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H+H International A/S announces conditional sale of land for PLN 110 million

H+H Polska Sp. z o.o. a subsidiary of H+H international A/S ("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 ("ROBYG") for a price of PLN 110 million net of tax (approximately DKK 190 million). The land held in perpetual usufruct has an area of 90,019 m² and consists of four land registers.

The factory was closed as part of the factory network restructuring program carried out in 2023. H+H remains committed to the Polish market, with the Warsaw market now being supplied from other nearby H+H factories.

The City of Warsaw has not exercised its statutory pre-emption right relating to the undeveloped parts of the land covered by two of the four land registrations with an area of 6,197 m² and 1,448 m², totalling 7,645 m².

Completion of the transaction is contingent upon a tax ruling confirming that the transaction, as expected, is subject to VAT and not to civil law transactions tax (CLAT).

Should the tax ruling establish that the price is subject to CLAT instead of VAT, the price terms change and City of Warsaw will once again have a statutory pre-emption right over the two pieces of registered land. In the unlikely event the City of Warsaw chooses to utilize these pre-emption rights in part or in full, the purchase price to be paid by the City of Warsaw will be between PLN 2-12 million. ROBYG will not be obliged to complete the remaining purchase.

If, as expected, the tax ruling confirms the transaction is subject to VAT, a final sales agreement will follow. Should ROBYG refuse to enter into the final sales agreement or fails to deposit the purchase price, H+H is entitled to a guaranteed payment of PLN 20,000,000 from ROBYG and the land will be available for sale again.

Completion is expected to take place at the latest by November 2024. H+H will announce completion, or alternatively non-completion.

Payment to H+H for land and related buildings will be made in cash and be treated as a special item, having no impact on full-year guidance expectations.

For further information please contact:

Bjarne Pedersen
CFO
+45 22 15 99 37
bp@HplusH.com

Niclas Bo Kristensen
Head of Investor Relations and Treasury
+45 24 48 03 67
nbk@HplusH.com

H+H's core activity is the manufacture and sale of wall-building materials with a revenue in 2023 of DKK 2.7 billion. The main product lines are aircrete blocks and calcium silicate units used for the residential new building segment. H+H has factories in Northern and Central Europe and has a leading market position. H+H is listed on the Nasdaq Copenhagen stock exchange.