

Interim Financial Report, H1 2024

CHIEF EXECUTIVE OFFICER JÖRG BRINKMANN QUOTE

“Second quarter confirmed the positive market trends in the UK and Poland leading to strong organic growth in both countries in line with expectations. As a consequence, we are reinstalling capacity and will reopen our mothballed plant in Pollington (UK) to be prepared for future market growth. In Germany we are not seeing a recovery and new build activity is again significantly below last year. Consequently, we are not seeing the full potential of our business improvement results yet. The likely sale of land in Warsaw will bring our financial gearing closer to our long-term financial target” says CEO Jörg Brinkmann.

PERFORMANCE HIGHLIGHTS FOR Q2 2024 (Q2 2023)

- Sales volume increased by 8% to 779k m³ (723 k m³), 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 negative 3% (negative 26%). We see stable pricing across our markets compared to Q1 2024.
- Gross profit before special items was DKK 132 million (DKK 178 million), corresponding to a gross margin of 18% (24%). The decrease in gross margin is driven by de-stocking and excess gas costs.
- EBIT before special items was negative DKK 5 million (positive DKK 38 million), corresponding to an EBIT margin before special items of negative 1% (positive 5%).
- Financial gearing was 6.5 times EBITDA before special items at the end of Q2 2024 (2.0 times EBITDA at the end of Q2 2023), which aligns with our expectations, and anticipated to decrease over the upcoming quarters. Additionally, the potential land sale in Warsaw will further improve the financial gearing.

OTHER KEY EVENTS

- Temporary closure of the Borough Green plant in the UK during July. Until now and during the coming ramp-up phase the expected financial loss (EBIT before special items) of the lost production and directly related costs are in the region of DKK 10-15 million.
- Decision on re-opening the mothballed plant in Pollington to secure future supply in 2025.
- H+H has agreed on a conditional sale of land and buildings of its closed down factory in Warsaw to Polish residential developer ROBYG Group for a price of PLN 110 million (approximately DKK 190 million).

FINANCIAL OUTLOOK FOR 2024 NARROWED

The German market situation and the temporary closure of the Borough Green plant in the UK during July are leading us to narrow our guidance. Potential land sale in Warsaw will be made in cash and be treated as a special item, having no impact on full-year guidance expectations and will reduce net debt by approximately DKK 190 million.

- Revenue growth measured in local currencies is expected to around 0% (from -5% to +5%)
- EBIT before special items is expected to be in the range of DKK million 50 to 100 (from 50 to 150)

H1 2024 INTERIM FINANCIAL REPORT CONFERENCE CALL

In connection with the release of the H1 2024 Interim Financial Report, a conference call for investors and analysts is scheduled for Wednesday 14 August 2024, at 10:00 p.m. CEST. The presentation will be followed by a Q&A session. Participants can follow the conference call via live webcast [here](#).