Company Announcement No. 517, 2022

Q1-Q3 2022 Interim Financial Report: high-inflation environment continued to drive price increases, while market demand started to soften

H+H International A/S
Lautrupsgade 7, 5.
2100 Copenhagen Ø
Denmark

Telephone +45 35 27 02 00
info@HplusH.com
www.HplusH.com

CVR No. 49 61 98 12
LEI: 213800GJODT6FV8QM841

Date:
10 November 2022

Today, the Board of Directors of H+H International A/S (hereinafter referred to as "H+H" or "the Company") has adopted the Interim Financial Report for the third quarter ("Q3 2022") and the first nine months of 2022 ("Q1-Q3 2022").

CHIEF EXECUTIVE OFFICER JÖRG BRINKMANN QUOTE

"I'm very excited to join H+H and to be part of the highly committed organisation. 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 according to our long-term commitments. The short-term business environment is challenging market demand but at the same time, it also represents a great possibility to position H+H for a successful future and realize the full potential of the company."

PERFORMANCE HIGHLIGHTS FOR Q3 2022 (Q3 2021)

- Revenue increased by 13% to DKK 920 million (DKK 811 million).
- Revenue growth before acquisitions and divestments measured in local currencies ("organic growth") was 7% (13%).
- Gross profit was DKK 254 million (DKK 250 million), corresponding to a gross margin of 28% (31%).
- EBIT before special items was DKK 110 million (DKK 125 million), corresponding to an EBIT margin before special items of 12% (15%).
- Net profit of DKK 82 million (DKK 88 million).
- Free cash flow was DKK 36 million (DKK 5 million).
- Financial gearing was 0.5 times EBITDA at the end of Q3 2022 (0.3 times EBITDA at the end of Q3 2021).

FINANCIAL HIGHLIGHTS FOR THE PERIOD 1 JANUARY 2022 TO 30 SEPTEMBER 2022

DKK million	Q3 2022	Q3 2021	Q1-Q3 2022	Q1-Q3 2021
Sales volume (thousand cubic metres)	1,019	1,176	3,288	3,328
Revenue	920	811	2,794	2,289
Organic growth	7%	13%	16%	14%
Gross margin before special items	28%	31%	29%	30%
EBITDA before special items	160	171	546	452
EBIT before special items	110	125	397	314
EBIT margin before special items	12%	15%	14%	14%
Special items	(9)	(4)	(28)	(4)
Return on Invested Capital (ROIC)	24%	21%	24%	21%
Free cash flow	36	5	138	145
NIBD/EBITDA before special items ratio	0.5x	0.3x	0.5x	0.3x

FINANCIAL OUTLOOK FOR 2022

The financial outlook for the full year 2022 is narrowed:

- Revenue growth before acquisitions and divestments measured in local currencies ("organic growth") is expected to be around 15% (previously 15% to 20%).
- EBIT before special items is expected to be in the range of DKK 440 million to DKK 470 million (previously 440 million to DKK 520 million).

The financial outlook for 2022 is based on the following 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.

Q1-Q3 2022 INTERIM FINANCIAL REPORT CONFERENCE CALL

In connection with the release of the Q1-Q3 2022 Interim Financial Report, a conference call for investors and analysts is scheduled for Thursday 10 November 2022, 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 interim financial report. The presentation will be followed by a Q&A session. Investors and analysts are invited to participate via phone:

DK: +45 78 15 01 07
UK: +44 333 300 9263
US: +1 646 722 4904

- Other participants can follow the conference call via live webcast here.
- The presentation slides for the conference call will be made available beforehand here.
- A replay of the conference call will be available afterwards 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 2021 of DKK 3.0 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 1,600 employees and is listed on the Nasdaq Copenhagen stock exchange.

KEY FIGURES – H+H GROUP

Amounts in DKK million	Q3 2022	Q3 2021	Q1-Q3 2022	Q1-Q3 2021	Full-year 2021
Income statement					
Revenue	920	811	2,794	2,289	3,020
Gross profit before special items	254	250	818	689	905
EBITDA before special items	160	171	546	452	591
EBITDA	151	167	518	448	567
EBIT before special items	110	125	397	314	408
EBIT	101	121	369	310	377
Profit before tax	98	115	357	294	356
Profit for the period	82	88	283	230	321
Balance sheet					
Assets	3,705	3,291	3,705	3,291	3,400
Invested capital*	2,034	1,832	2,034	1,832	1,852
Investments in property, plant and equipment**	65	44	149	105	197
Acquisition and divestment of enterprises	-	127	-	127	238
Net working capital	205	39	205	39	65
Equity	1,868	1,693	1,868	1,693	1,814
Net Interest-bearing debt (NIBD)	368	181	368	181	350
Cash flow					
Cash flow from operating activities	101	176	287	377	454
Cash flow from investing activities	(65)	(171)	(149)	(232)	(427)
Cash flow from financing activities	(22)	1	(92)	31	(25)
Free cash flow	36	5	138	145	27
Financial ratios					
Organic growth	7%	13%	16%	14%	13%
Gross margin before special items	28%	31%	29%	30%	30%
EBITDA margin before special items	17%	21%	20%	20%	20%
EBITDA margin	16%	21%	19%	20%	19%
EBIT margin before special items	12%	15%	14%	14%	14%
EBIT margin	11%	15%	13%	14%	12%
Return on invested capital (ROIC) (excl. Goodwill)	24%	21%	24%	21%	20%
Solvency ratio	48%	49%	48%	49%	50%
NIBD/EBITDA before special items ratio	0.5x	0.3x	0.5x	0.3x	0.6x
Share data					
Share price, end of period (DKK)	100	224	100	224	230
Book value per share, end of period (DKK)	107	95	107	95	102
Earnings per share	4.4	4.7	15.7	12.7	17.5
Diluted earnings per share	4.4	4.7	15.7	12.7	17.5

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

* Invested capital is measured on a rolling twelve-months basis.
** Investments in property, plant and equipment exclude effects from IFRS 16.

MANAGEMENT'S REVIEW

INCOME STATEMENT FOR THE THIRD QUARTER OF 2022

Revenue
Total revenue increased by 13% to DKK 920 million in Q3 2022 compared to DKK 811 million in Q3 2021. Revenue growth before acquisitions and divestments measured in local currencies ("organic growth") was 7% in Q3 2022 compared to 13% in Q3 2021.

The relatively higher organic growth was driven by the continued implementation of sales price increases to counter the continued high inflationary pressure, offset by lower sales volumes for the quarter as a result of lower production output primarily due to the planned upgrade of the Wittenborn factory in Germany as well as a softening of sales volumes in Poland.

Revenue, external				
	Q3		Q1-Q3	
Amounts in DKK million	2022	2021	2022	2021
			Revenue	
Central Western Europe	406	355	1.242	1.050
United Kingdom	296	247	816	691
Poland	218	209	736	548
Total	920	811	2.794	2.289

Revenue in the Central Western Europe region increased by 14% to DKK 406 million compared to DKK 355 million in Q3 2021 driven by revenue from acquisitions. Organic growth in the region was negative 2% as a result of lower sales volumes for AAC, and to a lesser extend for CSU, partly offset by higher sales prices for both product categories.

Revenue in the United Kingdom increased by 20% to DKK 296 million compared to DKK 247 million in Q3 2021. Organic growth in the United Kingdom was 20%, mainly driven by higher sales prices.

Revenue in Poland increased by 4% to DKK 218 million compared to DKK 209 million in Q3 2021. Organic growth was 9%, driven by higher sales prices partly offset by lower sales volumes.

Of the total revenue in Q3 2022 of DKK 920 million, AAC and CSU constituted 71% and 29%, respectively.

Production cost
Production cost remained impacted by increasing prices for raw materials as well as higher transport prices in the UK from a continued high demand pressure.

H+H has during the third quarter of 2022 continued the planned upgrade of the German factory in Wittenborn, resulting in relatively lower production output and higher production costs in the period.

Gross profit
Gross profit amounted to DKK 254 million compared to DKK 250 million in Q3 2021, corresponding to gross margins of 28% and 31%, respectively.

Gross profit in the AAC and CSU businesses amounted to DKK 172 million and DKK 82 million in Q3 2022, respectively. This corresponded to gross margins of 26% and 30% for AAC and CSU, respectively.

EBITDA before special items
EBITDA before special items amounted to DKK 160 million compared to DKK 171 million in Q3 2021, corresponding to EBITDA margins of 17% and 21%, respectively.

Depreciation and amortisation
Depreciation and amortisation in Q3 2022 amounted to DKK 50 million compared to DKK 46 million in Q3 2021. The increase related to companies acquired in 2021.

EBIT before special items
EBIT before special items amounted to DKK 110 million in Q3 2022, compared to DKK 125 million in Q3 2021, corresponding to EBIT margins before special items of 12% and 15%, respectively.

Special items
Special items of DKK 9 million for Q3 2022 comprise of additional transport cost as a result of an ongoing factory upgrade in Germany.

Net financials
Net financials totalled an expense of DKK 3 million in Q3 2022, compared to an expense of DKK 6 million in Q3 2021. The development is driven by lower interest expenses, net.

Profit before tax
Profit before tax amounted to DKK 98 million in Q3 2022, compared to DKK 115 million in Q3 2021.

Tax
Tax for the period amounted to a net expense of DKK 16 million compared to a net expense of DKK 27 million in Q3 2021. Please refer to Note 12 for more information about tax for the period.

Net profit
Net profit for the period amounted to DKK 82 million compared to DKK 88 million in Q3 2021.

Profit for the period is attributable to H+H International A/S' shareholders by DKK 78 million and to non-controlling interests by DKK 4 million compared to DKK 85 million and DKK 3 million, respectively, for Q3 2021.

Comprehensive income
Other comprehensive income for Q3 2022 totalled a loss of DKK 28 million compared to a loss of DKK 14 million in Q3 2021. The year-on-year decrease was mainly driven by unfavourable foreign exchange rates.

INCOME STATEMENT FOR THE FIRST NINE MONTHS OF 2022

Revenue
Total revenue for the first nine months of 2022 increased by 22% to DKK 2,794 million compared to DKK 2,289 million in the first nine months of 2021. Organic growth was 16% in the first nine months of 2022 compared to 14% for the first nine months of 2021.

Of the total revenue of DKK 2,794 million, AAC and CSU constituted 71% and 29%, respectively.

Gross profit
Gross profit in the first nine months 2022 increased by 19% to DKK 818 million compared to DKK 689 million in 2021, corresponding to gross margins of 29% and 30%, respectively.

Gross profit in the AAC and CSU businesses amounted to DKK 571 million and DKK 247 million, respectively. This compares to DKK 501 million and DKK 188 million in the first nine months of 2021 for the AAC and CSU businesses, respectively.

EBITDA before special items
EBITDA before special items in the first nine months of 2022 increased by 21% to DKK 546 million compared to DKK 452 million in 2021, corresponding to EBITDA margins of 20% and 20%, respectively.

Depreciation and amortisation
Depreciation and amortisation in the first nine months of 2022 amounted to DKK 149 million compared to DKK 138 million in first nine months of 2021. The increase relates to companies acquired in 2021.

EBIT before special items
EBIT for the first nine months of 2022 increased by 26% to DKK 397 million compared to DKK 314 million in 2021, corresponding to EBIT margins of 14% and 14%, respectively.

Special items
Special items for the first nine months of 2022 comprise restructuring costs of DKK 28 million, comprising additional transport costs related to a factory upgrade in Germany, the acquired AAC factory located in Feuchtwangen in Bavaria, Germany as well as costs related to changes to Group Management.

Net financials
Net financials totalled an expense of DKK 12 million in the first nine months of 2022, compared to an expense of DKK 16 million in 2021. The development is driven by lower interest expenses, net.

Profit before tax
Profit before tax for the first nine months of 2022 amounted to DKK 357 million, compared to DKK 294 million in first nine months of 2021.

Tax
Tax for the period amounted to a net expense of DKK 74 million compared to a net expense of DKK 64 million in first nine months of 2021. Please refer to Note 12 for more information about tax for the period.

Net profit
Profit in the first nine months of 2022 increased by 23% to DKK 283 million, compared to DKK 230 million in 2021.

Profit for the period is attributable to H+H International A/S' shareholders by DKK 275 million and to non-controlling interest by DKK 8 million compared to DKK 227 million and DKK 3 million, respectively, for the first nine months of 2021.

Comprehensive income
Other comprehensive income for the first nine months of 2022 was negative DKK 79 million compared to positive DKK 23 million in 2021, mainly driven by changes in actuarial losses net of deferred tax of DKK 66 million related to pension obligations as well as foreign exchange adjustments of DKK 39 million.

CASH FLOW

Operating activities
Cash flow from operating activities amounted to DKK 101 million in Q3 2022 compared to DKK 176 million in Q3 2021. This was mainly driven by changes in working capital.

Cash flow from operating activities in the first nine months of 2022 was DKK 287 million against DKK 377 million in 2021 as the relatively higher earnings for the period were more than offset by a negative working capital development driven by an increased level of inventories and trade debtors as result of the relatively high market activity.

Investing activities
Cash flow from investing activities in Q3 2022 amounted to negative DKK 65 million compared to negative DKK 171 million in Q3 2021, whereof DKK 127 million relates to acquisitions.

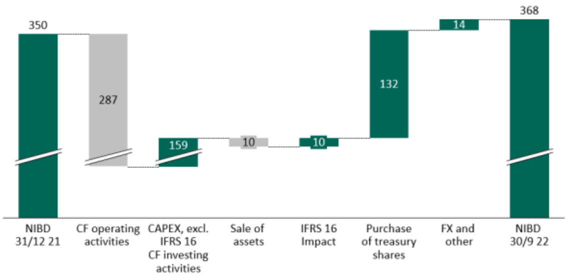
Cash flow from investing activities in first nine months of 2022 was negative DKK 149 million, compared to negative DKK 232 million in the first nine months of 2021.

Financing activities
Cash flow from financing activities amounted to negative DKK 116 million in first nine months of 2022 compared to positive DKK 31 million in 2021. The year-on-year decrease was mainly driven by a change in borrowings of negative DKK 86 million and the purchase of treasury shares of DKK 69 million in connection with the ongoing share buy-back programme.

BALANCE SHEET

On 30 September 2022, the balance sheet total amounted to DKK 3,681 million compared to DKK 3,291 million on 30 September 2021.

Net interest-bearing debt
Net interest-bearing debt totalled DKK 368 million on 30 September 2022 corresponding to a increase of DKK 18 million since 31 December 2021.



The increase in net interest-bearing debt since the beginning of the year was primary driven by earnings for the period, partly offset by capital expenditures, and the purchase of treasury shares.

On 30 September 2022, the Company's financial gearing was 0.5 times net interest-bearing debt to EBITDA, which remains comfortably below the Company's long-term financial target of 1-2x EBITDA.

The Company's net interest-bearing debt excluding leasing totalled DKK 274 million on 30 September 2022, corresponding to an unused committed bank facility of DKK 0.8 billion.

Equity
The consolidated equity increased by DKK 54 million compared to 31 December 2021 and increased by DKK 175 million compared to 30 September 2021.

Equity		
	Q1-Q3	Q1-Q3
Amounts in DKK million	2022	2021
1 January	1,814	1,509
Profit for the period	283	230
Actuarial gains on pension plans	(41)	22
Foreign exchange adjustments	(38)	1
Dividend to non-controlling interests	-	(10)
Purchase of treasury shares	(132)	(63)
Adjustment to non-controlling interests arising from acquisition	(22)	-
Other adjustments	4	4
30 September	1,868	1,693

CURRENT MARKET ENVIRONMENT

Increasing inflation, geopolitical instabilities and the continued interest rate increases have started to impact customer demand in especially Poland and Germany and is expected to continue rest of the year.

Germany faces increasing inflation rates, in large part due to rising energy prices due to uncertainty of future supply. This has caused the number of building permits for new buildings issued to decline 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.

In the Nordics, building permits have started to decrease and the latest economic analyses point to a negative outlook for the construction industry due to increased inflation and a shortage of labour and materials. However, current activity levels remain stable capped by the production output, and we continue to view favourably at our market position in Nordics.

In Switzerland and the Benelux countries, uncertainties from current geopolitical events continue to weigh on the expected economic growth and building activities.

In the United Kingdom ("UK"), private housing demand remains relatively resilient, but the combination of increased inflation and rising interest rates have led to decreases in expected starts.

While activity levels for the remainder of 2022 remains stable, the increased levels 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 favourably 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.

In Poland, increased inflation and rising interest rates have adversely impacted Polish purchasing power and caused low visibility. This has driven a decrease in construction starts over the January to September period of 17% compared to 2021. However, the number of building permits issued over the January to September period remains at a reasonable level partly driven by changes in legislation, and housing completions remains stable.

It remains unclear to which extent refugees from Ukraine will impact the Polish housing markets, but the situation will likely add to the need for additional new-build construction activity due to the already significant shortage of housing space in the country.

The expansion of the Company's AAC factory in Reda with one additional CSU production line was completed as planned and is now supplying to the Polish market.

In summary, during the third quarter, H+H has experienced changes in market conditions across our footprint, resulting in declining market demand in Poland and Germany. H+H expects a continued declining trend in market demand as inflation and interest rates continue to drive uncertainty and low consumer confidence. H+H remains committed to defend its margins by continued implementation of sales price increases to counter the high inflationary pressure.

Generally, H+H's diversified geographical footprint and strong factory networks provide a resilient market position. In addition, H+H has initiated specific resilience actions to mitigate impacts from a potential continued declining market demand. These measures include adjusting production capacity where needed and utilizing governmental support programmes where available. Also, actions have been taken to reduce and manage the operating cost base where relevant.

These expectations are based on the assumptions of continuous availability of relevant energy sources and raw materials and neither escalations of the war in Ukraine nor further recessionary developments in any of the Company's current markets.

In the long term, the European housing market continues to have strong underlying growth opportunities driven by a structural undersupply of housing, demographic growth, and urbanisation.

MOST MATERIAL RISKS AND UNCERTAINTIES

For most material risk and uncertainties, please refer to Note 6 “Significant accounting estimates and judgements” and to Note 13 “Risks Management”.

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 2022

The financial outlook for the full year 2022 is narrowed:

- Revenue growth before acquisitions and divestments measured in local currencies ("organic growth") is expected to be around 15% (previously 15% to 20%).
- EBIT before special items is expected to be in the range of DKK 440 million to DKK 470 million (previously 440 million to DKK 520 million).

ASSUMPTIONS FOR THE FINANCIAL OUTLOOK FOR 2022

Specific assumptions
The expectations for H+H’s financial performance in 2022 are based on certain specific and general assumptions. Management believes that the most significant of these assumptions relate to the following items:

- 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 and raw materials are expected to remain at current 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 2023

2022 Annual Report	2 Mar. 2023
2023 Annual General Meeting	30 Mar. 2023
Q1 2023 Interim Financial Report	10 May 2023
H1 2023 Interim Financial Report	17 Aug. 2023
Q3 2023 Interim Financial Report	17 Nov. 2023

Please note that items for the agenda for the 2023 Annual General Meeting must be submitted at least six weeks before the meeting (i.e., before 16 February 2023).

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 three quarters of 2022.

The interim financial report, which has not been audited or reviewed by the 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 2022 and of the results of H+H's operations and its cash flows for the period 1 January to 30 September 2022.

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, 10 November 2022

EXECUTIVE BOARD

Jörg Brinkmann
CEO

Peter Klovgaard-Jørgensen
CFO

BOARD OF DIRECTORS

Kent Arentoft
Chairman

Stewart Antony Baseley

Volker Christmann

Kajsa von Geijer

Miguel Kohlmann

Helen MacPhee

CONDENSED INCOME STATEMENT

	Group				
Amounts in 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 and amortisation	(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 income	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 period attributable to:					
H+H International A/S' shareholders	78	85	275	227	310
Non-controlling interest	4	3	8	3	11
Profit for the period	**82**	**88**	**283**	**230**	**321**
Earnings per share (EPS-Basic)	4.4	4.7	15.7	12.7	17.5
Diluted earnings per share (EPS-D)	4.4	4.7	15.7	12.7	17.5

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Group				
	Q3	Q3	Q1-Q3	Q1-Q3	Full-year
Amounts in DKK million	2022	2021	2022	2021	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)
	(5)	(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 BALANCE SHEET

	Group		
Amounts in DKK million	30 September 2022	31 December 2021	30 September 2021
ASSETS			
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			
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' 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 liability	126	137	134
Credit institutions	802	743	730
Deferred payments, acquisition of subsidiary	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 payment, acquisition of subsidiary	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

CONDENSED CASH FLOW STATEMENT

Amounts in DKK million	Q3 2022	Q3 2021	Q1-Q3 2022	Q1-Q3 2021
Operating profit (EBIT)	101	121	369	310
Financial income, received	1	1	3	2
Financial expenses, 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)**
Change in borrowings	31	34	59	121
Change in lease liabilities	(6)	(6)	(19)	(20)
Purchase of treasury shares	(47)	(27)	(132)	(63)
Dividend to non controlling interets	-	-	-	(7)
Financing activities	**(22)**	**1**	**(92)**	**31**
Total cash flow for the period	**14**	**6**	**46**	**176**
Cash and cash equivalents, opening	526	657	499	481
Foreign exchange adjustments of cash	(12)	(3)	(17)	3
Cash and cash equivalents at 30 September	**528**	**660**	**528**	**660**

CONDENSED STATEMENT OF CHANGES IN EQUITY

Amounts in DKK million	Share capital	Translation reserve	Retained earnings	H+H shareholders share	Non con-trolling interests' share	Total
Equity at 1 January 2022	**180**	**(138)**	**1,662**	**1,704**	**110**	**1,814**
Total changes in equity						
Profit for the period	-	-	275	275	8	283
Other comprehensive income	-	(38)	(41)	(79)	-	(79)
Total comprehensive income	**-**	**(38)**	**234**	**196**	**8**	**204**
Share-based payment	-	-	4	4	-	4
Purchase of treasury shares	-	-	(132)	(132)	-	(132)
Share capital decrease, note 16	(5)	-	5	-	-	-
Adjustment to non-controlling interests arising from acquisition	-	-	-	-	(22)	(22)
Total changes in equity in 2022	**(5)**	**(38)**	**111**	**68**	**(14)**	**54**
Equity at 30 September 2022	**175**	**(176)**	**1,773**	**1,772**	**96**	**1,868**
Equity at 1 January 2021	**180**	**(147)**	**1,405**	**1,438**	**71**	**1,509**
Total changes in equity						
Profit for the period	-	-	227	227	3	230
Other comprehensive income	-	1	22	23	-	23
Total comprehensive income	**-**	**1**	**249**	**250**	**3**	**253**
Share-based payment	-	-	4	4	-	4
Purchase of treasury shares	-	-	(63)	(63)	-	(63)
Dividend to non-controlling interests	-	-	-	-	(10)	(10)
Total changes in equity in 2021	**-**	**1**	**190**	**191**	**(7)**	**184**
Equity at 30 September 2021	**180**	**(146)**	**1,595**	**1,629**	**64**	**1,693**

NOTES

1. Accounting policies

The interim financial report for the period 1 January to 30 September 2022 has been prepared in accordance with 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 2021 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 2022. It is assessed that the revisions and amendments have not had a material impact on the consolidated financial statements.

3. Income statement classified by function

It is Company policy to prepare the income statement based on an adapted classification of costs by function in order to show EBIT before special items. Depreciation and amortisation of property, plant and equipment, and intangible assets are therefore classified by function and presented on separate lines.

Amounts in DKK million	Q3 2022	Q3 2021	Q1-Q3 2022	Q1-Q3 2021
Revenue	920	811	2,794	2,289
Cost of goods sold	(700)	(592)	(2,076)	(1,693)
Gross profit including depreciation and amortisation	**220**	**219**	**718**	**596**
Sales cost	(53)	(47)	(162)	(141)
Administrative costs	(57)	(50)	(169)	(147)
Other operating income and costs	-	3	10	6
EBIT before special items	**110**	**125**	**397**	**314**
Special items, net	(9)	(4)	(28)	(4)
EBIT	**101**	**121**	**369**	**310**
Depreciation and amortisation comprise:				
Depreciation of property, plant and equipment	41	36	116	110
Amortisation of intangible assets	9	10	33	28
Total	**50**	**46**	**149**	**138**
Depreciation, amortisation and impairment are allocated to:				
Production costs	34	31	100	93
Sales costs	12	11	37	33
Administration costs	4	4	12	12
Total	**50**	**46**	**149**	**138**

The above table shows an extract of the income statement adapted to show depreciation and amortisation classified by function.

4. Geographical information

Amounts in DKK million	Q3 2022	Q3 2021	Q1-Q3 2022	Q1-Q3 2021
		Revenue		
Central Western Europe	406	355	1,242	1,050
United Kingdom	297	247	817	691
Poland	218	209	736	548
	920	**811**	**2,794**	**2,289**

When presenting information on geographical areas, information on revenue is based 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 2022 amounted to DKK 316 million (2021: DKK 247 million) and to DKK 872 million for the first nine months 2022 (2021: DKK 709 million).

5. Special items, net

Amounts in DKK million	Q3 2022	Q3 2021	Q1-Q3 2022	Q1-Q3 2021
Transaction and restructuring costs	9	4	28	4
Total	**9**	**4**	**28**	**4**
Impact of special items on EBIT				
Cost of goods sold	9	-	21	-
Administrative costs	-	4	7	4
EBIT before special items	**9**	**4**	**28**	**4**

Special items for the first nine months of 2022 comprise restructuring costs of DKK 28 million corresponding to an increase of DKK 24 million compared to transaction cost of DKK 4 million in 2021. Special items for 2022 comprise additional transport costs related to a factory upgrade in Germany, the acquired AAC factory located in Feuchtwangen in Bavaria, Germany as well as costs related to changes to Group Management.

6. Significant accounting estimates and judgements

The preparation of the consolidated financial statements requires Management to make certain estimates and judgements concerning future events that may have material effect on the carrying amounts of assets and liabilities.

For H+H, significant changes in the estimates and assumptions on which values are based may have a material effect on the measurement of assets and liabilities, including impairment testing of goodwill and non-current assets and net defined-benefit obligations.

With reference to Note 8 “Pension obligations”, significant accounting estimates and judgements have been made in connection with the adjustment of the net defined-benefit pension obligation in the UK.

The estimates and judgements made are based on assumptions that Management assesses to be sound. However, they are inherently uncertain and unpredictable. The assumptions may be incomplete, and unforeseen future events or circumstances may occur.

Further details of H+H’s key accounting estimates and judgements that may affect the Company are provided in the 2021 Annual Report.

7. 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.

8. 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.

On 30 September 2022, an updated actuarial valuation of the defined benefit plan in H+H UK, based on the April 2020 valuation agreed in January 2022, showed a net asset of DKK 28 million (GBP 3.3 million), triggering IFRIC 14 recognition of future committed pension contributions of the scheme as H+H UK do not have unconditional right to a refund. Consequently, a net value of DKK 98 million (GBP 11.0 million) has been recognised as of 30 September 2022.

Compared to December 2021, and based on the above, a value adjustment (including the effects of IFRIC 14) has been made relating to the UK pension plan, affecting total comprehensive income negatively by DKK 41 million net of tax.

On 30 September 2022, the total pension obligation, including the recognition of future committed pension contributions, amounted to DKK 91 million compared to DKK 85 million on 31 December 2021. The increase is driven by payments, interest and value adjustment.

9. Financial resources and cash flow

On 30 September 2022, net interest-bearing debt, totalled DKK 368 million, corresponding to an increase of DKK 18 million since the beginning of the year. The increase in net interest-bearing debt since the beginning of the year was primarily driven by earnings for the period, but partly offset by capital expenditures and the purchase of treasury shares.

H+H's financing is a committed credit facility with Nordea Danmark, a branch of Nordea Abp, Finland, maturing in April 2024.

H+H's financing is subject to usual financial covenants, which have been fulfilled in the third quarter of 2022 and are also expected to be fulfilled for the full year 2022.

10. Share buy-back programme

On 16 February 2022, the share buy-back programme initiated in 2021 was concluded with 569,853 shares acquired at total purchase price of DKK 115 million.

On 3 March 2022, H+H International A/S initiated a share buy-back programme in compliance with Article 5 of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on Market Abuse and Commission Delegated Regulation (EU) 1052/2016 of 8 March 2016 (the "Safe Harbour Regulation"). The share buy-back programme is in full described in Company Announcement no. 469 of 3 March 2022.

The share buy-back programme is expected to be realised over a 12-month period, starting from 4 March 2022. Under the share buy-back programme, H+H may repurchase shares up to a maximum amount of DKK 150 million.

In first nine months of 2022, a total of 770,300 shares were acquired at a total purchase price of DKK 115 million in connection with the share buy-back programme initiated in 2022.

11. Share-based payment

The performance-share-units schemes for 2020 and 2021 are active and presented in the 2021 Annual Report.

In March 2022, the Board of Directors of H+H International A/S implemented a new long-term incentive programme ("LTIP") being a performance share unit ("PSU") programme similar to the LTIP PSU programme launched in 2020 and 2021. At initiation, a total of 43.989 PSUs were granted to the participants, including 8.789 PSUs to CFO, Peter Klovgaard-Jørgensen. Subsequently, the PSUs granted has been increased to 60.289 PSUs, including 17,000 PSUs to CEO Jörg Brinkmann. 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 2021 Annual Report on 3 March 2022, the theoretical value was DKK 182.81 per PSU, corresponding to a total theoretical value of DKK 11 million for the 2022 LTIP based on the current participants and their receipt of PSU grants. The vesting period for the PSUs is approximately three years, with vesting for the 2022 LTIP being in 2025 when the audited annual report for 2024 is publicly announced.

In the first nine months of 2022, an expense of DKK 4 million was recognised under staff costs, on par with the same period in 2021.

12. Tax on profit

Amounts in DKK million	Q3 2022	Q3 2021	Q1-Q3 2022	Q1-Q3 2021
Current tax	15	25	76	58
Movement in deferred tax	1	2	(2)	6
Tax on profit	**16**	**27**	**74**	**64**

13. Risk Management

H+H's principal risks and the external factors that may affect H+H are provided in the 2021 Annual Report. These are unchanged for the first nine months of 2022.

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. Business combinations

In the consolidated financial statements for 2021, the accounting of the acquisition of DOMAPOR was considered provisional due to the fact that the transaction was closed on 31 December 2021, leaving limited time to identify and determine fair value of assets acquired and liabilities assumed. Therefore, adjustments may be made to the purchase price allocation for a period of up to 12 months from the acquisition date.

The initial purchase price allocation showed acquired net assets at fair value of DKK 80 million, and the minority interest was measured at DKK 38 million as the proportionate share of the fair value of acquired identifiable net assets. Consequently, related goodwill was determined at DKK 70 million ("the acquired goodwill method").

In addition to the cash payment of DKK 112 million made on the acquisition date, H+H Deutschland GmbH entered into a Domination and profit/loss transfer agreement ("DPLTA") with the sellers of DOMAPOR whereby H+H Deutschland GmbH for a 20-year period is obliged to pay an annual consideration of EUR 0.89 million for the first ten years and EUR 0.82 million for the following ten years, allowing H+H Deutschland GmbH to obtain the rights related to a minority shareholding of 47.5% in DOMAPOR, including the right to dividend paid out during this period. In the consolidated financial statements for 2021, this obligation was disclosed as contingent liabilities. In connection with determining the final purchase price, the obligation has been recognised as a liability as deferred payments related to the acquisition.

Furthermore, the minority interest has been recognised at fair value, measured as the fair value of 47.5% minority shareholding deducted by the discounted value of payments related to the DPLTA, a net amount of DKK 16 million, hence goodwill consequently amounts to DKK 160 million. Goodwill has been measured by applying the "full goodwill method" as the obligation related to the DPLTA represents a significant part of the fair value of the minority shareholding of 47.5% in DOMAPOR.

Compared to what was disclosed in the 2021 Annual Report, the use of above method has resulted in the recognition of additional goodwill of DKK 90 million, the recognition of deferred payments related to the acquisition of DKK 112 million and an adjustment of the minority interest on the acquisition date of DKK 22 million. For Feuchtwangen, an adjustment related to value of plant and machinery has been made decreasing it by DKK 1 million, consequently increasing goodwill.

Other than the abovementioned adjustments in respect of the accounting of the acquisitions, the preliminary purchase price allocations are unchanged compared to what is disclosed in Note 25 in the 2021 Annual Report.

	DOMAPOR	Feuchtwangen	Total	Total
	30 September	30 September	30 September	31 December
(DKK million)	**2022**	**2022**	**2022**	**2021**
Customer relations and other intangible assets	52	-	52	52
Land and buildings	35	36	71	71
Plant and machinery	19	18	37	38
Financial assets	0	-	0	0
Receivables	17	-	17	17
Inventories	18	-	18	18
Cash	7	-	7	7
Acquired assets	**148**	**54**	**202**	**203**
Financial debt	28	-	28	28
Non-current provisions	-	11	11	11
Trade payables	0	-	0	0
Tax payables	3	-	3	3
Other current liabilities	9	1	10	10
Deferred tax	28	-	28	28
Assumed liabilities	**68**	**12**	**80**	**80**
Total identifiable acquired net assets	80	42	122	123
Hereof minority interests' share	(16)	-	(16)	(38)
Goodwill in connection with the acquisition	160	84	244	153
Purchase price	**224**	**126**	**350**	**238**
Movements in cash flow in connection with the acquisition:				
Purchase price	224	126	350	238
Of which is deferred payments	(112)	-	(112)	-
Of which cash is acquired	7	-	7	7
Of which financial debt is acquired	(28)	-	(28)	(28)
Net cash flow outflow in connection with the acquisition	**91**	**126**	**217**	**217**

The accounting of the DOMAPOR business combinations may be subject to subsequent changes, as it is still considered provisional.

16. Share capital

	Number		Nominal value, DKK million	
Amounts in DKK million	**2022**	**2021**	**2022**	**2021**
Share capital at 1 January	17,983,365	17,983,365	180	180
Movements	(483,365)	-	(5)	-
Share capital at 30 September	**17,500,000**	**17,983,365**	**175**	**180**

On 5 May 2022, and with reference to Company Announcement no. 479 of 31 March 2022 and Company Announcement no. 485 of 5 May 2022, the approved reduction of the share capital by a nominal amount of DKK 4,833,650 from 179,833,650 to DKK 175,000,000 through the cancellation of 483,365 shares of nominally DKK 10.00 each was registered at the Danish Business Authority.

There have been no movements in the share capital in the last five years except for the changes stated in the above paragraph.

17. 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 H+H's financial position.