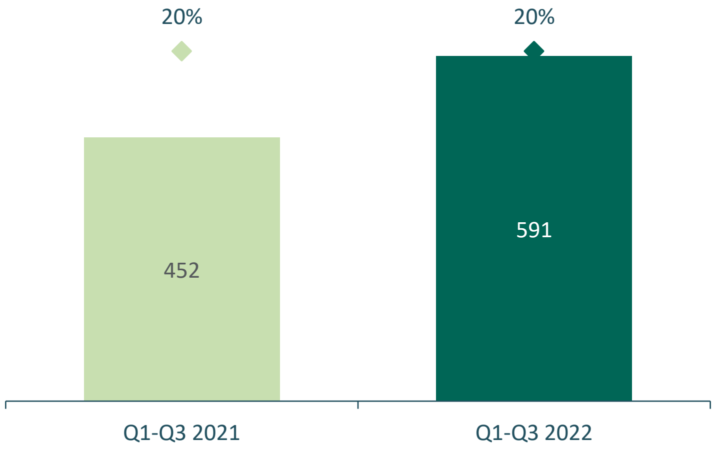


Continued gross margin defence and leverage of SG&A drives EBITDA and EBIT margins in Q1-Q3 2022

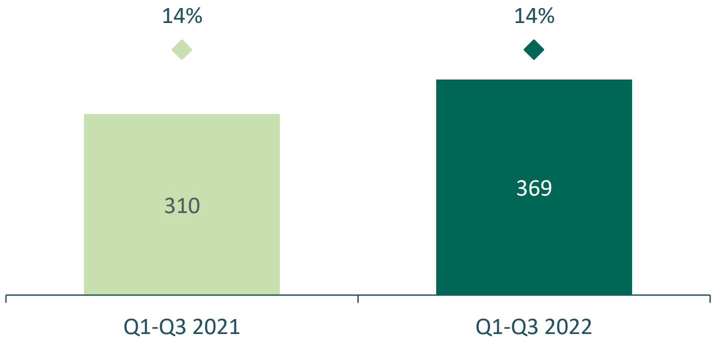
Gross profit and gross margin
DKKm and percent, respectively



EBITDA and EBITDA margin
DKKm and percent, respectively



EBIT and EBIT margin
DKKm and percent, respectively

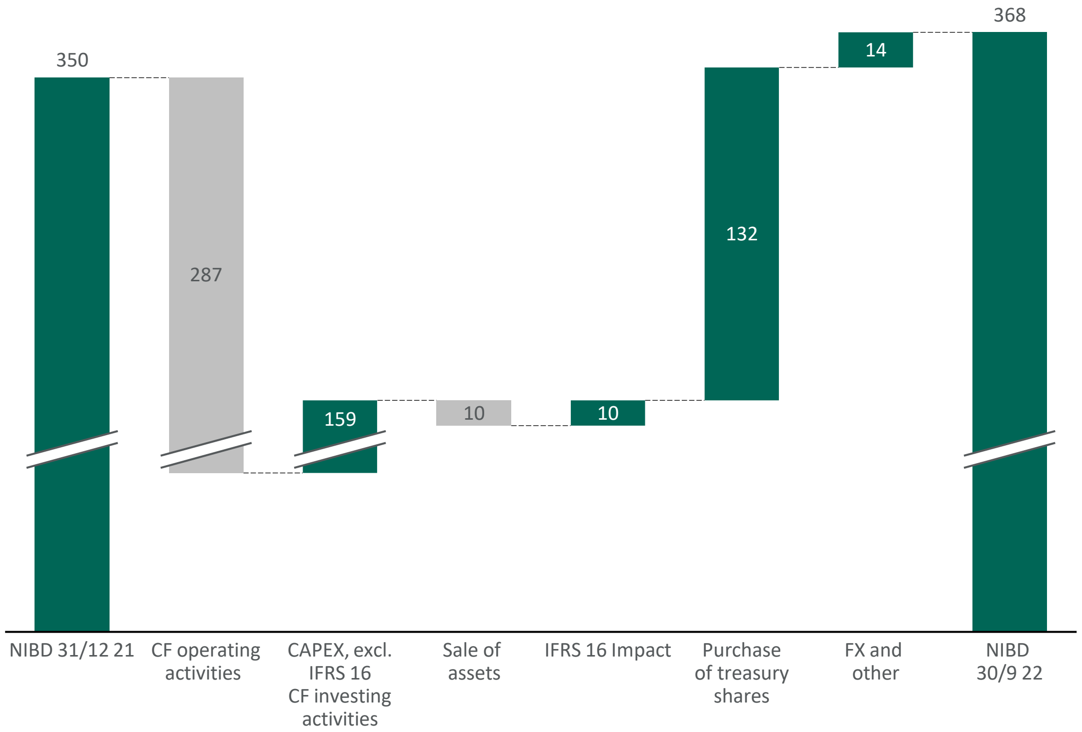


Note: All figures are before special items

Earnings decreased interest-bearing debt partly offset by capital expenditures and the purchase of treasury shares. Financial gearing remains below H+H´s long-term target

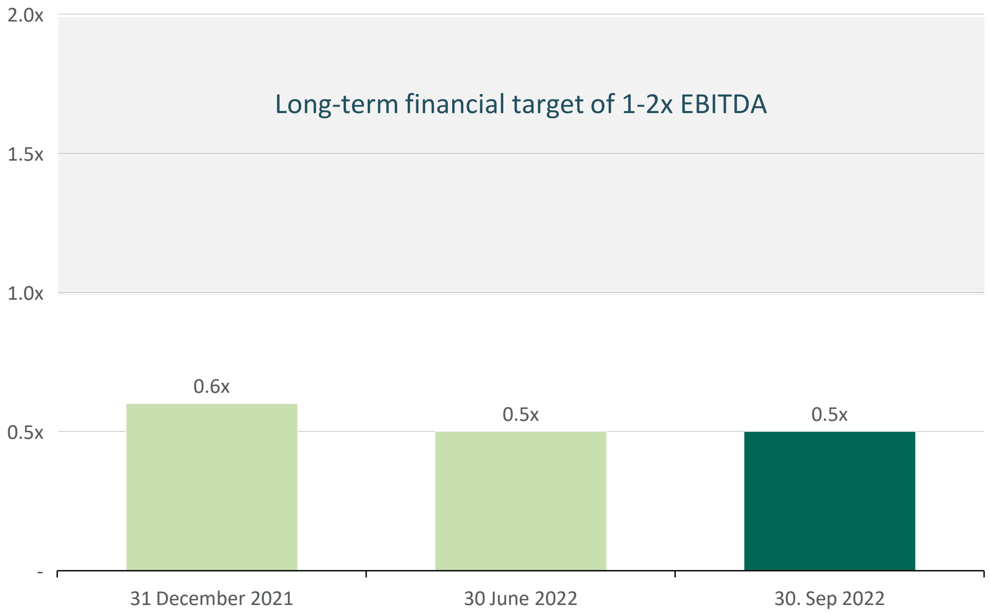
Net interest-bearing debt (“NIBD”)

DKKm



Financial gearing

Net interest-bearing debt to EBITDA before special items



(1) Of the total net interest-bearing debt, lease liabilities amounted to DKK 94 million as of 30 September 2022

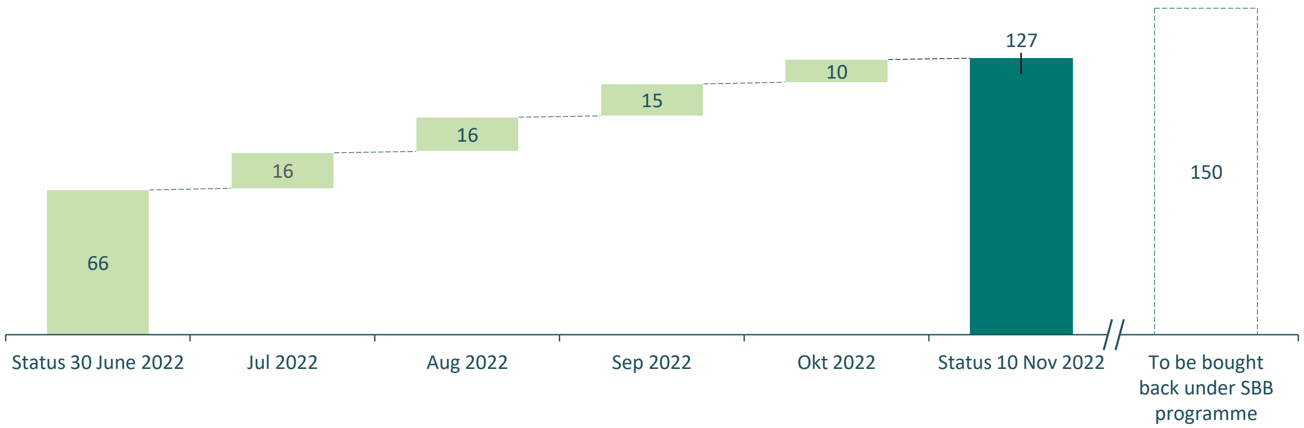
PARTNERS IN WALL BUILDING

Status on DKK 150 million share buy-back programme

- As of 30 September 2022, a total of 770,300 shares, corresponding to 4.4% of the total share capital in H+H, had been bought back under the programme for a total purchase price of DKK 113 million.
- Further investments in profitable growth remains the key strategic focus for H+H.
- The decision to initiate the share buy-back programme is supported by strong earnings and free cash-flow generation, which have resulted in a financial gearing comfortably below the Group's long-term financial target.

Total price for repurchased shares, monthly

DKKm



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Financial outlook for the full year 2022 **narrowed**

Organic growth

~15%

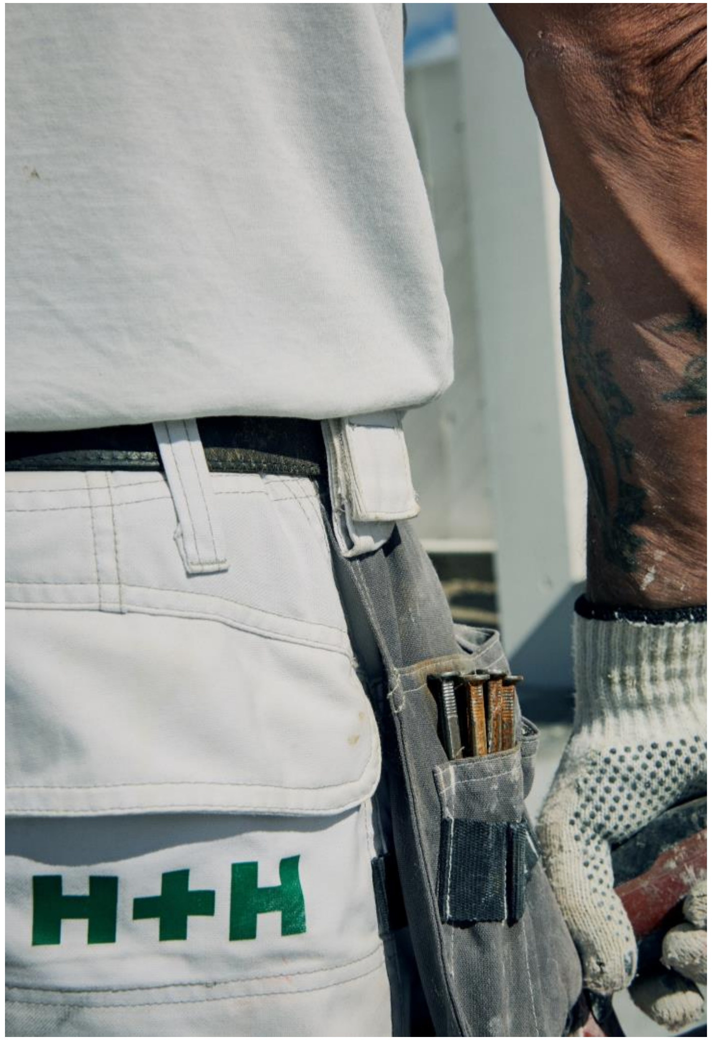
(Previously 15% to 20%)

EBIT before special items

440 to 470

(Previously 440 to 520)

DKKm



Specific assumptions:

- Exchange rates, primarily the British pound ("GBP"), the euro ("EUR") and the Polish zloty ("PLN"), are expected to remain at November 2022 levels.
- Costs of energy costs and raw materials are expected to remain at current levels.

Low visibility as macroeconomic landscape drives performance

In Q3 2022 H+H experienced changes in market conditions resulting in declining markets.

H+H has initiated specific resilience actions to mitigate impacts from a declining market demand.

H+H's continue its ability to negotiate sales price increases with customers to offset the inflationary pressure.

Our focus will be to deliver on our long-term commitments. Recent factory updates and expansions gives strength to H+H´s factory network and enables H+H to capture market growth in the future.

We will continue to deliver strong financial results throughout the cycle and use the market down turn to invest for future growth – organic and through M&A.

Questions and answers

Supplementary information

H+H
PARTNERS IN WALL BUILDING

H+H at a glance

H+H is a leading provider of solutions and materials for wall building. Over the recent years, H+H has grown significantly through acquisitions and now has a strong and diversified market position across its geographies, serving as a solid foundation for continued growth.

Founded in

1909

H+H was established in 1909 when Henrik Johan Henriksen and Waldemar Kähler established the joint stone and gravel-pit enterprise, '*Singelsforretningen Omø*'.

Employees

1,663

We have more than 1,600 employees working across eight different countries in Northern and Central Europe, of which approximately two thirds work in our factories.

Revenue (DKKm)

3,020

In 2021, we generated a total revenue of DKK 3,020 million and an organic growth of 13%. AAC and CSU accounted for 71% and 29% of the total revenue, respectively.

Factories

32

We have 32 factories across Northern and Central Europe with a total annual output of close to 4.5 million cubic metres of wall-building materials.

Acquisitions

24

Since 2014, we have acquired 24 factories. These have contributed to a significant expansion of our factory network and have more than tripled our white-stone businesses in both Germany and Poland.

Revenue split by product line (FY 2021)

71% 29%

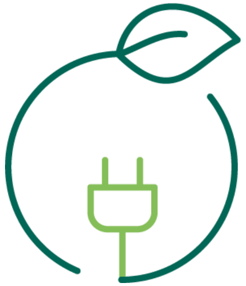
Both products are key components for energy-efficient wall systems

Aircrete ("AAC")
combines strength and durability with fire resistance, low weight and excellent thermal insulation making it the ideal material for the residential low-rise housing market.

Calcium silicate ("CSU")
is a heavy and dense wall-building material primarily used for residential high-rise buildings. The product is fire resistant and has a very high degree of sound insulation.

Summary of strategic targets

Long-term targets



H+H commits to achieving net-zero emissions in our operations and products by

2050

EBIT margin before special items

12%

Increased from 11%
14% in 2021

Return on Invested Capital

16%

Increased from 14%
20% in 2021

Financial gearing

1-2x

Unchanged
0.6x in 2021

Mid-term targets

H+H commits to reducing absolute Scope 1 and 2 greenhouse-gas emissions by

46%

by 2030 compared with 2019

H+H commits to reducing Scope 3 greenhouse-gas emissions by

22%

per kg CO2e/m3 by 2030 compared with 2019

Short-term targets

Organic growth

15% to 20%

13% in 2021

EBIT before special items

DKK 440m to 520m

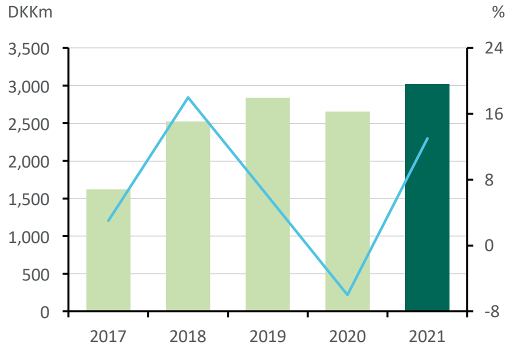
DKK 408m in 2021

- We commit to reducing energy consumption per m3 by 7% versus 2019 base line of 565 MJ per m3 by 2024
- We commit to reducing water usage by 5% versus 2019 base line of 382 litres per m3 by 2024
- We commit to achieving zero waste to landfill by 2024
- We commit to reducing lost-time-incidents frequency ("LTIF") to 3 by 2024
- We commit to reducing absenteeism through sickness to 9 days per annum by 2024
- We commit to improving gender diversity within the Board of Directors to minimum 25-40% of the under-represented gender by no later than the annual general meeting in 2023

Performance highlights

Revenue and organic growth

Revenue
Organic growth

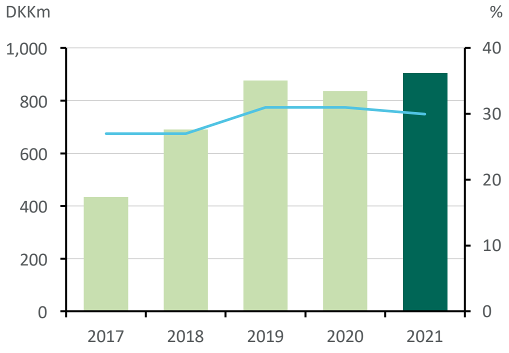


2021

3,020

Gross profit and gross margin before special items

Gross profit[1]
Gross margin[1]

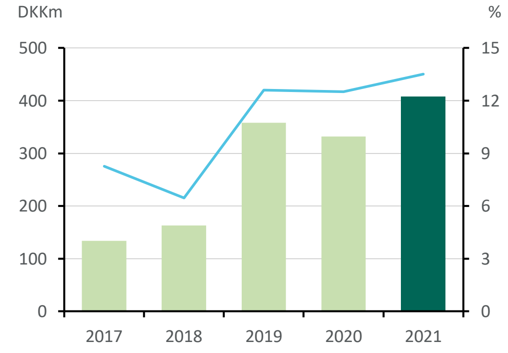


2021

30%

EBIT and EBIT margin before special items

EBIT[1]
EBIT margin[1]

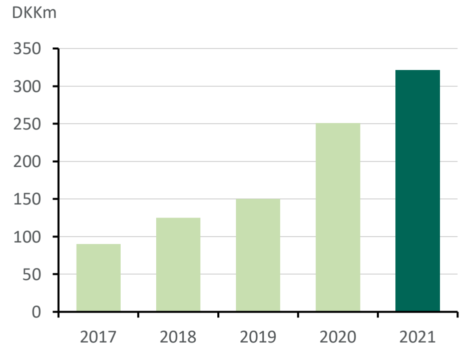


2021

14%

Profit after tax

Profit after tax

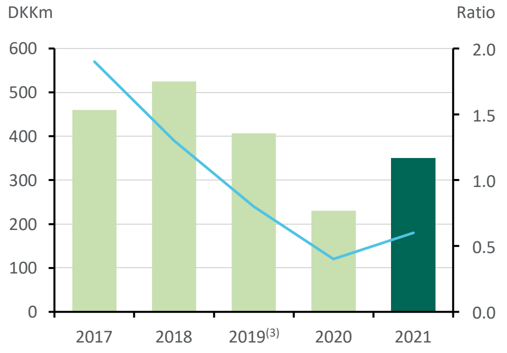


2021

321

Net interest-bearing debt and financial gearing

NIBD
Gearing[2]

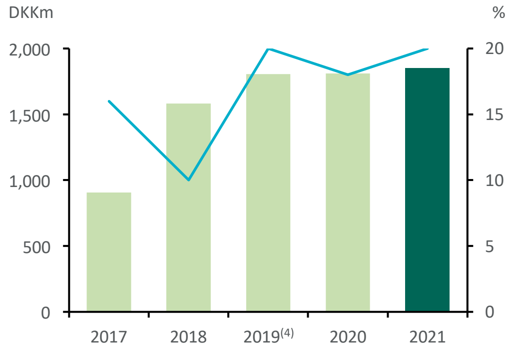


2021

0.6x

Invested capital and ROIC excluding goodwill

Invested Capital
ROIC



2021

20%

(1) Before special items (2) Net interest-bearing debt ("NIBD") to EBITDA before special items ratio (3) NIBD from 2019 onwards includes impact from IFRS 16 (4) In 2018, ROIC was negatively impacted by a one-off related to the acquisition and integration of the German and Polish businesses and impairment of fixed assets in Russia. Adjusted for these items, ROIC would have been 17%

Five-year financial summary

Income statement (DKK million)	2021	2020	2019	2018	2017
Revenue	3,020	2,654	2,840	2,523	1,622
Gross profit before special items	905	836	877	690	452
EBITDA before special items	591	521	539	410	242
EBITDA	567	521	531	345	212
EBIT before special items	408	332	366	228	165
EBIT	377	332	358	163	134
Profit before tax	356	307	205	125	116
Profit after tax for the period	321	251	150	125	90

Balance sheet (DKK million)	2021	2020	2019	2018	2017
Assets	3,400	2,909	2,716	2,421	1,327
Invested capital	1,852	1,811	1,805	1,582	907
Investments in property, plant, and equipment(1)	197	134	126	138	110
Aquisition and divestment of enterprises	238	72	(20)	839	35
Net Working Capital	65	55	48	8	58
Equity	1,814	1,509	1,371	1,000	377
Net interest-bearing debt ("NIBD")	350	230	407	525	460

Cash flow (DKK million)	2021	2020	2019	2018	2017
Cash flow from operating activities	454	425	369	370	83
Cash flow from investing activities	(427)	(206)	(105)	(973)	(144)
Cash flow from financing activities	(25)	6	(131)	679	66
Free cash flow	27	219	264	(603)	(61)

Financial ratios	2021	2020	2019	2018	2017
Organic growth	13%	(6%)	6%	18%	3%
Gross margin before special items	30%	31%	31%	27%	27%
EBITDA margin before special items	20%	20%	19%	16%	15%
EBITDA margin	19%	20%	19%	14%	13%
EBIT margin before special items	14%	13%	13%	9%	10%
EBIT margin	12%	13%	13%	6%	8%
Return on Invested Capital, excluding goodwill(2)	20%	18%	20%	10%	16%
Solvency ratio	50%	50%	49%	41%	28%
Financial gearing	0.6x	0.4x	0.8x	1.3x	1.9x

ESG measures	2021	2020	2019	2018	2017
Average number of FTEs	1,572	1,619	1,685	1,651	1,062
FTEs end of period (excluding divestments)	1,663	1,571	1,636	1,608	1,022
Lost-Time Incident frequency (LTIF)	5	6	6	9	11
Sickness absence (days per FTE)	12	13	13	11	10
Total energy per m^3 (MJ)	553	548	565	593	551
Water consumption per m3 (litres)	351	353	382	387	394

(1) Investment in property, plant, and equipment excludes effects from IFRS 16 (2) Due to the acquisitions, the method for calculating Return on Invested Capital ("ROIC") has changed to better reflect a true and fair view. ROIC for the period 2018-2021 has been calculated as Operating Profit (EBIT) relative to the average invested capital (excluding goodwill) on a twelve-month basis

Note: Financial ratios and ESG measures have been calculated in accordance with recommendations from the Danish Society of Financial Analysts

PARTNERS IN WALL BUILDING

Business model

Resources

People
We value our workforce, recognise the advantages of diversity and believe in the equality of people

Raw materials
Our products are made of sand, water and lime, with cement and aluminium added for aircrete

Factory network
We have created a strong network of factories and sales offices with national reach within the countries in which we operate

Unique market conditions for growth
Structural undersupply of housing, demographic growth, urbanisation and changing housing needs provide a solid growth platform

Solid capital structure
Our strong and flexible capital structure supports our continued growth journey and sustainable shareholder value-creation

Quality manufacturing
We follow a lean manufacturing process to improve efficiency and eliminate waste. Further, targeted capital investments improve reliability, throughput and quality across the production platform

Value-added sales
We support our customers from the early planning stage and throughout the wall-building process. We aim to be the ideal partner and a one-stop shop for every wall-building project

Our business

We are Partners in Wall Building delivering **trusted, sustainable and innovative solutions** which enable better homes and workplaces for our communities

Diversified market
Our product range is diverse, and its flexibility allows for various applications. As a result, the customer segments are also diverse and provide a differentiated risk profile

Strategy execution
We have a strong track record of strategy execution. Through consolidation of the European white-stone markets, we have realised significant synergies related to both pricing, sourcing and sales channels

Added value

Customer value
By understanding our customers, their local needs and the industry trends, we help overcome challenges, eliminate waste and manage complexities throughout the wall-building process

Modern and carbon-friendly products
Our products offer improved indoor climate and energy savings as well as fire resistance and better acoustic insulation between rooms. In addition, the products are long-lasting and can be integrated into a circular economy

Safe and attractive work environment
Employment and working conditions must be safe, fair and non-discriminatory to attract top talents and support the development and career ambitions of our employees

Shareholder value
We will continue to pursue profitable growth through acquisitions and investments in the existing production platform to generate robust, long-term value for our shareholders. Further, we may return excess capital to shareholders by means of dividends and/or share buy-back programmes.

Equity story

Unique market conditions for growth

- Structural under-supply of housing
- Government commitment and stimuli programmes for housebuilding
- Demographic growth and changing housing needs
- Fragmented markets with room for consolidation through acquisitions
- High entry barriers for new competitors

Differentiated market approach

- Value-added customer relationships and assistance through entire building process
- Supplying sophisticated and sustainable solutions
- High degree of market adaptability
- High customer retention rate

Sustainable solutions —net-zero emissions by 2050

- Long-lasting and recyclable products
- Carbon-friendly products with increasing market penetration
- Insulating properties leading to energy savings and more sustainable buildings
- Excellent indoor climate, fire resistance and acoustic comfort
- Commitment to ambitious 1.5-degree emissions-reduction target

Proven track record of strategy execution

- European market-leading position in AAC and CSU products established through M&A
- Consolidation of fragmented markets continues to provide attractive synergies
- Efficient integration process and agile organisation
- Return on Invested Capital ("ROIC") consistently above WACC
- Strong cash-flow generation to fund continued growth

Condensed consolidated income statement

Income statement (DKK million)	Q3 2022	Q3 2021	Q1-Q3 2022	Q1-Q3 2021	Full year 2021
Revenue	920	811	2,794	2,289	3,020
Cost of goods sold	(666)	(561)	(1,976)	(1,600)	(2,115)
Gross profit before special items	**254**	**250**	**818**	**689**	**905**
Sales costs	(41)	(36)	(125)	(108)	(143)
Administrative costs	(53)	(46)	(157)	(135)	(186)
Other operating income and costs, net	0	3	10	6	15
EBITDA before special items	**160**	**171**	**546**	**452**	**591**
Depreciation, amortisation and impairment losses	(50)	(46)	(149)	(138)	(183)
EBIT before special items	**110**	**125**	**397**	**314**	**408**
Special items, net	(9)	(4)	(28)	(4)	(31)
EBIT	**101**	**121**	**369**	**310**	**377**
Financial imcome	1	1	3	2	4
Financial expenses	(4)	(7)	(15)	(18)	(25)
Profit before tax	**98**	**115**	**357**	**294**	**356**
Tax on profit	(16)	(27)	(74)	(64)	(35)
Profit for the period	**82**	**88**	**283**	**230**	**321**
Profit for the year attributable to:					
H+H International A/S' shareholders	78	85	275	227	310
Non-controlling interests	4	3	8	3	11
Profit for the period	**82**	**88**	**283**	**230**	**321**
Earnings per share (EPS-basic) (DKK)	4.4	4.7	10.7	12.7	17.5
Diluted earnings per share (EPS-D) (DKK)	4.4	4.7	10.7	12.7	17.5

PARTNERS IN WALL BUILDING

Condensed consolidated statement of comprehensive income

Statement of comprehensive income (DKK million)	Q3 2022	Q3 2021	Q1-Q3 2022	Q1-Q3 2021	Full year 2021
Profit for the period	**82**	**88**	**283**	**230**	**321**
Items that may be reclassified subsequently to profit or loss:					
Foreign exchange adjustments, foreign entities	(23)	(9)	(38)	1	9
	(23)	(9)	(38)	1	9
Items that will not be reclassified subsequently to profit:					
Actuarial gains and losses	1	(6)	(39)	27	47
Tax on actuarial gains and losses	(6)	1	(2)	(5)	(11)
	(1)	(5)	(41)	22	36
Other comprehensive income after tax	**(28)**	**(14)**	**(79)**	**23**	**45**
Total comprehensive income for the period	**54**	**74**	**204**	**253**	**366**

Condensed consolidated balance sheet

Assets (DKK million)	30 Sep. 2022	31 Dec. 2021	30 Sep. 2021
Non-current assets			
Goodwill	453	364	292
Other intangible assets	272	296	243
Property, plant and equipment	1,718	1,707	1,598
Deferred tax assets	15	17	12
Financial assets	7	6	6
Total non-current assets	**2,465**	**2,390**	**2,151**
Current assets			
Inventories	442	321	247
Receivables	270	190	233
Cash	528	499	660
Total current assets	**1,240**	**1,010**	**1,140**
Total assets	**3,705**	**3,400**	**3,291**

Equity and liabilities (DKK million)	30 Sep. 2022	31 Dec. 2021	30 Sep. 2021
Equity			
Share capital	175	180	180
Retained earnings	1,773	1,662	1,595
Other reserves	(176)	(138)	(146)
Equity attributable to H+H International A/S's shareholders	1,772	1,704	1,629
Equity attributable to non-controlling interests	96	110	64
Total equity	**1,868**	**1,814**	**1,693**
Non-current liabilities			
Pension obligations	91	85	109
Provisions	41	41	33
Deferred tax assets	126	137	134
Credit institutions	802	743	730
Deferred payments, acquisition of subsidary	105	-	-
Lease liabilities	74	85	90
Total non-current liabilities	**1,239**	**1,091**	**1,096**
Current liabilities			
Lease liabilities	20	21	21
Trade payables	292	251	250
Income tax	59	23	37
Deferred payments, acquisition of subsidary	7	-	-
Provisions	5	5	3
Other payables	215	195	191
Total current liabilities	**598**	**495**	**502**
Total liabilities	**1,837**	**1,586**	**1,598**
Total equity and liabilities	**3,705**	**3,400**	**3,291**
Net interest-bearing debt	368	350	181

PARTNERS IN WALL BUILDING

Condensed consolidated cash flow statement

Cash flow statement (DKK million)	Q3 2022	Q3 2021	Q1-Q3 2022	Q1-Q3 2021
Operating profit (loss)	101	121	369	310
Financial income, received	1	1	3	2
Financial items, paid	(4)	(7)	(15)	(18)
Depreciation and amortisation	50	46	149	138
Gain and losses on sale of assets and other non-cash effects	2	4	(5)	4
Change in working capital	(27)	42	(138)	13
Change in provisions and pension contribution	(5)	(7)	(32)	(21)
Income tax paid	(17)	(24)	(44)	(51)
Operating activities	**101**	**176**	**287**	**377**
Acquisition of enterprises	-	(127)	-	(127)
Acquisition of property, plant and equipment and intangible assets	(65)	(44)	(149)	(105)
Investing activities	**(65)**	**(171)**	**(149)**	**(232)**
Free cash flow	36	5	59	121
Change in borrowings	31	34	59	121
Change in lease liabilities	(6)	(6)	(19)	(20)
Purchase of treasury shares	(47)	(27)	(132)	(63)
Other	-	-		(7)
Financing activities	**(22)**	**1**	**(92)**	**31**
Cash flow for the period	**14**	**6**	**46**	**176**
Cash, opening	526	657	499	481
Foreign exchange adjustments of cash	(12)	(3)	(17)	3
Cash and cash equivalents, closing	**528**	**660**	**528**	**660**

PARTNERS IN WALL BUILDING

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