

Company Announcement No. 540, 2023

15 August 2023

Interim Financial Report H1 2023: H+H lowers financial outlook. Using the current environment to strengthen the company

CHIEF EXECUTIVE OFFICER JÖRG BRINKMANN QUOTE

“Despite a positive trend in Q2, we are trending behind our volume expectations in CWE and UK in July and August. On top of this, we are starting to see higher price competition in Germany. Consequently, our organic growth will be negatively impacted in H2, changing our guidance. We are using the current environment to improve our operations for the long-term. We are proactively driving the efficiency of our plant network by shifting volumes to higher efficient plants and increase their output. In parallel we are further streamlining our SG&A costs with a special focus on CWE and strengthening procurement to support the balance between price and cost. All these efforts will lead to an even stronger company for when the markets recover.” says CEO Jörg Brinkmann.

PERFORMANCE HIGHLIGHTS FOR Q2 2023 (Q2 2022)

- Sales volume decreased by 39% to 723 thousand cubic metres (1,182 thousand cubic metres)
- Revenue growth before acquisitions and divestments measured in local currencies (“organic growth”) was negative 26% (positive 13%).
- Gross profit before special items was DKK 178 million (DKK 320 million), corresponding to a gross margin of 24% (32%).
- EBIT before special items was DKK 38 million (DKK 177 million), corresponding to an EBIT margin before special items of 5% (18%).
- Net profit of DKK (101) million (DKK 129 million).
- Free cash flow was DKK (68) million (DKK 165 million).
- Financial gearing was 2.0 times EBITDA at the end of Q2 2023 (0.5 times EBITDA at the end of Q2 2022).

FINANCIAL HIGHLIGHTS FOR THE PERIOD

DKK million	Q2 2023	Q2 2022	H1 2023	H1 2022
Sales volume (thousand cubic metres)	723	1,182	1,357	2,269
Revenue	731	1,000	1,372	1,874
Organic growth	(26)%	13%	(26)%	20%
Gross margin before special items	24%	32%	24%	30%
EBITDA before special items	87	227	159	386
EBIT before special items	38	177	59	287
EBIT margin before special items	5%	18%	4%	15%
Special items	(165)	(9)	(174)	(19)
Return on Invested Capital (ROIC)	2%	26%	2%	26%
NIBD/EBITDA before special items ratio	2.0x	0.5x	2.0x	0.5x
Free cash flow	(68)	165	(377)	102

FINANCIAL OUTLOOK FOR 2023 IS LOWERED

- Revenue growth measured in local currencies is expected to be negative ranging from -20% to -25% (previously -15% to -20%)
- EBIT before special items is expected to be in the range of DKK 30 million to DKK 100 million (previously 100 to 175 DKKm)

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

- Sales volumes expected to decrease around -30% to -35%
- Exchange rates, primarily GBP, EUR and PLN remain at end-July 2023 levels.

H1 2023 INTERIM FINANCIAL REPORT CONFERENCE CALL

In connection with the release of the H1 2023 Interim Financial Report, a conference call for investors and analysts is scheduled for Wednesday 16 August 2023, at 10:00 a.m. CEST. On the call, Chief Executive Officer ("CEO") Jörg Brinkmann and Chief Financial Officer ("CFO") Peter Klovgaard-Jørgensen will present the H1 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):

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

H+H's core activity is the manufacture and sale of wall-building materials with a revenue in 2022 of DKK 3.6 billion. The main product lines are aircrete blocks and calcium silicate units used for the residential new building segment. H+H has 32 factories in Northern and Central Europe with a total output of close to 4.5 million cubic metres of products annually and has a leading position in most of its markets. H+H has more than 1,700 employees and is listed on the Nasdaq Copenhagen stock exchange.