PARTNERS IN WALL BUILDING

Annual Report 2024

We are **Partners in Wall Building**

H+H International A/S | CVR-no: 49 61 98 12 | LEI: 3800GJODT6FV8QM841 | Lautrupsgade 7, 5th Floor, 2100 Copenhagen Ø

About this report

Like last year H+H International A/S has prepared an integrated Annual Report and no longer publishes separate sustainability and financial reports.

The Annual Report of H+H International A/S comprises both the consolidated financial statements of H+H International A/S and its subsidiaries (the H+H Group). It has been prepared in accordance with the IFRS Accounting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act. Unless otherwise stated, all figures in parenthesis refer to the corresponding figures in the prior year.

The Annual 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 will 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.

In accordance with the Corporate Sustainability Reporting Directive (CSRD), the 2024 Annual Report has been prepared as one report, integrating the sustainability and financial reports and embedding the mandatory European Sustainability Reporting Standards (ESRS). The sustainability statement is prepared in accordance with sections 99a and 107d of the Danish Financial Statements Act. The 2024 Annual Report is prepared using the 'incorporation by reference' method, where some required disclosures as per the ESRS are not included in the sustainability statement and are instead integrated into other parts of the Annual Report.

Incorporation by reference

Mandatory disclosures as per the ESRS which have been placed outside of the sustainability statement have been marked as such and are presented within the body of text with the disclosure requirement reference in header or sub header (e.g., **E1-1**), indicating that the column is referenced.

A list of information and data points that have been placed outside of the sustainability statement can be found in the sustainability statement starting on page 48.

Remuneration Report

The Remuneration Report provides a specified overview of the remuneration received in 2024 by each member of the Board of Directors and of the Executive Board (i.e. the persons registered in the registry of the Danish Business Authority).

The Remuneration Report has been prepared in accordance with section 139b of the Danish Companies Act and will be presented for an advisory vote at the annual general meeting on 8 April 2025.

Corporate Governance Statement

The statutory Corporate Governance Statement forms part of the management's review in the Annual Report for 2024 for H+H International A/S and includes the status of compliance with the 'Recommendations for Corporate Governance' issued by the Danish Committee on Corporate Governance in December 2020 and implemented by Nasdaq Copenhagen.

Read more
Remuneration report

Read more
Corporate governance statement

Purpose and promises

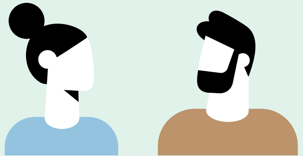
We enable better homes for our communities

Partners in Wall Building

Being a part of H+H means you are in the business of people and teamwork.

Our partners trust us to understand their building needs from design, specification and planning to delivery, assembly and problem solving.

With our partners, we enable better homes for our communities.



Putting people first

The health and safety of our people, suppliers and customers, will never be compromised. We are committed and have the ambition of zero harm for our own and our partners' people.

We know that people are different. We trust our differences enable us to see new opportunities and be more effective.

People are the heart of H+H.

Performance driven

H+H strives to deliver results to all our partners and in the communities where we operate.

Even when times are difficult, we deliver quality products with the highest level of service to our customers. Our operations run timely and effectively. We follow through on our commitment to serve our communities.

You can trust us to deliver on our promises.

Pushing the boundaries

To build better homes, we must stay curious and eager to drive our industry forward.

We are continuously improving operations and products. Together with our partners we rethink supply chains, services and digital solutions.

We are pushing to meet the needs of tomorrow.

Part of a sustainable future

Today we work with our partners to reduce energy needs in homes and our commitment is more than the long lasting and insulating products we produce.

We are part of the solution in creating sustainable and carbon neutral buildings. We are partnering with our customers, suppliers, and other stakeholders; finding new production methods to lower the environmental impact of homes.

We act today to realise our vision of carbon neutrality in 2050.

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In brief

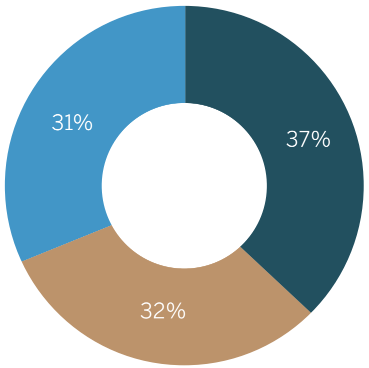
H+H at a glance

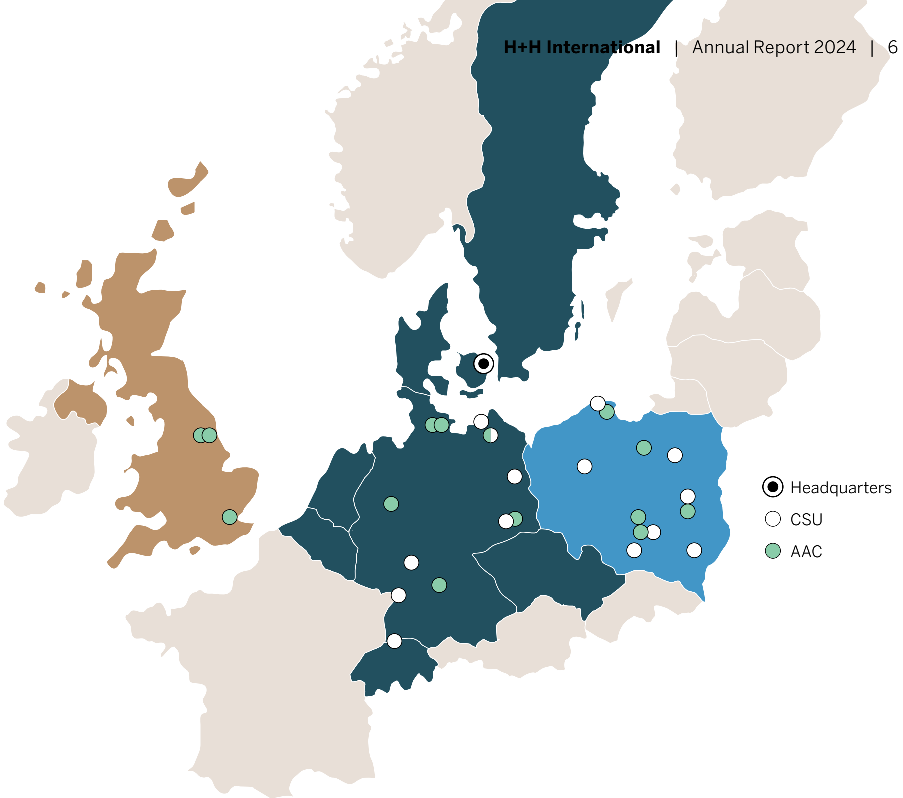
H+H is a leading provider of wall-building solutions, committed to being the ideal partner for every project. With a strong market presence, we leverage industry insights and customer expertise to solve challenges and provide better homes for our communities, positioning H+H for future growth.

Markets

Share of revenue

- Central Western Europe
- The United Kingdom
- Poland





Revenue (DKKm)

2,747

In 2024, we generated total revenue of DKK 2,747 million and organic growth of 0%.

People

1,337

Based across Northern Europe we employ over 1,300 people, of whom around 70% work in our plants.

Climate

28%

By 2030, we want to reduce absolute scope 1 and 2 GHG emissions by 46% from a 2019 baseline. As of 2024, we have achieved a 28% improvement of CO_2 kg/m^3.

By 2050, we want to achieve net zero emissions from own operations and supply chain.

Plants

27

In 2024, we reopened one of our four mothballed plants in response to market demands. Across all active plants we produced a total of 2.7 million cubic meters of wall-building materials in 2024.

Performance highlights

Financial

Organic growth
Percent

0%

Sales volume increased by 8%. This was offset by country mix effects and lower prices.

EBITDA before special items
DKKm

250

In 2024, EBITDA before special items was DKK 250 million corresponding to a 9% margin, which is unchanged from last year.

Free cash flow
DKKm

219

Free cash flow was DKK 219 million, up from a negative DKK 346 million last year, driven by land sales in Poland and destocking.

Gross margin
DKKm

21%

Gross margin was 21% and on par with 2023. Gross profit was DKK 579 million.

EBIT before special items
DKKm

63

EBIT before special items amounted to DKK 63 million compared to DKK 57 million in 2023, corresponding to EBIT margins of 2% in both 2023 and 2024.

Financial gearing
DKKm

2.7x

Net interest-bearing debt was DKK 682 million as of end-2024, down DKK 205 million from last year.

Sustainability

Climate – Reduction in scope 1 and 2 emissions

13%

We achieved 13% lower scope 1 and 2 emissions compared to last year, making us well-aligned and on track with our Science Based targets.

Safety – Lost time incidents frequency (LTIF)

0.9

In 2024, we achieved our lowest ever LTIF rate of 0.9.

See all about of our sustainability performances on page 9

Five-year financial summary

Income statement (DKK million)	2024	2023	2022	2021	2020
Revenue	2,747	2,672	3,604	3,020	2,654
Gross profit bsi	579	564	1,020	905	836
SG&A	331	346	392	329	319
EBITDA bsi	250	244	657	591	521
EBITDA	228	58	615	567	521
EBIT bsi	63	57	455	408	332
Special items	(22)	(287)	(31)	-	-
EBIT	41	(230)	413	377	332
Result before tax	(29)	(283)	398	356	307
Result after tax for the year	(50)	(246)	317	321	251

Balance sheet (DKK million)	2024	2023	2022	2021	2020
Assets	3,473	3,454	3,572	3,400	2,909
Invested capital[1]	2,146	2,435	2,142	1,852	1,865
CAPEX[2]	156	197	293	223	155
Acquisition and divestment of enterprises	-	-	-	238	72
Net working capital	144	359	242	65	55
Equity	1,650	1,678	1,938	1,814	1,509
Net interest-bearing debt (NIBD)	682	887	492	350	230

Cash flow (DKK million)	2024	2023	2022	2021	2020
Cash flow from operating activities	145	(209)	316	454	425
Cash flow from investing activities	74	(137)	(255)	(427)	(206)
Cash flow from financing activities	103	131	(80)	(25)	6
Free cash flow	219	(346)	61	27	219

[1] 2020 - 2021 numbers have not been adjusted to the change in accounting policy for presenting cash pool.

[2] CAPEX includes leasing expenditures accounted according to IFRS 16.

Financial ratios and others	2024	2023	2022	2021	2020
Sales volume (thousand m^3)	2,967	2,745	4,187	4,326	4,022
Organic growth	0%	(25%)	14%	13%	(6%)
Gross margin bsi	21%	21%	28%	30%	31%
EBITDA margin bsi	9%	9%	18%	20%	20%
EBITDA margin	9%	2%	17%	19%	20%
EBIT margin bsi	2%	2%	13%	14%	13%
EBIT margin	1%	(9%)	11%	12%	13%
Return on invested capital (ROIC) (excl. Goodwill)[3]	2%	(9%)	19%	20%	18%
Solvency ratio	45%	46%	52%	50%	50%
NIBD/EBITDA before special items ratio	2.7x	3.6x	0.7x	0.6x	0.4x

[3] Due to acquisitions the method for calculating Return on invested capital (ROIC) has changed to better reflect a true and fair view. ROIC for the period 2020-2021 has been calculated as Operating profit (EBIT) relative to average invested capital (excluding goodwill) on a twelve-month basis.

Note: Financial ratios have been calculated in accordance with recommendations from the Danish Society of Financial Analysts. See page 121.

Five-year sustainability summary

Environmental data	UoM	2024	2023[1]	2022[1]	2021[1]	2020[1]
CO_2e scope 1	Tonnes	81,884	*93,602	142,796	132,345	121,598
CO_2e scope 2 - market based	Tonnes	6,885	*15,198	33,454	59,461	56,765
CO_2e scope 2 - location based	Tonnes	25,522	29,369	45,702		
CO_2e scope 3	Tonnes	394,435	442,582	688,192	673,554	624,247
Total GHG emissions - market based	Tonnes	483,205	551,381	864,442	865,360	802,609
CO_2e scope 1	kg/m^3	30	31	33	31	32
CO_2e scope 2 - market-based	kg/m^3	3	5	8	14	14
CO_2e scope 3	kg/m^3	144	146	157	157	157
Total GHG emissions per m^3	kg/m^3	177	182	198	202	203
Total GHG emission per net revenue	Tonnes/Mil. DKK	176	206	240	287	302
Energy consumption	GJ	1,501,325	1,749,942	2,487,149	2,380,949	2,195,301
Energy consumption	MWh	417,035	486,095	690,875	661,375	609,806
Natural gas	*MWh*	*254,804*	*315,096*	*418,262*		
Coal	*MWh*	*98,894*	*92,588*	*146,867*		
Oil	*MWh*	*1,754*	*12,458*	*26,253*		
Fossil steam and electricity	*MWh*	*17,929*	*41,109*	*65,722*		
Renewable electricity	*MWh*	*43,653*	*24,843*	*33,770*		
Percentage renewable	%	10%	8%	5%	0%	0%
Total energy per m^3	MJ	549	575	567	554	551
Energy intensity per net revenue	MWh/Mil. DKK	152	182	192	219	230
Production volume	Million m^3	2.7	3.0	4.4	4.3	4.0

Social data	UoM	2024	2023[1]	2022[1]	2021[1]	2020[1]
Employees	Headcount	1,337	1,355	1,739	1.,633	1,571
Gender diversity	%	17%	18%	16%	16%	15%
Gender diversity, office workers	%	46%	45%	41%	47%	47%
Gender pay gap (Average)	%	-17%	-6%	7%	10%	15%
CEO Pay Ratio	Times	34	29	32	37	35
Employee turnover ratio	%	22%	40%	15%	13%	14%
Employee turnover	Headcount	280	605	267	206	217
Sickness absence	Days per FTE	12	14	13	12	13
Sickness absence, short-term	Days per FTE	8	10	11	10	11
Fatalities	Headcount	0	0	0	0	0
Lost-time Incident frequency (LTIF)	Incident per mil	0.9	*3.4	3.6	5.5	5.7
Total recordable incidents	Number of	7	18	77	103	105
Total recordable contractor incidents	Number of	0	0	3	3	2
Total recordable incident rate (TRIR)	Incident per mil	3	7	25	35	38
Recordable work-related ill health	Number of	0	0			
Gender diversity, Board	%	29%	29%	33%	17%	17%
Gender diversity, Top management	%	0%	0%			

* ESG figure subject to limited assurance in 2023

[1] Not covered by the Independent Auditor's limited assurance report

Letter from the Chair

Navigating the downturn and building a stronger foundation

The past two years have tested the housebuilding industry in ways few could have predicted. The severe downturn in new-build activity, driven by rising interest rates and economic uncertainty, has reshaped our industry, forcing companies to adapt rapidly. At H+H, we have navigated this challenging period with resilience and discipline, making difficult but necessary decisions to ensure the company remains strong and prepared for the future.

While we are seeing early signs of stabilisation in some markets—particularly in the UK and Poland—the overall environment remains uncertain, with Germany still experiencing headwinds. As a business operating in a cyclical industry, we fully acknowledge that our performance is closely tied to market conditions. The timing of interest rate adjustments and broader economic recovery will ultimately determine when demand rebounds. However, what we can control is how we respond—and over the past two years, we have built a more stable, efficient, and financially resilient H+H.

Resilience built for the long term
While the external environment remains uncertain, H+H has taken decisive action by adjusting its cost base and streamlining operations to enhance efficiency in a low-volume scenario.

Streamlining efforts, including plant closures, workforce reductions, and network optimisation, have delivered essential cost savings and strengthened our financial position.

A key focus in 2024 was strengthening our balance sheet. The strategic divestment of a non-operational production site in Poland for PLN 110 million combined with several initiatives to improve our free cash flow, has reduced net debt and reinforced our capital structure. By year-end, financial gearing stood at 2.7 times EBITDA before special items, bringing it closer to our long-term targets.

Going forward, we will continue to evaluate our capital projects to ensure that they align with our commitment to enhance the efficiency of our existing assets.

Kent Arentoft
Chair

Delivering on our ESG promises
We will remain focused on enhancing business operations while contributing to the green transition and reducing emissions. Responsibility is at the core of everything we do, driving our commitment to lowering emissions and operating with integrity. In 2024, we made significant progress, achieving notable reductions in scope 1 and 2 emissions and improving our important incident frequency ratio – clear reflections of our dedication to environmental and operational excellence.

Addressing CO_2 emissions in the building industry is essential, and our products are well-suited for long-term growth as they enable energy-efficient construction and reduce the life-cycle emissions of buildings. In collaboration with our partners, we focus on solutions and innovation for carbon-neutral buildings.

Reaching our long-term financial targets
As we move into 2025, uncertainties to the pace of economic growth and consumer spending persist, and we expect market conditions to remain challenging in the near term. However, we are encouraged by emerging positive trends in some of our key markets and our recent restructuring has created a more resilient business, positioning us to better withstand declining volumes and market fluctuations. Together, these factors strengthen our confidence and support our long-term financial targets of achieving a 12% EBIT margin and a 16% Return on Invested Capital (ROIC).

Closing remarks
On behalf of the Board of Directors, I would like to extend my deepest gratitude to our employees for their dedication, resilience, and hard work during a challenging year. I also want to thank our customers and partners for their trust and collaboration. Together, we now look forward to shaping the future of H+H.

Kent Arentoft
Chair

Long-term financial targets

EBIT margin

12%

Return on invested capital (ROIC)

16%

Financial gearing
(Net interest-bearing debt to EBITDA)

1-2x

Please see page 25 for long-term target assumptions

Letter from the CEO

Prepared for future growth

With the streamlining of our organisation over the last two years, we enter 2025 on a stronger and more competitive foundation, well positioned to capitalise on the growth opportunities within our markets.

In 2024, new-build activity remained low across our markets, driven by a weak European economy and unfavourable financing conditions. While Poland and the UK showed some positive momentum, the German market continued to decline, requiring further streamlining measures. As a business operating in a cyclical industry, we found ourselves at the lowest point of the cycle. In this environment, we delivered organic growth of 0%, and an EBIT before special items of DKK 63 million, highlighting the continued need for further measures to improve the profitability and resilience of H+H.

Shaping the German business for growth
A key focus for us in 2024 was to further streamline our German organisation and strengthen the foundation of the business. This involved difficult but necessary decisions – including the closure of underperforming plants, a reduction in SG&A expenses and the painful but necessary step to reduce our workforce. These decisions were driven not only by short-term capacity adjustments, but follow a long-term strategic plan to leverage our plant network and organisation in total.

Under the umbrella of Project ONE we have redesigned the German business model. Project ONE is designed to deliver great customer experience and higher profitability within the region through a more streamlined and agile organisation. After many years of acquisitions in Germany we have integrated the business into ONE customer centric organisation, now ready to drive consolidation synergies. We believe that the German market still offers future consolidation options, and ONE is the platform and integration blueprint for future acquisitions and joint ventures, ensuring faster payback of the targeted synergies.

Jörg Brinkmann
CEO

HOME – H+H Operating Model of Excellence
Over the last two years we have significantly adjusted the plant network of the company. In total we have closed five and mothballed three plants. All decisions we have taken were based on a new operating model for the company. Under the HOME (H+H Operating Model for Excellence) initiative we are driving uptime of our plants, continuous improvement and debottlenecking. By doing this we are gradually improving the output of our plants, avoiding large extensions or greenfield investments. With HOME our current network offers 30% more capacity, ready to be unlocked when markets pick up again—step by step, at higher efficiency levels, ensuring an improved competitive advantage in our regional markets.

> After two years of streamlining, H+H has evolved into a stronger, leaner, and more resilient company, better positioned to navigate future challenges and capitalise on a market rebound. The adjustments we have made ensure sustained profitability, even in a low-volume market, setting us up for long-term success

Mission Zero – Safety and the green transition remain at the core of everything we do
The safety of our employees, customers, and contractors remains our highest priority. We firmly believe that every accident is preventable and, in 2024, launched our new Group Safety Programme, ZERO HARM, which primarily focuses on the behavioural aspects of safety. We are proud that ZERO HARM has delivered remarkable results in its first year. With an LTIF rate of 0.9, we have achieved a record low, setting a new benchmark within our industry.

We remain committed to supporting the environmental transformation of European cities and communities by developing products and applications that increase energy efficiency and lower the lifecycle emissions of buildings. This is also a critical area of growth as the industry shifts towards greener solutions. In 2024, our total GHG emissions declined by 12%, and we have an ambition to further improve our operations in line with our science-based targets.

Profitable growth
After two years of streamlining, H+H has evolved into a stronger, leaner, and more resilient company, better positioned to navigate future challenges and capitalise on a market rebound. The adjustments we have made ensure sustained profitability, even in a low-volume market, setting us up for long-term success. Encouragingly, some markets are showing signs of recovery. In the UK, we decided to reopen our mothballed plant in Pollington in Q4 2024. This will help meet rising demand and build stock in preparation for further growth in 2025 and beyond.

I am excited about the next chapter for H+H. As we move forward, both our customers and employees will harvest the rewards of our hard work and dedication. I sincerely appreciate the efforts of our employees and the loyalty of our customers—your support has been invaluable. We look forward to building on this collaboration in 2025.

Jörg Brinkmann
Chief Executive Officer

Equity Story

As a European leader in wall building, we are strategically positioned to capitalise on structural growth drivers in the housing industry, including the shift towards modern and energy-friendly buildings. H+H's key investment highlights build on six pillars:

Material of choice: today and tomorrow

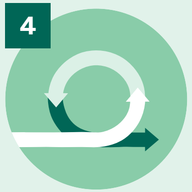
Materials meet modern housing needs and by combining a decarbonisation strategy with the recarbonation properties of limestone, H+H can produce blocks with a negative carbon footprint

Strong housing demand waiting to be unlocked

H+H is well positioned to capitalise on rising housing demand across core markets, where AAC and CSU increasingly constitute the materials of choice

Leading position in wall building

With a leading market share, strong plant network, solid customer relationships and high entry barriers, H+H is positioned to grow its market presence



Agile operating model to meet future demand

The H+H Operating Model of Excellence ('HOME') is designed to meet Europe's volume demands by increasing capacity within the existing plant network

Platform for future M&A

Proven M&A platform with efficient integration processes and an agile organisation, allowing H+H to scale and achieve synergies

Improving financial performance and outlook

The company's recent streamlining has created a more resilient business, allowing H+H to better withstand market fluctuations and challenges

Outlook

Organic growth

5% to 10%

(2024: 0%)

Revenue measured in local currencies is expected to be in the range 5% to 10%.

EBIT before special items (DKKm)

120 to 180

(2024: DKKm 63)

EBIT before special items is expected to be in the range of DKK 120 to 180 million.

Organic growth

Organic revenue growth for 2025 is expected to be in the range between 5% to 10%, driven by price increases aligned with cost inflation and modest volume growth, primarily in the UK. The outlook does not assume a market recovery in Germany.

EBIT before special items

EBIT before special items is expected to range between DKK 120 to 180 million. The improvement over 2024 is primarily driven by continued business streamlining, modest volume growth, and impact from structural improvements.

Other assumptions

- The 2025 average FX rates are based on February's 2025 actual average and the forward FX rates for the next 10 months.
- CAPEX of around DKK 200 million.
- Stable macroeconomic and geopolitical development.
- Price dicipline within our key markets.

Forward looking statements

Forward-looking statements are subject to risks and uncertainties that may cause the Group's actual results to differ significantly from those expressed in such statements. Therefore, they should not be regarded as a guarantee of future performance. For the full forward-looking statements disclaimer, please refer to page 2.

Business and strategy

Our industry

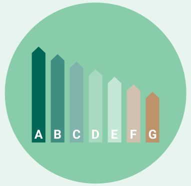
We are a leading European provider of wall-building solutions and materials, serving contractors, developers, volume housebuilders, and builders' merchants.

Our industry is highly cyclical, influenced by macroeconomic fluctuations and evolving carbon emissions regulations. At the same time, the markets we operate in are experiencing a significant housing shortage, driving demand for efficient and sustainable building solutions.

An industry exposed to cyclicality

The industry is influenced by a range of factors, including interest rates, which affect borrowing costs for developers and buyers, and general economic growth, which impacts demand for housing. Population growth, urbanisation and shifts in household formation also play a role in driving the need for new homes. Additionally, government policies, incentives and regulatory frameworks, such as sustainability requirements, influence the pace and focus of construction activity across the regions.

In recent years, rising inflation and higher interest rates have slowed building activity despite strong housing needs. Weaker market conditions have led to plant closures, production cutbacks and workforce reductions, reducing capacity across the sector. As the market stabilises, this contraction may create supply constraints when demand recovers. Companies with resilient operations and optimised production will be best positioned to seize future growth opportunities.



Carbon-friendly wall-building solutions

To support sustainable development of housing, the wall-building industry is met with more and more tight requirements as regards to carbon emissions.

The increasing focus on life cycle analysis – or whole life carbon assessment – is a benefit for AAC and CSU products, whether this is driven by customer demands or legislation across our markets.

The European Autoclaved Aerated Concrete Association (EAACA) highlights that, through the combination of the industry's decarbonisation strategy and the carbon capture abilities of limestone products as AAC and CSU, it is possible to produce blocks that absorb more carbon during its lifetime than what is emitted during the production of the products. This reinforces the fact that our products are, and will continue to be, part of the solution for creating sustainable housing.

The need for more homes

A significant housing shortage persists across all our markets despite widespread political recognition of this issue. Governments consistently fall short of meeting their targets, with the UK aiming for 300,000 new homes per year and Germany targeting 400,000 annually.

While the industry has the capacity and expertise to contribute significantly to solving the housing shortage, unlocking this potential requires broader changes at the macroeconomic or political level. Policy adjustments, economic incentives or regulatory reforms are essential to create the conditions needed for scaling up housing development and fully utilising the industry's capabilities.

Our products

H+H's core activities are the production and sale of autoclaved aerated concrete (AAC or aircrete) and calcium silicate (CSU or sand lime bricks).

The products are building blocks used for wall building, foundations and precast wall panel solutions, primarily in the residential new-build segment.

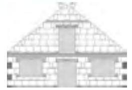
Key trends for building materials	H+H product portfolio highlights: Highlights
Long-lasting	Lasting durability, superior insulation and a reduced carbon footprint through carbon capture storage
Affordability	Easy to transport, to assemble and cost effective, offering speed and low cost to maintain the wall
Safety	Superior fire resistance and structural engineering ensuring enhanced safety
Standardisation	Advanced solutions accelerate serial construction by reducing labour intensity, making it both faster and more cost-efficient
Digitalisation	Planning tools optimising wall layouts to minimise on-site cutting, ensure timely material deliveries and streamline the process from plan to wall

Products & services

Autoclaved Aerated Concrete (AAC), used for single-family homes

Calcium Silicate Units (CSU), used for multifamily urban housing

Thermal block and Multi-element to shorten construction times



Planning Tool to minimise planning effort

Business model

We focus on providing **safe and affordable** solutions and materials for wall building

Efficient manufacturing

Attractive geographical setup

→

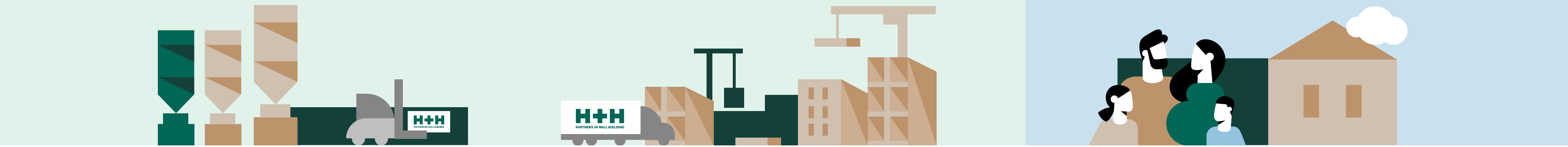
Partners in wall building

One-stop shop for every wall building project

→

Enabling better homes

Diverse and flexible solutions for various applications



Key raw materials

- Sand, water and lime
- Cement and aluminium added for AAC

Manufacturing

- Strong plant network with national coverage
- Lean manufacturing process to improve efficiency and eliminate waste
- Targeted capital investments improve reliability and quality across the production platform
- Continuous improvements to deliver sustainable margins

Partnerships

- Full wall solution selling
- Support to customers in early planning stage
- Optimisation of building process
- Cooperation with planners, installers, architects, distributors and house builders

Delivery

- One-point of contact
- One-stop shop for wall building
- Reliable and timely delivery

Key features

- Multifunctional, easy-to-install products with minimal maintenance and cost-effective materials
- Fire-resistant, rot- and mould-proof product
- Long life-time expectancy

The business model is prepared in accordance with **SBM-1**

Strategic focus areas and progress

H+H operates a balanced network of 27 plants across three core European markets, split into two product lines. Over the past two years, we have optimised our production network, enhancing efficiency and expanding capacity. Building on this foundation, we remain committed to growth while prioritising employee safety and driving down CO_2 emissions.

HOME: H+H Operating Model of Excellence

HOME enhances efficiency, increases capacity and optimises plant use. Our existing plant network have the potential to deliver up to 6,000 tm³, representing a 30% increase in capacity from today's volumes. It engages employees, standardises operations and drives continuous improvement. Through lean manufacturing and debottlenecking, HOME ensures high-volume production and long-term scalability.

Project ONE: Improving process landscape in CWE

Project ONE is a targeted initiative in Germany aimed at improving profitability by enhancing customer experience and streamlining operations.

Project ONE also creates a strong framework for efficiently integrating future acquisitions and joint ventures.

Mission Zero: Zero Harm and Zero Carbon

H+H is committed to supporting the environmental transformation of European cities by developing energy-efficient, low-emission building solutions. This is also a critical area of growth as the industry shifts towards greener solutions.

We also prioritise safety, striving for a zero-incident workplace for employees, visitors and contractors, believing every accident is preventable.

HOME: H+H Operating Model of Excellence

As a company operating in a cyclical industry, we have a key focus on being able to adapt our business to changing market conditions. Our current plant network and production setup is well-equipped to efficiently manage historically high production volumes. The network presents a valuable opportunity to realise further benefits from our new operating model developed in 2024 and labelled the H+H Operating Model of Excellence (HOME).

By consolidating production in larger, more efficient plants, we can leverage economies of scale to achieve cost savings while maintaining peak output with fewer plants. Once HOME is fully implemented, our existing plant network will have the potential to deliver up to 6,000 tm^3, representing a 30% increase in capacity from today's volumes. This will be driven by increased operational uptime and targeted debottlenecking investments, ensuring sustained high-volume production with a leaner footprint.

Implementation will commence in 2025 at selected flagship sites, followed by a phased rollout across the network.

These efforts aim to increase operational effectiveness and expand capacity to better serve our customers. Additionally, the operating model will play a key role in realising synergies from future strategic M&As, further consolidating and optimising the network.

Streamlining

Over the past two years, our streamlining efforts have led to significant financial improvements, generating substantial cost savings compared to 2022. These efforts have positioned the company to operate more effectively in a low-volume scenario while enhancing resilience during business cycles.

To further improve margins, we are committed to continuous improvement initiatives aimed at optimising asset utilisation and unlocking additional capacity, driving greater efficiency and productivity. By adopting a lean manufacturing approach, we are improving effectiveness and operational uptime through targeted actions that increase output, reduce waste and improve product quality.

Similarly, targeted investments in debottlenecking will provide significant steps towards meeting increased demand. These investments require relatively low capital expenditure and offer an attractive payback period.

Looking ahead, these efforts will enable us to meet growing demand, deliver the required volumes to support our customers and deliver excellent customer service.

Uptime	Focusing on plant uptime in 24/7 growth mode to boost volume and productivity through engaging first-line management with operators
Continuous improvement	Enhancing efficiency and reliability using lean tools, automation, recipe optimisation and portfolio rationalisation
Debottlenecking	Strategic investments in specialised equipment to boost capacity (step change) and enhance efficiency

The main purpose of the H+H operating model is:

- **Engaging the workforce:** Developing a daily operational framework that actively involves employees in driving improved output - SBM-3
- **Standardising operations:** Establishing consistent procedures, systems and a portfolio of standard work for both operators and leaders to ensure alignment across sites.
- **Measuring and improving performance:** Introducing common critical metrics to track and enhance operational performance.
- **Promoting continuous improvement:** Providing tools for problem-solving, process optimisation and the sharing of best practices, utilising the knowledge and experience of our people - SBM-3

'HOME'

Project ONE: Improving CWE

During 2024, we launched Project ONE, a targeted initiative in Germany designed to improve profitability within the region by enhancing customer experience and having a simpler, more streamlined company. Over the past years, we have not always fully capitalised on the potential of our acquisitions. Project ONE is designed to address this by establishing a robust framework for efficiently integrating future acquisitions and joint ventures, strengthening our ability to drive consolidation and grow within Germany.

Deep dive – Project ONE

In 2018, H+H Germany began an M&A journey, expanding from three to 14 plants by 2022 through five acquisitions and joint ventures. Each brought its own culture, processes and complexities, leading to higher operational costs. While commercial integration occurred, full integration was delayed during market growth.

With the market downturn in 2023-2024, streamlining became essential to create a unified platform. Project ONE focused on automation, simplicity and transparency, guided by lean methodologies to reduce manual work, standardise processes and streamline IT systems. With the simplification and improvement of our operating model we have enabled cost reductions and increased administrative capacity, thereby optimising the existing business for long-term growth. A clearly defined operating model will also serve as a strong blueprint for integrating future acquisitions and joint ventures in the CWE region.

Product offering **streamlined**	**Standardisation**
Number of carriers significatly **reduced** and freight planning **automated**	**Automation**
Number of employees **reduced by almost 40%**	**Centralisation**
SG&A costs **reduced by 50%**	**Efficiency gains**

> Project ONE has made a real difference—fewer manual tasks, clearer processes and a smoother workflow. Everything is more streamlined, allowing us to focus on serving customers better.

Michael Rygas, External Sales, H+H Deutschland

Mission Zero:
Zero Harm and Zero Carbon

Zero Harm - SBM-1 | ESRS 2 SBM-3

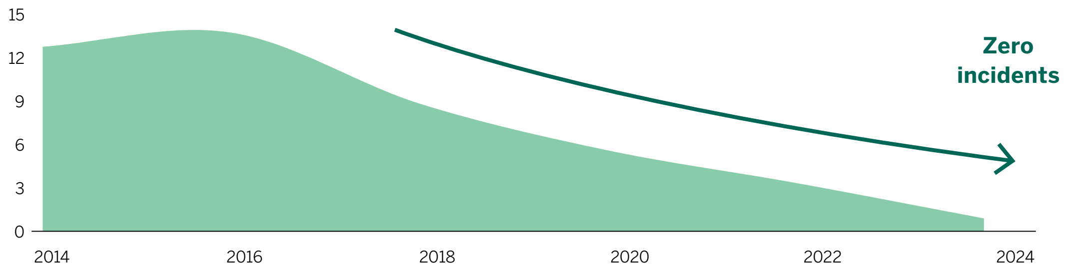
We believe that everyone should come to work and return home free of injury. We are committed to and have the ambition of zero harm for all who work in our plants and on our sites.

In 2024, we launched our Health & Safety strategy, ZERO HARM, for 2024-2026, focusing on behaviour-based safety and on embedding a safety-first culture across all operations. All plants have implemented and monitor safety improvement plans, supported by regular audits to ensure effectiveness. Key H&S metrics are tracked monthly, and lessons from incidents are shared across the organisation to prevent recurrence.

Looking ahead, we are committed to further strengthening our safety culture through proactive training, communication and hazard identification, driving progress toward our ultimate goal of zero harm.

Our focus on safety delivered outstanding results in 2024. We are proud to have achieved seven consecutive injury-free months in 2024, with our LTIF rate reaching a record low, from 3.4 in 2023 to 0.9 per million hours worked in 2024. These achievements reflect the dedication of our teams and the strength of our safety culture.

LTIF rate



Zero Carbon - SBM-1 | E1-1

Our vision for green transition and reducing our carbon emissions is based on a whole life assessment of our products. This is a process which evaluates the effects that a product has on the environment over the entire period of its life.

Our business model and strategy actively support the green transition by reducing our carbon emissions in alignment with our validated Science Based Targets. From a whole life perspective we want to achieve net zero emissions of our products and we believe that with our business model and strategy, we will be able to achieve this by 2050.

In 2024, our carbon emissions fell to a record low. Our plants are now consuming 100% renewable electricity, and a dedicated amount of the CAPEX budget is annually allocated to support emission reduction projects.

We have successfully reduced our scope 1 and 2 by 13% compared to 2023 remaining well within the 1.5-degree trajectory. Intensity of our scope 3 emissions were 1% lower compared to 2023 (and 11% lower compared to baseline 2019).

Our total GHG emissions were 483,205 tons, which is 12% lower than 2023.

100%

renewable electricity

12%

lower GHG emissions in total than 2023

Zero Carbon - SBM-1 | E1-4

2019 – Starting point

When we started our SBTi journey, an average H+H block emitted 210 kg CO_2 (gross) before landing on a building site. With its natural carbon capture storage (CCS) abilities, a block would over a lifetime emit net 130 kg.

Scope 1+2+3 **~ 210**
CCS **~ 75 kg**
Whole life emissions **~ 130 kg** (net)

2024 – Present

In the past five years we have improved our emissions, reducing the amount by 31 kg through renewable electricity and more efficient production. Blocks produced in 2024 therefore already emit lower emissions during their lifetime compared to blocks produced in 2019.

Whole life emissions ~ **100 kg** (net)

2030 – Target

We plan to improve our energy mix and increase the use of low-carbon binder materials, giving a further reduction of 26 kg. In 2030, the whole life emissions of a block will be approx. 75 kg.

Whole life emissions ~ **75 kg** (net)

2050 – Vision

Based on roadmaps from our suppliers, our blocks will from a whole life perspective have a negative carbon footprint by latest 2050, positioning our products as the core solution for sustainable wall building materials.

Whole life emissions ~ **negative 50 kg** (net)

Carbon capture storage inside (CCS inside)

Due to the natural carbon capture abilities of our blocks, the whole life emissions for a block become significantly lower as they absorb CO_2 during their lifetime.

Our AAC products act like a dried-out sponge – absorbing CO_2 from the atmosphere. With the improvement in sustainable production and carbon capture and storage (CCS), we will be able to produce blocks with a negative CO_2 footprint 10-20 years from now due to the carbon capture process.

A standard house* absorbs over

2.3 tons of CO_2

over its lifetime from aircrete, equivalent to the absorption of **90 trees.**

* Made from approximately 30 m³ AAC blocks

Long-term targets

We remain committed to our long-term financial targets. This is based on expectation of a market recovery across our geographical footprint over the coming years.

With current internal initiatives we will leverage our asset base by consolidating volumes into more efficient plants. This will also help us become more resilient to swings in the macroeconomic development.

Our sustainability commitment is supported by validated reductions in scope 1, 2, and 3 GHG emissions by 2030, with the ultimate goal of achieving net zero no later than 2050.

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Financial targets

EBIT margin

12%

Return on invested capital
excl. goodwil

16%

Financial gearing
Net interest-bearing debt to EBITDA

1-2x

Climate targets

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

46%

by 2030 compared to 2019

H+H commits to reducing scope 3 greenhouse gas emissions by

22%

per kg CO_2e/m^3 by 2030 compared to 2019

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

2050

Results

Full year financial review

Income statement

Revenue
Total revenue increased by 3% to DKK 2,747 million compared to DKK 2,672 million in 2023. Organic growth was 0% in 2024.

Organic growth was driven by higher sales volumes and offset by sales prices and country mix.

Revenue in Central Western Europe amounted to DKK 1,030 million compared to DKK 1,256 million in 2023. The decrease amounts to an organic growth of negative 18%.

Revenue in the UK amounted to DKK 871 million compared to DKK 763 million in 2023. Organic growth was positive by 11%.

Revenue in Poland was DKK 846 million compared to DKK 653 million in 2023. Organic growth was positive by 23%.

Gross profit before special items
Gross profit was DKK 579 million compared to DKK 564 million in 2023, corresponding to gross margins of 21% in both 2023 and 2024. Both 2023 and 2024 were impacted by higher energy costs related to the gas contract settled in Q1 2024. 2024 was also impacted by de-stocking initiatives, offset by better utilisation of our plant network.

EBITDA bsi
EBITDA before special items in 2024 increased by 3% to DKK 250 million compared to DKK 244 million in 2023, corresponding to EBITDA margins of 9% in both 2024 and 2023.

Depreciation and amortisation
Depreciation and amortisation amounted to DKK 187 million compared to DKK 187 million in 2023. Depreciation for buildings decreased as a result of plants closed down during 2023 and sold in 2024, while depreciation for machines and production equipment increased as a result of upgrades completed during the year.

EBIT bsi
EBIT before special items amounted to DKK 63 million compared to DKK 57 million in 2023, corresponding to EBIT margins of 2% in both 2023 and 2024.

Special items
Special items costs, net amounted to an expense of DKK 22 million in 2024 compared to an expense of DKK 287 in 2023. Special items primarily consist of the settlement costs of the gas contract, restructuring costs, and gains from the sale of land and buildings in Poland.

Please refer to Note 7 for more information.

EBIT
EBIT was DKK 41 million in 2024 compared to negative DKK 230 million in 2023.

Net financials
Net financials amounted to an expense of DKK 70 million in 2024, compared to an expense of DKK 53 million in 2023. The development is mainly driven by an increase in interest expenses from higher interest rates and debt position during the year.

Result before tax
Result before tax amounted to a loss of DKK 29 million compared to a loss of DKK 283 million in 2023.

Tax
Tax for the year amounted to a net expense of DKK 21 million compared to a net income of DKK 37 million in 2023 driven by the improved result in 2024 compared to 2023.

Result for the year
Result for the year was negative DKK 50 million, compared to negative DKK 246 million in 2023.

Loss for the period is attributable to H+H International A/S' shareholders by DKK 53 million and a profit to non-controlling interest by DKK 3 million compared to a loss of DKK 248 million and a profit of DKK 2 million, respectively, for 2023.

Comprehensive income
Other comprehensive income for 2024 was positive DKK 25 million compared to DKK 3 million in 2023. The year-on-year movement was a result of actuarial gain net of tax of DKK 8 million and loss in fair value adjustment of derivative financial instruments of negative DKK 3 million and a positive development in foreign exchange rates of DKK 20 million.

Cash flow

Operating activities
Cash flow from operating activities before financial items and tax amounted to cash in-flows of DKK 279 million in 2024 compared to cash out-flows of DKK 110 million in 2023. The improvement in operating cash flows is mainly due to improved earnings and destocking initiatives.

Total cash flow from operating activities in 2024 was a cash in-flow of DKK 145 million compared to a cash out-flows of DKK 209 million in 2023.

Investing activities
Cash flow from investing activities in 2024 amounted to a net cash in-flow of DKK 74 million compared to a net cash out-flow of DKK 137 million in 2023. The cash in-flow in 2024 is mainly driven by the sale of land of buildings in Poland offset by CAPEX investments.

Financing activities
Cash flow from financing activities amounted to cash in-flows of DKK 103 million in 2024 compared to cash in-flow of DKK 131 million in 2023.

Balance sheet

On 31 December 2024, the balance sheet total amounted to DKK 3,473 million compared to DKK 3,454 million on 31 December 2023 mainly driven by shifts in the net debt position partly offset by a decrease in inventories of DKK 222 million.

Net interest-bearing debt
Net interest-bearing debt amounted to DKK 682 million as of 31 December 2024 corresponding to a decrease of DKK 205 million since 31 December 2023.

On 31 December 2024, financial gearing was 2.7 times net interest-bearing debt to EBITDA before special items.

The decrease in net interest-bearing debt since the beginning of the year was primarily driven by positive net working capital development from inventory reductions and the sale of land and buildings in Poland.

Equity
The consolidated equity decreased by DKK 28 million compared to 31 December 2023. Equity attributable to H+H International A/S's shareholders and non-controlling shareholders was DKK 1,566 million and DKK 84 million, respectively.

Management review for the parent company
Result for the year was negative by DKK 267 million compared to DKK 125 million in 2023. The decrease is due to a write-down of investment in subsidiaries after the restructuring of the German business.

Events after the balance sheet date
No events have occurred after the balance sheet date that would materially impact the assessment of the consolidated financial statements.

Follow-up on financial outlook

During 2024, H+H adjusted its outlook for organic revenue growth and EBIT margin before special items (bsi) on one occasion for organic growth and twice in total for EBIT bsi.

In August, we revised our guidance for organic growth to around 0% from the previous range of -5% to +5%. Additionally, our EBIT bsi was adjusted to DKK 50–100 million from DKK 50–150 million due to low market activity in Germany and the temporary closure of the Borough Green plant in the UK.

In November, the EBIT bsi range was narrowed to DKK 50–80 million from DKK 50–100 million.

Q4 2024 results

(DKK million)	2024 Q4	Q3	Q2	Q1	2023 Q4	Q3	Q2	Q1
Income statement								
Revenue	649	729	725	644	601	699	731	641
Gross profit bsi	164	174	132	109	94	138	178	154
SG&A	83	82	85	81	82	83	98	83
EBITDA bsi	82	101	41	26	32	53	87	72
EBIT bsi	36	53	(5)	(21)	(15)	13	38	21
Result after tax for the period	90	19	(29)	(130)	(109)	(29)	(101)	(7)
Balance sheet								
Invested capital	2,146	2,242	2,330	2,405	2,435	2,405	2,341	2,223
CAPEX	56	24	40	36	67	40	45	45
Net working capital	144	212	287	390	359	437	534	540
Equity	1,650	1,546	1,543	1,560	1,678	1,760	1,787	1,901
Net interest-bearing debt (NIBD)	682	887	993	1,006	887	844	875	804
Cash flow								
Cash flow from operating activities	19	135	56	(65)	(1)	87	(23)	(272)
Cash flow from investing activities	147	(13)	(34)	(26)	(22)	(33)	(45)	(37)
Cash flow from financing activities	43	(32)	(30)	122	(70)	(19)	52	168
Free cash flow	166	122	22	(91)	(23)	54	(68)	(309)
Financial ratios and others								
Sales volume (thousand m^3)	694	775	779	719	648	740	723	634
Organic growth	6%	2%	(3%)	(4%)	(26%)	(24%)	(26%)	(25%)
Gross margin bsi	25%	24%	18%	17%	16%	20%	24%	24%
EBITDA margin bsi	13%	14%	6%	4%	5%	8%	12%	11%
EBIT margin bsi	6%	7%	(1%)	(3%)	(2%)	2%	5%	3%

Note: Q4 2024 results are unaudited

Comments relating to the fourth quarter of 2024

Revenue

Total revenue increased by 8% to DKK 649 million compared to DKK 601 in 2023. Organic growth was positive 6% driven by higher volumes offset by mix effects.

Gross profit before special items (bsi)

Gross profit was DKK 164 million, compared to DKK 94 million in 2023, corresponding to gross margins of 25% and 16%, respectively. The increase in gross profit margin was driven by lower energy costs, including the impact of an unfavourable gas contract in 2023.

EBIT before special items (bsi)

EBIT bsi was DKK 36 million in 2024 compared to negative DKK 15 million in 2023, corresponding to EBIT margins of 6% and negative 2%, respectively.

Special items

Special items income of DKK 129 million for Q4 2024 mainly relates to the gain on sale of land and buildings in Poland partly offset by restructuring costs in Germany of DKK 27 million. For details, see Note 7.

Result after tax

Result after tax for Q4 2024 was a profit of DKK 90 million, compared to a loss of DKK 109 million in Q4 2023.

Cash flow from operating activities

Cash flow from operating activities amounted to a cash in-flow of DKK 19 million in Q4 2024 compared to a cash out-flow of DKK 1 million in Q4 2023. Development in operating cash flow is driven by higher earnings for the period.

Geographical footprint

We have a diversified geographical footprint with our activities spread across three core regions, namely Central Western Europe (comprising Germany, the Nordics, the Benelux countries, the Czech Republic and Switzerland), the United Kingdom and Poland. We have a leading position in most of our markets with solid market shares and strong customer relationships.

Share of Group revenue in 2024 (DKKm)

Aircrete plants

14

Calcium silicate plants

13

Central Western Europe

37%

Poland

31%

The United Kingdom

32%

Central Western Europe

Germany is the largest market within H+H's CWE region, with significant growth potential once regulatory and macroeconomic conditions improve. The organisation has been streamlined to capitalise on this recovery, although the timing remains uncertain. In adjacent markets, including Switzerland, the Nordics and the Benelux, there is more optimism, albeit with moderate growth rates.

Market development
The German housebuilding industry continued to be impacted by the ongoing economic recession. The number of building permits issued declined by 19% compared to 2023, reflecting difficult market conditions and a general slowdown in construction activity.

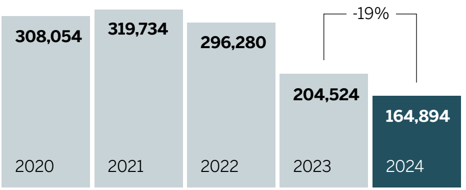
Looking ahead, 2025 is unlikely to see significant growth in construction activity, as the broader economy is expected to remain flat. Persistent inflationary pressures, energy supply challenges, and the absence of effective government support programmes have further weakened the investment climate, making it unlikely that housing targets will be met without substantial policy interventions. In February, the German election took place, and it remains to be seen what measures the new government will introduce before any firm conclusions can be drawn. However, if financing conditions improve and investor confidence strengthens, gradual market stabilisation could lay the foundation for a more sustained recovery in the longer term.

2024 results and key developments
Revenue in Central Western Europe amounted to DKK 1,030 million compared to DKK 1,256 million in 2023. The decrease amounts to negative organic growth of -18% mainly driven by lower sales volume.

Against this backdrop, we focused on optimising the cost structure to drive long-term efficiency. As part of this effort, we launched Project ONE, a strategic initiative aimed at enhancing profitability, improving customer experience, and streamlining operations. This project reflects our commitment to bringing CWE's costs in line with our Poland and UK businesses representing a significant turnaround in this region.

Other markets
In the Nordics, construction activity declined in 2024 due to high interest rates and market uncertainty, but H+H maintained strong partnerships and market presence. Switzerland saw moderate growth as inflation eased and interest rates fell, with a stronger expansion expected in 2025. The Benelux market remained stable in 2024 despite economic uncertainties. H+H maintained its strong position through customer collaboration and efficiency. With improving economic conditions expected in 2025, there is optimism for renewed growth in the region.

Building permits, Germany



Source: Statistisches Bundesamt

Organic growth
-18%

H+H market share AAC
~20%

H+H market share CSU
~15%

Market position
#2

Poland

Polish building activity experienced a strong recovery, driven by robust underlying demand and further boosted by a government subsidy programme. The market has remained strong after the programme expired. In 2025, expected interest rate cuts from the Polish central bank are anticipated to support continued strong building activity.

Market development
Polish building activity experienced a strong recovery in 2024, driven by robust underlying demand and further supported by the government's 2% loan support programme. The programme had a significant impact on the developer segment, particularly in the first quarter, contributing to a 20% increase in building permits in 2024 compared to 2023.

While demand slowed towards the end of the year as the programme was phased out, the underlying fundamentals of the Polish market remained strong.

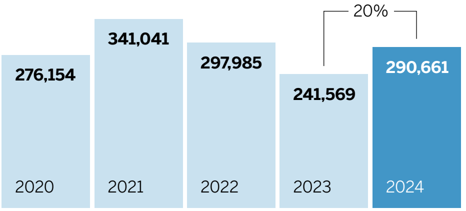
Looking ahead to 2025, government initiatives will remain key drivers of market momentum. Additionally, anticipated interest rate cuts from the central bank are expected to sustain strong building activity in Poland.

Beyond government support, the Polish housing market continues to face a structural undersupply of homes, driving long-term demand. Rising wages and improving consumer sentiment could further boost residential construction, while developers are likely to accelerate projects in response to more favourable financing conditions. These factors position Poland as a key growth market in the coming years.

2024 results and key developments
Revenue in Poland reached DKK 846 million in 2024, up from DKK 653 million in 2023, reflecting organic growth of 23%. This was driven by strong sales activity, particularly in the first half of the year, supported by the government's 2% loan support programme.

A key development in Q4 2024 was the announcement of the sale of the closed Warsaw plant to a Polish residential developer for PLN 110 million, as part of the plant network restructuring programme initiated in 2023. While the Warsaw facility has now closed, H+H Poland remains fully committed to the market. The Warsaw region is now supplied from nearby plants, ensuring efficient distribution, reliable service, and a continued strong presence in this strategically important area.

Building permits, Poland



Source: Statistics Poland

Organic growth
23%

H+H market share AAC
~20%

H+H market share CSU
~25%

Market position
#2

Deep dive

10 years without incidents

In 2025 our AAC plant in Żelisławice, Poland, achieved the significant milestone of operating 10 years without any lost time incidents (LTIs). This could only be achieved by demonstrating a commitment, passion and energy every day to sustain zero harm.

Over the past 10 years the plant and its employees have continuously obtained improvements in their pursuit of safety excellence. The key focus has been on embedding safety into the DNA of the site through a wide variety of initiatives implemented by management.

These range from developing core H&S processes, running all day 'Safety Day' events, embedding standardised processes and ensuring that all shift supervisors participate in 'Leading in Safety' workshops. By being proactive we take the lead in ensuring our workforce is made aware of and understand the hazards and risks in the world of work at Żelisławice.

The continuous improvement is demonstrated by the Self-Assessment and Group Maturity Audit process as well as being internally recognised as being 'Best in Class' within H&S.

The work done in Zelislawice follows our five strategic themes towards zero harm:

- **Leading in Safety**
- **Behaviour-Based Safety**
- **Engineering Critical Safety Equipment**
- **Embedding Safe Working Instructions**
- **Safety Improvement Plans**

Picture showing the safety board in Zelislawice reaching 10 years with no accidents.

> Our plant in Zelisławice is the leader not only in terms of safety but also in the efficiency of the production process among our 11 plants in Poland. The site has shown that leadership, engagement and involvement are key attributes in delivering our goal of zero harm

Piotr Dauksza
Managing Director for H+H Polska

The United Kingdom

Political building ambitions are set to drive long-term growth in the UK market, although a ramp-up period is anticipated in 2025. To align supply with demand, H+H reopened the mothballed Pollington plant late in the year, ensuring readiness for future expansion.

Market development

During the first half of the year, prevailing market conditions, including the Bank of England's base rate increases, drove mortgage rates higher, reducing demand for new homes and slowing house price growth. However, the second half of the year showed signs of recovery, with quarter-on-quarter growth in new home registrations and mortgages rates, a positive trend influenced by interest rate cuts and improved consumer confidence. Overall, building registrations remained in line with 2023 with some evidence of increased on-site activity and an emerging sense of cautious optimism among housebuilders.

The British government must address the structural undersupply of housing while working towards its target of delivering 1.5 million new homes over five years. Expanding the housing stock is essential, and achieving this goal will require a further increase in registrations, supported by lower interest rates and improved market confidence. The funding announced by Chancellor Rachel Reeves in her first Autumn Budget was widely welcomed and is expected to have a positive long-term impact on housing supply.

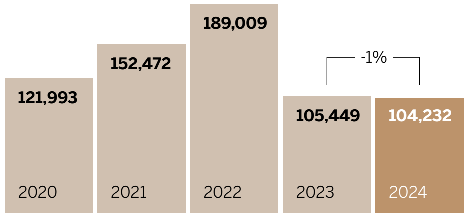
Looking ahead, the combination of gradually improving affordability, sustained government support, and increased developer confidence positions the UK market for moderate but steady growth into 2025. Further rate cuts and policy clarity on long-term housing supply strategies will be critical in sustaining this momentum.

2024 results and key developments

Revenue in the UK amounted to DKK 871 million compared to DKK 763 million in 2023. Organic growth for the year was 11%, driven by stable pricing and demand recovery in the latter half of the year.

The combination of rising demand, particularly in private housebuilding, and the unexpected production halt at Borough Green in July 2024 led H+H UK to reopen its mothballed plant in the north during Q4 2024. This strategic move ensures continued supply, supports the growing market, and enhances production capacity. By restarting operations, H+H UK strengthens its ability to meet customer needs while building stock in anticipation of further growth in 2025 and beyond.

Total newbuild registrations



Source: National House Building Council (NHBC)

Organic growth

11%

H+H market share AAC

~45%

Market position

#1

Governance

Corporate governance

Governance structure - GOV-1
The general meeting is the supreme governing body of H+H International A/S where shareholders can exercise their rights. At the annual general meeting shareholders consider the annual report, the remuneration report, the election of Board of Director members and the election of auditor, changes to the Articles of Association as well as any other agenda items proposed by the Board of Directors or shareholders. The authority of general meetings and the formalities relating to general meetings are set out in the company's Articles of Association available on the Group website.

Election of a member to the Board of Directors requires simple majority of votes, and decisions to make amendments to the Articles of Association requires at least two-thirds of the votes cast as well as of the share capital represented at the general meeting.

H+H International A/S has a two-tier management system consisting of the Board of Directors and the Executive Board. The Board of Directors supervises the work of the Executive Board and is responsible for the Group's strategy and overall organisation, management, and capitalisation. The Executive Board is responsible for the execution of the strategy and the day-to-day management. The organisation and operation of the Board of Directors are set out in the Rules of Procedure for the Board of Directors, and similarly the organisation of the Executive Board and its co-operation with the Board of Directors are set out in Rules of Procedure for the Executive Board.

The current Articles of Association state that the Board of Directors must consist of 4-8 members elected at a general meeting. Currently, the Board of Directors consists of 7 members. The term of all board members expires at each annual general meeting, but each member may be re-elected for a new term. It is stipulated in the Articles of Association that a board member may not also be a member of the Executive Board.

To support the work of the Board of Directors, the Board of Directors has established three board committees, namely the Audit Committee, the Remuneration Committee, and the Nomination Committee. The board committees are not authorised to make independent decisions but shall report and provide recommendations to the Board of Directors. The members of each board committee, including the committee chair, are each appointed by the Board of Directors on the basis of their specific competences.

Key activities 2024 - Board of Directors - GOV-1

- Review and update of strategy and business plan
- Monitoring of the execution of the Group health & safety strategy 'ZERO HARM'
- Monitoring of the execution of the new Group operational model HOME, including approval of related CAPEX projects to increase production capacity for the involved plants
- Approval of sale of idle assets related to the plant closures executed as part of plant network efficiency actions, including approval of the sale of buildings and land in Warsaw after closure of the Warsaw plant
- Monitoring of the execution of Project ONE aimed at integration and harmonisation of the German business and financial processes to release synergies stemming from the acquisitions since 2018
- Monitoring of the execution of measures and related CAPEX implementations in pursuit of the CO_2 targets set under the Zero Carbon strategy
- Review of IT and cyber security, including cyber security training and readiness
- Unplanned board meetings to monitor the measures taken to resolve a sudden ordered stop to the operation of all autoclaves at the Borough Green plant in the UK
- Board evaluation process facilitated by an external expert

Key activities 2024 - Audit Committee - GOV-1

- Oversight of enterprise risk management, including risk categories and revision of the operational hedging policy
- Monitoring of group insurance strategy, coverage, and pricing
- Monitoring sustainability reporting process, including review of the double materiality assessment and planning of the first full limited assurance of the sustainability statement etc.
- Monitoring financial annual and interim reporting process, including treatment and estimates, accounting policies and the integrity of the reporting process, as well as review of the audit strategy

Key activities 2024 - Nomination Committee - GOV-1

- Recruitment of new CFO
- Arrangement and execution together with the assistance of an external expert of the annual evaluation of the Board and of the Executive Board and their co-operation as well as the Board's collective and the board members' individual competences
- Arrangement of recruitment processes for potential new board members to be proposed for election at the next annual general meeting in April 2025 (ongoing into 2025)

Key activities 2024 - Remuneration Committee - GOV-1

- Annual review of the Remuneration Policy for the Board of Directors and the Executive Board and presentation to the Board of Directors of proposed changes which were presented at the annual general meeting in April 2024
- Review of the Remuneration Report for 2023
- Review of and proposal for the fees for 2024 to the Board of Directors and presentation to the Board of Directors of the fee proposal which were presented at the annual general meeting in April 2024
- Review of the actual remuneration for 2023 to the Executive Board and proposal for adjustments to the Board of Directors
- Review of outcome under the incentive programs vesting in 2024 and proposal to the Board of Directors of KPIs and targets for the short-term and long-term incentive programmes starting in 2024

Attendance rates for board and committee meetings in 2024

	Board	Member since	Meeting Attendance	Audit Committee	Meeting attendance	Nomination Committee	Meeting attendance	Remuneration Committee	Meeting attendance
Kent Arentoft	Chair	2013	8/9			Chair	1/1		1/1
Miguel Kohlmann	Vice Chair	2018	8/9			Member	1/1	Chair	1/1
Stewart A Baseley	Member	2010	9/9			Member	1/1		
Volker Christmann	Member	2017	9/9	Member	4/4				
Kajsa von Geijer	Member	2022	6/9	Member	4/4			Member	1/1
Helen MacPhee	Member	2019	8/9	Chair	4/4				
Jens-Peter Saul	Member	2023	8/9			Member	1/1	Member	1/1

■ Chair ■ Vice Chair ■ Member

* The participation rates for 2024 were below normal for most board members, which is due to there being four unplanned board meetings each held with very short notice over a one week period in July 2024, where many board members were on holiday. Looking at the pre-planned five board meetings, the attendance rates were at 100% for all board members, except for Kajsa von Geijer with an attendance rate at 80% (i.e. absent from one of five board meetings).

Board diversity - GOV-1

The Board seeks to be diverse in the broadest sense relevant, recognising the benefits of diversity in terms of cultural background, gender, age etc.. When deciding whether to propose re-election or not of board members as well as when searching for candidates to propose as new board members, the decision is based on filling out relevant competence gaps or strengthening specific competences in the Board.

Board diversity by the end of 2024

Nationality & residence*

Brazil (1) / Denmark (1) / Germany (3) / Sweden (1) / Switzerland (1) / United Kingdom (3)

Board tenure (years)

1-5 (2) / 6-10 (3) / 11-15 (2)

Board independence rate

86% (2023: 86%)

Age distribution (years)

55-59 (2) / 60-64 (3) / 65-69 (2)

Gender

Female (2) / Male (5) - average ratio of 29%

Educational backgrounds

Business Administration, Controlling and Auditing / Mechanical Engineering / Economics / Strategy and Management / Financial and Management Accounting / Human Resource Management

Current Board competence profile - GOV-1

Individual competences:

- International and business-minded
- Analytical and strategic
- High integrity and accountability
- Team-oriented

* Two board members have dual citizenship

Collective board competences:

- International top management
- Production & sales in building industry
- Supply chain management
- Health & safety
- Sustainability / ESG
- HR and compliance
- Finance and accounting
- Enterprise risk management
- IT, AI and cyber security management
- Strategy development
- Change management
- M&A, divestments etc.
- Investor relations and capital markets
- Corporate governance

H+H has since the annual general meeting on 31 March 2022 had equal gender distribution in our Board of Directors, as defined by the Danish Business Authority. For this reason, no formal gender target under the law is set. However, when the Board as part of its annual board evaluation decides to want to change its composition, the possibility to improve especially the Board's gender diversity and age profile will naturally be pursued. Hence, If two candidates for a board position are equally competent, the person improving the gender and/or age diversity will be preferred.

Board evaluation - GOV-1

The Board of Directors' annual evaluation procedure for 2024 was conducted by an external expert who had one-on-one meetings with each member of the Board of Directors as well as with each member of the Executive Board.

The Board then held a board meeting without the presence of the Executive Board where the external expert presented input and findings followed by private discussions in the Board of Directors to discuss the findings and agree on conclusions and action points. The issues evaluated included discussions and decisions regarding e.g.:

- the board composition (diversity gaps in regard to competences, gender, age, board continuity etc. and the size of the Board)
- the board structure (review of the chairship and the board committee structure)
- the board performance (collective and individual performance)
- co-operation between the Board and the Executive Board (collective and individual performance, co-operation inside and outside of board and board committee meetings) and
- potential changes to the size of the Board, the individual board members, inclusion of new board members and related candidate profiles and use of headhunters etc.

The expert summarised the work of the Board as being based on a high level of trust and collaboration. Board members were all well prepared and had a high participation rate for all planned meetings, indicating that no board members were overboarded. The Board found having a Chairship to be an effective way to manage the Board. The Board also found there to be good and relevant diversity in respect of competences and the spread in board tenure, ensuring both continuity and renewal. The co-operation between the Board and the Executive Board functioned well and the Executive Board said it benefitted from having board members that collectively represented very diverse and relevant competences with regard to special subject matters, industries, country market experience, and cultural insights.

Remuneration

Remuneration of the Board of Directors and the Executive Board is paid in line with the H+H Remuneration Policy for the Board of Directors and Executive Board adopted by the general meeting. The Remuneration Policy will be reviewed and presented for approval at the annual general meeting for 2025. H+H reports on remuneration in an annual Remuneration Report presented to the shareholders at the annual general meeting for an advisory vote. The Remuneration Report for 2024 and the present Remuneration Policy are available on the Group **website**.

Annual corporate governance statement

As a listed company on NASDAQ Copenhagen, H+H International A/S reports annually on the recommendations on corporate governance. These are issued by the Committee on Corporate Governance together with a description of the internal control and risk management system relating to the financial reporting as required under Section 107(b) of the Danish Financial Statements Act. The reporting is done in an annual Corporate Governance Statement available on our Group **website**. We comply with all recommendations.

Report on data ethics

The following makes up the data ethics report required under Section 99(d) of the Danish Financial Statements Act.

H+H's Data Ethics Policy has as its overall objective to encourage and motivate all our employees to handle data with the utmost care and respect and to follow our guiding principles on data use and ethics. We are committed to complying with all applicable personal data protection laws. We run internal audit controls to secure compliance with both information security and data protection requirements, and all employees developing, purchasing or otherwise working with technology and data science-based uses of data must be informed about the data ethics principles. We do not purchase, sell or broker data or otherwise profit from separate data transfers from or to third parties. We do not currently carry out data processing using artificial intelligence, such as machine learning, as a natural part of our business.

Our Data Ethics Policy can be found on the Group **website**,

Board of Directors

Kent Arentoft, Chair

Male. Born 1962. Danish.

Chairman of DSVM Invest A/S and subsidiaries.

Independent
Member and Chair since 2013
Chair of the Nomination Committee

H+H shareholding
Holds 60,000 H+H shares via a company he controls
No changes made in 2024

Areas of expertise
Broad organisation and management experience in international companies in the building materials and contracting sector, particularly within strategy development and M&A transactions.

Other management positions and directorships
Chairman of MAAG Gear AG
Chairman of Geveko Group AB
Board member of Igne Group Limited.

Miguel Kohlmann, Vice Chair

Male. Born 1962. German/Brazilian.

Professional board member and advisor.

Independent
Member since 2018 and Vice Chair since 2024
Chair of the Remuneration Committee
Member of the Nomination Committee

H+H shareholding
Does not hold any H+H shares
No changes made in 2024

Areas of expertise
Extensive management experience in global building materials production and other global industries. Worked in controlling, sales, production, and general management.

Other management positions and directorships
Chairman of the Board of Directors of Archroma Holdings SARL (Luxembourg) and NMC International S.A. (Luxembourg).
Member of the Advisory Board of Pfleiderer GmbH (Germany) and Paul Bauder GmBH (Germany).

Stewart Antony Baseley

Male. Born 1958. British.

Chairman of Highlander Partners (CEE) and board member of five subsidiaries (Romania) and two subsidiaries (UK)

Not independent (more than 12 years board tenure)
Member since 2010
Member of the Nomination Committee

H+H shareholding
Holds 22,500 H+H shares
No changes made in 2024

Areas of expertise
Experience in the international housebuilding industry and the developer industry, particularly in the UK, as well as international management experience.

Other management positions and directorships
Chairman of Home Builders Federation and board member of four subsidiaries (UK)
Chairman of Troy Homes Limited (UK)
Patron of Children with Special Needs Foundation (UK)

GOV-1 – The role of the administrative, management and supervisory bodies

Board of Directors – continued

Volker Christmann

Male. Born 1957. German.

Managing Director, Senior Vice President Insulation Central Europe, Member of Group Management of ROCKWOOL A/S. Chairman of the Board of Directors of two companies in the ROCKWOOL Group, Managing Director of five companies in the ROCKWOOL Group and member of the Board of Directors of ROCKWOOL Foundation.

Independent
Member since 2017
Member of the Audit Committee

H+H shareholding
Does not hold any H+H shares
No changes made in 2024

Areas of expertise
Extensive experience within the building materials production sector of Central Europe, particularly in Germany, as well as within financial auditing and controlling.

Other management positions and directorships
Chairman of the Board of Directors of BuVEG (Bundesverband energieeffiziente Gebäudehülle) (Germany).
Member of the Board of Directors of FIW (Forschungsinstitut für Wärmtechnik) (Germany).

Kajsa von Geijer

Female. Born 1964. Swedish.

Professional board member and advisor.

Independent
Member since 2022
Member of the Audit Committee
Member of the Remuneration Committee

H+H shareholding
Does not hold any H+H shares
No changes made in 2024

Areas of expertise
International experience within strategic and operational HR, sustainability, ESG and general compliance.

Other management positions and directorships
Member of the Advisory Committee of Solix Group AB (Sweden) and of one its subsidiaries.

Helen MacPhee

Female. Born 1962. British.

Senior Vice President of Finance, AstraZeneca plc (UK).

Independent
Member since 2019
Chair of the Audit Committee

H+H shareholding
Does not hold any H+H shares
No changes made in 2024

Areas of expertise
Extensive experience within strategic and operational finance. International experience in change management, financial oversight and control, management of large-scale ERP implementation projects, governance, and risk frameworks.

Other management positions and directorships
N/A

GOV-1 – The role of the administrative, management and supervisory bodies

Board of Directors – continued

Jens-Peter Saul

Male. Born 1966. German/British.

CEO of Ramboll Group A/S, Denmark

Independent
Member since 2023
Member of the Nomination Committee
Member of the Remuneration Committee

H+H shareholding
Holds 6,259 H+H shares
No changes made in 2024

Areas of expertise
Extensive international experience in particular within strategy development and execution to accelerate organic and acquisitional growth and to maximise investments, as well as broad insights into sustainability and the green energy transition. Experience from diverse industries such as infrastructure, energy, construction, investment, manufacturing and trading.

Other management positions and directorships
Member of the Board of Directors of Cubico Sustainable Investments Limited (UK).

Executive Board

Jörg Brinkmann

Male. Born 1979. German.

CEO since 2022

H+H shareholding
Holds 21,300 shares

7,300 were purchased in 2024

Background
2018-2022: Managing Director, Europe of James Hardie Europe, GmbH (Germany)
2014-2018: CEO of Fermacell, GmbH (Germany)
2011-2014: Sales Director of Fermacell, GmbH (Germany)
2005-2011: Head of Marketing at Xella Group, GmbH (Germany)

Education
MSc (Business Administration)
PhD Economics

Other management positions and directorships
N/A

Bjarne Pedersen

Male. Born 1977. Danish.

CFO since 2024

H+H shareholding
Holds 10,141 shares

No changes made in 2024

Background
2019-2024: Chief Strategy Officer in H+H (Denmark)
2014-2019: Investor Relations and Business Development, H+H International A/S (Denmark)
2008-2014: Various IT and Finance positions in H+H International A/S (Denmark)
2006-2008: Global Cash management in Danske Bank (Denmark)
2005-2006: IT Consulting Project Manager at e-conomic A/S (Denmark)
1998-2005: Auditor at Pwc (Denmark)

Education
MSc (Business Economics and Auditing)

Other management positions and directorships
N/A

Shareholder information

H+H International A/S is listed on the Nasdaq Copenhagen stock exchange and is trading under the ticker symbol HH.

Share-price development

The H+H International A/S shares started the year at a price of DKK 88.80 and closed the year at a price of DKK 78.70, representing a decrease of 11%. At the end of the year, the total market value of H+H amounted to DKK 1,298 million. The highest traded price during 2024 was DKK 109.4 on 7 June and the lowest traded price was DKK 65.6 on 15 March.

Share capital and treasury shares

H+H's shares are listed on the Nasdaq Copenhagen stock exchange and consists of 16,500,000 shares each valued at DKK 10, with uniform voting and dividend rights. By the fiscal year's end, H+H held 162,049 treasury shares, representing 1% of its share capital.

Composition of shareholders

On 31 December 2024, H+H had more than 5,500 registered shareholders. Major shareholders owning more than 20% of the total share capital and votes were Solbet Sp. z o.o., Poland. Major shareholders owning more than 5% but less than 10% of the total share capital and votes were Nordea Funds Ltd., Finland, ATP Arbejdsmarkedets Tillægspension, Denmark, and BI Asset Management Fondsmæglerselskab A/S, Denmark. The majority of the share capital is held by Danish investors. Other key markets are Poland, the United Kingdom, and the United States.

Capital allocation

Our free cash flow allocation priorities are unchanged from previous years:

1. Repay of net interest-bearing debt in periods when the financial gearing ratio is above the long-term target range;
2. Pursuit of value-adding investments in the form of acquisitions or development of the existing business; and
3. Distribution of capital to the shareholders by means of share buy-backs and/or dividends.

For the time being, we expect to use the free cash flow to repay debt to lower the gearing to within the long-term target ratio of 1-2x net interest-bearing debt to EBITDA before special items.

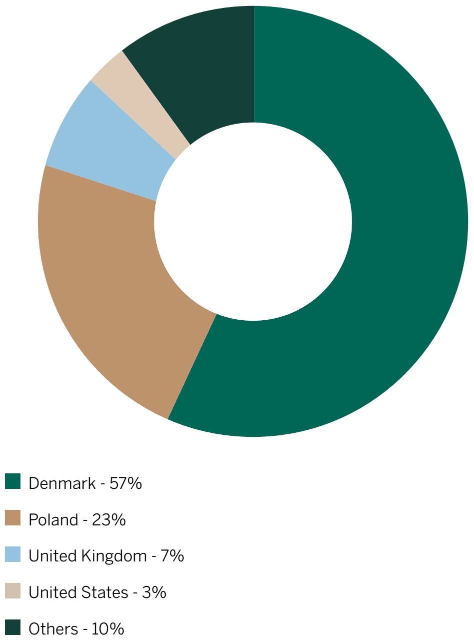
Major shareholders per 31 December 2024

Solbet Sp. z o.o., Poland	> 20%
Arbejdsmarkets Tillægspension, Denmark	>5%
Nordea Funds Ltd., Finland	>5%
BI Asset Management Fondsmæglerselskab A/S, Denmark	>5%

Share information

Exchange	Nasdaq Copenhagen
ISIN code	DK0015202451
Ticker symbol	HH
No. of shares	16,500,000
Denomination	DKK 10 per share
Share capital	DKK 165,000,000
Voting rights	One vote per share

Geographical distribution of shareholders



Annual general meeting
The next annual general meeting (AGM) is scheduled for 8 April 2025 at 11.00 a.m. at Copenhagen Marriott Hotel, Copenhagen. Further details are published through a company announcement and on our group website no earlier than five to three weeks before the AGM. AGM documents will be accessible on our group website once the notice is published. Amendments to the Articles of Association require the resolution is passed by at least two-thirds of the votes cast as well as of the share capital represented at the AGM.

Investor Relations - SBM-2
The purpose of our financial communications and other investor relations activities is to ensure that relevant, accurate and timely information is made available to the stock market to serve as a basis for regular trading and a fair pricing of H+H shares.

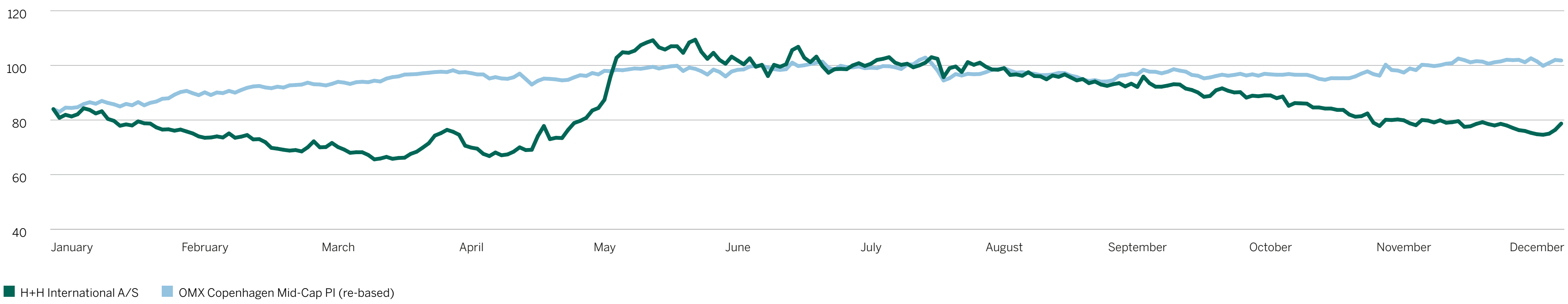
To ensure that capital market participants, including current and prospective investors, are able to make well-informed investment decisions, we seek a transparent and active dialogue with all financial market participants, including investors, sell-side analysts, journalists and the general public via conference calls, participation in investor meetings and equity conferences and social media.

H+H is not normally available for dialogue about financial matters in the three-week period leading up to the publication of an interim financial report or the annual report. Inquiries concerning investor relations issues should be addressed to the Head of Investor Relations and Treasury via email to **Shareholder@HplusH.com**. More relevant investor information is available on our group **website**.

Financial calendar 2025

4 March	2024 Annual Report
8 April	Annual General Meeting
20 May	Q1 Interim Report
12 August	H1 Interim Report
11 November	Q3 Interim Report

2024 relative share-price performance

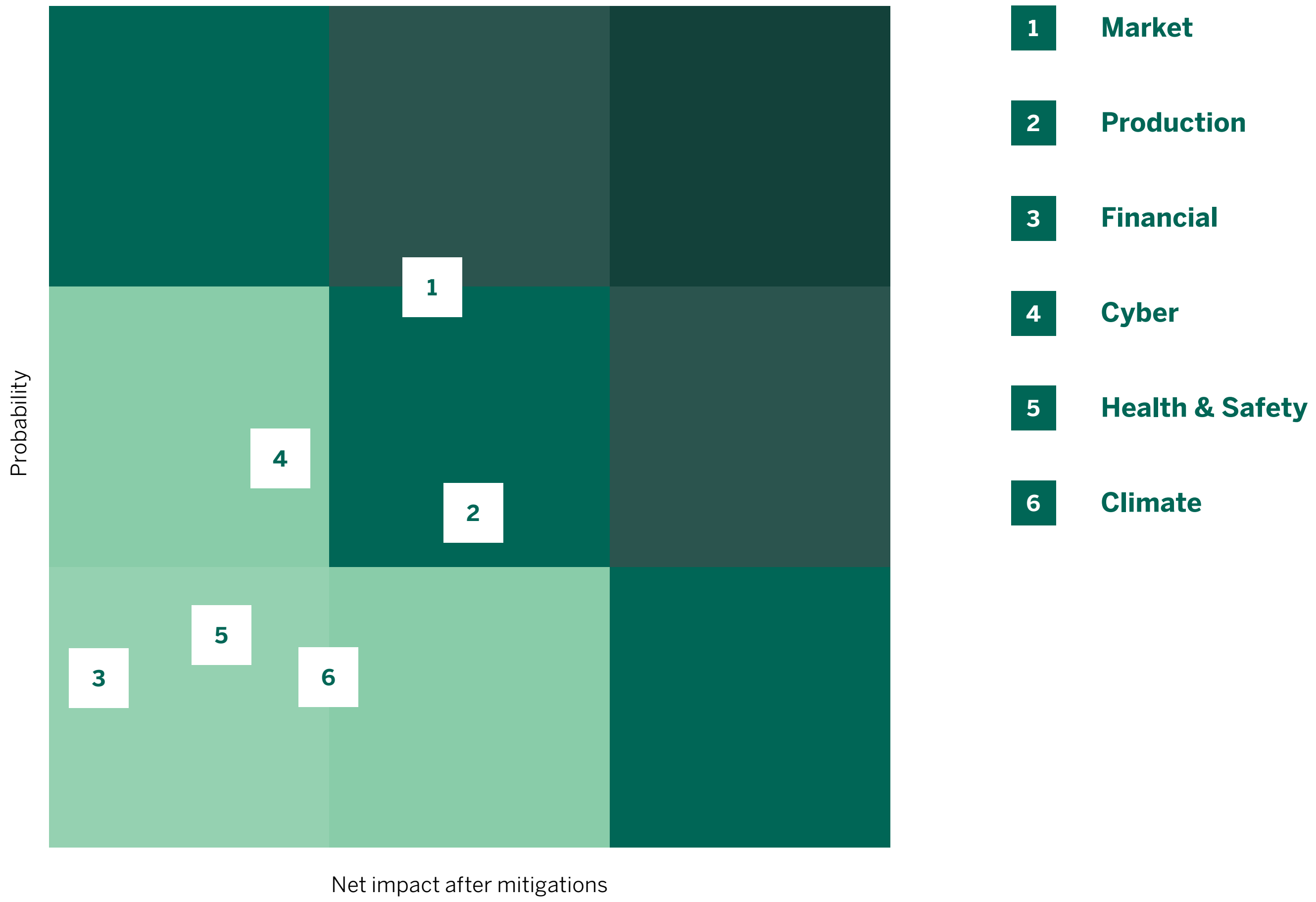


Risk management

The Board of Directors of H+H International A/S oversees the risk management processes to ensure that the risk profile, risk process, and risk awareness are appropriate. Responsibility for Enterprise Risk Management (ERM) effectiveness has been delegated to the Chief Financial Officer.

The ERM processes at H+H ensure a dynamic approach, which involves identifying risks, assessing their probability, and evaluating the potential impact on business performance, governance, image and people. The aim is to mitigate identified key risks to an acceptable level through appropriate ERM processes. Each region within the group conducted individual workshops to identify potential risks. The results and evaluations from these workshops were integrated into the overall group enterprise risk evaluation. Key elements of these risks and the corresponding mitigation strategies are detailed in the following sections.

Detailed information on the risk management structure is available in the Corporate Governance statement for 2024.



Risk position

The risk categories outlined below are recurring risks from previous years, though the balance, severity and in some cases the nature have changed. Hence, the efforts to mitigate these risks have been adjusted to the current risk picture.

	1 Market	2 Production
Risk description	The industry is influenced by a range of factors, including interest rates, which affect borrowing costs for developers and buyers, and general economic growth, which impacts demand for housing. Population growth, urbanisation, and shifts in household formation also play a role in driving the need for new homes. Additionally, government policies, incentives and regulatory frameworks, such as sustainability requirements, influence the pace and focus of construction activity across regions. In recent years, rising inflation and higher interest rates have lowered building activity, despite strong housing need. Pricing continues to be a key parameter. In regions with a declining market, there is a risk that competitors will adopt a volume strategy to avoid excess production capacity, leading to increased price pressure.	H+H relies on a stable production, therefore unforeseen stoppages, unplanned maintenance, or damage to machinery or other events vital to production which can make plants or machinery unavailable for production for an extended period, is a risk. Other key elements of the production risk include inflationary pressures and scarcity of raw materials.
Mitigating actions	H+H closely monitors the market development for residential new-build and frequently assesses current and expected market indicators, such as building permits and interest rates. Additionally, by focusing on production efficiency we will improve the possibility to respond to changes in market demands and adjust production capacity accordingly. We maintain a firm pricing discipline and invest in relationships with key customers, to ensure that pricing strategies are both competitive and sustainable.	H+H remains committed to investing in our plants to ensure limited disruption, through monitoring and investigation of critical production equipment, preventive maintenance and regional developed emergency plans. In addition, we have implemented a hedging policy to manage the risks associated with energy price volatility.
Net risk assessment	As seen in recent years, the building industry is highly exposed to economic fluctuation. However, risks are mitigated by a firm pricing discipline, continued investment in efficient and agile production facilities, which also allows for timely responses to changes in the market dynamics. The risk is assessed to be medium to high.	Considering the mitigation actions, the risk is assessed to be medium. It remains a key focus to ensure a stable and efficient production and to regularly oversee and assess any potential production and supply risks as part of daily operations.

	3 Financial	4 Cyber	5 Health & Safety - ESRS 2 GOV-5	6 Climate - ESRS 2 GOV-5
Risk description	A potential lack of funding or a breach of covenants could lead to the cancellation of the current facility, necessitating the establishment of a new, potentially more expensive financing source. Additionally, a low cash generation could impact bank KPIs, resulting in higher interest rates.	Cybercrime is growing and there is a rise in cyberattacks which are becoming more sophisticated and frequent. Cyberattack/ransomware situations blocking access to networks or critical systems, can impact essential processes in several business areas.	Critical accidents resulting in fatalities or serious harm to employees or external parties can be caused by several factors. These include inadequate behavior within the business, insufficient training and learning in health and safety.	Failure to meet our science-based targets, including not adhering to the sustainability strategy by reducing coal usage, closing or improving inefficient plants, and sourcing more carbon-friendly raw materials, is a risk for H+H.
Mitigating actions	A long-term credit facility is established to support the strategy and future investments. Additionally, in-depth cash monitoring and forecasting are conducted, including scenario-based assessments.	Dedicated resources within Group IT focused on cybersecurity are monitoring developments in this area. Choice of IT suppliers and the adequacy of defense measures are carefully considered. Additionally, continuous training in cybersecurity is provided for all employees and results of the training is presented to management on a recurring basis.	The importance of safety is embedded through the Group Health and Safety Policy, which provides guidance on applying our safety management system across all operations. We conduct near-miss reporting and root cause analysis to reduce risk and strive to enhance performance through both external and internal reviews, followed by subsequent follow-ups.	Operational management is responsible for executing plans that support our science-based targets, and management is committed to making adequate funding for the projects necessary. Additionally, planning by the procurement team in sourcing materials is essential. Mitigating actions are further described in the Sustainability Statement under the Environmental Information section.
Net risk assessment	The current liquidity position and expected cash projections indicate sufficient headroom for the company's bank covenants. Consequently, the risk is assessed as low.	H+H is seeing an increasing number of attempts and numbers of methods being used in these attempts. Our mitigating actions are consistently updated and implemented, reducing the likelihood of occurrence. Therefore, the risk is considered to be medium.	There is a relatively small number of employees in a plant, where the heavy machinery is, and it is rare that accidents affect more than one employee at the time. The risk is considered low.	Our science-based targets are ambitious but realistic with the effort and mitigation in place, hence the probability of the risk is considered low. The challenges are more industry specific than company specific.

Sustainability statement

General information

Sustainability is a strategic focus area for H+H and it is embedded in our business model.

List of disclosure requirements		Page reference
ESRS 2 General Disclosures		
BP-1	General basis for preparation of the sustainability statement	Page 49
GOV-1	The role of the administrative, management and supervisory bodies	Pages 36-42, 49
GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	Pages 49-50
GOV-3	Integration of sustainability-related performance in incentive schemes	Page 50
GOV-4	Statement on due diligence	Page 51
GOV-5	Risk management and internal controls over sustainability reporting	Pages 56-57
SBM-1	Strategy, business model and value chain	Pages 19, 23-24
SBM-2	Interests and views of stakeholders	Page 52
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Pages 53-54
IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	Pages 55
IRO-2	Disclosure Requirements in ESRS covered by the undertaking's sustainability statement	Pages 54, 59-62

ESRS 2 General disclosures

BP-1 General basis for preparation

Our sustainability statement is prepared on a consolidated basis with our 2024 financial statements and with reference to the Corporate Sustainability Reporting Directive (CSRD), the European Sustainability Reporting Standards (ESRS) and in compliance with sections 99a and 107d of the Danish Financial Statements Act.

It covers our own operations and upstream and downstream value chains. The statement is structured into four sections - 'General', 'Environmental', 'Social' and 'Governance' – with each section disclosing relevant information related to impacts, risks, opportunities, targets, metrics, policies and actions. We have not used the option to omit specific information corresponding to intellectual property, know-how or the results of innovation.

GOV-1, GOV-2 Sustainability governance

H+H's ESG activities are anchored at the Board of Directors who has oversight of our strategy, targets, impacts, risks and opportunities and Group policies together with Group Management. This includes regular risk assessments, establishment of internal controls and documentation of data, which are overseen by the Audit Committee. Due diligence is managed mainly through policies and their related processes. The Board of Directors and the relevant underlying board committees are updated on these as part of their annual wheel.

The long-term strategy for H+H is discussed at the annual strategy seminar, including how to address and manage the material impacts, risks and opportunities identified in the Double Materiality Assessment ('DMA'). During the first half of 2024, a review of the DMA was completed by Group Management and the regional Managing Directors, including engagement with various internal and external stakeholders. The result of this was first presented to the Audit Committee before being presented and approved by the Board of Directors.

You can read more about our board composition, governance structure and activities in the Corporate Governance section. Here you can also find information on the experience and background of the members of the Board of Directors and the Executive Board.

As a further testament to our commitment, H+H also has a sustainability-linked financing agreement, which incentivises the achievement of specific ESG KPIs.

Sustainability is anchored across our corporate governance structures

Board of Directors
Oversees compliance of the ESG Policy and is updated monthly on key ESG metrics by Group management as well as at board and board committee meetings. This includes updates on various ESG-related projects around the group and the effectiveness of our actions in relation to our targets.

H+H Group Management
Defines and executes initiatives to achieve the ESG strategy and oversees progress, including long-term projection of CO_2 emissions and health & safety. Driven in close liaison with regional management, work and reporting is supported by various Group and regional functions. This is done at least monthly as part of general business review meetings or as part of weekly meetings with the regional Managing Directors.

Corporate Controlling
Monitors new legal requirements and trends around the ESG landscape, makes recommendations on key ESG initiatives to ensure compliance with stakeholder expectations, and executes on strategic targets in cooperation with key regional stakeholders.

Audit Committee
Is responsible, amongst other things, for overseeing financial and non-financial reporting as well as external assurance, internal controls and risk management relating to ESG. It also receives notice of results of whistleblower investigations. Committee meetings are held each quarter in connection with release of financial reports. Meetings are also held at the request of other board members or the financial or sustainability auditors, as well as when the Chair of the Audit Committee finds it necessary.

The **Operations** organisation is overall responsible for execution of matters related to the environment, including energy consumption, emissions, as well as H&S and work incidents.

The **HR** organisation is overall responsible for execution of social matters, exept for safety, and for the framework for implementation and training of compliance matters.

The **Finance** organisation is overall responsible for matters related to execution of governance, including reporting, ESRS and taxonomy.

GOV-3 Integration of sustainability-related performance in incentive schemes

H+H's Remuneration Policy for the Board of Directors and Executive Board seeks to create a remuneration framework that supports achievement of our strategy, with a focus on ensuring continuous long-term sustainable development of our business, while creating long-term value for shareholders. The policy, including all subsequent changes, is approved by the General Meeting of shareholders. The policy describes target setting for both the long- and short-term incentive programme. For 2024, the short-term incentive programme included two KPIs related to ESG, with one KPI target relating to lost-time incidents (H&S) and one KPI target relating to the reduction of our scope 1 and 2 CO_2 emissions. Each KPI has a 15% weighing.

In 2023, we introduced an ESG-related KPI in our long-term incentive share programme, related to our scope 1 and 2 emissions. This was continued in 2024 and like last year, the target is weighted 15%. The measurement period of the programme runs three financial years at the time. Both long- and short-term targets relating to emissions are assessed and determined in relation to the GHG emission reduction targets described in the Environmental section.

SBM-1 Strategy, business model and value chain

A description of our strategy, business model and value chain is provided in the Business and Strategy section. Please refer to the full content of page 19 and 23-24.

GOV-4 Statement on due diligence

Core elements of Due Diligence	Paragraphs or pages in the Sustainability Statement	Does the disclosure relate to people and/or the environment?
a) Embedding due diligence in governance, strategy and business model	ESRS 2 GOV-2, pages 49-50	People and environment
	ESRS 2 GOV-3, page 50	People and environment
	ESRS 2 SBM-3:	
	pages 64-65 (E1)	Environment
	pages 76-77 (Health & Safety, S1)	People
	page 78 (Equal treatment & opportunities for all, S1)	People
	page 82 (Training & skills development and working conditions, S1)	People
b) Engaging with affected stakeholders in all key steps of the due diligence	ESRS 2 GOV-2, pages 49-50	People and environment
	ESRS 2 SBM-2, page 52	People and environment
	ESRS 2 IRO-1, page 55	People and environment
	ESRS 2 MDR-P:	
	page 65 (E1-2)	Environment
	pages 77-79, 82 (S1-1)	People
	Social: page 82 (S1-2)	People
	ESRS 2 IRO-1, page 55	People and environment
c) Identifying and assessing adverse impacts	ESRS 2 SBM-3:	
	pages 64-65 (E1)	Environment
	page 76-77 (Health & Safety, S1)	People
	page 78 (Equal treatment & opportunities for all, S1)	People
	page 82 (Training & skills development and working conditions, S1)	People
d) Taking actions to address those adverse impacts	ESRS 2 MDR-A:	
	page 63 (E1-1)	Environment
	pages 65-66 (E1-3)	Environment
	pages 77, 79, 82 (S1-4)	People
e) Tracking effectiveness of these efforts and communicating	ESRS 2 MDR-M:	
	page 66 (E1-4)	Environment
	pages 77-78 (S1-14)	People
	page 81 (S1-9)	People
	page 81 (S1-16)	People
	page 83 (S1-13)	People
	ESRS 2 MDR-T:	
	page 66 (E1-4)	Environment
	pages 77, 79, 83 (S1-5)	People

Environment
People

Our stakeholders

SBM-2 Interests and views of stakeholders

As Partners in wall building, we are in the business of people, seeking to engage with both our internal and external stakeholders. The Board of Directors and Group management are regularly informed of the views of our stakeholders to better assess how to incorporate their interests in our strategy. A key interest area from both our internal and external stakeholders is the need to drive down emissions, while the main priority for our internal stakeholders is safety. This is reflected in our strategy and ways of working.

Employees
We are committed to providing a safe, engaging and meaningful workplace for our employees, where collaboration can thrive.

We engage with our employees in a number of different ways, including intranet updates, workers' councils, engagement surveys in selected areas, manager check-ins and global town halls. Employees also have the opportunity to raise concerns through our online whistle-blower system, described in the Governance section. Through this we want employees to feel they have influence over their workplace and that concerns are met, e.g. in the form of improvements and action plans.

Customers
We are a customer centric organisation under-pinned by our promise to be Partners in wall building. Engaging with our customers to consistently understand their perspectives and needs is an embedded part of our business model with the aim of building trust, providing sustainable solutions as well as enabling them to reach their targets. Engagement is done through our customer support, customer surveys and training as well as part of business partner due diligence.

Examples of outcome is the creation of product-specific environmental product declarations (EPDs) in most of our markets.

Suppliers
H+H relies on suppliers to meet our emissions reduction targets. This informs the purpose of our engagement, focusing on development of low-carbon cement and lime and finding more efficient production methods. Engagement is organised as part of supplier due diligence and via industry collaborations. The progress of these, influences our strategy for lowering scope 3 emissions in the short and long-term.

Society and local communities
Compliance with existing regulations on responsible business practices is a fundamental and basic requirement in H+H's Code of Conduct. Through our memberships in various trade organisations, we engage in dialogue with different regulators and interest groups with the purpose of addressing potential risks and opportunities as well as ensuring regulatory compliance. We engage with our local communities to ensure that we are good neighbours to our surroundings and we participate in local trade fairs and events to promote our business and further relationships.

Shareholders
H+H is listed on the Danish Stock exchange. We therefore naturally engage with our shareholders on a regular basis to ensure efficient financial allocation and to understand shareholders' interests. This is done via a dedicated Investor Relations department, management participation in investor roadshows and conference calls, briefings with analysts and the Annual General Meeting. The purpose of this is to improve dialogue and relationships with stakeholders.

Dialogue with shareholders is described in more detail in the Shareholder Information section (Investor Relations) on page 44.

SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

As part of our process, we have considered current and anticipated effects of impacts, risks and opportunities on our business model, value chain and decisionmaking. The material impacts, risks and opportunities identified during the materiality assessment are presented in more depth alongside the topical standards ESRS E1 Climate change, S1 Own workforce and G1 Business conduct in the Environmental, Social and Governance information sections in this sustainability statement.

For climate-related topics we have identified material financial risks and opportunities, as shown in our DMA matrix and elaborated on in ESRS 2 SBM-3 in the Environmental section. For other material topics, we have exercised the phase-in option and not quantified the financial effect.

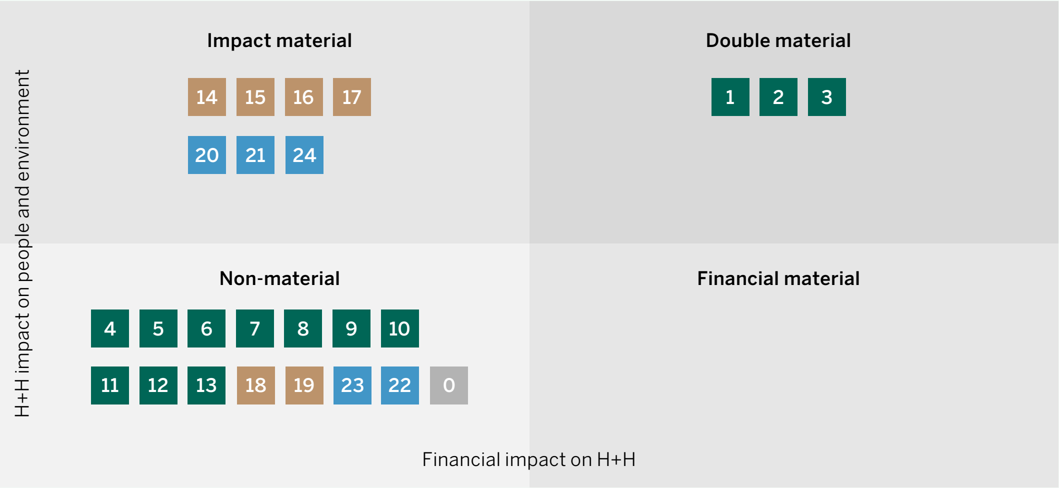
E1 climate change	Chapter	Type	Sub-section	Value chain	Time horizon
Emissions from own operations	Climate change	Actual negative		Own operations	All
Value chain emissions from raw materials production	Climate change	Actual negative		Upstream	All
Use of energy in own production	Climate change	Risk		Own operations	All
Recarbonisation of our products during its life-time	Climate change	Opportunity		Entire value chain	All
S1 Own workforce					
System to record and assess workplace injuries and illnesses in order to prevent them going forward	Health & safety	Potential negative	Industrial accidents	Own operations	Short
Ill health due to exposure to hazardous materials	Health & safety	Potential negative	Production materials	Own operations	Short & Medium
Recording of how many days are lost due to work incidents, ill health and fatalities	Health & safety	Potential negative	Industrial accidents	Own operations	Short & Medium
Incidents which have resulted in an injury, ill health or fatality	Health & safety	Potential negative	Industrial accidents	Own operations	Short & Medium
Incidents which result or could potentially result in an injury	Health & safety	Potential negative	Industrial accidents	Own operations	Short
Gender equality impact	Equal treatment & opportunities for all	Actual negative	Gender equality & equal pay	Own operations	Short
Diversity in H+H	Equal treatment & opportunities for all	Potential negative	Gender diversity	Own operations	Short & Medium
Risk of harrasment in workplace	Equal treatment & opportunities for all	Potential negative	Anti-harassment	Own operations	Short & Medium
Workers impact on working time	Training & skills development and working conditions	Potential negative	Work-life balance, working conditions and social dialogue	Own operations	Short
H+H's impact on work-life balance	Training & skills development and working conditions	Potential negative	Work-life balance, working conditions and social dialogue	Own operations	Short & Medium
Individual career development of H+H employees	Training & skills development and working conditions	Potential negative	Training and skills development	Own operations	Short & Medium
H+H's impact on social dialogue in the workspace	Training & skills development and working conditions	Potential negative	Work-life balance, working conditions and social dialogue	Own operations	Short
Training of employees	Training & skills development and working conditions	Potential negative	Training and skills development	Own operations	Short & Medium
G1 Business Conduct					
Impact on own workforce from corporate culture	Business Conduct	Potential negative	Corporate culture	Own operations	All
Lack of protection of whistleblowers	Business Conduct	Potential negative	Whistleblower protection	Own operations	All
Risk of corrupt business practices being conducted in H+H	Business Conduct	Potential negative	Unethical business practices	Own operations	All

Double Materiality Assessment

IRO-2 **Disclosure Requirements in ESRS**
We have aligned the IROs with the relevant ESRS data points and conducted a thorough materiality assessment. This evaluation helped us ascertain their relevance to our business model and the decision-making requirements of the Sustainability statement's users. For all topics we have assessed the scale, scope and irremediability and applied relevant thresholds.

Consequently, this analysis identified the key sustainability information presented in this statement. Description of material and non-material topics are elaborated under SBM-3 and the process of determination is described under IRO-1. The list of relevant datapoints related to other legislation is shown on pages 61-64.

Reporting topics in scope
Topics marked '0' in the list to the right were deemed immaterial from the start and thereby not included in the engagement process.



E1 Climate change
- 1 **Climate change adaptation (CCA)**
- 2 **Climate change mitigation (CCM)**
- 3 **Energy**

E2 Pollution
- 4 Air
- 5 Water
- 6 Soil
- 0 *Living organisms*
- 0 *Substance of (high) concern*

E3 Water & marine resources
- 7 Water withdrawals
- 0 *Marine resources*
- 0 *Water habitat degradation*

E4 Biodiversity & ecosystems
- 8 Direct impact drivers on biodiversity loss
- 0 *Impact on the state of species*
- 9 Impacts on the extent and condition of ecosystems
- 10 Impacts and dependencies on ecosystem services

E5 Resource use and circular economy
- 11 Resource inflows and usage
- 12 Resource outflows related to products and services
- 13 Waste

S1 Own workforce
- 14 **Working conditions**
- 15 **H&S**
- 16 **Equal treatment and opportunities**
- 17 **Talent development**
- 0 *Other work related rights*

S2 Workers in the value chain
- 18 Working conditions
- 19 Equal treatment and opportunities
- 0 *Other work related rights*

S3 Affected communities
- 0 *Economic, social and cultural rights*
- 0 *Civil and political rights*
- 0 *Particular rights of indigenous rights*

S4 Consumer & end-user
- 0 *Information related impacts*
- 0 *Personal safety of consumers*
- 0 *Social inclusion of consumers*

G1 Business conduct
- 20 **Corporate culture**
- 21 **Whistleblower protection**
- 0 *Animal welfare*
- 22 Political & lobbying activities
- 23 Payment practices with suppliers (late payment)
- 24 **Corruption and bribery**

Environmental | Social | Governance

IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities

Identification of topics

All entities and business segments have been in scope in our assessment and our IRO. Identification of topics and subsequent assessment and scoring of topics have been done throughout our value chain. We have engaged with various internal and external stakeholders, including employees, suppliers, customers, society, investors, analysts and banks to identify H+H's material sustainability matters. This engagement happened through interviews and desktop research. Parallel to this, we have also assessed the financial risks and opportunities for sustainability-related matters as part of our ERM process.

Our DMA is reassessed annually or if we identify significant changes.

General assumptions

We have applied the following assumptions to our process for identifying impacts, risks and opportunities:

- Majority (95+%) of our supply is virgin material, which is excavated and supplied directly from tier 1 suppliers and not processed from tier 2 suppliers. Hence we have decided to only include tier 1 suppliers, as others are of immaterial size.
- We assume, the primary actual and potential impact lies within our upstream activities and production. Therefore, our analysis for downstream activities is primarily based on interviews with internal stakeholders and desktop research.
- Transport is included in Climate as part of scope 3 emissions. Besides Climate we have assumed that transport is not significant in relation to impacts and have therefore not performed further analysis.
- Assumptions which have been used under various topics are described below the relevant topics.

Materiality scoring approach

The materiality assessment's scoring method and criteria were established following ESRS 1 requirements, focusing on:

- Impact materiality: Considering the scale, scope, irremediability, and likelihood of impacts being positive/negative and actual/potential.

Severity takes precedence over likelihood for human rights related impacts as per ESRS 1 (45).

- Financial materiality: Assessing the financial significance of risks/opportunities, their likelihood, and the nature of financial impacts.

Outcome

The materiality assessment determined that "Climate", "Own workforce" and "Business Conduct" are material topics for H+H, and the 2024 evaluation confirmed the topics and subtopics in scope. In line with the materiality assessment our sustainability strategy focuses on CO_2 and safety. This outcome is consistent with our previous sustainability strategy with no additional focus areas being added.

Rationale for selected scoped-out matters

In this section we want to provide more clarity for the out-scoping of four selected topics. While below topics fall under our threshold for materiality following our assessment, we still recognise that we have a footprint and therefore want to provide transparency on our reasoning for not having them in scope. The section is not exhaustive.

Pollution

In our assessment of our impact on the pollution of air, water and soil, we have analysed the impact of our own production in the value chain. As we believe the pollution of our upstream and downstream value chain activities are compliant with European and local regulations, and do not pose any material impact on the environment, we have not done any further analysis.Additionally, in our research we have not encountered any material cases or controversies in the building supply industry on pollution.

In production of AAC, almost 100% of the water is either used in the product or recycled into production afterwards, hence no risk of water or soil pollution. For CSU, we use almost no water as the production process only involves the pressing of dry lime and sand. The only water used is for the generation of steam. Any excess water is sent to municipal water treatment stations, which we pay for. In conclusion, we do not see any material negative impact in the pollution of water and soil.

In terms of air pollution, we have assesed our use of natural gas and coal. From a pollution perspective natural gas is generally a "clean" source to burn and is not considered to have a material negative impact.

Coal as an energy source is materially polluting the air in its natural form and it is therefore heavily regulated through local legislation to prevent it from polluting the air and impacting the local community. In our coal-fired plants, we use air- and dust filters to capture the pollution, and we regularly test the emissions to ensure alignment with local legislative requirements. Based on this, we decided not to conduct consultations with local affected communities.

Water withdrawals

Using water is a key process in our manufacturing process. However, our plants are generally not located in areas of high water stress, so the risk of water scarcity is low. Generally there is also a consumption cap on our water permits ensuring that we do not have any material impact on the water in the local community. In addition, many of our plants are designed to recycle water to the extent possible, further limiting our water consumption.

Biodiversity

We have assessed our impact on biodiversity from a direct and indirect perspective. Our direct impact is through the operation of our sandpits in Poland. Here we are obligated to adhere to national and local regulations and procedures for the protection of biodiversity and ecosystems, which is supervised by authorities. Our commitment is therefore to comply with these requirements. In the UK we have implemented small projects to further biodiversity in line with local regulations. The results of these are regularly monitored. Additionally, in our research we have not encountered any material cases or controversies in the building supply industry on biodiversity.

Indirectly we procure sand and lime through external suppliers, who manage and operate quarries and sandpits that can have a potential impact on biodiversity. We have engaged with our suppliers to understand their policies, practices, and initiatives on this subject to ensure we are aware of the contribution from our resource in-flow. We believe there are no material impacts or risks, as we only cooperate with suppliers from European countries with strong institutions and high legislative requirements.

Circularity & waste

We run our plants according to a “no waste of virgin materials” principle. All off-cuts and waste in the production process are re-circulated into new batches, meaning no waste occurs during this process. At this stage we have therefore concluded that there are no material impacts, risks or opportunities.

ESRS 2 GOV-5 **Risk management and internal controls over sustainability reporting**

H+H has established a comprehensive risk management and internal control system where sustainability is embedded. This system includes:

- Risk identification and assessment: Continuous identification and assessment of risks related to internal controls, including sustainability reporting, are conducted at Group and regional level. Each region assesses relevant risks, which are then considered by Group, when identifying and assessing the overall Group sustainability risks. Additionally, Group performs risk identification and assessment at reporting level, which includes processes within the ESG reporting system, as well as the financial reporting system.
- Control activities: The Group has implemented internal control activities to mitigate identified risks in the sustainability reporting. These activities are performed and reviewed by the regions to ensure the quality and validity of management reporting and the Annual Report.
- Monitoring: The risk management process and internal controls environment is monitored and reviewed, involving the regions and anchored in the Group. This includes reporting to the Audit Committee. A controller visit plan, approved by the Audit Committee, ensures that each region is visited at least once a year to assess the maturity and effectiveness of internal controls.

Risk Assessment Approach and Methodology

H+H follows a structured risk assessment approach based on the COSO ERM and COSO Internal control guidance.

- Risk Assessment: Risks are assessed based on their potential impact and likelihood. Significant risks are identified and prioritised.
- Methodology: A combination of qualitative and quantitative methods is used to assess risks. For Enterprise Risk, we consider Operational and Strategic impacts along with HSE, Environment and Compliance. For internal controls, financial statement lines and key ESG metrics are considered based on calculated materiality, as well as qualitative factors, such as fraud risk, volume and complexity.

Key risks identified, related mitigation strategies, and controls

For sustainability under Enterprise Risk Management, please refer to the segments under Risk Management called Climate and Health & Safety.

For internal controls, we have identified the following key risks; measuring of consumption, measuring of conversion factors and measuring of volumes.

Controls are implemented in all regions to mitigate these risks and ensure the reliability of the sustainability reporting system and related reports.

The risk corresponding controls are the following: reconciling input data in our ESG reporting system to supporting documentation, performing analytical reviews, obtaining and comparing conversion factors.

Integration of findings, risk, and mitigation reporting

Each region assesses their risks and report to Group as input to the review of risk and mitigation plans from the Enterprise Risk Management processes. Summaries are reported to the Audit Committee. The key risks and mitigations are detailed in the Risk Management section in this Annual Report. It is the responsibility of regional management to follow up on the planned mitigations.

Findings from the regional review are reported to regions as issues, tracked along with agreed upon actions plans. Statistics are reported to the Audit Committee. Group monitors the development of issues to ensure actions plans are met, in cooperation with regional management.

Incorporation by reference

Disclosure requirement	Data point	Sub-section	Page
ESRS 2 GOV-1	All	Corporate Governance in general	36-42
G1.GOV-1	§5 (b)	Board of Directors	40-42
SBM-1	All	Business Model, Strategic Focus Areas (HOME & Mission Zero)	19-20, 23-24
SBM-2	§45 (a) iii, iv	Investor Relations	44
SBM-3	All	Strategic Focus Areas (HOME, Zero Harm)	21, 23
ESRS 2 GOV-5	All	Enterprise Risk Management (H&S and Climate)	47
E1-1	§15	Business Model, Strategic Focus Areas (Mission Zero)	23-24
E1-4	§34 (f)	Business Model, Strategic Focus Areas (Mission Zero)	23-24

BP-2 Uncertainties and estimates

Most of our data is based on HR systems, meter readings, invoices and information directly from our suppliers. We generally therefore do not have many uncertainties and estimates in our figures.

However, for scope 3 category 4 and 9 (transportation) we have applied a general emission factor as we do not assess types of trucks on an individual basis. For some office related working hours, we have applied norm-hours as the basis for calculation of a workday.

We believe that these estimates are reasonable under the circumstances. We have currently not planned any changes to this approach.

Climate-related scenario analysis

In 2022, we conducted a climate-related scenario analysis using the TCFD guidelines to assess transition and physical risks and opportunities and how they might impact the resilience of our business strategy. The analysis was refreshed in 2023 and 2024.

The analysis was based on the Net Zero 2050, Delayed Transition and Current Policies scenarios released by the Network for Greening the Financial System (NGFS) in 2021. These describe warming of 1.5°C, 1.8°C and +3°C respectively[1]. The scenarios considered H+H's full value chain, including our own operations, upstream cement and lime producers and downstream customers.

The timeframe used in the scenarios defined short-, medium- and long-term as 2025, 2030 and 2050 respectively. The 2030 timeframe aligns with our science-based target and the 2050 timeframe aligns with our commitment to net zero emissions by 2050, in accordance with the Paris Agreement targets.

The original TCFD process included a workshop with the top 50 leaders from across the Group to consider the three scenarios and identify climate-related risks and opportunities.

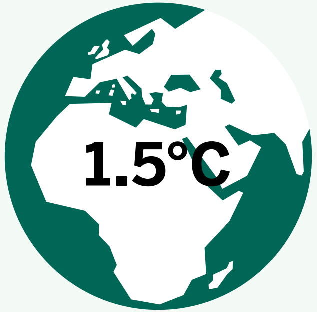
The findings from the scenario analysis were presented to Group Management and the Board of Directors and were incorporated into our strategy.

The climate-related risks are also incorporated into our annual Enterprise Risk Management (ERM) system.

1 For physical climate risk, we used data from the RCP 6.0 scenario in the IPCC Sixth Assessment Report published in September 2021.

Climate scenarios

The key assumptions in the scenarios are as follows:



Scenario 1

Net Zero 2050 scenario

The Net Zero 2050 scenario is a scenario that limits global warming to 1.5 °C. It is an orderly scenario that includes stringent climate policies and fast technology change to reach net zero emissions in 2050. Carbon prices rise to USD \$185 t/CO_2 in 2030, USD \$350 in 2040 and USD \$675 in 2050. This scenario tests for immediate transition risk and low physical risk.

The accelerated rollout of renewable energy and hydrogen infrastructure supports our goal to reduce emissions in our own operations.

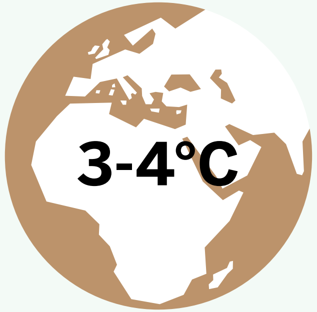
The main variable for our ability to reduce the emissions intensity of our products is the speed at which carbon capture utilisation and storage technologies are introduced by cement and lime producers, and therefore for H+H to reduce our scope 3 emissions.

Scenario 2

Delayed Transition scenario

In the Delayed Transition scenario, a delay means global emissions increase until 2030 and then strong policies are needed to limit warming to 2°C. Carbon prices rise rapidly from USD \$70 t/CO_2 in 2030 to \$325 in 2040 and \$625 in 2050. This disorderly scenario tests for delayed and high transition risk.

A delayed rollout of renewables and hydrogen infrastructure would slow our ability to reduce our operational emissions. However, this scenario aligns with the expected timing of the cement industry's decarbonisation roadmap for the introduction of CCUS technologies and therefore would not undermine our own decarbonisation plans.



Scenario 3

Hot House World (Current Policies) scenario

This scenario assumes that only currently implemented policies are preserved, leading to climate-related hazards and high physical risks. Emissions continue to grow until 2080 leading to 3-4°C of warming and severe physical risks. We paired this scenario with data from the IPCC RCP 6.0. In Europe, where we have operations, the frequency and intensity of heat extremes, including marine heatwaves, are projected to keep increasing.

We do not believe there are any material physical risks to any of our assets, as none of our plants are located in areas with risk of earthquakes, wildfires, tornados or volcanoes. During our insurance review no flooding risks were detected either.

ESRS 2 Appendix B

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Material/ Not material	Paragraph or page reference
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	Indicator number 13 of Table #1 of Annex 1		Commission Delegated Regulation (EU) 2020/1816, Annex II		Material	p. 38
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)			Delegated Regulation (EU) 2020/1816, Annex II		Material	p. 38
ESRS 2 GOV-4 Statement on due diligence paragraph 30	Indicator number 10 Table #3 of Annex I				Material	p. 51
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	Indicators number 4 Table #1 of Annex I	Article 449a Regulation (EU) No 575/2013: Commission Implementing Regulation (EU) 2022/2453 Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk	Delegated Regulation (EU) 2020/1816, Annex II		Not material	
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	Indicator number 9 Table #2 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		Not material	
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	Indicator number 14 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Not material	
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv			Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Not material	
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14				Regulation (EU) 2021/1119, Article 2(1)	Material	p. 63
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article12.1 (d) to (g), and Article 12.2		Not material	
ESRS E1-4 GHG emission reduction targets paragraph 34	Indicator number 4 Table #2 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6		Material	p. 66
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	Indicator number 5 Table #1 and Indicator n. 5 Table #2 of Annex 1				Material	p. 67
ESRS E1-5 Energy consumption and mix paragraph 37	Indicator number 5 Table #1 of Annex 1				Material	p. 67
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	Indicator number 6 Table #1 of Annex 1				Material	p. 67

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Material/ Not material	Paragraph or page reference
ESRS E1-6 Gross scope 1, 2, 3 and Total GHG emissions paragraph 44	Indicators number 1 and 2 Table #1 of Annex 1	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)		Material	p. 67-68
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	Indicators number 3 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8(1)		Material	p. 67-68
ESRS E1-7 GHG removals and carbon credits paragraph 56				Regulation (EU) 2021/1119, Article 2(1)	Not material	
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66			Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II		Not material	
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a) ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c).		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk.			Not material	
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c).		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34;Template 2:Banking book -Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral			Not material	
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities paragraph 69			Delegated Regulation (EU) 2020/1818, Annex II		Not material	
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Indicator number 8 Table #1 of Annex 1 Indicator number 2 Table #2 of Annex 1 Indicator number 1 Table #2 of Annex 1 Indicator number 3 Table #2 of Annex 1				Not material	
ESRS E3-1 Water and marine resources paragraph 9	Indicator number 7 Table #2 of Annex 1				Not material	
ESRS E3-1 Dedicated policy paragraph 13	Indicator number 8 Table 2 of Annex 1				Not material	
ESRS E3-1 Sustainable oceans and seas paragraph 14	Indicator number 12 Table #2 of Annex 1				Not material	
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	Indicator number 6.2 Table #2 of Annex 1				Not material	
ESRS E3-4 Total water consumption in m^3 per net revenue on own operations paragraph 29	Indicator number 6.1 Table #2 of Annex 1				Not material	
ESRS 2- IRO 1 - E4 paragraph 16 (a) i	Indicator number 7 Table #1 of Annex 1				Not material	
ESRS 2- IRO 1 - E4 paragraph 16 (b)	Indicator number 10 Table #2 of Annex 1				Not material	
ESRS 2- IRO 1 - E4 paragraph 16 (c)	Indicator number 14 Table #2 of Annex 1				Not material	
ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)	Indicator number 11 Table #2 of Annex 1				Not material	

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Material/ Not material	Paragraph or page reference
ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c)	Indicator number 12 Table #2 of Annex 1				Not material	
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	Indicator number 15 Table #2 of Annex 1				Not material	
ESRS E5-5 Non-recycled waste paragraph 37 (d)	Indicator number 13 Table #2 of Annex 1				Not material	
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	Indicator number 9 Table #1 of Annex 1				Not material	
ESRS 2- SBM3 - S1 Risk of incidents of forced labour paragraph 14 (f)	Indicator number 13 Table #3 of Annex I				Not material	
ESRS 2- SBM3 - S1 Risk of incidents of child labour paragraph 14 (g)	Indicator number 12 Table #3 of Annex I				Not material	
ESRS S1-1 Human rights policy commitments paragraph 20	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I				Material	p. 79
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21			Delegated Regulation (EU) 2020/1816, Annex II		Material	p. 79
ESRS S1-1 processes and measures for preventing trafficking in human beings paragraph 22	Indicator number 11 Table #3 of Annex I				Not material	
ESRS S1-1 workplace accident prevention policy or management system paragraph 23	Indicator number 1 Table #3 of Annex I				Material	p. 77
ESRS S1-3 grievance/complaints handling mechanisms paragraph 32 (c)	Indicator number 5 Table #3 of Annex I				Material	p. 82
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	Indicator number 2 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		Material	p. 78
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	Indicator number 3 Table #3 of Annex I				Material	p. 78
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	Indicator number 12 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		Material	p. 81
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	Indicator number 8 Table #3 of Annex I				Material	p. 81
ESRS S1-17 Incidents of discrimination paragraph 103 (a	Indicator number 7 Table #3 of Annex I				Material	p. 83
ESRS S1-17 Nonrespect of UNGPs on Business and Human Rights and OECD paragraph 104 (a)	Indicator number 10 Table #1 and Indicator n. 14 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regu-lation (EU) 2020/1818 Art 12 (1)		Material	p. 83
ESRS 2- SBM3 – S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	Indicators number 12 and n. 13 Table #3 of Annex I				Not material	
ESRS S2-1 Human rights policy commitments paragraph 17	Indicator number 9 Table #3 and Indicator n. 11 Table #1 of Annex 1				Not material	
ESRS S2-1 Policies related to value chain workers paragraph 18	Indicator number 11 and n. 4 Table #3 of Annex 1				Not material	

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Material/ Not material	Paragraph or page reference
ESRS S2-1 Nonrespect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Not material	
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19			Delegated Regulation (EU) 2020/1816, Annex II		Not material	
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Indicator number 14 Table #3 of Annex 1				Not material	
ESRS S3-1 Human rights policy commitments paragraph 16	Indicator number 9 Table #3 of Annex 1 and Indicator number 11 Table #1 of Annex 1				Not material	
ESRS S3-1 non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines paragraph 17	Indicator number 10 Table #1 Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Not material	
ESRS S3-4 Human rights issues and incidents paragraph 36	Indicator number 14 Table #3 of Annex 1				Not material	
ESRS S4-1 Policies related to consumers and end-users paragraph 16	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1				Not material	
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Not material	
ESRS S4-4 Human rights issues and incidents paragraph 35	Indicator number 14 Table #3 of Annex 1				Not material	
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	Indicator number 15 Table #3 of Annex 1				Not material	
ESRS G1-1 Protection of whistle-blowers paragraph 10 (d)	Indicator number 6 Table #3 of Annex 1				Material	p. 86
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	Indicator number 17 Table #3 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II)		Material	p. 87
ESRS G1-4 Standards of anti-corruption and anti- bribery paragraph 24 (b)	Indicator number 16 Table #3 of Annex 1				Material	p. 87

Environmental information

H+H is committed to an ambitious 1.5°C climate target. We want to be part of the solution in construction of sustainable housing and at the same time lowering global energy related carbon emissions.

Creating more sustainable buildings is key to addressing the issue of CO_2 emissions coming from the buildings sector. Building materials, such as H+H's AAC and CSU products, are well positioned for long-term growth as they ensure energy-efficient building structures and help to reduce buildings' whole life emissions.

E1-1 Transition plan for climate change mitigation

We believe our strategy and business model are compatible with the transition to a sustainable economy by reducing our carbon emissions in line with our Science Based Targets and target of net zero emissions in 2050. This is in line with the Paris Agreement and the EU's climate goals and compatible with the 1.5 degree scenario. Please refer to the 'Mission Zero' section under 'Strategic Focus Areas' for specific actions to reach net zero by 2050.

We do not assess to have any locked-in GHG emissions as we believe that all emissions can be avoided through proper strategy and execution.

Part of our economic activities are also covered under the EU Taxonomy and we are striving towards aligning all eligible activity. This will be done by implementing environmental plans on our plants and the increased use of more environmentally friendly transport vehicles for distribution.

Science-based GHG emission reduction targets

Our commitment is backed up by the validated reductions we will make in our scope 1, 2 and 3 GHG emissions by 2030.

The ten-year science-based target builds on the product whole life analysis that was undertaken in 2020 which determined that our AAC and CSU products are on a path to achieve net zero — and possibly negative — emissions by 2050. Our emissions reduction targets are explained in disclosure requirement E1-4.

Climate change mitigation actions

To achieve the 2030 science-based target, we have developed a roadmap that includes the following levers which are outlined in disclosure requirement E1-3.

1. Increasing the share of renewable energy
2. Optimising plants including investments in energy efficient equipment
3. Improved energy mix
4. Supply-chain decarbonisation, in particular, reducing emissions from the production of lime and cement which represent most of our scope 3 emissions

The transition plan is embedded in our strategy together with related initiatives. The transition plan, along with the initiatives to achieve it and the science-based target have been approved by

Group Management and the Board of Directors. The COO is responsible for the implementation of the transition plan.

A dedicated amount of the CAPEX budget (5%-15%) is annually allocated to support emission reduction projects. We also integrate performance measures related to GHG emissions reductions into our management incentive schemes, which is described in the General Information section.

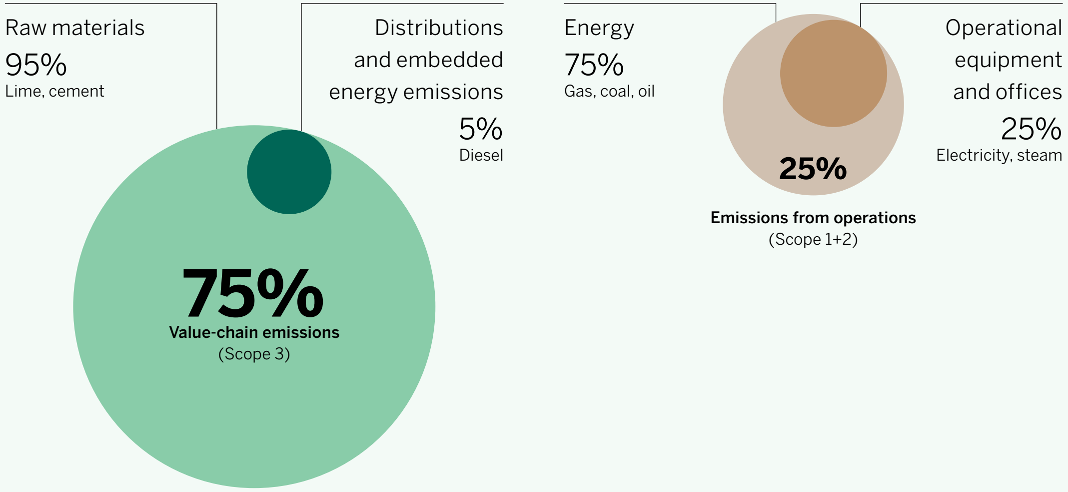
Our current progress towards our transition plan is stated in the "Results" in the E1-6 section. H+H is not excluded from Paris-aligned benchmarks.

Sources of H+H's GHG emissions – baseline year

Scope 1 and 2 emissions from operations account for about 25% of our carbon footprint, with about 75% of these emissions generated by the use of coal, oil, and gas in our plants.

About 75% of the emissions in H+H's carbon footprint are scope 3 emissions generated elsewhere along the value chain. The majority of these emissions (approximately 95%) are generated upstream by cement and lime manufacturers. This is a result of the chemical reaction that occurs when carbon is removed from limestone when it is heated to produce clinker for cement or lime. The CO_2 released is an unavoidable consequence of this reaction, as the limestone has absorbed CO_2 during its formation – just like a tree does.

H+H's total CO_2e 2019 emissions used as a baseline for science-based targets



H+H was the first manufacturer of aircrete (AAC) and calcium silicate (CSU) products to have science-based targets approved in line with a 1.5-degree scenario.

ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

Climate change impacts

The materiality assessment described in disclosure requirement IRO-2 identified the following material climate change mitigation impacts:

Recarbonation during product lifetime (positive)

Limestone-based products such as AAC and CSU absorb CO_2 during their lifespan, acting as permanent carbon sinks during the use phase of a building and when it is torn down and recycled. AAC products can absorb 77 kg of CO_2 per m^3, with 80% of recarbonation achieved after 50 years and 95% within 80 years. This positive impact occurs in our downstream value chain (the end-users of AAC and CSU products) over the short, medium, and long term.

Please refer to EAACA - Net-zero roadmap for AAC for underlying documentation.

Emissions from own operations (negative)

The emissions from our own operations have a material impact on climate, with 89t CO_2 of scope 1 and 2 emissions during 2024. This negative impact occurs over the short and medium term. With our net zero target we do not expect to have negative impact the long term.

Value chain emissions from extraction and processing of raw materials for production (negative)

As previously mentioned, a significant amount of our emissions derives from our upstream value chain (cement and lime producers), causing a negative impact over the short and medium term. With our net zero target we do not expect to have negative impact in the long term.

Climate change risks and opportunities

In 2022, we undertook a climate scenario analysis using the TCFD guidelines, which was refreshed in 2024. The analysis considered H+H's full value chain, including our own operations, upstream cement and lime producers and downstream customers. No part of the value chain was excluded from the scenario analysis. Nor were any material physical risks or transition risks excluded. The climate scenario analysis is described in disclosure requirement IRO-1.

The scenario analysis identified the following four transition risks and one opportunity. No material physical risks were identified.

The findings from the scenario analysis are incorporated in our strategy. Actions to mitigate the transition risks and capture the opportunity are described in disclosure requirement E1-3. The scenario analysis determined that after these mitigations are applied, H+H has no net-material financial impact in the short, medium, and long term.

E1-2 Policies related to climate change mitigation and adaptation

H+H's Environmental, Social & Governance Policy (ESG Policy) addresses climate change mitigation by including our commitment to reduce scope 1, 2 & 3 emissions in line with net zero emissions by 2050, and the short-term targets we have set to achieve this. By covering all emission scopes, the policy applies to emissions from our own operations, as well as our upstream and downstream value chain.

The policy does not address energy efficiency, climate change adaptation and renewable energy deployment. However we plan to expand our ESG Policy to include this.

The policy is distributed via H+H's policy management system in the Group intranet. Stakeholders can access the policy via our group website. The policy is used to communicate our ambitions within ESG on a high level to the entire organisation. In daily operations, the policy is supported by process descriptions and manuals, which describe in detail our expectations and actions. These are made in cooperation with the relevant internal, local stakeholders to ensure ownership.

Group Management has overall responsibility for the ESG policy, while the regional Managing Directors are responsible for implementing it within their countries as heads of their respective legal entities. The policy is reviewed annually by Group Management.

E1-3 Actions and resources in relation to climate change policies

Mitigating actions towards climate risks

H+H has developed a roadmap until 2030 that reduces our carbon emissions. A dedicated amount of the CAPEX budget (between 5% and 15%) is annually allocated to fund emissions reduction projects.

We address our scope 1 & 2 emissions through the following levers and actions:

1. Increasing the share of renewable energy

H+H's use of renewable electricity will increase by purchasing either RECs or PPAs. In 2024, we increased the use of renewable electricity in our plants in CWE and reached 100% renewable electricity in our consumption. We have therefore completed this target one year ahead of schedule.

2. Investments in energy efficiency

We are continuously implementing energy-saving projects and embed these in other upgrade projects. During 2024, these have included burner upgrades, valve replacements and general equipment improvements. In addition to general improvements, we will focus on projects related to heat recovery and steam in 2025. These upgrades and modernisations are essential in optimising our manufacturing footprint and equipment, and the investments do not solely rely on sustainability decision criteria.

3. Improved energy mix

We are improving our energy sources by converting from coal to natural gas and plan to convert from natural gas to fossil-free energy sources, such as green hydrogen when reasonably possible. We have already begun our energy mix improvement by converting one plant in Poland from coal to natural gas.

4. Supply-chain decarbonisation

H+H addresses our scope 3 emissions through the following levers and actions:

Low-carbon cement and lime

We focus on having a continuous dialogue with our lime and cement producers. We will collaborate on carbon reduction projects with those who have committed to a science-based target or have a credible emissions reduction pathway to net zero emissions by 2050. According to these, net zero will be achieved mainly through the use of carbon capture storage and utilisation (CCSU) and lower carbon ingredients, switching from fossil fuels to renewable energy to heat kilns, and through recarbonation. In 2024, we have tested the use of new lime with initial positive results but with still more testing and development needed.

A reduction of clinker content in cement used for AAC products has already resulted in a reduction in scope 3 emissions - see disclosure requirement E1-9 for further details.

Low emissions transport

The emissions-reduction pathway for the transport industry requires transport companies to reduce emissions by approximately 30% by 2030. We expect our transport suppliers to provide such low-emissions transport services in the future.

E1-4 Targets related to climate change mitigation and adaptation

H+H had three climate-related targets covering emissions from our own operations as well as our supply-chain emissions, and energy consumption. The emissions reduction targets for 2030 have been verified by the Science Based Targets initiative as being in line with the 1.5°C scenario. The energy consumption target was reassessed during 2024 and it was decided to remove it as a separate target, as we see it as part of our SBTi strategy.

Please refer to the 'Mission Zero' section under 'Strategic Focus Areas' for specific actions to reach net zero by 2050.

The baseline year 2019 is based on the fact that we prepared our SBTi-submission during 2021 and our most recent baseline year (2020) was not representative due to the Covid-19 pandemic. 2019 was the most recent year to choose and represents a "normal" production year in H+H.

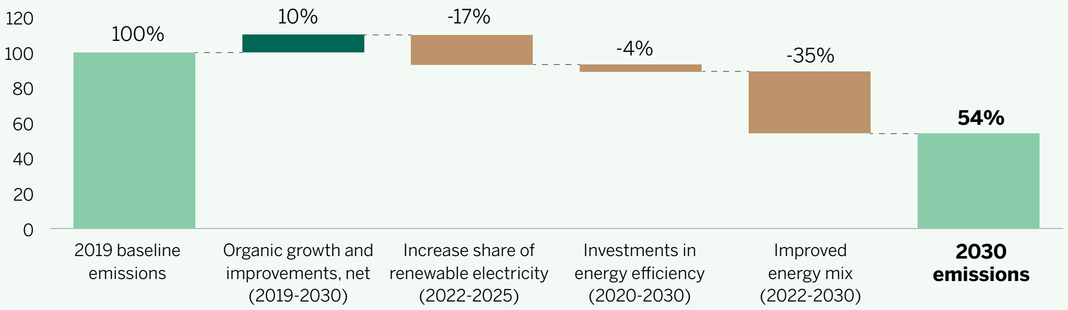
The most critical assumptions in our roadmap is the development of fossil-free energy in operations and the use of carbon capture storage and utilisation from our suppliers. Scope 2 calculated in the baseline and target setting is based on the market-based approach.

For our current performance against target, please refer to our "GHG emissions" section.

		Baseline	Target	
SBTI targets	**Unit**	**2019**	**2030**	**2050**
Scope 1+2 CO_2 emissions	Tonnes	212,997*	115,018*	0
Scope 3 CO_2 intensity	kg/m³	161.9	125.8	0

* 28% of the baseline emissions are related to scope 2. For the 2030 target, 0% are related to scope 2.

H+H's roadmap to reduce emissions for scope 1+2 in line with its science-based target



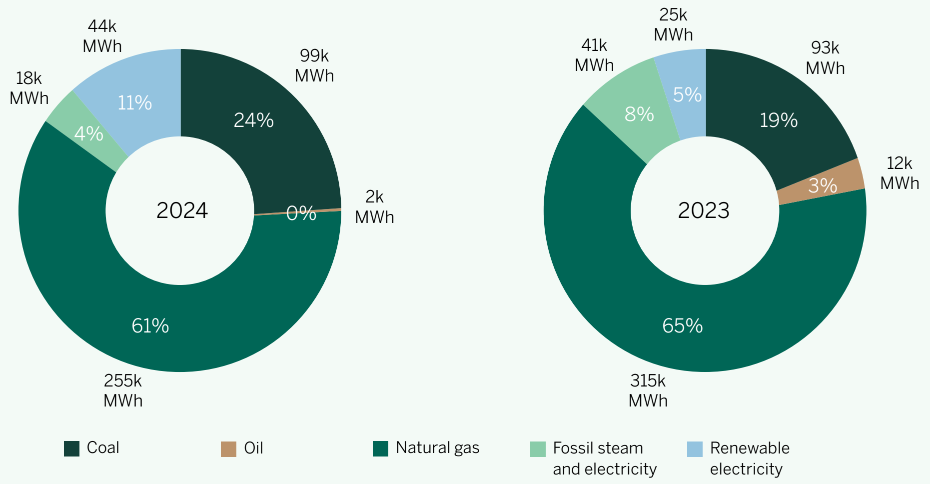
Specific climate ambitions

- 100% share of renewable electricity (incl. PPAs / RECs) by 2024 - **Done √**
- Convert all coal plants to natural gas, or other more sustainable sources, by 2030
- Have at least one scope 1+2 neutral plant by 2030

E1-5 Energy consumption and mix

Our energy consumption mainly consists of natural gas and coal for generating steam into the autoclaves as well as electricity used to operate plant equipment. As part of our science-based target we are working towards lowering the mix from coal and introducing renewable energy into the mix – such as biogas, hydrogen, or biomass – to generate steam. Additionally, all our plants are committed to efficient energy management and are ISO 50001 certified.

Breakdown of energy comsumption (MWh)



Energy intensity per net revenue	2023[1]	2024	%
Total energy consumption from activities in high climate impact sectors per net-revenue from activities in high climate impact sectors (MWh/Monetary unit)	182	152	-17%
Total energy consumption (MJ/m³)	575	549	-5%
Total energy consumption (MWH)	486.095	417.035	-14%
Total net revenue (mDKK)	2.672	2.747	3%

[1] Not covered by the Independent Auditor's limited assurance report

In 2024, we saw the full effect of our restructuring-actions done in 2023 with the closing of inefficient plants and optimising production patterns. This has resulted in a record low energy consumption of 549 MJ per m^3 showing that we are on the right track with our HOME strategy.

Unfortunately we did not meet our 2024 target of 525 MJ per m^3 but we are still satisfied with the result, given that the current market situation is still under pressure, making it more difficult to fully optimise our plant output.

The increase of coal is due to a relative higher production coming from our Polish sites during 2024.

Energy intensity based on net revenue

The decrease in energy per net revenue is related to more efficiency and the production volume being higher than the sales volume. 100% of H+H's activities are in the high climate impact sector.

E1-6 Gross scopes 1, 2, 3 and total GHG emissions

The methodologies, significant assumptions and emission factors used to calculate H+H's GHG emissions are provided in the Environmental accounting policy section.

Scope 1+2

In 2024, we have been able to further reduce our carbon intensity emissions to a record low 32.5kg per m^3 which is 28% lower than our baseline of 45.3kg per m^3. This reflects the actions and investments to improve the CO_2 footprint of our plants. This year, our plants are consuming 100% renewable electricity and we have continued our energy improvement by using 5% less energy per m^3 produced compared to last year.

For 2025, we will continue to implement further CO_2-reducing projects.

Scope 3

Scope 3 intensity was 144.2kg per m^3 which is an improvement of 1% compared to last year and ahead of our science-based target for 2024. The positive development was driven by improvement in emission factors from our suppliers, as they continue to invest in reducing their carbon footprint.

For 2025, we continue collaborating with cement and lime producers that have committed to a science-based target or have a credible emissions reduction pathway. While concrete projects are underway, we do not yet know the quantitative impact.

Total emissions

As shown in the GHG table, all our nominal emissions have declined due to the market downturn and general improvements.

E1-9 Anticipated financial effects from material physical and transition risks and potential climate-related opportunities

H+H has no net-material financial impact in the short, medium, and long term as described in the General Information section.

As these financial effects do not include all the requirements of E1-9, We have opted to exercise the phase-in allowance to omit the financial effects.

	Retrospective				Milestones and target years	
	Base year (2019)	2023[1]	2024	% vs. LY	2030	Annual % target / Base year
Scope 1 GHG emissions						
Gross scope 1 GHG emissions (tCO_2eq)	153,887	93,602*	81,884	-13%	115,018[2]	4.2%
Percentage of scope 1 GHG emissions from regulated emission trading schemes (%)	0%	0%	0%	0%		
Scope 2 GHG emissions						
Gross location-based scope 2 GHG emissions (tCO_2eq)	59,109	29,369	25,522	-13%		
Gross market-based scope 2 GHG emissions (tCO_2eq)	59,109	15,198*	6,885	-55%		
Significant scope 3 GHG emissions						
Total Gross indirect (scope 3) GHG emissions (tCO_2eq)	758,327	442,582	394,435	-11%	Reduce by 22% per m^3	2.0%
1 Purchased goods and services	700,604	400,600	351,484	-12%		
3 Fuel and energy-related activities (not included in scope 1 or scope 2)	34,964	23,071	19,234	-17%		
4 Upstream transportation and distribution	13,656	10,932	14,680	34%		
9 Downstream transportation	9,104	7,978	9,038	13%		
Total GHG emissions						
Total GHG emissions (location-based) (tCO_2eq)	971,324	565,553	501,842	-11%		
Total GHG emissions (market-based) (tCO_2eq)	971,324	551,381	483,205	-12%		

[1] Not covered by the Independent Auditor's limited assurance report | [2] Scope 1+2 is a combined target

* ESG figure subject to limited assurance in 2023

GHG Intensity based on net revenue

GHG intensity per net revenue	2023[1]	2024	%
Total GHG emissions (location-based) per net revenue (tCO_2eq/Monetary unit)	212	183	-14%
Total GHG emissions (market-based) per net revenue (tCO_2eq/Monetary unit)	206	176	-15%
Net revenue	2,672	2,747	3%

[1] Not covered by the Independent Auditor's limited assurance report

Environmental accounting policy

Controls

Data regarding energy consumption and our GHG emissions are reported through the operations management system that follows normal financial processes to ensure consistency and is validated against the external financial reporting.

The data is verified through internal controls, analysis, benchmarks, and monthly business meetings.

Unless stated no numbers or metrics have been validated by any external body other than the assurance provider.

Definitions

Climate

- CO_2e scope 1 is calculated as combusted fuel type x conversion factor per fuel type. For 1 tonnes of coal a conversion factor between 19 and 23 to GJ is used, based on the quality of the product. For other combustion fuels an emission factor is applied based on DEFRA factors

- CO_2e scope 2 is calculated as purchased MWh x conversion factor of 3.6 to GJ. For both location- and market-based electricity, emission factors are based on AIB. Additionally, for market-based we adjust for the purchase of RECs in our emissions. We only use RECs when calculating our market-based emissions

- CO_2e per m^3 (scope 1), CO_2e per m^3 (scope 2) and CO_2e per m^3 (scope 3) are calculated as scope 1, scope 2 (market based) and scope 3 divided by net-production volume

- During our initial scope 3 assessment, we screened all 15 types of activities. Besides activity 1,3,4 and 9, remaining activities were deemed immaterial and out of our reporting scope. For scope 3 activities 1 and 3, we have used primary data for all sources and for activities 4 and 9, we have used industry generic factors

- CO_2e scope 3 category 1 is calculated as purchased materials in scope x efficiency factor. Where efficiency factors are disclosed by the supplier this is used. If such are not available generic industry efficiency factors are applied

- CO_2e scope 3 category 3 is calculated as consumed energy x efficiency factor from DEFRA

- CO_2e scope 3 category 4 and 9 are calculated as total transported km of our products x generic transport efficiency factor

- Total energy is calculated as combusted fuel type x power factor per fuel type + used electricity

- Total energy per m^3 is calculated as total energy divided by production volume

- Production volume is defined as produced AAC and CSU (net) measured in m^3

EU Taxonomy

H+H's EU Taxonomy disclosure for the annual reporting period of 2024 has been prepared in accordance with the Taxonomy Regulation EU (2020/852) and its supplementing delegated acts.

The disclosure covers the taxonomy-eligible and taxonomy-aligned economic activities and their financial KPIs as a proportion of the Group's turnover, capital expenditure (CAPEX), and operational expenditure (OPEX) in 2024.

Reporting principles
Due to the EU Taxonomy being under continuous development and the evolving aspect of the Regulation, we have decided to reassess the reporting requirement and update our accounting principles to be more in line with the current legislative environment. Figures for 2023 have therefore been restated. We will continue to follow the development of the regulation and assess our approach accordingly.

Our economic activities are considered regardless of their geographical location, whether inside or outside of the European Union.

Economic activities
Taxonomy-eligible economic activities
According to note 3 of the consolidated financial statement, H+H revenue streams consist of sale of goods and related transport services. As such, we have concluded that the following economic activities qualify as taxonomy eligible economic activities:

- (3.5) Manufacture of energy-efficient building equipment
- (6.6) Freight transport services by road

Both H+H's product groups (AAC and CSU) are classified under NACE code 23.61 and are as such covered by the Delegated Act (EU) 2021/2139 of June 4, 2021 in Chapter 3.5 as key components for external wall systems. The product groups contribute to achieving the climate change mitigation target if they fulfil the technical screening criteria of having a U-value lower or equal to 0,5 W/m^2K. For external wall systems, a U-value lower than 0.5 W/m^2K is required by law in all countries in which we produce and sell our products. As such, the substantial contribution screening criteria are met.

Products from both AAC and CSU product groups have multiple applications. In addition to being used for external walls, they can also be used as partition walls. When determining which of our products that are within scope, we have looked at the intended use of the products. Turnover from products where the intended use is to be part of an external wall system is reported as eligible, whereas turnover from products where the intended use is partition walls is reported as not eligible. Turnover from accessories needed to build the external wall such as mortar and glue are also reported as eligible because such accessories are considered to be key components in an external wall system. Pallets used for transportation are not included in the scope since only plastic pallets are eligible under the EU Taxonomy.

When calculating the taxonomy-eligible turnover under CCM 3.5 for products which can be used in both external walls and partition walls, we have used allocation keys to determine the split between sale of products used for external walls and partition walls. As each of the countries in which we sell our products have different ways of building, allocation keys are based on individual market analysis. Analyses were made by local sales departments which have indepth knowledge of the local building markets. Hence, we assess their input to be highly valid.

Transport of goods for sale is a separate revenue stream classified under NACE code 49.41 which is covered by Chapter 6.6 'Freight transport services by road' in the delegated act.

Taxonomy-eligible turnover
During our screening, we identified 69% eligible turnover. The taxonomy-eligible turnover refers to revenue from sales of products and key components used for external walls (CCM 3.5), as well as freight revenue derived from sales of external wall building materials (CCM 6.6). Revenue is defined as revenue included in the consolidated financial statements for the year 2024.

Taxonomy-eligible CAPEX
During our screening, we identified 62% eligible CAPEX. The taxonomy-eligible CAPEX is divided between production related activities (CCM 3.5) and activities related to transport (CCM 6.5 and CCM 6.6). To determine the proportion of production related CAPEX associated with taxonomy-eli-

gible economic activities, the same allocation key as for turnover is used. This is based on the fact that our plants produce both eligible and non-eligible products, and it is therefore not possible to do individual distinctions. Taxonomy eligible activity related to transport contains leased company cars (CCM 6.5) and forklifts (CCM 6.6). CAPEX is defined as additions of tangible assets and intangible assets (excluding goodwill) as included in the consolidated financial statements for the year 2024, note 13 & 14.

Taxonomy-eligible OPEX

During our screening, we identified 63% eligible OPEX. Operating expenditures as per the EU Taxonomy are defined as directly incurred, non-capitalizable cost relating to research and development, building renovations, short-term leases, and the repair and maintenance of property, plant, and equipment in 2024. To determine the proportion of OPEX from products or services associated with taxonomy-eligible economic activities, the same allocation key as for turnover is used for the same reason as when determining taxonomy-eligible CAPEX.

Taxonomy-aligned economic activities

Our economic activities are considered taxonomy-aligned if they:

- make a substantial contribution to the achievement of one or more of the six environmental objectives set out in the Taxonomy Regulation
- do not significantly harm any of the other environmental objectives, and
- are carried out in compliance with the minimum social safeguards.

As described above, H+H assesses that a certain share of our turnover contributes to climate change mitigation by meeting the substantial contribution criteria for external wall systems with U-value lower or equal to 0.5 W/ m^2 K.

For an economic activity to be classified as sustainable under the taxonomy, it must fulfil the criteria for not doing significant harm under the other environmental objectives included in the taxonomy.

While environmental management is done in all regions, the approach is not consistent across the Group, depending on region and depending on the individual plants. Below is an overview of our initiatives in our UK plants where we meet the objectives for aligned economic activities. Turnover from these plants is reported as taxonomy-aligned economic activity. In addition, we describe initiatives in our other regions where we only partially meet the objectives.

		Do no significant harm		
Other environmental objectives (2–6)		**UK**	**CWE**	**Poland**
Climate change adaptation	√	As part of our ESRS reporting and work towards having targets validated by the SBTi, we have performed climate risk assessments.		
Sustainable use and protection of water and marine resources	√	We have a water use and protection management plan in place as part of our ISO 14001 certification.	We believe that we do not do any significant harm, but we are working towards getting the necessary documentation requirements such as an ISO 14001 certification.	
Transition to a circular economy	√	Our products are designed for high durability and recyclability. We employ a 'zero waste to landfill' principle and recycle our AAC waste back into production.		
Pollution prevention and control	√	No substances of concern are used in H+H's products and no accessories from other vendors are sold from these plants.	No substances of concern are used in H+H's products. We are currently working with vendors to document that our accessories sold do not contain substances of concern.	
Protection and restoration of biodiversity	√	Dedicated efforts towards protection of biodiversity are part of our ISO 14001 and BES: 6001 certifications, ensuring that the generic criteria for protection and restoration of biodiversity are met	We believe that we do not do any significant harm, but we are working towards getting the necessary documentation requirements such as an ISO 14001 certification.	

√ Achieved in all regions
√ Achieved in the UK

Minimum safeguards

Compliance with minimum social safeguards essentially relates to the areas of human and labour rights, corruption prevention, fair taxation and fair competition. H+H have implemented processes and guidelines that ensure compliance with all minimum standards in line with the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights and the Declaration by the International Labour Organization. Our efforts are further described in the Governance section, when reporting on our Code of Conduct, Anti-corruption policy and Tax policy.

Turnover from the regions where not all DNHS criteria are met is reported under section A.2. Taxonomy-eligible but not environmentally sustainable activities (Taxonomy-non-aligned activities).

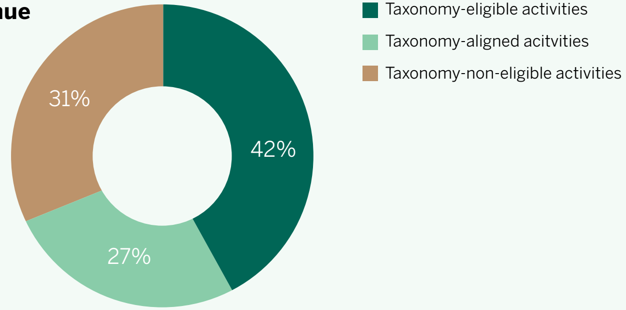
The eligible economic activity under CCM 6.6 does not meet the substantial contribution criteria (zero tailpipe emissions) and is as such reported under section A.2. Taxonomy-eligible but not environmentally sustainable activities (Taxono-my-non-aligned activities).

EU Taxonomy Disclosure

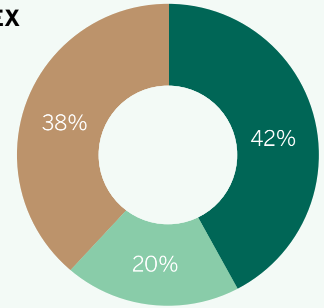
2024	Revenue	CAPEX	OPEX
Taxonomy-eligible activities	69%	62%	63%
Taxonomy-non-eligible activities	31%	38%	37%
Taxonomy-aligned acitvities	27%	20%	21%
Taxonomy-non-aligned acitvities	73%	80%	79%

	Nuclear and fossil gas related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
	Fossil gas related activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

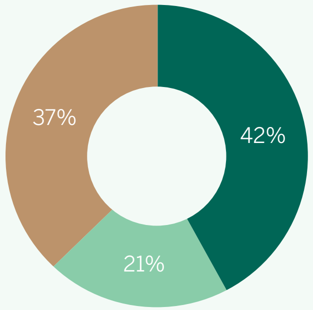
Revenue



CAPEX



OPEX



EU Taxonomy – Turnover

Financial year 2024	**2024**			**Sustainable contribution criteria**						**DNSH criteria ("Does Not Significant Harm")**									
Economic activities - Turnover (1)	**Code (2)**	**Absolute turnover (m DKK) (3)**	**Proportion of turnover 2024 (%) (4)**	**Climate Change Mitigation (5)**	**Climate Change Adaptation (6)**	**Water (7)**	**Pollution (8)**	**Circular economy (9)**	**Biodiversity (10)**	**Climate Change Mitigation (11)**	**Climate Change Adaptation (12)**	**Water (13)**	**Pollution (14)**	**Circular economy (15)**	**Biodiversity (16)**	**Minimum Safeguards (17)**	**Taxonomy aligned (A.1.) or eligble (A.2.) turnover, 2023 (%) (18)**	**Category (enabling activity) (19)**	**Category (transitional activity) (20)**
A. Taxonomy – Eligible Activities																			
A1. Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of energy-efficient building equipment	CCM 3.5	748	27%	Y	N/A	N/A	N/A	N/A	N/A	N/A	Y	Y	Y	Y	Y	Y	25%		
Turnover of environmentally sustainable activities (Taxonomy-aligned)		748	27%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	25%		
Of which Enabling		0	0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%	E	
Of which Transitional		0	0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%		T
A2. Taxonomy-eligible but not aligned activities																			
Manufacture of energy-efficient building equipment	CCM 3.5	889	32%	Y	N/A	N/A	N/A	N/A	N/A	N/A	Y	N/A	N/A	Y	N/A	Y	35%		
Freight transport services by road	CCM 6.6	268	10%	Y	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	9%		
Turnover of not-aligned activities		**1,157**	**42%**														**44%**		
Turnover of taxonomy-eligible activities (A1+A2)		**1,905**	**69%**														**70%**		
A. Taxonomy – Non-Eligible Activities																			
B. Turnover of non-eligible activities		843	31%																
Total		**2,747**	**100%**																

Quantitative breakdown of taxonomy-aligned turnover

The primary sources of turnover contributing to the numerator of the turnover KPI in 2024 are generation and sale of blocks and related accessories in the UK region (DKK 748 million)

EU Taxonomy – CAPEX

Financial year 2024	**2024**			**Sustainable contribution criteria**						**DNSH criteria ("Does Not Significant Harm")**									
Economic activities - CAPEX (1)	**Code (2)**	**Absolute CAPEX (m DKK) (3)**	**Proportion of CAPEX 2024 (%) (4)**	**Climate Change Mitigation (5)**	**Climate Change Adaptation (6)**	**Water (7)**	**Pollution (8)**	**Circular economy (9)**	**Biodiversity (10)**	**Climate Change Mitigation (11)**	**Climate Change Adaptation (12)**	**Water (13)**	**Pollution (14)**	**Circular economy (15)**	**Biodiversity (16)**	**Minimum Safeguards (17)**	**Taxonomy aligned (A.1.) or eligble (A.2.) CAPEX, 2023 (%) (18)**	**Category (enabling activity) (19)**	**Category (transitional activity) (20)**
A. Taxonomy – Eligible Activities																			
A1. Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of energy-efficient building equipment	CCM 3.5	35	20%	Y	N/A	N/A	N/A	N/A	N/A	N/A	Y	Y	Y	Y	Y	Y	20%		
CAPEX of aligned activities		35	20%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	20%		
Of which Enabling		0	0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%	E	
Of which Transitional		0	0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%		T
A2. Taxonomy-eligible but not aligned activities																			
Manufacture of energy-efficient building equipment	CCM 3.5	56	32%	Y	N/A	N/A	N/A	N/A	N/A	N/A	Y	N/A	N/A	Y	N/A	Y	35%		
Freight transport services by road	CCM 6.6	17	10%	Y	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	9%		
CAPEX of non-aligned activities		**73**	**42%**														**44%**		
Total (A1+A2)		**108**	**67%**														**64%**		
A. Taxonomy – Non-Eligible Activities																			
CAPEX of non-eligible activities (B)		66	38%																
Total (A+B)		**173**	**100%**																

No formal CAPEX-plan in relation to EU-taxonomy has been developed in 2024, but will be reassessed in 2025.

Quantitative breakdown of taxonomy-aligned CAPEX

The primary sources of CAPEX contributing to the numerator of the CAPEX KPI in 2024 are additions from tangible and intangible assests from the UK region (DKK 43 million)

EU Taxonomy – OPEX

Financial year 2024	**2024**			**Sustainable contribution criteria**						**DNSH criteria ("Does Not Significant Harm")**									
Economic activities - OPEX (1)	**Code (2)**	**Absolute OPEX (m DKK) (3)**	**Proportion of OPEX 2024 (%) (4)**	**Climate Change Mitigation (5)**	**Climate Change Adaptation (6)**	**Water (7)**	**Pollution (8)**	**Circular economy (9)**	**Biodiversity (10)**	**Climate Change Mitigation (11)**	**Climate Change Adaptation (12)**	**Water (13)**	**Pollution (14)**	**Circular economy (15)**	**Biodiversity (16)**	**Minimum Safeguards (17)**	**Taxonomy aligned (A.1.) or eligible (A.2.) OPEX, 2023 (%) (18)**	**Category (enabling activity) (19)**	**Category (transitional activity) (20)**
A. Taxonomy – ligible Activities																			
A1. Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of energy-efficient building equipment	CCM 3.5	27	21%	Y	N/A	N/A	N/A	N/A	N/A	N/A	Y	Y	Y	Y	Y	Y	21%		
OPEX of environmentally sustainable activities (Taxonomy-aligned)		27	21%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	21%		
Of which Enabling		0	0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%	E	
Of which Transitional		0	0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%		T
A2. Taxonomy-eligible but not aligned activities																			
Manufacture of energy-efficient building equipment	CCM 3.5	41	32%	Y	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Y	N/A	Y	35%		
Freight transport services by road	CCM 6.6	12	10%	Y	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	9%		
OPEX of non-aligned activities		**53**	**42%**														**44%**		
Total (A1+A2)		**80**	**63%**														**65%**		
A. Taxonomy – Non-Eligible Activities																			
OPEX of non-eligible activities (B)		46	37%																
Total (A+B)		**126**	**100%**																

H+H does not have any eligible OPEX, hence no OPEX is allocated to the numerator.

Quantitative breakdown of taxonomy-aligned OPEX

The primary sources of OPEX contributing to the numerator of the OPEX KPI in 2024 are maintenance and repair costs from the UK region (DKK 27 million)

Social information

People are the foundation for our success. We aim to provide a safe, attractive, and meaningful workplace for our employees. In this section, we take a thematic approach to the sustainability topics identified in our materiality assessment.

* None of our Social policies are inconsistent with UN Guiding Principles on Business and Human Rights

Health and Safety

ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

In H+H we believe that everyone should come to work and return home injury-free. Working in an industrial plant comes with inherent health and safety risks from the heavy equipment and substances used in the production process. Managing these risks effectively is key to maintaining a strong safety performance as well as enabling us to provide healthy, safe, and secure working conditions for all people working on our sites.

This mindset is transformed into our 'ZERO HARM' strategy as disclosed in our Business and strategy section. Please refer to section Zero Harm.

Material health & safety impacts

In our materiality assessment, we identified the following material health & safety impacts:

Industrial accidents

The majority of our employees work in our plants where they operate heavy machinery with a potential high risk of accidents which can result in the direct impact of life-altering injuries or death.

Production materials

While our finished products do not pose any health risks, employees working in our plants can potentially be exposed to the following substances used in production that pose health risks:

- Silicate dust, a known carcinogen when exposed above a known limit
- Mineral oils that can cause dermatitis
- Aluminium dust which is an irritant but with no recognised inhalation, oral or dermal chronic effects
- Alkalis and acids which are harmful and can cause chronic effects

The impacts affect employees and non-employees, including self-employed people and people provided by third parties. The impacts occur in all our plants over the short, medium and long term. They are systemic due to the nature of our production. Due to the low exposure to the above substances it was not identified as a material risk. No material opportunities related to health & safety were identified in the materiality assessment.

Impacts, risks and opportunities management

To effectively manage our impacts and to maintain a strong safety performance, we have a Group Health & Safety Policy, a strategy for 2024-2026 and a health and safety management system. In practice, we prevent safety incidents through regular training in Health & Safety, monitoring of exposure levels of substances used in production, prevention and access controls, incident management, proper PPE, continuous and regular assessment of plants, offices, processes, and equipment as well as target setting and progress measurement across the Group.

S1-1 Policies

Health & Safety Policy

It is our key priority to provide a safe and healthy work environment. This is the core objective of our Group H&S Policy (H&S Policy), and it is the foundation on which we prevent, mitigate, and remediate all of H+H's impacts elated to H&S.

The COO has overall responsibility for the policy, while the regional Managing Directors are responsible for implementation within their countries as heads of their respective legal entities. They are supported by the regional Operations Directors, local safety officers and the Group Health & Safety leadership team.

The policy covers H+H employees across the entire workforce but does not include workers in the value chain. The policy is distributed via our policy management system and is prominently placed on notice boards at all sites and on the Group website. All employees are required to confirm, either physically or digitally, that they have read and understood the policy.

The H&S Policy is reviewed annually by Group Management and the Group H&S Director. The review is based on our Maturity Audit process, and on input provided by the functional management teams and their employees.

In daily operations, the policy is supported by topic specific standards and guidance, which addresses the risks and impacts directly.

S1-4 Actions in 2024

At the beginning of 2024, a new H&S strategy and vision for 2024-2026, titled ZERO HARM, was launched together with a major communications campaign targeting all employees. The new strategy focuses on behavioural-based safety and on driving safety through the line to embed a culture that embraces safety across our operations, moving towards our ambition of zero harm.

When working with heavy machinery, even a small lapse of attention can have dire consequences. We therefore want to foster a culture, where safety is always top of mind, highlighting each individual's responsibility for ensuring their own safety and that of their colleagues. In the event of an incident or high potential near miss incident, communication is disseminated throughout the organisation with follow-up on actions to prevent reoccurrence.

To mitigate the impact related to exposure to various production materials, we provide the appropriate PPE as well as regularly monitoring exposure levels of substances

All plants are subject to both internal and external audits using our Maturity Audit Model with each plant having a Safety Improvement Plan which is actively monitored to gauge the effectiveness of our actions and initiatives. To further evaluate the effectiveness of our initiatives, performance on H&S KPIs including absence and incidents is monitored monthly and reported to Group Management.

In 2025 we plan to continue the focus on behavioural based safety via training, communication and lessons learned from incidents and high potential events. This includes training employees to have a more proactive approach to spotting potential hazards and unsafe conditions and behaviours. Our aim is to further improve our safety culture shifting from a reactive focus to a pro-active and positive one with the end goal of zero harm.

S1-5 Targets

To measure our progress on safety, we have a target related to our Lost Time Incident Frequency (LTIF) rate which was included in the short-term incentive plan for 2024 to highlight its importance. Our current target concluded in 2024 and we have therefore set a new target for 2030 where we want to achieve a long-term improved LTIF rate of 2.1 compared to our historic performance. The rate is measured every year to track progress on the target. Based on the number of incidents and the initiatives we have embedded in the business, we projected an improved H&S performance to determine the specific KPI we want to reach and when. The new target is a result of the collective efforts between Group Management, the regional Managing and Operations Directors, as well as the H&S leaders across the Group.

S1-14 Health and safety metrics

For the tenth consecutive year, there were no fatalities at H+H. In 2024 we saw another record result with an LTIF rate of 0.9, which is well below our 5 year target of 3.5 in 2024. We attribute our positive result to our continued focus on leading in safety for all levels of operational management, behavioural safety and close follow-up of incidents and high potential near-miss incidents.

Short-term sickness absence has improved from last year, and we managed to reach our target level of 8 days per year per FTE. It was decided by Group management not to renew the target.

		2024	2023[1]	2022[1]	2021[1]
Sickness absence	Days per FTE	12	14	13	12
Sickness absence, short-term	Days per FTE	8	10	11	10
Fatalities (including own workforce and value chain workers)	Headcount	0	0	0	0
Fatalities as a result of work-related injuries AND work-related ill health		0	0	0	0
Lost-time incident frequency (LTIF)	Incidents per mil. hours	0.9	*3.4	3.6	5.5
Lost days to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health		83	787	313	263
Total recordable incidents		7	18	77	103
Total recordable contractor incidents		0	0	3	3
Total recordable incident rate (TRIR)	Incidents per mil. hours	3	7	25	35
Number of cases of recordable work-related ill health		0	0		
Near miss frequency rate (NMFR)	Reports per mil. hours	2.757			
People in own workforce covered by H+H's H&S Management system	%	100%	100%		

* ESG figure subject to limited assurance in 2023

[1] Not covered by the Independent Auditor's limited assurance report

Equal treatment & opportunities for all

ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

We know people are different and we believe that differences are what enable us to see new opportunities and create better solutions. We want all employees and stakeholders to feel that their contribution is valid, and we do not tolerate any form of discrimination.

We do not have a formal link to our Group strategy and business model, as these topics are driven locally by the regional management teams.

Material impacts

In the materiality assessment, we identified the following material impacts related to equal treatment and opportunities:

Gender equality & equal pay

We are committed to equal pay for equal work, promoting gender equality and ensuring equal access to resources and opportunities regardless of gender. This has an impact on our workforce as we believe there are clear links between perceived and actual equality to employee cohesion and well-being. At the moment we do not have sufficient data to determine whether the impact is systemic or not but further investigation is planned for 2025 in preparation for the EU Directive on pay transparency. Our current belief is that we enforce equal pay for equal work in all regions.

Anti-harassment

As employers we are responsible for providing a harassment-free work environment and thus have an impact on our employees. We believe the impact to be non-systemic, occurring over the short and medium term affecting employees in our own workforce.

Gender diversity

The building materials industry is not traditionally known for being gender diverse and we therefore risk fostering workplaces with low diversity. As a result we believe this impact to be systemic in nature and not related to individual incidents.

Both impacts related to equal treatment occur over the short and medium term. Impact related to equal pay only affects those directly employed by H+H. Impacts related to diversity affects both our own employees, non-employees (both self-employed people and people provided by third party organisations) and contractors. No material risks or opportunities were identified in the materiality assessment.

Impacts, risks, and opportunities management

We approach the impacts related to equal treatment through a mixture of Group and local initiatives. We believe a safe and inclusive work culture is best achieved by encouraging our employees to speak up and take ownership of creating a work environment they feel they belong to, with clear support from senior management.

S1-1 Policies related to equal treatment

Diversity Policy

The core objective of H+H's Group Diversity Policy is to foster an inclusive and open working climate where diversity is embraced and promoted. By making our principles on diversity clear, we want to mitigate negative impacts related to lack of diversity.

While gender is one dimension of diversity, we fully recognise that diversity is any aspect that differentiates our employees and enables diversity of thought. This includes ethnicity, age, national origin or citizenship, religion or belief, political conviction, sexual orientation, marital status, pregnancy and maternity, disability or genetic information or any other legally protected categories. We do not tolerate any form of discrimination towards employees or stakeholders. All reports of discrimination and harassment are fully investigated and may result in disciplinary actions or employment-related consequences for the perpetrator. Besides the Code of Conduct, we currently do not have any other specific Group policies aimed at eliminating discrimination or harassment.

The policy applies across all of H+H and includes but is not limited to recruitment, promotion and development opportunities. The policy is communicated to all new employees, and in the case of updates, to the entire workforce. The policy is also available on our Group website.

The Board of Directors has adopted the Group Diversity Policy while the CEO is overall responsible. Regional Managing Directors are responsible for implementation within their countries as heads of their respective legal entities.

S1-1 Policies related to human rights

Human Rights Policy

We strongly support human rights and employee rights as set out in the UN Universal Declaration of Human Rights and by the International Labour Organization. We have a dedicated Human Rights policy and it is further stated in our Code of Conduct which is the foundation for our compliance and other policies.

The purpose of our Human Rights policy is to communicate – both externally and internally - H+H's commitments to respect human rights, as well as to provide guidance to our management and employees on appropriate behaviour when it comes to human rights issues.

In short this means, that H+H:

- Respects freedom of association and the right to collective bargaining
- Supports the principle of equal opportunity and does not accept harassment or discrimination
- Prioritises safety and adheres to all applicable local laws related to ensuring proper working conditions
- Does not accept human trafficking, the use of child labour and the use of forced or compulsory labour

Many aspects of our business touch on human rights, including working conditions, health and safety, and data privacy. In addition to the Code of Conduct and Human Rights policy, this is reflected in many of our other policies, as outlined in our overview of our sustainability-related policies and systems in the Governance section.

Although the materiality assessment determined that there are no material human rights impacts, risks, or opportunities for H+H, we continuously assess the risk of human rights violations. We believe the inherent risk for human rights violations is low due to the nature of the business and as we only conduct business in European countries with strong institutions. Most of the people working in our plants are directly employed by H+H, and consequently, we can ensure that our staff are treated fairly and in accordance with the above principles. Temporary staff (non-employees) are either employed directly by us or via reputable agencies which adhere to relevant employment legislation. To mitigate risks for violation of human rights throughout the value chain, we have a Code of Conduct for Suppliers which outlines our expectations for our suppliers and contains provisions to address human trafficking, forced and compulsory labour, the health & safety of workers and precarious work.

A description of our Code of Conduct and Code of Conduct for Suppliers can be found in the Governance section. Engagement with own workforce on this and other employment related issues is described in the next section under S1-2.

S1-4 Actions in 2024

Guided by the Diversity Policy, all managers are expected to treat employees equally and not discriminate in matters such as recruitment, promotions, development opportunities or any other personnel decisions. When recruiting we source candidates of different genders whenever possible, and we seek to create a dynamic organisation with a diverse mix of cultures, backgrounds, skills, and ways of thinking. When employing external recruitment consultants, they are required to submit their diversity policies and where possible we ensure that all recruitment short lists have an appropriate gender balance.
If two candidates of different genders are equally qualified for the position, the candidate of the under-represented gender, if any, will be chosen. This principle is applied across the Group. No additional actions have been planned for 2025. Due to the small size of the management levels, turnover in these roles is also naturally low, making it difficult to track effectiveness of actions.

S1-5 Targets

Group Management have decided to not set any targets related to managing material negative impacts, as we currently narrow our focus on safety. There are currently no formal processes in place to track the effectiveness of our policies and actions, but the need for setting targets and implementing processes is regularly assessed.

Board diversity targets

Our Group Diversity Policy is applied when evaluating the composition of H+H International A/S' management.

Pursuant to section 139c of the Danish Companies Act, we aim to have equal gender distribution in our Board of Directors, as defined by the Danish

Business Authority. This was reached at the Annual General Meeting on 31 March 2022, and the target is still met with the current composition of 2 female members and 5 male. A new formal gender target under the law will be set if the gender composition changes, so that the gender distribution no longer is considered equal as per the legal definition.

The Board seeks to be diverse in the broadest sense relevant. When deciding whether to propose re-election or not of board members as well as when searching for candidates to propose as new board members, the decision is based on filling out any competence gaps or strengthening specific competences in the Board based on the collective competences that the Board finds relevant at the time considering H+H's strategy, challenges and opportunities. In addition to looking at competences in the form of professional experience and education, the Board also recognises the benefits of diversity in terms of cultural background, gender, age etc. Currently, the Board of Directors' diversity in respect of gender and age could improve, hence if two candidates for a board position are equally competent, the candidate who is female and/or younger than the average age of the board members will be preferred.

You can read more about board diversity in the ' Board Diversity' section under 'Corporate Governance'.

For gender diversity in the two management levels in the parent company below the Board, we have due to H+H International A/S' relatively small organisation, opted to use the legal exemption for companies with less than 50 employees and not have a gender diversity policy or related gender diversity targets to increase the proportion of the underrepresented gender, cf. the Danish Companies Act, Section 139(c)(7). The parent company has less than 25 employees and a high degree of retention, and thus only very few recruitments over time, making it impossible to pursue gender targets within a meaningful timeframe.

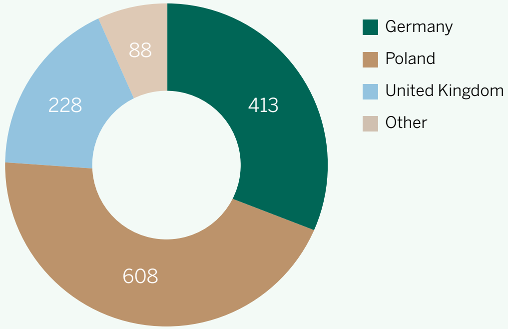
S1-6 Characteristics of H+H employees & S1-7 Characteristics of non-employees

The gender ratio of our workforce remains stable with an even split among workers in office environments and low diversity among workers in our plants and other non-office environments.

Due to the continued need for organisational streamlining following the downturn in the construction industry our turnover rate remains high, however not as high as 2023. We are however pleased to see that our voluntary turnover ratio remains stable at 12% compared to 13% last year, reflecting the regional efforts to ensure good work-life balance and working conditions.

Headcount by country

Germany	413
Poland	608
United Kingdom	228
Other	88
Total	**1.337**



Turnover	Unit	2024	2023[1]
Employee turnover ratio	%	22%	40%
Employee turnover	Headcount	280	605

[1] Not covered by the Independent Auditor's limited assurance report

Headcount by gender	Office workers	Non-office workers	Total
Male	198	917	1,115
Female	171	51	222
Other	0	0	0
Not reported	0	0	0
Total	**369**	**968**	**1,337**

	Female	Male	Other	Not disclosed	Total
Number of employees	222	1,115	0	0	1,337
Number of permanent employees	212	979	0	0	1,191
Number of temporary employees	10	136	0	0	146
Number of non-guaranteed hours employees	0	2	0	0	2
Number of non-employees	2	15	0	0	17

	CWE region	HQ	Poland	United Kingdom	Total
Number of employees	483	18	608	228	1,337
Number of permanent employees	473	18	473	227	1,191
Number of temporary employees	10	0	135	1	146
Number of non-guaranteed hours employees	2	0	0	0	2
Number of non-employees	16	1	0	0	17

S1-9 Diversity metrics

The underrepresented gender in top management

		2024	2023[1]
Gender diversity, top management (entire H+H Group)		0%	0%
Females / total	HC	0/6	0/7

Age distribution in the Group

The age distribution of our workforce is in line with other industries and society in general and is therefore in line with our expectations.

Age distribution	2024	2023[1]
Below 30	9%	7%
Between 30 and 50	51%	48%
Above 50	40%	45%

S1-16 Remuneration metrics

During 2024 the gender pay gap, defined as the difference of average pay levels between male and female employees, decreased from -6% to -17%. In general, we believe that it is difficult to assess the development in the gender pay gap due to the mix of job functions and job levels. However a big contributor, is the composition of our workforce, where majority are non-office workers who are traditionally male and where salaries are lower. Additionally, as we operate in countries with materially different salary levels, comparison across regions can be difficult.

However, we are working on getting better transparency of the differences in salary levels. The first step is the implemention of a Group job architecture as preparation for the implementation of the EU directive on Pay Transparency. This is planned for 2025.

The CEO pay ratio, defined as the ratio of the highest-paid individual to the median annual total remuneration for all employees has increased from 2023 to 2024. We attribute this to the variable components of the CEO pay, as described in the Remuneration Report.

	2024	2023[1]
Gender pay gap (average)	-17%	-6%
CEO pay ratio	34	29

[1] Not covered by the Independent Auditor's limited assurance report

Training & skills development and working conditions

ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

H+H seeks to provide a safe and attractive work environment for our employees during all stages of their career. We want to attract and retain qualified and motivated employees who can support our business ambitions. To enable this, we offer our people training and development to enhance their skills and develop their careers while also providing opportunities to shape their work whenever possible.

Please refer to the section 'HOME' under 'Strategic Focus Areas' for the link to our business strategy.

The following material impacts related to training and skills development and working conditions were identified in the materiality assessment:

Training and skills development

Lack of proper training and skills development can impact the employee's ability to work and enhance the risk for compliance violations and business developments. By providing attractive training and development opportunities that help our employees realise their potential and ambitions, we have a positive impact on our workforce. This impact is systemic and occurs in our own operations over the short, medium, and long-term periods for both employees and non-employees, including self-employed people and people provided by third-parties.

Work-life balance, working conditions and social dialogue

As employers we naturally have an impact on work-life balance and working conditions for all employees as well as non-employees. This includes the possibility to take leave or work flexibly and providing space and opportunity for social dialogue with employees. The impacts occur over both the short, medium and long term and are systemic as they covers all sites in all regions.

No material risks or opportunities were identified.

Impacts, risks, and opportunities management

Managing our impacts is key to ensuring that we have the workforce we need to achieve our business ambitions. Performance, competence, and talent management is handled locally where managers are encouraged to keep an open dialogue with employees and to continually assess the need for training.

S1-1 Policies

H+H does not have a policy that specifically addresses training and skills development. In addition to required upskilling or renewal of certificates, we believe that performance, talent, and competence management should be managed in regular dialogues between managers and employees. For this reason there is currently no plan to introduce a Group policy.

Our group principles relating to working conditions are described in our Human Rights Policy. On a practical level these are mainly governed by regional policies and employee handbooks, including rules on leave and flexible working. The duration of leave differs from region to region and is in line with local legislation. The opportunity to work flexibly also varies from region to region and depends on the nature of the job. Employees are encouraged to provide feedback and voice concerns to ensure proper work-life balance and whenever possible work processes are designed and improved in collaboration with the relevant internal stakeholders.

S1-2 Processess for engagement

In order to create an attractive working environment, we regularly engage in dialogue with our employees to understand their perspectives and needs. This includes employee surveys for selected employees, manager 1:1s, as well as local Q&A sessions with management. The Group HR Director has overall operational responsibility for ensuring that engagement on actual and potential impacts happens and that actions are initiated.

All employees can raise their concerns directly to a manager or through our whistleblower system. The whistleblower system is described in the Governance section.

S1-3 Processes for remediation

We aim to have a culture where all employees feel comfortable about speaking up if they have concerns or issues. There is currently no formalised process in place where we evaluate this. Majority of our whistleblower reports are made either to HR or directly to a manager and we view this as a sign that employees trust the structures and processes we have in place. Information on the protection of whistleblowers and the Whistleblower Policy can be found in the Governance Section.

S1-4 Actions

A performance management framework has been launched for a pilot group of employees, with the intention to roll out the program further during the coming years in all regions. Through performance management we want to support achievement of the organisation's goals while also fostering individual development and performance. As launch of the framework is still in early stages, tracking of effectiveness is also still in the planning phase. No other specific actions have been taken in 2024 in relation to managing impacts related to working conditions and training & skills development.

Feedback and perspectives of our own workforce are taken into account when planning actions.

S1-5 Targets

To currently focus our resources on other priorities, Group Management have decided to not set any targets related to managing material negative impacts. There are no processes at the moment in place to track the effectiveness of our policies and actions, but the need for targets and processes is regularly assessed.

S1-8 Social dialogue

It varies from country to country and depending on local legislation, whether or not employees are represented by a local organisation such as a workers' council or work environment organisation. As we have not been met by a demand from our employees, there is currently no agreement between H+H and a European Works Council (EWC), a Societas Europaea (SE) Works Council, or a Societas Cooperativa Europaea (SCE) Works Council.

Majority of employees' working terms and employment conditions are decided directly between the employee and the company and generally not by collective bargaining agreements.

S1-13 Training and skills development metrics

We report on the average number of training hours within H&S and compliance training as this is where we have group wide standardised processes. For personal training and skills development, this is managed locally within each region.

S1-15 Work-life balance metrics

All employees are entitled to take family-related leave, and in total 3% took leave. No person who requested to take leave was denied the opportunity.

S1-17 Incidents, complaints and severe human rights impacts

During 2024 there were no work-related incidents of discrimination reported to HR or via the whistleblower system on the grounds of gender, racial or ethnic origin, nationality, religion or belief, disability, age, sexual orientation, or other relevant forms of discrimination involving internal and/or external stakeholders across operations in the reporting period. This includes incidents of harassment as a specific form of discrimination.

No cases of human rights incidents (e.g., forced labour, human trafficking, or child labour) were identified during 2024.

Social dialogue

Coverage Rate	Workplace representation (EEA only) (for countries with >50 empl. representing >10% total empl)
0-19%	Poland
20-39%	
40-59%	
60-79%	Germany
80-100%	

	Total	Male	Female
Employees who participated in regular performance and career development reviews	51%	52%	50%
Average number of training hours	7	6	11

	Total	Male	Female
Employees entitled to take family-related leave	100%	100%	100%
Employees that took family-related leave	3%	2%	7%

Social accounting policy

Controls

Data regarding number of employees and gender are generated from our HR and Payroll systems. Data regarding fatalities and accidents are reported through the operations management system that follows normal financial processes to ensure consistency and is validated against the external financial reporting. The data is verified through internal controls, analysis, benchmarks, and monthly business meetings. Unless stated no numbers or metrics have been validated by any external body other than the assurance provider.

Definitions

- Own workforce is defined as employees as well as non-employees, excluding contractors. Unless otherwise described, both employees and non-employees are subject to the material impacts related to Own Workforce
- Headcount is defined as all employees, both fulltime and part-time, as well as active and non-active. The numbers reported for both employees and non-employees are as of 31 December 2024
- FTEs (fulltime equivalents) are defined as all employees and non-employees, excluding those on leave
- Employees are defined as those being directly on our payroll. Non-employees include both self-employed people and people provided by third parties
- Group Management includes the Executive Board and senior executives at H+H International A/S.
- Gender diversity, top management is defined as Group Management and the regional Managing Directors
- Gender pay gap is calculated as difference of average pay levels between female and male employees, expressed as percentage of the average pay level of male employees. Basis for average pay is the hourly wage of all female and male employees, converted to DKK using the average exchange rates for the year
- CEO pay ratio is calculated as the CEO compensation, as reported in the Remuneration Report, divided by the median salary of all other employees
- Employee turnover ratio is calculated as total leavers divided by average headcount for the year. Only people on our payroll are included
- The number of employees who took leave is calculated as the total number for leaves commenced between 1 January 2024 and 31 December 2024. Employees are only counted once, even if they have had multiple leave periods during the year
- Employee representation in relation to Social Dialogue is defined as representation by works council, work environment organisation or employee committees
- Training is defined as H&S related training and compliance training. When calculating the average number of hours per gender, we have used the gender split for each country on the completion rates of the compliance training offered
- A fatality is a work-related injury that results in death. The number reported includes both employees, non-employees, contractors, and visitors
- Lost-Time Incident Frequency (LTIF) measures the frequency of Lost-Time Incidents and fatality incidents per million hours divided by total hours worked. Working hours is based on actual time registrations as well as estimates. The number reported includes own workforce
- Total Recordable Incident Rate (TRIR) measures the frequency of all work-related injuries and fatality incidents per million hours divided by total hours worked
- Near Miss Frequency Rate for employees (NMFR) measures number of Near Miss Reports per million hours divided by total hours worked following the OSHA guidelines
- Sickness absence is calculated as total sick days divided by average number of FTEs during the year
- Short-term absence is defined as sick leave where H+H provides the primary compensation to the employee. Once the primary compensation transitions to be provided by a public body, the absence is considered long-term

Governance information

H+H is committed to acting professionally, responsibly, and with integrity in all our business dealings and relationships.

GOV-1 The role of the administrative, management and supervisory bodies

The Board of Directors is responsible for the overall strategic direction and management of the Group, and that an adequate control framework exists to ensure proper business conduct. The Executive Board is responsible for the day-to-day management including implementation of a policy framework and related controls to support a responsible corporate culture. In our Board of Directors and Executive Board we have members with management experience within compliance and governance work, auditing and controlling.

Presentations of the individual members of the Board of Directors and Executive Board can be found in the Corporate Governance section.

Impacts, risks and opportunities

As part of the construction industry we face risks associated with bribery, corruption and anti-competitive practices, due to the large number of contractors, suppliers and other entities in the value chain and the competitive bidding process to secure private - and to a lesser extent - public contracts.

H+H mainly sells through builders' merchants (wholesalers) and as a building materials producer rather than a construction company, we have limited direct involvement in negotiations and bid proposals. In addition, we only operate in Europe within countries that have low risks of bribery and corruption, ranking between 1 (Denmark) and 53 (Poland) out of 180 countries in the Transparency International Corruption Perceptions Index 2024. We therefore consider the overall risk of corrupt behaviour to be relatively low.

In the materiality assessment we identified the following impacts related to business conduct:

Corporate culture

We actively want to foster a culture of integrity and transparency. Setting the tone at the top is important and by leading by example we impact the way our employees experience and contribute to our corporate culture. This impact occurs in our own operations over the short, medium and long term.

Unethical business practices

The main risk of corrupt behaviour for H+H concerns inappropriate types or levels of entertainment, gifts or payments (kick-backs) provided to our employees from potential or actual suppliers or provided by our employees to potential or actual customers with the intent of gaining special consideration or a business advantage. The impact occurs in our own operations over the short, medium and long term.

Whistleblower protection

It is important for us to foster an open culture where employees, business partners and other stakeholders can raise important matters.

Protecting whistleblowers is integral to ensure fair investigations and avoid retaliation. The impact occurs in our own operations over the short, medium and long term.

Impacts, risks and opportunities management

We manage these impacts by continually working to strengthen our compliance culture. This is done through our policies, whistleblower system, training and awareness, by conducting audits, and through leadership communication and behaviour that sets the tone from the top on conducting business with integrity.

G1-1 Business conduct policies and corporate culture

Code of Conduct and Code of Conduct for Suppliers

H+H's Code of Conduct is the foundation of our compliance programme and sets the tone for our business integrity and ethical principles. It is complemented by the Code of Conduct for Suppliers which outlines our expectations to suppliers to conduct business in a legal, sustainable, ethical and socially responsible manner.

The Code of Conduct and Code of Conduct for Suppliers include our principles related to e.g. environment and climate, health and safety, diversity, non-discrimination, personal data protection, conflicts of interest, fair competition, anti-corruption, responsible tax and data ethics. The Code of Conduct for Suppliers is provided to all major suppliers in each region with a request to confirm compliance

The Board of Directors approves the Code of Conduct and the Executive Board is responsible for the implementation of the policy principles. The COO is responsible for the Code of Conduct for Suppliers and its implementation. Employees can access these policies in H+H's policy management system. Employees without direct access are provided with either paper copies or access via shared computers or notice boards. Every employee at H+H is required to read and adhere to the H+H Code of Conduct. Both of these policies are reviewed regularly and updated in line with relevant legislation, and they are available at all H+H websites.

The Board of Directors is ultimately responsible for oversight of H+H's corporate culture and business conduct. The Executive Board and other managers in the Group are responsible for implementation of the policy principles and leading by example to drive a culture of business integrity and discuss openly how to follow the principles in the Code of Conduct and the underlying specific policies. To support our commitment to responsible business conduct, the regional Managing Directors are required to sign a declaration every quarter stating that to the best of their knowledge, all H+H entities in their region are conducting business in a way that is compliant with all applicable H+H policies.

Whistleblower policy & system

We encourage all reporting of any suspected wrongdoing. This can be done to a relevant H+H manager, to HR or via our public online whistleblower system where reports can be done by name or anonymously. The system is accessible in all our languages and can be accessed both from H+H's intranet for employees and from all H+H websites. The system is provided by an independent third-party provider of whistleblower solutions and reporters have the option of choosing if they want to report to regional HR, Group HR or Group Legal.

All good faith reports of suspected material violations of the Code of Conduct or any underlying H+H policies and violations of law within the defined scopes are investigated. We take great care to ensure the confidentiality of the reporter's identity and to avoid any potential conflicts of interest when establishing the investigation team and the decision maker. Independent, external legal counsel or other relevant experts are also used for investigations when relevant. Good faith whistleblowers of matters within scope are protected from any kind of retaliation or discriminatory or disciplinary action as a result of submitting a report. We assess the risk of retaliation as part of the investigation procedure and encourage reporters to report any retaliation, they may experience. Outcome of investigations are reported to the Audit Committee.

H+H's Whistleblower Policy is available in the whistleblower system and provides information on how to report suspected misconduct, how reports are handled and what is deemed inside and outside scope. The Board of Directors approves the Whistleblower Policy while the Executive Board is responsible for the implementation. To create awareness and educate employees on what can be reported and how, all employees are asked to read and confirm reading of the policy. Training in the whistleblower policy and system was provided to part of the employees during 2024.

Tax Policy

H+H has adopted a group Tax Policy. The policy is the foundation for the common tax approach for the H+H Group. Our ambition is to always apply best practices and act in accordance with applicable legislation on tax computation and tax reporting to ensure that we pay the right amount of tax at the right time in the countries where we operate. In close collaboration with tax advisors, we monitor updates and changes to tax legislation to assess the impact on a Group and country level.

G1-3 Prevention and detection of corruption and bribery

H+H has zero tolerance for corruption and bribery, and we condemn corrupt behaviour and business practices. This is underpinned by our

Anti-corruption Policy which provides principles and information related to bribery, facilitation payments, donations, and entertainment and gifts, as well as the potential consequences for violations. The Executive Board is responsible for implementation of the Anti-corruption Policy which is reviewed regularly and updated in line with relevant legislation. The policy is available in all our company languages and is communicated to all office employees via our policy management system with a request to confirm that they have read the policy.

The policy includes relevant sector specific practical examples to train and raise awareness of business situations that may involve bribery or corruption and the behaviour expected of H+H employees in such situations. Currently there is no Group definition of which functions are deemed to be at risk. No training in anti-corruption and bribery was provided to any H+H employees in 2024, including Group Management.

Internal controls are set up to manage any potential corruption risks present on the sales and procurement side. Escalation procedures are in place and communicated within the Group. Investigations follow the process described in the Whistleblower section.

Metrics and targets

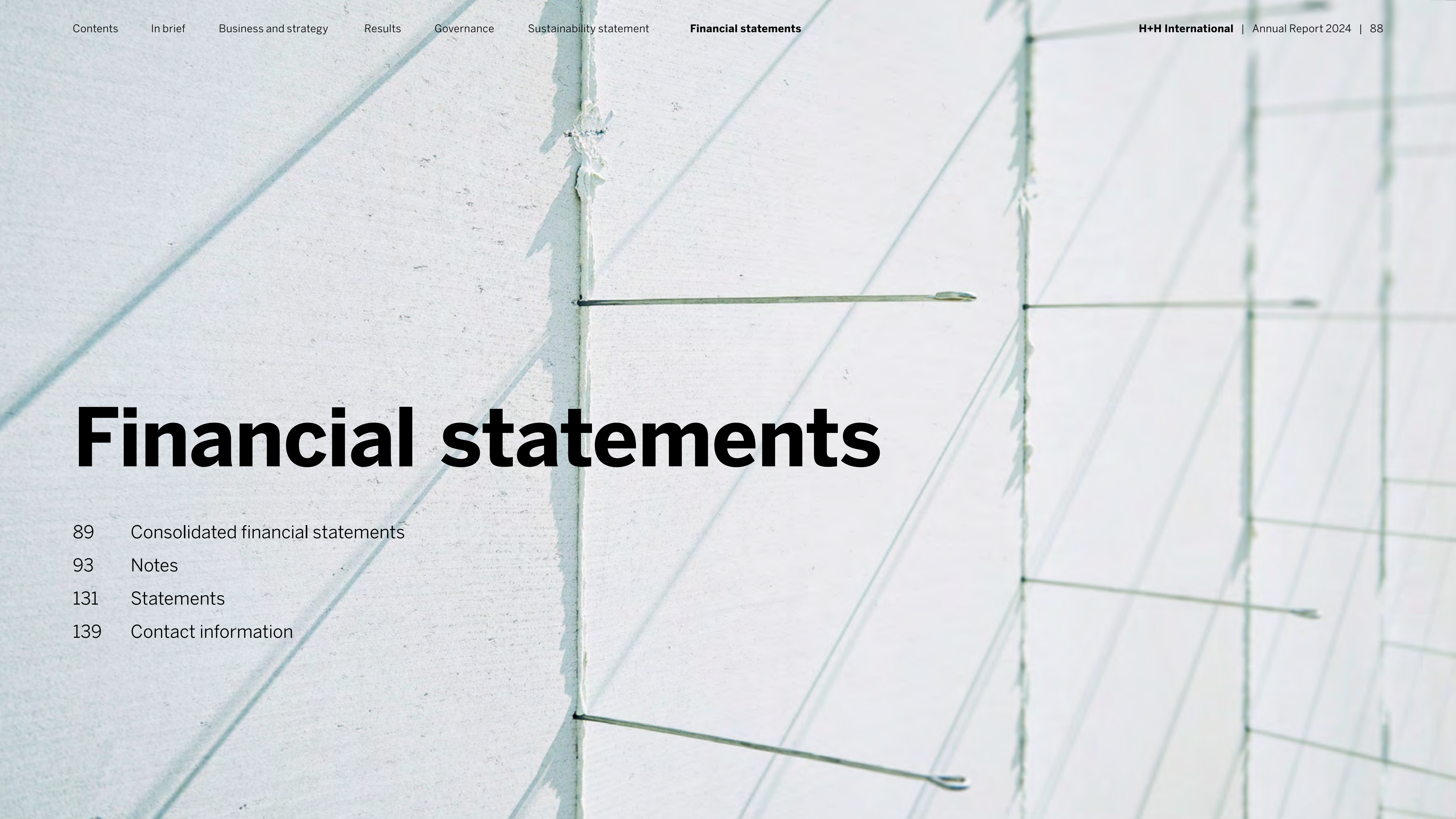
We believe that having a diverse Board of Directors is linked to better governance of our business. Target setting related to this is described in the Corporate Governance section and the Social section. Group Management believes that for now this target is sufficient and has decided not to set any other targets in relation to Governance.

G1-4 Incidents of corruption and bribery

During 2024, three whistleblower reports were found to be within scope, however none regarded corruption and bribery. H+H did not receive any injunction, ruling, conviction, fine or similar for violation of anti-corruption or anti-bribery laws.

ESG & sustainability-related policies and systems

Policy	Area(s) of application	Description	
Code of Conduct	Overarching	Our Code of Conduct describes the core values and principles, employees are expected to follow.	Read more on page 86
Code of Conduct for suppliers	Overarching	The policy outlines our expectations to suppliers to conduct business in an ethical, legal, and socially responsible manner.	Read more on page 86
ESG Policy	Overarching	The policy outlines our environmental, social, and governmental commitments.	Read more on page 65
Human Rights Policy	Social	The policy outlines our commitments to respect human rights.	Read more on page 79
Diversity Policy	Social	The core objective of the Group Diversity Policy is to foster an inclusive and open working climate where diversity is embraced and promoted. We encourage and support diversity at all levels and express our lack of tolerance towards any form of discrimination.	Read more on page 78
Health & Safety Policy	Social	The policy describes our overarching principles for health and safety in H+H.	Read more on page 77
Anti-corruption Policy	Governance	The policy provides principles and information related to bribery, facilitation payments, donations, and entertainment and gifts.	Read more on pages 86-87
Data Ethics Policy	Governance	The purpose of this policy is to set out the data ethical principles for H+H's processing of data so that the processing is not only legal, but also ethical.	Read more on page 39
Tax Policy	Governance	The policy describes our internal governance and management of all matters related to tax.	Read more on page 86
Whistleblower Policy	Governance	The policy includes information on how to report suspected misconduct, how reports are handled and what is deemed inside and outside scope.	Read more on page 86



Financial statements

Income statement

Note	(DKK million)	2024	2023
3,11	Revenue	2,747	2,672
4,11,17	Cost of goods sold	(2,168)	(2,108)
	Gross profit before special items	**579**	**564**
4,11	Sales costs	(122)	(149)
4,11	Administrative costs	(209)	(197)
5	Other operating income and costs, net	2	26
	EBITDA before special items	**250**	**244**
6,11	Depreciation and amortisation	(187)	(187)
	EBIT before special items	**63**	**57**
7	Special items, net	(22)	(287)
	EBIT	**41**	**(230)**
8	Financial income	39	24
9	Financial expenses	(109)	(77)
	Result before tax	**(29)**	**(283)**
10	Tax	(21)	37
	Result for the year	**(50)**	**(246)**
	Result for the year attributable to:		
	H+H International A/S' shareholders	(53)	(248)
	Non-controlling interest	3	2
	Result for the year	**(50)**	**(246)**
12	Earnings per share (EPS-Basic) (DKK)	(3,2)	(15,0)
12	Diluted earnings per share (EPS-D) (DKK)	(3,2)	(15,0)

Statement of comprehensive income

Note	(DKK million)	2024	2023
	Result for the year	**(50)**	**(246)**
	Other comprehensive income:		
	Items that will not be reclassified subsequently to the income statement:		
20	Actuarial losses and gains	13	(68)
	Tax on actuarial losses and gains	(5)	15
		8	**(53)**
	Items that may be reclassified subsequently to the income statement:		
26	Fair value adjustments of derivative financial instruments	(13)	(20)
	Tax of fair value adjustment	1	3
26	Gain/(loss) on derivative financial instruments transferred to the income statement	9	10
	Foreign exchange adjustments, foreign entities	20	63
		17	**56**
	Other comprehensive income after tax	**25**	**3**
	Total comprehensive income for the year	**(25)**	**(243)**

Balance sheet at 31 December

Assets

Note	(DKK million)	2024	2023
	Goodwill	422	422
	Customer relations	143	179
	Other intangible assets	77	61
13	**Intangible assets**	**642**	**662**
	Land and buildings	707	754
	Plant and machinery	689	610
	Other equipment, fixtures and fittings	80	77
	Assets under construction	240	332
14	**Property, plant and equipment**	**1,716**	**1,773**
15	Deferred tax assets	54	31
	Investments in associated companies	2	2
	Other non-current assets	**56**	**33**
	Total non-current assets	**2,414**	**2,468**
17	Inventories	435	657
18	Trade receivables	113	102
18	Other receivables	39	74
	Prepayments	10	14
	Cash	462	139
	Current assets	**1,059**	**986**
	Total assets	**3,473**	**3,454**

Equity and liabilities

Note	(DKK million)	2024	2023
19	Share capital	165	165
	Other reserves	(82)	(99)
	Retained earnings	1,483	1,526
	Equity attributable to H+H International A/S's shareholders	1,566	1,592
	Equity attributable to non-controlling interests	84	86
	Equity	**1,650**	**1,678**
20	Pension obligations	21	59
21	Provisions	43	31
15	Deferred tax liabilities	36	54
26	Lease liabilities	73	95
25	Deferred payments, acquisition of subsidiary	93	99
22	Credit institutions	1,046	907
	Non-current liabilities	**1,312**	**1,245**
22	Credit institutions	-	-
	Trade payables	272	278
26	Lease liabilities	25	24
	Income tax	1	5
25	Deferred payment, acquisition of subsidiary	6	7
21	Provisions	26	7
	Other payables	181	210
	Current liabilities	**511**	**531**
	Total liabilities	**1,823**	**1,776**
	Total equity and liabilities	**3,473**	**3,454**

Cash flow statement

Note	(DKK million)	2024	2023
	Operating profit (EBIT)	41	(230)
6	Depreciation, amortisation and impairment	187	288
	Change in inventories	225	(117)
	Change in receivables	32	(12)
	Change in trade payables and other payables	(50)	23
	Other non-cash adjustments*	(156)	(62)
	Operating activitites before financial items and tax	**279**	**(110)**
8, 9	Financial items, net	(70)	(53)
	Income tax paid	(64)	(46)
	Operating activities	**145**	**(209)**
	Sale of property, plant and equipment	205	35
25	Acquisition of enterprises and related deferred payments	(7)	(7)
13, 14	Acquisition of property, plant and equipment and intangible assets	(124)	(165)
	Investing activities	**74**	**(137)**
	Free cash flow	**219**	**(346)**
22	Proceeds in borrowings	-	245
	Bank overdraft and other debt	140	(80)
	Payment of lease liabilities	(32)	(32)
	Dividend to non-controlling interest	(5)	-
	Purchase of treasury shares	-	(2)
	Financing activities	**103**	**131**
	Cash flow for the year	**322**	**(215)**
	Cash at 1 January	139	358
	Foreign exchange adjustments of cash	1	(4)
	Cash at 31 December	**462**	**139**

* Other non-cash adjustments relates mainly to the gain on sale of Warsaw site.

Accounting policies

The cash flow statement shows the cash flows for the year, broken down by operating, investing and financing activities, and the year's change in cash and cash equivalents as well as the cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisitions and disposals of entities is shown separately under cash flows from investing activities. Cash flows from acquisitions of entities are recognised in the cash flow statement from the date of payment, and cash flows from disposals of entities are recognised up to the date of disposal.

Cash flows in currencies other than the functional currency are translated at average exchange rates. Cash flows from operating activities are determined as operating profit adjusted for depreciation, amortisation and impairment losses, non-cash operating items, change in working capital, pension contributions, interest received and paid, and income tax paid.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities, acquisitions and disposals of intangible assets, property, plant and equipment, and other non-current assets.

Cash flows from financing activities comprise changes in the size or composition of the share capital and associated expenses as well as the raising of loans, repayment of interest-bearing debt, purchase and sale of treasury shares, and payment of dividends as well as dividend received from subsidiaries. Payment of lease liabilities is included under financing activities and the related interest is included as a financial item under operating activities.

Cash and cash equivalents comprise cash and securities with a maturity of less than three months at the time of acquisition that are readily convertible to cash and are subject to an insignificant risk of changes in value. The global cash pool arrangement is presented gross. Positive cash balances are recognised as cash in assets and overdrafts are shown within borrowings in liabilities in the balance sheet.

Statement of changes in equity

(DKK million)	Share capital	Hedging reserve	Translation reserve	Retained earnings	H+H shareholders share	Non-controlling interest' share	Total
Equity at 1 January 2024	**165**	**(7)**	**(92)**	**1,526**	**1,592**	**86**	**1,678**
Result for the year	-	-	-	(53)	(53)	3	(50)
Other comprehensive income:							
Foreign exchange adjustments, foreign entities	-	-	20	-	20	-	20
Actuarial gains/losses on pension plans	-	-	-	13	13	-	13
Adjustments of derivative financial instruments	-	(4)	-	-	(4)	-	(4)
Tax on other comprehensive income	-	1	-	(5)	(4)	-	(4)
Net gains recognised directly in equity	**-**	**(3)**	**20**	**8**	**25**	**-**	**25**
Total comprehensive income	**-**	**(3)**	**20**	**(45)**	**(28)**	**3**	**(25)**
Share-based payment	-		-	2	2	-	2
Dividend to non-controlling interests	-	-	-	-	-	(5)	(5)
Total changes in equity	**-**	**(3)**	**20**	**(43)**	**(26)**	**(2)**	**(28)**
Equity at 31 December 2024	**165**	**(10)**	**(72)**	**1,483**	**1,566**	**84**	**1,650**
Equity at 1 January 2023	**175**		**(155)**	**1,822**	**1,842**	**96**	**1,938**
Result for the year	-	-	-	(248)	(248)	2	(246)
Other comprehensive income:		**-**					
Foreign exchange adjustments, foreign entities	-	-	63	-	63	-	63
Actuarial gains/losses on pension plans	-	-	-	(68)	(68)	-	(68)
Fair value adjustment of derivative financial instruments	-	(10)	-	-	(10)	-	(10)
Tax on other comprehensive income	-	3	-	15	18	-	18
Net gains recognised directly in equity	**-**	**(7)**	**63**	**(53)**	**3**	**-**	**3**
Total comprehensive income	**-**	**(7)**	**63**	**(301)**	**(245)**	**2**	**(243)**
Acquisition of treasury shares	-		-	(2)	(2)	-	(2)
Share-based payment	-		-	(3)	(3)	-	(3)
Share capital decrease, note 19	(10)		-	10	-	-	-
Dividend to non-controlling interests	-		-	-	-	(12)	(12)
Total changes in equity	**(10)**	**(7)**	**63**	**(296)**	**(250)**	**(10)**	**(260)**
Equity at 31 December 2023	**165**	**(7)**	**(92)**	**1,526**	**1,592**	**86**	**1,678**

Notes to the consolidated financial statements

Notes to the consolidated financial statements

1 Material accounting policy information

The annual report for the period 1 January - 31 December 2024 comprises both the consolidated financial statements of H+H International A/S and its subsidiaries (the H+H Group) and separate financial statements for the parent company.

H+H International A/S is a public limited company registered in Denmark. The annual report of H+H International A/S for 2024 has been prepared in accordance with IFRS accounting standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

The Board of Directors and Executive Board discussed and approved the annual report of H+H International A/S for 2024 on 4 March 2025. The annual report for 2024 will be submitted to the shareholders of H+H International A/S for adoption at the annual general meeting on 8 April 2025.

Basis of preparation
The annual report is presented in DKK, which is the parent company's functional currency, rounded to the nearest DKK 1 million. The annual report has been prepared using the historical cost principle.

The accounting policies are unchanged compared to last year. Accounting policies have been applied consistently throughout the financial year and for the comparative figures, if not mentioned otherwise.

The accounting policies applied to the consolidated financial statements as a whole are described below and along with the notes to which they relate. The descriptions of accounting policies in the notes form part of the overall description of accounting policies.

Adoption of new, revised and amended IFRSs effective 1 January 2024
H+H International A/S has adopted all relevant new or revised and amended IFRS accounting standards and interpretations (IFRIC) issued by IASB and endorsed by the EU effective for the financial year 2024. It is assessed that they have not had a material impact on the consolidated financial statement.

New, revised and amended IFRS Standards
It is assessed that new, revised or amended IFRSs and Interpretations will not have a material impact on the consolidated financial statements.

New, revised and amended IFRSs and interpretations not yet adopted by EU
It is assessed that new, revised or amended IFRSs and interpretations that have been issued but not yet adopted by EU as at 31 December 2024 will not have a material impact on the consolidated financial statements.

Application of materiality
In the preparation of the annual report, H+H Group aims to focus on information which is considered to be material and relevant to the users of the annual report. The consolidated financial statements are a result of aggregating large numbers of transactions into classes of similar items, according to their nature or function, in the consolidated financial statements. If a line item is not individually material, it is aggregated with other items of a similar nature in the consolidated financial statements or in the notes. The provisions in IFRS contain extensive disclosure requirements. The specific disclosures required by IFRS are provided in the annual report unless the information is considered immaterial to the users of the annual report.

Description of accounting policies

Consolidated financial statements
The consolidated financial statements include the parent company H+H International A/S and subsidiaries controlled by H+H International A/S. Control exists when H+H International A/S holds or has the ability to exercise, directly or indirectly, more than 50% of the voting rights or otherwise has control of the subsidiary in question and has the right to variable returns from the entity.

The consolidated financial statements have been prepared by aggregation of the parent company's and the individual subsidiaries' financial statements, applying the H+H Group's accounting policies. Intra-group income and expenses, shareholdings, balances and dividends as well as realised and unrealised gains arising from intragroup transactions are eliminated on consolidation.

Equity investments in subsidiaries are offset against the proportionate share of the fair value of the subsidiaries' identifiable net assets and recognised contingent liabilities at the date of acquisition. Accounting items of subsidiaries are fully recognised in the consolidated financial statements.

Foreign currency translation
For each entity included in the consolidated financial statements, a functional currency has been determined. The functional currency of an entity is the currency of the primary economic environment in which the entity operates. Transactions in currencies other than the functional currency are accounted for as transactions in foreign currencies.

On initial recognition, transactions denominated in foreign currencies are translated into the functional currency at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated into the functional currency at the exchange rates at the balance sheet date. The difference between the exchange rate at the balance sheet date and the exchange rate at the date on which the receivable or payable arose or the exchange rate used in the last annual report is recognised in the income statement as financial income or financial expenses.

On recognition in the consolidated financial statements of foreign entities with a functional currency other than DKK, income statements are translated at the exchange rates at the transaction date and balance sheet items are translated at the exchange rates at the balance sheet date. An average exchange rate for each month is used as the exchange rate at the transaction date to the extent that this does not give a significantly different view. Foreign exchange differences arising on translation of the opening equity of foreign entities at the exchange rates at the balance sheet date, and on translation of income statements from the exchange rates at the transaction date to the exchange rates at the balance sheet date, are recognised as other comprehensive income.

Foreign exchange adjustments of balances considered part of the overall net investment in entities with a functional currency other than DKK are recognised in the consolidated financial statements as other comprehensive income. Correspondingly, foreign exchange gains and losses on that part of loans and derivative financial instruments entered into to hedge the net investment in such entities which effectively hedges against corresponding exchange gains/losses on the net investment in the entity are recognised as other comprehensive income.

Notes to the consolidated financial statements

2 Significant estimates and judgements

Determining the carrying amounts of some assets and liabilities requires Management to make judgements, estimates and assumptions concerning future events. The estimates and assumptions made are based on historical experience and other factors that are believed by Management to be sound under the circumstances but due to their nature, are uncertain and unpredictable. The estimates and assumptions may be inaccurate, and unforeseen events or circumstances may occur. Moreover, the H+H Group is subject to risks and uncertainties that may lead to the actual outcomes differing from these estimates and assumptions. It may be necessary to change estimates and assumptions made previously as a result of changes in the factors on which these were based or as a result of new knowledge or subsequent events.

Significant accounting estimates and judgements made in connection with the financial reporting are set out in the notes listed below. Reference is made to the specific notes for further information on the key accounting estimates and judgements as well as the assumptions applied.

Note		Significant accounting estimate and judgement	Nature of accounting impact	Impact of estimates and judgements
3	Segment information	Aggregation of similar segments	Judgement	**
13	Impairment testing of intangible assets	Key assumptions in impairment test	Estimate	***
15	Deferred tax	Recovery of deferred tax assets	Estimate	*
20	Defined benefit pension plans	Key actuarial assumptions	Estimate	**

* Low
** Medium
*** High

3 Revenue and segment information

Revenue
The revenue streams contain of contracts for sale of goods and related transport services. Change of control for contracts for goods are satisfied upon shipment whereby the performance obligation is met instantly. Revenue relating to transport services is recognised upon delivery of the goods to an agreed location whereby the performance obligation is met.

The transaction price is the amount to which H+H expects to be entitled in exchange for the transfer of goods and transport services. The transaction price for delivery of goods and transport services are an integrated part of the contracts and the standalone selling prices are directly observable. Accounting estimates are made for variable considerations which consist of customer rebates and bonuses. These are allocated to the transaction price based on "The most likely amount"-method.

Payment terms mainly comprise of 30 days end of month, hence no significant financing component. Defect products and return pallets can be redelivered and provisions has been recognised accordingly. For further description, please refer to note 21 "Provisions".

Key customers
One customer in the UK represented approx. 15% of the H+H Group's total revenue in 2024 (2023: 17%). In 2023, one customer in Germany represented 11% of the total revenue. The following geographical areas in the Group represent more than 10% of revenue or non-current assets.

(DKK million)	2024		2023	
	Revenue	Non-current assets	Revenue	Non-current assets
Central Western Europe	1,030	1,676	1,256	1,729
UK	871	336	763	299
Poland	846	402	653	440
	2,747	**2,414**	**2,672**	**2,468**

When presenting information on geographical areas, information on revenue is based countries except for "Central Western Europe" which comprise of Germany, Switzerland, Denmark, Sweden, Czech Republic, Holland and Belgium. For Germany, revenue in 2024 for amounts to DKK 645 million (2023: DKK 822 million) and non-current assets amount to DKK 1,268 million (2023: DKK 1,305 million). All revenue relates to sales of goods and transport services.

Revenue in Denmark was DKK 151 million in 2024 (2023: DKK 193 million). Non-current assets in Denmark at year-end 2024 amounted to DKK 66 million (2023: DKK 54 million).

AAC and CSU revenue amounted to DKK 2,020 million and DKK 727 milllion in 2024, compared to DKK 1,880 million and DKK 792 million in 2023. AAC products are sold across all segments, while CSU products are sold in CWE and Poland.

Notes to the consolidated financial statements

3 Segment information – continued

Accounting policies

Revenue from contracts for goods recognised in the income statement when the customer obtains control. Revenue relating to transport services is recognised upon delivery of the goods to an agreed location. Revenue is recognised if the income can be measured reliably and is expected to be received. Revenue is measured net of VAT and duties collected on behalf of third parties. All types of discounts and rebates granted are recognised in revenue.

The reporting of operating segments is in accordance with the internal reporting to the Executive Management which constitute H+H's chief operating decision maker. H+H has identified three operating segments Central Western Europe, UK and Poland which has been aggregated into one reporting segment. The operating segments share similar economic characteristics in regard to gross profit margin, are similar in the nature of products, production processes and customer base as well as in distribution methods.

Executive Management is responsible for decisions about overall resource allocation and performance assessment. Business decision on resource allocation and performance evaluation for each of the operating segments are made on basis of EBIT before special items.

Significant accounting Judgement

Aggregation of segments with exhibit similar economic characteristics

When assessing segment information, Management has provided significant judgements, especially related to the five aggregation criterias re. IFRS 8.12, i.e. nature of the products and services, nature of the production processes, type or class of customer, method used to distribute products and nature of the regulatory environment. Based on a thorough analysis, it is concluded that aggregation of the identified three operating segments Central Western Europe, UK and Poland into one reporting segment can be made as each of the operating segments share similar economic characteristics measured on a long-term gross profit margin basis, as well as they share similar fundamental characteristics re. the five aforementioned specific aggregation criteria's.

4 Staff costs

(DKK million)	2024	2023
Total Remuneration to Key Management Personnel – Executive Board and non-registred members of Executive Management*		
Salary	10.9	12.1
Bonus	4.3	3.7
Share-based payment**	2.9	0.5
Pension	0.3	0.3
Total	**18.4**	**16.6**

* Non-registered member of executive management are the Group Chief Operating Officer and Group Straregy Officer (until end of March 2024).

** Share-based payment comprise costs related to share programs for the years 2021 -2024 recognised in accordance with IFRS 2.

(DKK million)	2024	2023
Wages and salaries	554	617
Defined contribution plans, see note 20	6	5
Share-based payment	2	(5)
Remuneration to the Board of Directors	3	3
Other staff costs	27	45
	592	**665**
Staff costs are recognised as follows:		
Production costs	309	340
Sales and distribution costs	88	108
Administrative costs	125	111
Special items	46	106
Employee costs recognised in fixed assets	24	-
	592	**665**
Average full-time equivalent staff	**1,245**	**1,500**

Notes to the consolidated financial statements

4 Staff costs – continued

(DKK million)	2024	2023
Total Remuneration to Executive Board and Board of Directors		
Executive Board	14.2	12.1
Board of Directors	3.2	3.0
Total	**17.4**	**15.1**

Remuneration Policy for Board of Directors and Executive Board
The Remuneration Policy for H+H International A/S (H+H) was adopted at the annual general meeting on 9 April 2024 by the Board of Directors to ensure alignment with the new corporate governance recommendations. The overall objective of the Remuneration Policy is to provide a remuneration framework that supports successful execution of the H+H Group strategy.

The Board of Directors has established a Remuneration Committee that assists the Board of Directors in developing, implementing and continuous complying with the Remuneration Policy. The Charter of the Remuneration Committee as well as a description of the key matters handled by the Remuneration Committee for the latest financial year is available at www.HplusH.com/board-committees.

The Board of Directors does not receive any form of incentive payment, and remuneration to the Executive Board consists of fixed salary and other benefits as well as the variable elements short-term incentive programs (STIP) and long-term incentive programs (LTIP).

Executive Board
Short-term incentive programs (STIP)
In addition to the fixed salary, remuneration for the Executive Board consists of an annual cash bonus based on performance related to the extent of achievement of pre-defined key performance indicators (KPIs). The bonus is therefore not guaranteed. In the case of termination of employment, the member is entitled to a pro rata bonus up to the date of termination, if the performance achieved by year-end means that a cash bonus has been earned.

Long-term incentive programs (LTIP)
In March 2024, the Board of Directors of H+H International A/S implemented a new long-term incentive program ("LTIP") being a performance share unit ("PSU") program similar to the LTIP PSU program launched in prior years including financial, ESG and market related KPIs. At initiation, a total of 158,000 PSUs were granted to the participants, including 47,850 PSUs to CEO, Jörg Brinkmann and 17,600 PSUs to CFO, Bjarne Pedersen.

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 2024, Annual Report on 4 March 2024, the theoretical value was DKK 68.0 per PSU, corresponding to a total theoretical value of DKK 10.8 million for the 2024 LTIP based on the participants upon initiation of the program and their receipt of PSU grants. The vesting period for the PSUs is approximately three years, with vesting for the 2024 LTIP being in 2027 when the audited annual report for 2026 is publicly announced.

In 2023 and 2022, PSU programs, similar to above, was launched for the Executive Board and certain key employees in the H+H Group. None of the KPIs included in 2020 PSU programme were met, and as a result no shares vested in March 2024.

Overview of outstanding PSUs

Max. PSUs	2024	2023
Outstanding 1 January	175,989	207,306
Granted*	158,000	96,050
Forfeited	(7,900)	(57,985)
Vested*	(50,200)	(69,382)
Oustanding 31 December	**275,889**	**175,989**

* Granted and vested based on maximum PSUs earned. Actual shares granted / vested are based on achieving certain financial market and sustainable KPIs.

Pending share programs
The fair value of the programs is determined as the number of shares/PSU's which are expected to vest. The share price used in calculating the value of the programs is the average share price on the first 10 days of the trading window when the program is launched. At vesting, grants can be settled with shares or by cash, based on the company's decision. Cost for share programs is recognised as staff costs until the expiry of the vesting periods. Cost is reversed for participants that voluntarily leave the H+H Group (i.e. "bad leavers").

As of 31 December 2024, the Company had the following pending share programs with associated fair values:

	Max. Shares/ PSUs to be granted	Expected shares/PSUs to be granted	Max. value (DKK million)	Exp. value (DKK million)
2022-programme, vesting in March 2025	43,589	-	3.4	-
2023-programme, vesting in March 2026	77,200	53,268	6.1	4.2
2024-programme, vesting in March 2027	155,100	124,080	12.2	9.8

* Share price of DKK 88.80 has been applied

Accounting policies
The H+H Group's incentive schemes comprise share programs for senior executives and certain key employees.

The value of services rendered by employees in return for share grants is measured at the fair value of the shares as of the they of recognition. For equity settled shares, the grant date fair value is measured and recognised in the income statement as staff costs over the vesting period of the shares. The costs are set off directly against equity.

On initial recognition of shares, the number of shares expected to vest is estimated, cf. the service condition described. The figure initially recognised is subsequently adjusted for changes in the estimate of the number of shares expected to vest, so that the total recognition is based on the actual number of vested shares.

Notes to the consolidated financial statements

5 Other operating income and costs before special items

(DKK million)	**2024**	**2023**
Other operating income:		
Gain on disposal of property, plant and equipment	2	26
Rental income	8	5
Other income	4	5
	14	**36**
Other operating costs:		
Loss on disposal of property, plant and equipment	-	(3)
Other costs	(12)	(7)
	(12)	**(10)**
Total	**2**	**26**

Accounting policies
Other operating income and costs comprise items secondary to the entities' activities such as gain and losses and reversal of provisions on disposal of property, plant and equipment, rental income etc.

6 Depreciation and amortisation before special items

(DKK million)	**2024**	**2023**
Intangible assets	47	45
Land and buildings	36	59
Plant and machinery	74	37
Fixtures and fittings, tools and equipment	30	46
Total	**187**	**187**

No impairment was recognised in 2024.

During 2023, 9 factories were closed either temporarily or permanent. In that connection impairment of DKK 101 million were identified related to equipment and machinery and was recognised as special items. We refer to note 7. No other impairment was recognised in 2023.

7 Special items, net

(DKK million)	**2024**	**2023**
Gain from sale of Warsaw site	156	-
Restructuring costs	(68)	(133)
Impairment of assets, closed down factories	-	(101)
Inefficient part of gas hedges	(110)	(53)
Total	**(22)**	**(287)**
Impact of specital items on EBIT		
Cost of goods sold	(131)	(131)
Sales costs	(19)	(3)
Administrative costs	(28)	(52)
Other operating income and costs, net	156	-
Depreciation, amortisation and impairments	-	(101)
Total	**(22)**	**(287)**

Notes to the consolidated financial statements

7 Special items, net – continued

In Q1 2024 H+H decided to settle the remaining gas contracts entered in the summer of 2022. As a consequence, the day one loss, reflecting the loss at the time of falling outside the own-use exemption has been recognised as special items amounting to DKK 93 million. In addition, a loss of gas sold back to the market in Q1 2024 has been recognised as special items amounting to DKK 17 million (2023: DKK 53 million).

In Q4 2024 all conditions for the sale of land and buildings from H+H Polska Sp. z o.o. to a Polish residential developer have been fulfilled. The sales price of PLN 110 million (approximately DKK 190 million) have been paid in cash and the gain of DKK 156 million has been recognised as special items.

The restructuring initiated in 2023 continued in 2024 and amounted to DKK 68 million (2023: 133 million), and mainly comprise directly associated costs to the German re-organisation including costs related to termination of employees.

In addition to the inefficient gas hedge and restructuring costs mentioned above three factories in Germany and two in Poland were closed down in 2023. This led to the recognition of impairment losses of DKK 101 million which have been recognised in the profit and loss statement as a special item. The main classes of assets affected by the impairment losses are various operational production assets and other machinery and equipment used in the production.

Accounting policies
Special items include individually significant and non-recurring events and include items such as transaction costs in a business combination, gain and loss for sale of significant fixed assets, close down of plants, restructuring costs, including redundancy costs and significant inefficient commodity hedges. Special items are recognized and measured in accordance with the relevant accounting policy and IFRS accounting standards, as if the items had not been classified as special items.

Special items are shown separately from the Group's ordinary operations to facilitate a better understanding of the Group's financial performance.

8 Financial income

(DKK million)	2024	2023
Interest income	39	24
Total	**39**	**24**

Accounting policies
Financial income comprises interest income, capital gains, transactions denominated in foreign currencies, amortisation of financial assets, and surcharges and allowances under the tax prepayment scheme etc.

9 Financial expenses

(DKK million)	2024	2023
Interest expenses	92	61
Interests expense, leases	7	5
Interest on financial items	99	66
Financial expenses relating to pension plans; see note 20	2	0
Foreign exchange rate adjustments	1	2
Other financial expenses	7	9
Total	**109**	**77**

Accounting policies
Financial expenses comprise interest expenses on debt measured at amortised cost, past service costs, capital losses, recirculation of cumulative translation differences of entities disposed of payables and transactions in foreign currencies, and amortisation of financial liabilities, including finance lease obligations etc.

Notes to the consolidated financial statements

10 Tax

(DKK million)	2024	2023
Tax for the year	21	(37)
Tax on other comprehensive income	4	(18)
Total	**25**	**(55)**
Total tax can be broken down as follows:		
Current tax for the year	67	13
Adjustment relating to changes in tax rate	(4)	(1)
Adjustment of deferred tax	(48)	(82)
Change in valuation of tax assets	-	4
Prior-year adjustments	10	11
Total	**25**	**(55)**
Tax for the year can be broken down as follows:		
Calculated 22.0% (2023: 22.0%) tax on income from ordinary activities	(7)	(62)
Adjustment of calculated tax relative to 22.0% rate (2023: 22.0%)	(19)	(18)
Tax effect of:		
Change in valuation of tax assets	-	4
Unrecognised tax losses	40	27
Change in tax rate	(4)	-
Non-deductible expenses/non taxable income	1	1
Prior year adjustment	10	11
Total	**21**	**(37)**

Accounting policies

Tax on result for the year comprises current tax and changes in deferred tax for the year. The portion that relates to result for the year is recognized in the income statement, and the portion that can be attributed to items in other comprehensive income or directly in equity is recognized in other comprehensive income or directly in equity.

Subsidiaries that utilise tax losses in other subsidiaries pay joint taxation contributions to the parent company equivalent to the tax base of the utilised losses, while subsidiaries with tax losses that are utilised by other subsidiaries receive joint taxation contributions from the parent company equivalent to the tax base of the tax losses utilised (full absorption). The jointly taxed companies are taxed under the tax prepayment scheme.

Where the H+H Group receives a tax deduction in the calculation of taxable income in Denmark or abroad as a result of share-based payment schemes, the tax effect of these schemes is recognised in tax on result for the year. If the total deduction exceeds the total remuneration expense, the tax effect of the excess deduction is recognised directly in equity.

Approach to taxes

As recommended by the Danish Committee on Corporate Governance, H+H has adopted a tax policy. For more details on our approach to taxes, we refer to our tax policy which can be found here: https://www.hplush.com/en/compliance

In addition to the Committee's best practice guidelines, the Global Sustainability Standard Board (GSSB) has issued GRI 207 TAX 2019. The H+H tax policy addresses the essence of the Committee's recommendations and the disclosures of GRI 207, and thereby forms the foundation for a common tax approach for the H+H Group. In order to increase transparency, we present key figures on tax jurisdiction levels below. Corporate income tax is based on IFRS reporting standards instead of GRI methodology to ensure internal coherence throughout the annual report.

Notes to the consolidated financial statements

10 Tax – continued

Country-by-country key figures - IFRS

(DKK million)	Number of employees	Total employee remuneration	Revenues from third-party sales	Revenues from intragroup transactions with other tax juridictions	Property, plant and equipment and inventory	Balance of intra-company debt	Corporate income tax paid on a cash basis
	2024						
Denmark	46	64	150	-	24	99	-
UK	207	111	871	-	354	141	(3)
Germany	368	237	600	229	1,139	(240)	2
Poland	582	147	846	5	487	(12)	60
Switzerland	23	20	127	-	143	4	5
Holland	9	8	90	-	2	11	(1)
Sweden	4	3	19	-	2	(3)	-
Czech Republic	6	2	44	-	-	-	-
Total	**1,245**	**592**	**2,747**	**234**	**2,151**	**-**	**64**

Current tax explanation on country level

(DKK million)	Calculated local tax using Group tax rate (22%)	Non-taxable income and non-deductable costs, net	Other adjustments	Deferred tax	Current tax
Denmark	2	(3)	-	1	-
UK	18	-	4	(22)	-
Germany	65	3	(37)	(31)	-
Poland	(70)	(1)	10	-	61
Switzerland	(7)	-	(2)	3	6
Holland	(1)	-	-	1	-
Sweden	-	-	-	-	-
Czech Republic	-	-	-	-	-
Total	**7**	**(1)**	**(25)**	**(48)**	**67**

11 Income statement classified by function

It is Group policy to prepare the income statement based on an adapted classification of costs by function and adjusted for special items. Depreciation, amortisation and impairment of property, plant and equipment and intangible assets are therefore classified by function and presented on separate lines. Furthermore, special items are presented on a separate line.

The table below shows an extract of the income statement adapted to show depreciation, amortisation and impairment and special items classified by function:

(DKK million)	2024	2023
Revenue	2,747	2,672
Cost of goods sold	(2,417)	(2,458)
Gross profit including depreciation, amortisation and special items	**330**	**214**
Sales costs	(186)	(197)
Administrative costs	(261)	(273)
Other operating income	170	36
Other operating costs	(12)	(10)
EBIT	**41**	**(230)**
Depreciation and amortisation comprise:		
Amortisation of intangible assets	47	45
Depreciation of property, plant and equipment	140	142
Total	**187**	**187**
Depreciation and amortisation are allocated to:		
Cost of goods sold	118	118
Sales costs	45	45
Administrative costs	24	24
Total	**187**	**187**
Special items are allocated to:		
Cost of goods sold	131	232
Sales costs	19	3
Administrative costs	28	52
Other operating items	(156)	52
Total	**22**	**287**

Notes to the consolidated financial statements

11 Income statement classified by function – continued

Accounting policies

Cost of goods sold comprise costs incurred in generating the revenue for the year. The trading entities recognise cost of sales, and the producing entities recognise production costs, relating to revenue for the year. This includes the direct and indirect cost of raw materials and consumables, distribution and wages and salaries.

Sales costs comprise marketing costs etc. which includes costs of sales personnel, and advertising and exhibition costs.

Administrative costs include costs incurred during the year for management and administration, including costs for administrative staff, office premises and office expenses. Administrative costs also include impairment of trade receivables.

12 Earnings per share (EPS)

	2024	2023
Average number of shares	16,500,000	16,842,466
Average number of treasury shares	(162,049)	(515,384)
Average number of shares in circulation	16,337,951	16,327,082
Average number of restricted shares	162,049	58,610
Average number of outstanding shares, diluted	**16,500,000**	**16,385,692**
Result for the year (DKK million)	(50)	(246)
Attributable to non-controlling interest	(3)	(2)
Shareholders in H+H International A/S (DKK million)	**(53)**	**(248)**
Earnings per share (EPS) (DKK)	(3.2)	(15.0)
Diluted earnings per share (EPS-D) (DKK)	(3.2)	(15.0)

See calculation principle in financial ratios on page 121.

13 Intangible assets

2024				
(DKK million)	**Goodwill**	**Customer relations**	**Other intangible assets**	**Total**
Total cost at 1 January 2024	452	363	129	944
Foreign currency translation adjustments	-	1	-	1
Transfer	-	-	14	14
Additions during the year	-	-	12	12
Total cost at 31 December 2024	**452**	**364**	**155**	**971**
Total depreciation and amortisation at 1 January 2024	(30)	(184)	(68)	(282)
Amortisation for the year	-	(37)	(10)	(47)
Total amortisation and impairment losses at 31 December 2024	**(30)**	**(221)**	**(78)**	**(329)**
Carrying amount at 31 December 2024	**422**	**143**	**77**	**642**

2023				
(DKK million)	**Goodwill**	**Customer relations**	**Other intangible assets**	**Total**
Total cost at 1 January 2023	447	361	108	916
Foreign currency translation adjustments	5	2	1	8
Transfer	-	-	4	4
Additions during the year	-	-	26	26
Disposals during the year	-	-	(10)	(10)
Total cost at 31 December 2023	**452**	**363**	**129**	**944**
Total depreciation and amortisation at 1 January 2023	(28)	(148)	(68)	(244)
Foreign currency translation adjustments	(2)	-	(1)	(3)
Amortisation for the year	-	(36)	(9)	(45)
Amortisation of disposals	-	-	10	10
Total amortisation and impairment losses at 31 December 2023	**(30)**	**(184)**	**(68)**	**(282)**
Carrying amount at 31 December 2023	**422**	**179**	**61**	**662**

Notes to the consolidated financial statements

13 Intangible assets – continued

Impairment testing

Identification of cash-generating units
The identified cash-generating units ('CGU') are aligned with H+H's operating segments, being Central Western Europe ('CWE'), Poland and United Kingdom. Management is of the opinion that the lowest level of cash-generating unit to which the carrying amount of goodwill can be allocated is in each CGU.

		2024	2023
Cash-generating units and related goodwill	**Year of origin**	**DKK million**	**DKK million**
Poland	2003	23	23
UK	N/A	-	-
Central Western Europe	2006/18/19/20/21	399	399
Total		**422**	**422**

Management has tested goodwill for impairment in each of the cash-generating units to which such assets have been allocated. In both 2024 and 2023, the impairment tests concluded a reasonable headroom and consequently no impairment of goodwill has been recognised.

Key assumptions
Management tests goodwill for impairment for each CGU to which such assets have been allocated at least once a year or if key assumptions have changed leading to an indication of possible impairment.

For the purpose of the impairment testing the recoverable amounts were defined as the value in use calculated by using a discounted cash flow model ('DCF'). The impairment testing for each of the CGUs concluded a reasonable headroom still exists and Management believes that any likely changes in the key assumptions will not cause the carrying amount of goodwill and non-current assets to exceed the recoverable amounts.

The impairment tests were based on Management's financial expectations for 2025 and financial forecasts for the years 2026-2029 for all CGUs.

The markets are expected to remain at the activity level of 2024 throughout 2025, for then to pick-up from 2026 and onwards. H+H has in both 2023 and 2024 adjusted its capacity to reflect the current demand. Management sees a slowly improved building activity.

It is Management assessment, that the factory close downs in 2023 have not negatively affected the expected future cash in-flows to be generated from each of the CGUs as the remaining factories within each of the CGUs has sufficient capacity to supply existing markets both on short, mid- and long term. In addition the close down of the factories in 2023 has resulted in a number of cost savings along with other cost saving initiatives in the organisation, which will lead to an improved profitability than seen in recent year's.

Other assumptions are mainly based on historic trends as well as Management's best estimate and external benchmarked data, having cash flows at a normalized level from 2026. The key assumptions for the impairment test are annual growth in revenue ('CAGR') and gross margins, but the valuation is also impacted by growth in terminal period and discounting rates ('WACC').

	2024		2023	
	Poland	**Continental Western Europe**	**Poland**	**Continental Western Europe**
Carrying amount of intangible assets, property, plant and equipment at 31 December 2024 (DKK million)	372	1,260	435	1,689
Goodwill (DKK millon)	23	399	23	399
Estimated average annual growth in revenue 2025-2029 (CAGR)	4.8%	9.3%	5.3%	5.9%
Estimated average annual growth / decrease in gross margin in percentage points 2025-2029	(0.4)%	2.7%	1.0%	1.0%
WACC before tax	14.7%	12.2%	14.9%	12.8%
WACC after tax	11.9%	8.8%	12.1%	9.2%

The weighted average growth rate used for the terminal period for the years after 2029 has been estimated at 2.0% (2023: 2.0%) for both CGUs. The weighted average annual growth rate for the terminal period is assessed not to exceed long-term average growth rates on the markets of the individual CGUs.

Poland's capacity adjustment made in 2023 along with government incentives resulted in a gross margin above expectations, and consequently we expect a slight decrease during the forecast period.

For CWE, the gross margin has been estimated to increase for the period 2025-2029, after which it is expected to be constant. The rising gross margin assumes more expedient utilisation of production capacity driven by increased volumes sold and more efficient plant network after closing down old factories. The annual growth in revenue in the forecast period is expected to be 9.3% in CWE (2023: 5.9%) coming from a low 2023 and 2024 level which is expected to pick up from 2026 and onwards.

In 2024, the Polish market improved compared to 2023 supported by government incentives, and therefore the expected annual growth in revenue in the forecast period of 4.8% (2023: 5.3%) is lower than the expectation for CWE. The CWE market saw continued market decline in 2024, but Management still expect the market to reach 2022 levels in 2027. As a result of the lower base, the expected annual growth in revenue in the forecasted period of 9.3% (2023: 5.9%) has increased.

The WACC is based on generally applied principles including the determination of return on equity and cost of debt. Components for the return on equity, the market risk premium, company specific risk premium and beta-values, is benchmarked to external information. The risk-free rate for both CGUs for the forecast period has been sourced from trading economics and is equal a 10-years government bond. The risk-free rate for the terminal period is normalised. The cost of debt is estimated based on the actual margin in the bank agreements and the risk-free rate. WACC components applied are similar for both CGUs apart from the risk-free rates which differentiate.

Notes to the consolidated financial statements

13 Intangible assets – continued

Sensitivity on changes in key assumptions
Group Management believes that likely changes in the key assumptions will not cause the carrying amount of goodwill and non-current assets to exceed the recoverable amounts. Sensitivity analysis of impairment tests focuses on changes in discount rate (WACC), revenue growth, gross margin and long-term growth rate. All other factors are unchanged in the sensitivity analysis.

Based on sensitivity analyses, it is Management's opinion that no probable change in any key assumptions would cause the carrying amounts of CGUs to exceed the recoverable amount as at 31 December 2024.

Accounting policies
Goodwill is recognised initially in the balance sheet at cost. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised. On acquisition, goodwill is allocated to the cash-generating units which subsequently form the basis for impairment testing. Goodwill and fair value adjustments in connection with the acquisition of a foreign entity with a functional currency other than the H+H Group's presentation currency are accounted for as assets and liabilities belonging to the foreign entity, and translated on initial recognition into the foreign entity's functional currency at the exchange rate at the transaction date. Any excess of the fair value over the cost of acquisition (negative goodwill) is recognised in the income statement at the date of acquisition.

The carrying amount of goodwill is allocated to the H+H Group's cash-generating units at the date of acquisition or as of the date when the cash-generating units' identification has changed. The determination of cash-generating units follows the H+H Group's organisational and internal reporting structure.

Goodwill is tested for impairment annually, the first time before the end of the year of acquisition. The carrying amount of goodwill is tested for impairment together with the other non-current assets of the cash-generating unit to which the goodwill has been allocated and written down to the recoverable amount in the income statement if the carrying amount exceeds the recoverable amount. As a rule, the recoverable amount is determined as the present value of the expected future net cash flows from the entity or activity (cash-generating unit) to which the goodwill relates.

The carrying amounts of other non-current assets are reviewed annually to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset is the higher of its fair value less expected disposal costs and its value in use. The value in use is determined as the present value of expected future cash flows from the asset or the cash-generating unit to which the asset belongs.

An impairment loss is recognised whenever the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement under depreciation and amortisation. Impairment losses relating to goodwill are not reversed. Impairment losses relating to other assets are reversed to the extent that the assumptions or estimates that led to the impairment loss have changed. Impairment losses are only reversed to the extent that the asset's new carrying amount does not exceed the value the asset would have had after depreciation/amortisation if no impairment losses had been charged.

Other intangible assets comprise of customer relations, order-book, trademarks, development projects and patent and licenses. Customer relations, order book and trademarks acquired in connection with business combinations are measured at cost less cumulative amortisation and impairment losses. They are amortised using a straight-line method over the expected useful life.

Development projects that are clearly defined and identifiable, and for which technical feasibility, adequate resources and a potential future market or an application in the entity can be demonstrated, and which the entity intends to manufacture, market or use, are recognised as intangible assets if the cost can be determined reliably and if there is reasonable certainty that the future earnings or the net selling price will cover production costs, selling costs, administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

Recognised development costs are measured at cost less cumulative amortisation and impairment losses. Cost comprises salaries, amortisation and other expenses attributable to the H+H Group's development activities and interest expenses on loans to finance development projects that relate to the production period. On completion of the development work, development projects are amortised on a straight-line basis over the estimated economic useful life from the date the asset is available for use. The amortisation period is normally 5-10 years. The amortisation base is reduced by any impairment losses.

Patents and licenses are measured at cost less cumulative amortisation and impairment losses. Patents and licenses are amortised on a straight-line basis over the shorter of the remaining patent or contract period and the useful life.

Software and other intangible assets are depreciated on a straight-line basis over the expected useful lives of the assets as follows:

- Software 3-8 years
- Customer relations 10 years
- Other intangible assets 1-10 years

Significant accounting estimates
Impairment of goodwill and non-current assets
Significant accounting estimates relates to determining key assumptions of the impairment test in its whole. In preparing the impairment test, a range of significant accounting estimates are made, i.e., determining future cash flows, identifying CGU's, determining growth rates in respectively the forecast period and terminal period and WACC.

The value in use is the discounted value of the expected future cash flows. This valuation involves developing different scenarios to reflect outcomes. It is based on the forecast for 2025 approved by the Board of Directors and financial forecasts for the years 2026-2029 for all CGUs. Assumptions are based on historic trends as well as external benchmarked data. Local conditions, such as expected development in macroeconomic and market conditions, are considered. All assumptions are challenged and verified by management.

Notes to the consolidated financial statements

14 Property, plant and equipment

2024

(DKK million)	Land and buildings	Plant and machinery	Other equipment, fixtures and fittings	Property, plant and equipment under con-struction	Total
Total cost at 1 January 2024	1,443	2,532	327	332	4,634
Foreign currency translation adjustments	12	31	3	4	50
Transfers	17	110	-	(141)	(14)
Additions, including right-of-use assets	40	44	32	45	161
Disposals during the year	(121)	(84)	(24)	-	(229)
Total cost at 31 December 2024	**1,391**	**2,633**	**338**	**240**	**4,602**
Total depreciation and amortisation at 1 January 2024	(689)	(1,922)	(250)	-	(2,861)
Foreign currency translation adjustments	(6)	(21)	(1)	-	(28)
Depreciation for the year	(36)	(74)	(30)	-	(140)
Depreciation of disposals	47	73	23	-	143
Total depreciation and impairment losses at 31 December 2024	**(684)**	**(1,944)**	**(258)**	**-**	**(2,886)**
Carrying amount at 31 December 2024	**707**	**689**	**80**	**240**	**1,716**
Right-of-use assets included as					
Additions	32	-	17	-	49
Disposals	(70)	-	(16)	-	(86)
Depreciation	(6)	-	(20)	-	(26)
Depreciation of disposals	6	-	14	-	20
Carrying amount at 31 December	**67**	**-**	**38**	**-**	**105**

2023

(DKK million)	Land and buildings	Plant and machinery	Other equipment, fixtures and fittings	Property, plant and equipment under con-struction	Total
Total cost at 1 January 2023	1,413	2,467	303	316	4,499
Foreign currency translation adjustments	33	56	3	2	94
Transfers	8	36	-	(48)	(4)
Additions, including right-of-use assets	32	44	34	65	175
Disposals during the year	(43)	(71)	(13)	(3)	(130)
Total cost at 31 December 2023	**1,443**	**2,532**	**327**	**332**	**4,634**
Total depreciation and amortisation at 1 January 2023	(646)	(1,815)	(216)	-	(2,677)
Foreign currency translation adjustments	(13)	(40)	(1)	-	(54)
Depreciation for the year	(59)	(37)	(46)	-	(142)
Impairment for the year	-	(101)	-	-	(101)
Depreciation of disposals	29	71	13	-	113
Total depreciation and impairment losses at 31 December 2023	**(689)**	**(1,922)**	**(250)**	**-**	**(2,861)**
Carrying amount at 31 December 2023	**754**	**610**	**77**	**332**	**1,773**
Right-of-use assets included as					
Additions	21	-	18	-	39
Disposals	(1)	-	(3)	-	(4)
Depreciation	(6)	-	(23)	-	(29)
Depreciation of disposals	1	-	3	-	4
Carrying amount at 31 December	**105**	**-**	**42**	**-**	**147**

Notes to the consolidated financial statements

14 Property, plant and equipment – continued

Right-of-use-assets
The Group leases land and buildings, offices, cars and forklift trucks. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Total cash outflows for leases amounts to DKK 32 million (2023: DKK 32 million).

Lease liabilities and interest relating to recognised lease contracts are included in Note 26. Future minimum lease payments relating to leases not recognised in the balance sheet amount to DKK 0 million (2023: DKK 0 million). At 31 December 2024 the Group was committed to short-term and low value leases for an amount of DKK 1 million (2023: DKK 1 million).

The maturity analysis of lease liabilities is disclosed in note 26 Financial instruments and risks.

Accounting policies
Land and buildings, plant and machinery, fixtures and fittings, and tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises purchase price and any costs directly attributable to the acquisition up to the date the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub suppliers and labor. Cost is increased by estimated costs for dismantling and removal of the asset and restoration costs, to the extent that they are recognised as a provision, and interest expenses on loans to finance the production of property, plant and equipment that relates to the production period. The cost of a combined asset is divided into separate components that are depreciated separately if the components have different useful lives.

Subsequent costs, for example in connection with replacement of part of an item of property, plant or equipment, are recognised in the carrying amount of the asset if it is probable that future economic benefits will flow to the H+H Group from the expenses incurred. The replaced part is derecognised in the balance sheet, and the carrying amount is transferred to the income statement. All other expenses for general repair and maintenance are recognised in the income statement as incurred.

Property, plant and equipment are depreciated on a straight-line basis over the expected useful lives of the assets as follows:

- Buildings 30-50 years
- Production equipment, autoclaves, mills, cutting machines and moulds 10-30 years
- Plant, machinery and other equipment 5-20 years
- Vehicles, fixtures and IT equipment 3-10 years
- Land is not depreciated

The main part of the Group's non-current assets comprises of production equipment, autoclaves, mills, cutting machines, presses and moulds which are depreciated over a period of 10-30 years.

The depreciation base is determined taking into account the asset’s residual value and is reduced by any impairment losses. The residual value is determined at the date of acquisition and reviewed annually. Depreciation ceases if the residual value of an asset exceeds its carrying amount. The effect on depreciation of any changes in depreciation period or residual value is recognised prospectively as a change in accounting estimates.

Leases
At the commencement date, the Group recognises a lease liability and a corresponding right-of-use asset at the same amount, except for short-term leases of 12 months or less and leases of low-value assets. The interest rate implicit in the lease or the H+H Group’s incremental borrowing rate is used as the discount rate for calculating the lease liability and a corresponding right-of-use asset.

A right-of-use asset is initially measured at cost, which equals the initial lease liability and initial direct costs less any lease incentives received. The Group has applied the practical expedient option allowed under IFRS by using a portfolio approach for the recognition of lease contracts related to assets of the same nature and with similar lease terms, i.e. cars and trucks.

Subsequently, the right-of-use asset is measured at cost less depreciation and impairment losses and adjusted for remeasurement of the lease liability.

The right-of-use asset is depreciated over the earlier of the lease term or the useful life of the asset. The impairment testing of right-of-use assets follows the same principles as those applied for property, plant and equipment. Right-of-use assets are recognised as property, plant and equipment.

The Group has elected not to recognise right-of-use assets and liabilities for leases with a term of 12 months or less and leases of low-value assets. Lease payments related to such leases are recognised in the income statement as an expense on a straight-line basis over the lease term.

Management considers all the facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. Extension or termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated. Judgement is applied in determining the depreciation period and future residual value of the assets recognized and is generally based on historical experience. Reassessment is done annually to ascertain that the depreciation basis applied is still representative and reflects the expected life and future residual value of the assets.

Notes to the consolidated financial statements

15 Deferred tax

(DKK million)	2024	2023
Deferred tax at 1 January	(23)	(93)
Prior years adjustments	(10)	(11)
Foreign exchange adjustments	(1)	2
Effect of change in tax rate	4	1
Change in deferred tax	48	82
Valuation of tax asset	-	(4)
Deferred tax at 31 December	**18**	**(23)**

(DKK million)	2024	2023
Deferred tax relates to:		
Non-current assets	(85)	(116)
Current assets	(1)	(2)
Liabilities	17	29
Tax loss carry-forwards	87	66
Total	**18**	**(23)**
Breakdown of deferred tax and recognition in the balance sheet:		
Deferred tax assets	54	31
Deferred tax liabilities	(36)	(54)
Total	**18**	**(23)**

No deferred tax has been recognised on the difference between the cost of equity investments and the carrying amount. This is because the shareholdings in the equity investments are all considered to be "shares in a subsidiary", and any gain/loss is therefore not taxable.

The tax value of loss carry-forwards has been recognised as deferred tax assets in the companies where, based on forecasts, it is considered likely that this can be utilised in future earnings. A tax value of loss carry-forwards of DKK 73 million at 31 December 2024 (2023: DKK 33 million) has not been recognized as deferred tax assets, as these are not considered likely to be utilised, especially given the current macro-economic environment. The carry-forward losses, which does not have an expiry date, relate to Germany, Denmark and Sweden.

Accounting policies

Income tax and deferred tax: Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method, providing for all temporary differences between the carrying amount and tax base of assets and liabilities. However, the following temporary differences are not recognised: Goodwill not deductible for tax purposes and other items – apart from business combinations – where temporary differences have arisen at the date of acquisition that affect neither profit nor taxable income. Where alternative tax rules can be applied to compute the tax base, deferred tax is measured on the basis of Management's planned use of the asset or settlement of the liability respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are recognised as other non-current assets at the value at which they are expected to be utilised either by elimination against tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity and jurisdiction.

Deferred tax assets and liabilities are offset if the H+H Group has a legally enforceable right to offset current tax liabilities and assets or intends to settle current tax liabilities and assets on a net basis or to realise tax assets and liabilities simultaneously. Adjustment of deferred tax is made in respect of elimination of unrealised intra-group profits and losses.

Deferred tax is measured on the basis of the tax rules and at the tax rates that will apply under the legislation enacted at the balance sheet date in the respective countries when the deferred tax is expected to crystallise in the form of current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement.

Under the joint taxation rules, H+H International A/S, as the administration company, becomes liable to the tax authorities for the subsidiaries' income taxes as the subsidiaries pay their joint taxation contributions. Joint taxation contributions payable and receivable are recognised in the balance sheet under receivables from/payables to subsidiaries.

Significant accounting judgements

Recovery of deferred tax assets: Deferred tax assets are recognised for all unutilised tax loss carry-forwards to the extent it is considered likely that the losses can be offset against taxable income in the foreseeable future. The amount recognised for deferred tax assets is based on judge-ment of the likely date and size of future tax loss carry-forwards.

Notes to the consolidated financial statements

16 Non-controlling interest

Non-controlling interest
Set out below is summarised financial information for each subsidiary that has a non-controlling interest that are material to the group. The amounts stated are the consolidated accounting figures of the individual enterprise, determined according to H+H accounting policies. Amounts are stated before intra-group eliminations.

	Baustoffwerke Dresden GmbH & Co. KG		Porenbetonwerk Laussnitz GmbH & Co. KG		DOMAPOR Baustoffwerke GmbH	
Principal activities	Production		Production		Production	
Owership (voting rights)	51%		51%		53%	
Principal place of business	Dresden, Germany		Laussnitz, Germany		Hohen Wangelin, Germany	
Financial information (DKK million)	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Revenue	100	100	90	55	103	84
Result for the period	(7)	6	4	(8)	10	5
Cash flow from operating activities	6	0	10	(1)	21	1
Dividend paid to non-controlling interest	-	6	5	0	-	0
Total assets	141	151	114	127	122	142
Non-current liabilities	73	73	27	14	26	23
Current liabilities	7	6	9	13	4	19
Accummulated non-controlling interest	15	29	37	38	29	18

Accounting policies
Transactions with non-controlling interests are accounted for as transactions with shareholders. Net assets acquired are not revalued on the acquisition of non-controlling interests. Any difference between the carrying amount and the acquisition or selling price is recognised in equity.

17 Costs of goods sold and inventories

(DKK million)	2024	2023
Raw materials and consumables	144	131
Finished goods and goods for resale	291	526
Total	**435**	**657**
Write-downs recognised in the inventories above have developed as follows:		
Write-downs at 1 January	35	31
Write-downs for the year	2	7
Realised during the year	(5)	(2)
Reversals	(2)	(1)
Total	**30**	**35**
Production costs comprised (before special items):		
Direct production costs	1,320	1,265
Wages and salaries	309	340
Production overheads	211	216
Distribution	326	280
Write-downs for the year	2	7
Total	**2,168**	**2,108**

Accounting policies
Inventories are measured at cost using the FIFO method. Where the net realisable value is lower than the cost, inventories are written down to this lower value. In the case of goods for resale, and raw materials and consumables, cost comprises purchase price plus expenses incurred in bringing the inventories to their existing location and condition.

In the case of finished goods, cost comprises raw materials, consumables, direct labor and production overheads. Production overheads comprise indirect materials and labor as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the production process, and the cost of factory administration and management.

The net realisable value of inventories is determined as the selling price less any costs of completion and costs incurred to execute the sale. The net realisable value is determined on the basis of marketability, obsolescence and developments in expected selling price.

Notes to the consolidated financial statements

18 Trade and other receivables

(DKK million)	2024	2023
Trade receivables, gross	149	133
Write-downs	(2)	(2)
Rebates and bonus	(34)	(29)
Other receivables	39	74
Total	**152**	**176**

Other receivables include a receivable from rent deposits, VAT, other indirect taxes etc. Other receivables fall due within one year of the balance sheet date.

(DKK million)	2024	2023
Age analysis of trade receivables (gross):		
Not past due	129	117
0-30 days	16	14
31-90 days	2	-
91-180 days	1	1
Over 180 days	1	1
Total trade receivables	**149**	**133**
Write-downs relating to receivables, year-end	**2**	**2**

The average credit period on sales of goods is approximately 30 days.

The expected credit losses on trade receivables are estimated using a provision matrix and the Group has recognised a loss allowance of 100% against all receivables over 180 days because historical experience has indicated that these receivables are generally not recoverable.

In determining the expected credit losses, we have taken into account the historical default experience, the financial position of the counter-parties and considering various external sources of actual and forecast economic information, as appropriate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

Receivables that are not past due are predominantly deemed to have a high credit quality and security is normally not required. The Group's customers are typically large well-consolidated builders' merchants and housebuilders, and customers are credit rated on a regular basis. Only limited security had been provided on 31 December 2024.

(DKK million)	2024	2023
Write-downs of receivables:		
Write-downs at 1 January	2	2
Write-downs for the year	0	1
Realised during the year	0	(1)
Reversals	0	0
Write-downs relating to receivables at 31 December	**2**	**2**

Accounting policies

Receivables are measured at amortised cost, which in all material respects corresponds to the nominal value less a loss allowance equal expected credit loss. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. Expected credit losses on receivables are recognised as other external expenses.

The expected credit losses on receivables are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Prepayments recognised under assets comprise expenses incurred in respect of subsequent financial years. Prepayments are measured at amortised cost.

Notes to the consolidated financial statements

19 Share capital and treasury shares

	Number		Nominal value, DKK million	
	2024	**2023**	**2024**	**2023**
Share capital at 1 January	16,500,000	17,500,000	165	175
Movements	-	(1,000,000)	-	(10)
Share capital at 31 December	**16,500,000**	**16,500,000**	**165**	**165**

On 4 May 2023, and with reference to Company Announcement no. 532 of 31 March 2023 and Company Announcement no. 533 of 4 May 2023, the approved reduction of the share capital by a nominal amount of DKK 10,000,000 from DKK 175,000,000 to DKK 165,000,000 through the cancellation of 1,000,000 shares of nominally DKK 10.00 each was registered at the Danish Business Authority.

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 other movements in the share capital in the last five years.

Treasury shares	**Number**	**Nominal value, DKK million**	**% of share capital, year-end**
Holding at 1 January 2023	1,218,731	12.19	(7.0)
Purchased during the year	8,700	0.09	(0.1)
Share capital decrease	(1,000,000)	(10.00)	6.1
Granted due to matching share programme in 2020	(65,382)	(0.65)	0.4
Holding at 31 December 2023	**162,049**	**1.62**	**(1.0)**
Purchased during the year	-	-	-
Share capital decrease	-	-	-
Granted due to matching share programme in 2021	-	-	-
Holding at 31 December 2024	**162,049**	**1.62**	**(1.0)**

On 3 March 2022, H+H International A/S initiated a share buy-back program 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 program is in full described in Company Announcement no. 469 of 3 March 2022. In 2022, a total of 1,110,100 shares were acquired at a total purchase price of DKK 149 million in connection with the 2022 share buy-back program. As announced in Company Announcement 525 the share buy-back program were concluded on 4 January 2023 with the remaining acquisition of 8,700 shares for a total purchase price of DKK 1 million.

All the treasury shares are owned by H+H International A/S. Treasury shares not related to the share buy-back program are acquired in order to hedge liabilities related to the share programs. Refer to note 4 for further information on the share programs.

Accounting policies

Equity: Proposed dividends are recognised as a liability at the date of adoption at the annual general meeting (declaration date).

Treasury shares: Acquisition costs, disposal costs and dividends relating to treasury shares are recognised directly in retained earnings under equity. Capital reductions as a result of cancellation of treasury shares reduce the share capital by an amount equivalent to the nominal value of the shares. Proceeds from the sale of treasury shares in H+H International A/S in connection with the exercise of share options are taken directly to equity.

20 Pension obligations

Under defined contribution plans, the employer is obliged to pay a specific contribution (e.g. a fixed amount or a fixed percentage of salary). Under such plans, the Group does not bear the risk associated with future developments in interest rates, inflation, mortality and disability.

Under defined benefit plans, the employer is obliged to pay a specific amount (e.g. a retirement pension as a fixed amount or a fixed percentage of final salary). Under such plans, the Group bears the risk associated with future developments in interest rates, inflation, mortality and disability.

Foreign entities that are not insured or only insured in part (defined benefit plans) calculate the obligation actuarially at present value at the balance sheet date. These pension plans are fully or partly funded in pension funds for the employees. In the consolidated financial statements, an amount of DKK 21 million (2023: DKK 59 million) has been recognised under liabilities in respect of the Group's obligations to existing and former employees after deduction of the assets associated with the plans.

On 31 December 2024, the actuarial valuation of the defined benefit plan in the UK showed a net asset deficit of DKK 7.5 million (GBP 0.8 million), consequently triggering IFRIC 14 for H+H to recognise future committed pension contributions of the scheme as they do not have unconditional right to a refund. Value of future committed pension contributions amounts to DKK 5 million.

Notes to the consolidated financial statements

20 Pension obligations – continued

In the consolidated income statement, an amount of DKK 5 million (2023: DKK 5 million) has been recognised in respect of expenses relating to insured plans (defined contribution plans). For non-insured plans (defined benefit plans), an amount of DKK 0 million (2023: DKK 0 million) has been recognised in the consolidated income statement as financial expenses.

The Group has defined benefit plans in the UK, Germany and Switzerland. The UK and Swiss pension plans are managed by a pension fund – legally separate from the Company – to which payments are made, whereas the German pension plans are unfunded. The board of the UK pension fund is composed of two representatives appointed by the employer, two elected by the pension fund members and two professional independent members.

The board of the UK pension fund is required by law and by articles of association to act in the interest of the pension fund members. The board of the UK pension fund is responsible for the investment policy with regard to the plan assets. Under the pension plan, employees are entitled to post-retirement annual payments amounting to 1/60 of the final pensionable salary for each year of service before the retirement age of 65. In addition, the service period is limited to 40 years, resulting in a maximum yearly entitlement (lifetime annuity) of 2/3 of the final pensionable salary.

The defined benefit pension fund in the UK typically exposes the Company to actuarial risks, such as investment, interest rate, inflation and longevity. H+H Celcon Pension Fund is supervised by an independent corporate trustee, H+H Celcon Pension Fund Trustee Limited. In accordance with the legislation governing pension funds, the corporate trustee must ensure among other things that a limited actuarial calculation of the pension obligations is carried out each year.

Every 3 years a triennial valuation takes place. This valuation is based on more prudent assumptions than used under IAS 19.

The updated triennial valuation, postponed from April 2023, was finally agreed on 13 December 2024, with the Actuarial certificate signed on 27 January 2022, replacing the triennial valuation from April 2020 (current). The updated triennial valuation showed a deficit of DKK 64 million (GBP 7.4 million), a decreased deficit compared to the triennial valuation from April 2020 of DKK 143 million (GBP 16.5 million). The updated repayment schedule runs until to 28 February 2025 and H+H UK Limited is obliged to pay core contributions of DKK 2.6 million (GBP 0.3 million) per month until that date.

The UK pension fund was closed to new entrants in June 2007 and to the accrual of future service benefits in December 2011.

The most recent actuarial valuations (based on IAS 19R) of plan assets and the present value of the defined benefit obligation in UK were carried out at 31 December 2024 by Mr. Oscar Brown, Fellow of the UK Institute of Actuaries (Axis Actuarial Consulting Ltd.), in Germany by AON and in Switzerland by Swiss Life. The present value of the defined benefit obligation, and the related service and past service cost, were measured using the projected unit credit method.

The UK pension fund has been replaced by a defined contribution pension scheme where the Company is not subject to any ongoing investment, interest rate or mortality risk.

(DKK million)	2024	2023
Pensions and similar obligations:		
Present value of fully or partly funded defined benefit plans	541	574
Fair value of plan assets	533	522
(Surplus)/Deficit	8	52
Present value of unfunded defined benefit plans recognised in the balance sheet	8	7
Future committed pension contribution (UK)	5	0
Net obligation recognised in the balance sheet	**21**	**59**
Development in present value of defined benefit obligation:		
Obligation at 1 January	581	512
Foreign exchange adjustments	23	13
Calculated interest on obligation	25	23
Service costs	1	1
Gains/losses as a result of changes in economic assumptions	(55)	17
Gains/losses as a result of changes in demographic assumptions	(4)	(1)
Empirical changes	1	45
Pension paid by employees	4	2
Pension paid	(27)	(31)
Obligation at 31 December	**549**	**581**
Breakdown of the present value of defined benefit obligation:		
Present value of fully or partly funded defined benefit obligations	541	574
Present value of unfunded defined benefit obligations	8	7
Obligation at 31 December	**549**	**581**

Notes to the consolidated financial statements

20 Pension obligations – continued

(DKK million)	2024	2023
Development in fair value of plan assets:		
Plan assets at 1 January	522	489
Foreign exchange adjustments	23	13
Calculated interest income	23	23
Return on plan assets over and above the calculated interest	(35)	(6)
The Group's contributions to plan assets	30	32
The employee's contributions to plan assets	4	2
Value of derecognised plan assets	(7)	-
Pensions paid	(27)	(31)
Plan assets at 31 December	**533**	**522**
Pension costs relating to the current financial year, recognised as staff costs:		
Pension costs relating to defined contribution plans	6	5
Total pension costs	**6**	**5**
Financial costs relating to the defined benefit plans for the current year:		
Calculated interest on obligation	(24)	(23)
Calculated interest on plan assets	23	23
Net interest on defined benefit plans	**(1)**	**-**
Pension costs recognised in other comprehensive income:		
Gains/losses as a result of change in economic assumptions	56	(17)
Gains/losses as a result of change in demographic assumptions	5	1
Return on plan assets over and above the calculated interest	(35)	(6)
Future committed pension contribution	(12)	-
Changes due to empirical changes	(1)	(46)
Total	**13**	**(68)**

The cost has been recognised in the income statement under staff costs; see note 4. Costs recognised under production costs amount to DKK 3 million (2023: DKK 3 million), costs recognised under sales and distribution costs amount to DKK 2 million (2023: DKK 1 million) and costs recognised under administrative costs amount to DKK 1 million (2023: DKK 1 million).

(DKK million)	2024	2023
Plan assets can be broken down as follows:		
Diversified Growth Fund*	-	82
Liability Driven Investment*	170	171
Global equities*	190	171
Bonds*	133	52
Alternatives	44	39
Cash	3	7
Value of derecognised plan assets	(7)	-
Total	**533**	**522**

* All plan assets in the UK, DKK 493 million (2023: DKK 484 million), are investments held in LGIM funds, which in turn invest directly in highly rated assets that are traded on a stock exchange.

Alternatives relates to the Swiss pension plan of DKK 44 million (2023: DKK 38 million) and includes assets with no quated market price.

(DKK million)	2024	2023
Return on plan assets		
Actual return on plan assets	(12)	17
Calculated interest on plan assets	23	23
Actuarial gain (loss) on plan assets	**(35)**	**(6)**
The average assumptions used for the actuarial calculation related to the UK pension at the balance sheet date can be stated as follows:		
Discount rate (avg.)	5.5%	4.5%
Expected inflation rate	3.3%	3.3%
Members' life expectancy from retirement age (years)	22.9	22.5

Notes to the consolidated financial statements

20 Pension obligations – continued

Sensitivity analysis
The table below shows the sensitivity of the UK pension obligation to changes in the key assumptions for determination of the obligation on the balance sheet date. The H+H Group is also exposed to developments in the market value of the plan assets. The key actuarial assumptions in determination of the pension obligation relate to interest rate level and mortality.

The analysis is based on the reasonably likely changes which can be expected on the balance sheet date, provided that the other parameters in the calculations are unchanged and not subject to consequential changes:

(DKK million)	2024	2023
Sensitivity relative to discount rate:		
If the discount rate falls by 0.5 percentage point, the pension obligation will increase by	32	41
Sensitivity relative to inflation rate:		
If the inflation rate increase by 0.5 percentage point, the pension obligation will increase by	14	22
Sensitivity relative to life expectancy from retirement age:		
If the life expectancy from retirement age increases by 1 year, the pension obligation will increase by	19	21

The Group expects to pay DKK 7 million into the defined benefit pension plan in 2025 (2024: DKK 28 million).

(DKK million)	2024	2023
The pension obligation is expected to fall due as follows:		
0-1 year	7	28
1-5 years	12	122
Over 5 years	24	432
Total	**43**	**582**

Actuarial assumptions
Discount rate
The discount rate is based on high-quality corporate bonds, and an adjustment has been made to reflect the fact that the duration of the bonds does not correspond to the duration of the pension obligation.

Price inflation
Inflation is based on market expectations for inflation over the duration of the pension liabilities and is calculated as a single equivalent rate.

Demographic assumptions are based on the latest available mortality projection model.

Accounting policies
Pension obligations: The H+H Group has entered into pension agreements and similar agreements with some of its employees. Obligations relating to defined contribution plans are recognised in the income statement over the vesting period, and any contributions payable are recognised in the balance sheet as other payables.

As regards defined benefit plans, the value in use of future benefits to be paid under the plan is determined actuarially on an annual basis. The value in use is determined on the basis of assumptions concerning future trends in factors such as salary levels, interest rates, inflation and mortality.

The value in use is determined only for the benefits attributable to service already rendered to the H+H Group. The actuarially deter- mined value in use less the fair value of any plan assets is recognised in the balance sheet under pension obligations. If a defined benefit pension plan constitutes a net asset it will trigger IFRIC 14 and recognise future committed pension contributions to the scheme as the Group does not have unconditional right to a refund.

The pension costs for the year are recognised in the income statement based on actuarial estimates and the financial outlook at the start of the year. Past service costs are recognised in the income as a financial item. Differences between the expected development in plan assets and obligations and the realised values determined at year-end are designated as actuarial gains or losses and recognised in other comprehensive income.

Significant accounting estimates
Defined benefit pension plans: The present value of pension obligations depends on the actuarial assumptions made. These assumptions comprise the discount rate, inflation rate, estimated return on plan assets, future salary increases, mortality and future developments in pension obligations.

All assumptions are reviewed at the reporting date. Any changes in the assumptions will affect the carrying amount of the pension obligations.

Notes to the consolidated financial statements

21 Provisions

(DKK million)	2024	2023
Provisions at 1 January	38	47
Provisions for the year	54	11
Utilised during the year	(23)	(13)
Reversals during the year	-	(7)
Provisions at 31 December	**69**	**38**
Breakdown of the provisions at 31 December:		
Warranty obligations	1	1
Obligations relating to restoration of sites	28	27
Restructuring and other employee related provisions	23	1
Other provisions	17	9
Total	**69**	**38**
Expected maturity of provisions:		
Non-current liabilities	43	31
Current liabilities	26	7
Total	**69**	**38**

H+H's subsidiaries provide normal warranties in respect of products supplied to customers. The provision for warranty obligations thus relates to warranties provided in respect of products supplied prior to the balance sheet date. The warranty period varies depending on normal practice in the markets in question. The warranty period is typically between one and five years. Warranty obligations have been determined separately for each company based on normal practice in the market in question and historical warranty costs. On 31 December 2024, warranty obligations relate predominantly to Germany and Poland.

The obligation in respect of restoration of sites relates to H+H's sites in Germany and Poland. The obligation has been calculated on the basis of external assessments of the restoration costs.

Accounting policies

Provisions are recognised when, as a result of an event occurring before or at the balance sheet date, the H+H Group has a legal or constructive obligation, the settlement of which is expected to result in an outflow from the company of resources embodying economic benefits.

The measurement of provisions is based on Management's best estimate of the amount expected to be required to settle the obligation.

In connection with the measurement of provisions, the costs required to settle the obligation are discounted to net present value if this has a material effect on the measurement of the obligation. A pre-tax discount rate is applied that reflects the general interest rate level plus the specific risks attached to the provision. The changes in present values during the financial year are recognised under financial expenses.

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data.

Provision for restructuring is recognised when a detailed formal plan for the restructuring has been made public, no later than the balance sheet date, to those affected by the plan.

A provision for onerous contracts is recognised when the benefits expected to be derived by the H+H Group from a contract are lower than the unavoidable costs of meeting its obligations under the contract.

If the H+H Group has an obligation to dismantle or remove an asset or restore the site on which the asset has been used, a provision equivalent to the present value of the expected future expenses is recognised.

Notes to the consolidated financial statements

22 Credit institutions

(DKK million)	2024	2023
Bank loans, non-current	1,048	911
Bank loans, current	-	-
Amortised borrowing costs	(2)	(4)
Total	**1,046**	**907**

Change in borrowings from financing activitites:

(DKK million)	2024	2023
Borrowings 1 January	907	742
Change in proceeds	-	245
Bank overdraft and other debt	139	(80)
Borrowings 31 December	**1,046**	**907**

Change in lease liabilities:

(DKK million)	2024	2023
Lease liabilities 1 January	119	108
Cash flows	(32)	(32)
New/disposed/remeasured lease	10	35
Foreign exchange adjustments	1	8
Lease borrowings 31 December	**98**	**119**

Committed credit facilities is conditional upon compliance with a number of financial covenants; see note 26.

Accounting policies

Bank loans etc. are recognised at the date of borrowing at the proceeds received net of transaction costs incurred. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest rate method. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement under financial expenses over the term of the loan.

The lease liability is measured at the present value of the remaining lease payments at the reporting date, discounted using the incremental borrowing rate for similar assets, taking into account the terms of the leases. A remeasurement of the lease liability, for example a change in the assessment of an option to purchase, results in a corresponding adjustment of the related right-of use assets.

Extension or termination options are included in the lease term if the lease is reasonably certain to be extended or not terminated. Consequently, all cash outflows that are reasonably certain to impact the future cash balances are recognised as lease liabilities at initial recognition of lease contracts. The Group reassesses the circumstances leading to it not recognising extension or termination options on an ongoing basis.

23 Contingent liabilities

Operating leases
Material leases for the H+H Group are recognised in accordance with IFRS 16 “Leases”. An amount of DKK 2 million (2023: DKK 1 million) has been recognised in the consolidated income statement for 2024 in respect of operating leases and rental obligations.

Financial guarantee
Subsidiaries drawdowns at 31 December 2024 amounts to DKK 823 million (2023: DKK 568 million).

In addition, hereto, third party guarantees provided by H+H International A/S and its subsidiaries amounts to DKK 24 million at 31 December 2024 (2023: DKK 24 million).

Pension scheme
In June 2023, the High Court judged that amendments made to the Virgin Media scheme were invalid because the scheme’s actuary did not provide the associated Section 37 certificate necessary. The High Court’s decision has wide ranging implications, affecting other schemes that were contracted-out on a salary-related basis, and made amendments between April 1997 and April 2016.

H+H UK’s scheme was contracted out until 31 December 2011 and amendments were made during the relevant period. As such the ruling could have implications for the H+H Group.

The amount of any potential impact on the defined benefit obligation cannot be confirmed and measured with sufficient reliability at the 2024 year-end. We will review again at the 2025 year-end when we expect further clarity.

Other
The H+H Group is not a party of any material legal proceedings.

Notes to the consolidated financial statements

24 Auditors' remuneration

(DKK million)	**2024**	**2023**
Total fees for H+H International A/S's auditors elected at the annual general meeting:		
Fee	5.0	3.6
Total	**5.0**	**3.6**
The total fee can be broken down as follows:		
Statutory audit	3.5	3.2
Other assurance engagements	1.5	0.1
Other services	0.0	0.3
Total	**5.0**	**3.6**

A few Group enterprises are not audited by the Parent's appointed auditors (PwC) or the auditors' foreign affiliates.

Non-audit services provided by PwC Denmark amounted to DKK 1.5 million in 2024 (2023: DKK 0.4 million), relating to assurance services on sustainability matters and other advisory services.

25 Business combinations

No business combinations were completed in 2024 or 2023.

In relation to the Domapor acquisition 31 December 2021, 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. This obligation has been recognised as a liability as deferred payments related to the acquisition.

26 Financial instruments and financial risks

H+H's financial risk management policy
As a result of its operations, H+H is exposed to various financial risks i.e. foreign exchange risks, as well as capital structure and cash flow risks, bad debt exposure and financial covenants.

H+H's financial risk management policy and procedures is thus aimed exclusively at managing the financial risks that are a direct consequence of H+H's operations. This note relates only to financial risks directly associated with H+H's financial instruments.

Foreign exchange risks
H+H presents its consolidated financial statements in DKK. Most of H+H's products are produced and sold outside Denmark. Sales in markets outside Denmark account for approximately 90% of revenue, with the UK, Germany and Poland being the largest markets.

All H+H entities do mainly trade in local currencies, such as GBP, EUR and PLN, as all raw materials are sourced locally, and the majority of customers are within the given region. The Nordic subsidiaries make their purchases in EUR. Therefore the currency exposure is assessed limited on ordinary activities. Material foreign exchange exposure does only relate to specific events, such as dividend or significant transactions.

H+H's foreign exchange hedging policy and procedures states that an individual group subsidiary must not take foreign exchange positions. Instead, Treasury needs to be consulted, and if relevant, financial instruments in foreign currencies are entered into if the foreign exchange exposure exceeds certain thresholds, also depending on the character of exposure. Due to the nature of H+H activities, financial instruments in foreign currencies are only limitedly used.

Commodity price risks
Commodity price risks in H+H mainly relate to fluctuations in Energy prices which are used either directly in the production or through purchase of components such as lime, where the price could be linked to the certain energy prices. The risk is managed in accordance with the Treasury Policy, primarily by entering into fixed price agreements with suppliers for a shorter timeframe or passing development in energy prices on to the customers.

Capital structure and cash flow risks
The H+H Group has significant net interest-bearing debt. An increase in the interest rate level will lower the Group's pre-tax result. It is H+H's policy to hedge interest rate risks on H+H's loans if it is assessed that the interest payments can be hedged at a satisfactory level. Historically, the interest rate has only to a very limited extent been hedged and H+H has therefore benefited from lower short-term rates compared with long-term rates.

The H+H Group's liquidity risk is defined as the risk that the H+H Group will not, in a worst-case scenario, be able to meet its financial obligations due to insufficient liquidity. It is the H+H Group's policy that all surplus funds flow upwards to be managed centrally by the parent company.

H+H's capital structure contains a Global Cash Pool arrangement supported by individual loans. Most group subsidiaries participate in the Global Cash Pool arrangement and the parent company sets limits for all overdraft facilities included herein. H+H aims that financing of group subsidiaries are managed within the Global Cash Pool arrangement, or via intercompany loans from the parent company to the relevant group subsidiary. If necessary, the parent company may decide to approve that financing of a group subsidiary is obtained externally.

H+H regularly evaluates the capital structure on the basis of expected cash flows with a view to ensuring an appropriate balance be- tween adequate future financial flexibility and a reasonable return to shareholders.

Notes to the consolidated financial statements

26 Financial instruments and financial risks – continued

Bad debt exposure
As consequence of it's ordinary activities, H+H is exposed to the risk of bad debt. This risk is primarily related to receivables in respect of sales of H+H's products, which for the majority is invoiced through a number of builders' merchants across several countries. This reduces the H+H's risk of bad debt exposure towards contractors and house builders, but consequently increases it to builders' merchants.

In line with H+H's credit risk hedging procedures, all customers are subject to mitigating actions, i.e. credit rating, assessment of payment terms or credit limits etc., which all constitutes that H+H's risk of bad debt are at a very low level - which also is supported by the very modest bad debt losses realised in previous years. The maximum related credit risk corresponds to the carrying amounts recognised in the balance sheet. The H+H Group does not have any material risks relating to a single customer, business partner or country. Refer to note 18.

Loan agreements and financial covenants
H+H Group's financing is a committed credit facility with Nordea Danmark, a branch of Nordea Abp, Finland. The Group facility is subject to covenants related to debt leverage, defined as net adjusted NIBD by 12 months rolling adjusted EBITDA and an interest cover defined as adjusted NIBD divided by 12 month rolling net interest paid. The covenant is tested and reported end of each quarter until the maturity of the facility. The Group fulfilled all financial covenants in 2024 and are also expected to be fulfilled in 2025.

Monetary items in foreign currency

	2024						
(DKK million)	**EUR**	**GBP**	**PLN**	**Others**	**Total**	**DKK**	**Total**
Trade receivables	20	38	25	14	97	16	113
Other receivables	26	2	6	2	36	3	39
Cash	30	137	259	36	462	-	462
Trade payables	(45)	(143)	(45)	(30)	(263)	(9)	(272)
Other payables	(35)	(95)	(50)	(8)	(187)	7	(181)
Deferred payment	(99)	-	-	-	(99)	-	(99)
Credit institutions	(242)	(31)	(1)	-	(274)	(772)	(1,046)
Gross exposure	(345)	(92)	194	14	(229)	(755)	(984)
Net exposure	**(345)**	**(92)**	**194**	**14**	**(229)**	**(755)**	**(984)**

	2023						
(DKK million)	**EUR**	**GBP**	**PLN**	**Others**	**Total**	**DKK**	**Total**
Trade receivables	18	28	33	4	83	19	102
Other receivables	58	-	13	2	73	1	74
Cash	26	41	40	36	143	-	143
Trade payables	(51)	(175)	(45)	(8)	(279)	1	(278)
Other payables	(108)	(24)	(45)	(24)	(201)	(9)	(210)
Deferred payment	(106)	-	-	-	(106)	-	(106)
Credit institutions	(100)	(48)	-	(12)	(160)	(751)	(911)
Gross exposure	(263)	(178)	(4)	(2)	(447)	(739)	(1,186)
Net exposure	**(263)**	**(178)**	**(4)**	**(2)**	**(447)**	**(739)**	**(1,186)**

Sensitivity of result and equity to market fluctuations

(DKK million)	**2024**		**2023**	
	Result	**Equity**	**Result**	**Equity**
5% increase in GBP/DKK	(3)	14	(1)	16
5% increase in PLN/DKK	13	43	(1)	29
	10	**57**	**(2)**	**45**

Notes to the consolidated financial statements

26 Financial instruments and financial risks – continued

The table above shows the sensitivity of result and equity to market fluctuations. A decline in the GBP/DKK and PLN/DKK exchange rates would result in a corresponding increase in re after tax and equity. The sensitivity analysis has been calculated at the balance sheet date on the basis of the exposure to the stated currencies at the balance sheet date. The calculations are based solely on the stated change in the exchange rate and do not take into account any knock-on effects on interest rates, other exchange rates etc.

Interest rate exposure

	2024				2023			
(DKK million)	Net interest-bearing debt	Interest hedged	Net position	Weighted time to maturity of hedging	Net interest-bearing debt	Interest hedged	Net position	Weighted time to maturity of hedging
DKK	776	-	776	-	756	-	756	-
EUR	254	-	254	-	122	-	122	-
PLN	(211)	-	(211)	-	20	-	20	-
CHF	(28)	-	(28)	-	(28)	-	(28)	-
GBP	(101)	-	(101)	-	12	-	12	-
Other	(8)	-	(8)	-	5	-	5	-
Total	**682**	**-**	**682**	**-**	**887**	**-**	**887**	**-**

The table above illustrates H+H's interest rate exposure on financial instruments at the balance sheet date. At 31 December 2024, the Group was not involved in any interest rate swaps.

All other things being equal, based on the H+H's average net interest-bearing debt (expressed by quarter), an increase of 1 percentage point per year in the interest rate level relative to the average interest rate level in 2024 would reduce result for the year before tax and equity by DKK 9 million (2023: DKK 8 million).

The interest rate is variable, changing in accordance with the performance relative to the covenants contained in the loan agreement.

H+H's financial liabilities fall due as follows:

(DKK million)	2024			
Financial instruments:	**Carrying amount**	**0-1 year**	**1-5 years**	**Over 5 years**
Non-derivative financial instruments				
Credit institutions and banks	1,046	28	1,094	-
Lease liability	98	25	42	32
Deferred payment	99	7	27	74
Trade payables	272	272	-	-
Other payables	181	181	-	-
	1,696	**513**	**1,162**	**107**
Derivative financial instruments				
Other payables	-	-	-	-
	-	**-**	**-**	**-**
Total	**1,696**	**513**	**1,162**	**107**

(DKK million)	2023			
Financial instruments:	**Carrying amount**	**0-1 year**	**1-5 years**	**Over 5 years**
Non-derivative financial instruments				
Credit institutions and banks	907	42	943	-
Lease liability	119	29	64	74
Deferred payment	106	7	33	75
Trade payables	278	278	-	-
Other payables	73	73	-	-
	1,483	**429**	**1,040**	**149**
Derivative financial instruments				
Other payables	138	138	-	-
	138	**138**	**-**	**-**
Total	**1,621**	**567**	**1,040**	**149**

Notes to the consolidated financial statements

26 Financial instruments and financial risks – continued

Derivative financial instruments
As of 31th December 2024, H+H did not have any derivative financial instruments. In 2023, a gas contract with fixed volumes and prices failed to meet the 'own use exemption", and were therefore recognised using the hedge accounting principles in accordance with IFRS 9.

As of 31 December 2023, the 'day one loss' and fair value of the commodity forward contracts amounted to DKK 126 million and DKK 138 million, respectively, and thus included in other payables with a net liability of DKK 12 million. The notional amount for commodity contracts amounts to DKK 192 million as of 31th December 2023 and the average hedged price per KwH were DKK 1.03.

Categories of financial instruments

	2024		2023	
(DKK million)	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Trade receivables	113	113	102	102
Derivative financial instrument (day one loss)	-	-	126	126
Other receivables	39	39	74	74
Cash	462	462	139	139
Total financial assets measured at amortised costs	**614**	**614**	**441**	**441**
Credit institutions and banks	1,046	1,046	907	907
Trade payables and other payables	453	453	477	477
Total financial liabilities measured at amortised cost	**1,499**	**1,499**	**1,384**	**1,384**
Derivative financial instrument	-	-	138	138
Fair value through other comprehensive income	**-**	**-**	**138**	**138**
Total financial instruments, net	**885**	**885**	**1,081**	**1,081**

Notes to the consolidated financial statements

26 Financial instruments and financial risks – continued

Fair values

Fair value for derivative financial instruments measured at fair value

Derivative financial instruments recognised only contain the above-mentioned commodity forward contracts, settled during 2024, which are measured at fair value using generally accepted valuation techniques based on observable market prices and forward market rates and therefore categorised as Level 2 in the fair value hierarchy.

No assets or liabilities are measured at fair value as of 31 December 2024, and thus no assets or liabilities are measured at level 1 or 3 in the fair value hierarchy in 2023 or 2024.

Classification and assumptions for the calculation of fair value for non-derivative financial instruments measured at amortised cost

Current bank loans at variable interest rates are valued at a rate of 100. The fair value of long-term loans and finance leases is calculated using models that discount all estimated and fixed cash flows to net present value. The expected cash flows for the individual loan or lease are based on contractual cash flows. Financial instruments relating to sale and purchase of goods etc. with a short credit period are considered to have a fair value equal to the carrying amount. The methods are unchanged from last year.

Accounting policies

Fixed price and volume contracts for energy such as gas and electricity are accounted for using the 'own use' exemption and recognized in the profit and loss statement upon realization of the usage. These contracts are on frequent basis assessed if the 'own use' assumptions are still valid. If contracts are in breach with the 'own use' assumption a 'day one loss/gain' corresponding to the fair value of the underlying derivative as of the date of identifying the breach are recognised, and the contracts are subsequently accounted for using the hedge accounting principles for derivative financial instruments. The day one loss/gain are transferred to the profit and loss statement upon realization of the underlying hedged item.

Derivative financial instruments are initially recognised in the balance sheet at fair value and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are included as other receivables and other payables, respectively.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of future cash flows are recognised in other comprehensive income. Gains and losses relating to such hedging transactions are transferred from other comprehensive income to the income statement upon realisation of the hedged item or when the hedge relationship is no longer effective. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in the income statement.

27 Related parties

The Group's related parties are the Executive Board and the Board of Directors.

Apart from contracts of employment, no agreements or transactions have been entered into between the Company and the Executive Board. Remuneration to the Board of Directors and the Executive Board is disclosed in note 4.

H+H International A/S has no controlling shareholders.

28 Events after the balance sheet date

No events have occurred after the balance sheet date that will have a material effect on the H+H Group's financial position.

Notes to the consolidated financial statements

Financial ratios
Other financial ratios have been prepared in accordance with the Danish Finance Society's guidelines.

The financial ratios under Key figures in the Management's review have been calculated as follows:

Gross margin	Gross profit x 100 / Revenue
EBITDA margin	EBITDA x 100 / Revenue
EBIT margin	EBIT x 100 / Revenue
Return on invested capital *	EBIT / Average invested capital
Earnings per share (EPS) **	Result for the year / Average number of shares outstanding
Diluted earnings per share (EPS-D) **	Diluted earnings / Diluted average number of shares outstanding
Solvency ratio	Equity at year-end (attributable to H+H) x 100 / Total equity and liabilities, year-end
Financial gearing	Net interest-berring debt / EBITDA
NIBD/EBITDA	Net interest-bearing debt, year-end / EBITDA

* Return on invested capital is measured on a twelve months basis.

Glossary

bsi	Before special items
CAPEX	Capital expenditure
SG&A	Selling, general and administrative expenses
EBITDA	Operating profit before depreciation, amortization and financial items
EBIT	Operating profit before financial items
Special items	Refer to note 7 for accounting policy for special items
Margins before special items	Consists of defined margins adjusted for special items re above and note 7
Organic growth	Revenue growth excluding effects from changes in foreign exchange rates and revenue from acquisitions and divestments
FTE and average FTE	Full-time employees and average number of full-time employees
Free cash flow	The sum of cash flow from operating and investing activities
Net working capital	Net working capital is inventories, trade receivables, and other receivables less trade payables and other payables.
Invested capital	Invested capital is calculated as net working capital plus tangible assets and intangible assets excluding goodwill deducted by provisions and operating non-current liabilities.
Earnings per share	Earnings per share (EPS) and diluted earnings per share (EPS-D) are determined in accordance with IAS 33
Net interest-bearing debt	Net interest-bearing debt is credit institutions and lease liabilities less cash funds
CSRD	Corporate Social Responsibility Directive
ESRS	European Sustainability Reporting Standards
SBM	Strategy and Business Model
MDR	Minimum Disclosure Requirement
IRO	Impacts, Risks and Opportunities
GOV	Governance
REC	Renewable Energy Certificate
BP	Basis for Preparation
EEA	European Economic Area

Parent company financial statements 2024

Income statement

Note	(DKK million)	2024	2023
3, 4	Administrative costs	(65)	(58)
	Other income	64	56
	EBITDA before special items	**(1)**	**(2)**
	Depreciation and amortisation	(6)	(5)
	EBIT before special items	**(7)**	**(7)**
	Special items	(3)	(6)
	EBIT	**(10)**	**(13)**
5	Financial items	(257)	133
	Result before tax	**(267)**	**120**
6	Tax	-	5
	Result for the year	**(267)**	**125**
	Result for the year attributable to:		
	H+H International A/S' shareholders	(267)	125
	Result for the year	**(267)**	**125**

Statement of comprehensive income

Note	(DKK million)	2024	2023
	Result for the year	**(267)**	**125**
	Other comprehensive income after tax	**-**	**-**
	Total comprehensive income for the year	**(267)**	**125**

Balance sheet at 31 December

Assets

Note	(DKK million)	2024	2023
	Intangible assets	37	31
7	**Intangible assets**	**37**	**31**
	Office lease, cars and equipment	2	3
8	**Property, plant and equipment**	**2**	**3**
9	Deferred tax assets	11	11
10	Equity investments in subsidiaries	1,660	1,232
13	Receivables from subsidiaries	1,072	1,510
	Other non-current assets	**2,743**	**2,753**
	Total non-current assets	**3,782**	**2,787**
13	Receivables from subsidiaries	92	76
	Other receivables and prepayments	5	3
	Cash	233	33
	Current assets	**330**	**112**
	Total assets	**3,112**	**2,899**

Equity and liabilities

Note	(DKK million)	2024	2023
	Share capital	165	165
	Retained earnings	1,301	1,565
	Equity	**1,466**	**1,730**
11	Lease liabilities	1	2
11	Credit institutions	968	836
	Non-current liabilities	**969**	**838**
	Trade payables	5	7
11	Lease liabilities	1	1
13	Payables to subsidiaries	660	313
	Other payables	11	10
	Current liabilities	**677**	**331**
	Total liabilities	**1,646**	**1,169**
	Total equity and liabilities	**3,112**	**2,899**

Statement of changes in equity

Note	(DKK million)	Share capital	Retained earnings	Total
	Equity at 1 January 2024	**165**	**1,565**	**1,730**
	Result for the year		(267)	(267)
	Share-based payment	-	3	3
	Total change in equity	**-**	**3**	**3**
	Equity at 31 December 2024	**165**	**1,301**	**1,466**
	Equity at 1 January 2023	**175**	**1,435**	**1,610**
	Result for the year		125	125
	Acquisition of treasury shares	-	(2)	(2)
	Share-based payment	-	(3)	(3)
	Share capital decrease	(10)	10	-
	Total change in equity	**(10)**	**5**	**(5)**
	Equity at 31 December 2023	**165**	**1,565**	**1,730**

Cash flow statement

Note	(DKK million)	2024	2023
	Operating profit (EBIT)	(10)	(13)
	Depreciation, amortisation and impairment	6	5
	Change in receivables	(17)	(6)
	Change in trade payables and other payables	(1)	(16)
	Other non-cash adjustments	3	(3)
	Operating activitites before financial items and tax	**(19)**	**(33)**
4	Financial items, net	8	1
	Operating activities	**(11)**	**(32)**
	Change in borrowings to subsidiares	57	(240)
	Capital increase in subsidiaries	(5)	-
10	Dividend from subsidiaries	44	134
7	Acquisition of equipment and intangible assets	(11)	(13)
	Investing activities	**85**	**(119)**
	Free cash flow	**74**	**(151)**
11	Proceeds in borrowings	-	245
	Bank overdraft and other debt	132	(103)
	Payment of lease liabilities	(1)	(2)
	Purchase of treasury shares	-	(2)
	Financing activities	**131**	**138**
	Cash flow for the year	**205**	**(13)**
	Cash at 1 January	33	44
	Foreign exchange adjustments of cash	(5)	2
	Cash at 31 December	**233**	**33**

Notes to the parent company financial statements

1 Material accounting policy information

The financial statements of H+H International A/S for 2024 have been prepared in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

The accounting policies are consistent with those applied in the consolidated financial statements for 2024, with the following additions:

- Shares in subsidiaries are measured at cost or a lower recoverable amount
- Dividends from subsidiaries and associated companies are recognised as income at the time of declaration unless considered a return of capital in subsidiary

2 Significant accounting estimates and judgements

Management makes various accounting estimates and judgements that form the basis of presentation, recognition and measurement of the Company's assets and liabilities. The estimates and judgements made are based on historical experience and other factors that management assesses to be reliable, but that by their very nature are associated with uncertainty and unpredictability. Estimates and judgements may therefore prove incomplete or incorrect, and unexpected events or circumstances may arise.

Management assesses impairment indicators for investments in subsidiaries and in general determines the recoverable amounts consistent with the assumptions described in note 13 of the consolidated financial statements.

3 Staff costs and remuneration

The Remuneration of the Board of Directors, key management personnel and Executive Board are described in detail in the Remuneration Report.

The Executive Board in the Parent Company are the same as for the H+H Group. Please refer to note 4 in the consolidated financial statements for share-based incentive programs.

(DKK million)	2024	2023
Wages and salaries	43	43
Share-based payment	2	(5)
Other staff costs	1	3
	46	**41**
Staff costs are recognised as follows:		
Administrative costs	43	36
Special items	3	5
	46	**41**
Average full-time employees	**20**	**21**
Total Remuneration:		
Remuneration to the Executive Board	14	12
Remuneration to the Board of Directors	3	3
	17	**15**

4 Auditors remuneration

(DKK million)	2024	2023
Total fees to the auditors elected at the annual general meeting:		
Statutory audit	1.2	1.0
Other assurance engagements	1.3	0.1
Other services	0.0	0.2
Total	**2.5**	**1.3**

Notes to the parent company financial statements

5 Financial items

(DKK million)	2024	2023
Interest income from subsidiaries, net	33	22
Dividend from subsidiary	44	134
Write-down of investment in subsidiaries	(302)	-
Interest expenses, net	(26)	(18)
Foreign exchange rate adjustments, net	(5)	(2)
Other financial expenses	(1)	(3)
Total	**(257)**	**133**

Write-down of investments in subsidiaries relates to the re-structuring of the German business. Refer to note 10.

6 Tax

(DKK million)	2024	2023
Current tax for the year	-	(4)
Adjustment of deferred tax	-	(1)
Total	**-**	**(5)**
Current joint taxation contribution for the year	**-**	**(5)**
Tax for the year can be broken down as follows:		
Calculated 22.0% (2023: 22.0%) tax on income from ordinary activities	(59)	27
Tax effect of:		
Non-deductible expenses/non taxable income	59	(32)
Total	**-**	**(5)**

H+H International A/S is taxed jointly with all its Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed companies in proportion to their taxable income.

The parent company is the administration company for the jointly taxed Danish companies. Pursuant to the rules on this contained in the Danish Corporation Tax Act, all companies that are jointly taxed are thus liable to withhold tax at source on interest, royalties and dividends for the jointly taxed companies for contingent liabilities. The Danish companies are further jointly and severally liable for joint registration of VAT.

7 Intangible assets

Intangible assets recognized in the parent company comprises mainly software.

	2024	2023
(DKK million)	Intangible assets	Intangible assets
Total cost at 1 January	35	23
Additions during the year	11	12
Total cost at 31 December	**46**	**35**
Total amortisation at 1 January	(4)	(1)
Amortisation for the year	(5)	(3)
Total amortisation at 31 December	**(9)**	**(4)**
Carrying amount at 31 December	**37**	**31**

8 Property, plant and equipment

Property, plant and equipment totaled DKK 2 million (2023: DKK 3 million) comprised office leases, cars and equipment.

Lease liabilities and interest relating to recognized lease contracts are included in note 11.

9 Deferred tax

(DKK million)	2024	2023
Deferred tax at 1 January	11	10
Change in deferred tax	-	1
Deferred tax at 31 December	**11**	**11**

Deferred tax relates to tax loss carry-forwards

The parent company has special carried-forward losses related to sale of property and shares with limited possibilities of use with a taxable value of DKK 11 million (2023: DKK 11 million) which are not recognised. The losses in question have no expiry date.

Under the joint taxation rules, H+H International A/S, as the administration company, becomes liable to the tax authorities for the subsidiaries' income taxes as the subsidiaries pay their joint taxation contributions. Joint taxation contributions payable and receivable are recognised in the balance sheet under receivables from/payables to subsidiaries.

Notes to the parent company financial statements

10 Investments in subsidiaries

(DKK million)	2024	2023
Acquisition cost at 1 January	1,299	1,299
Additions	730	-
Disposals	-	-
Cost at 31 December	**2,029**	**1,299**
Impairment losses at 1 January	(67)	(67)
Write-down for the year	(302)	-
Reversal of previous write-down	-	-
Impairment losses at 31 December	**(369)**	**(67)**
Carrying amount at 31 December	**1,660**	**1,232**

An impairment test for possible impairment of investment in subsidiaries is performed at the end of 2024. The recoverable amount of the investments in subsidiaries with indication of possible impairment at 31 December 2024 is based on the value in use, which has been determined using expected net cash flows based on estimates for the years 2025-2029 and a WACC after tax of 8.8% (2023: 9.2%). The weighted average growth rate used for expected future net cash flows for the years after 2029 has been estimated at 2.0% (2023: 2.0%). It is estimated that the growth rate will not exceed the long-term average growth rate in the respective company's markets. The impairment tests are performed by applying the same principles as the tests for impairment of goodwill in the Group.

As part of the restructuring of the German business, H+H Deutschland GmbH and a subsidiary were legally merged and an intercompany receivable of DKK 725 million from H+H Deutschland GmbH were converted to equity, and subsequently an impairment of DKK 302 million was recognised. No other impairment was recognised in 2024 nor 2023.

		2024	2023
	Registered office	**Equity interest, %**	**Equity interest, %**
KWAY Holding Limited*	UK	100	100
H+H Deutschland GmbH**	Germany	100	100
Hunziker Kalksandstein AG	Switzerland	100	100
H+H Nordics A/S	Denmark	100	100
HHI A/S af 3. maj 2004	Denmark	100	100
H+H Sverige AB	Sweden	100	100
H+H Polska Sp. z o.o.***	Poland	100	100
H+H Benelux B.V.	Netherlands	100	100
Diverse af 29.9.2011 ApS	Denmark	100	100

* This activity comprises ownership of H+H UK Holding Limited and thus the activities of H+H UK Limited.
** This activity comprises 51 % ownership of Baustoffwerke Dresden GmbH & Co. KG, 51% ownership of Porenbetonwerk Laussnitz GmbH & Co. KG. and 52.5% ownership of DOMAPOR Baustoffwerke GmbH.
*** This activity comprises ownership of Grupa Prefabet S.A.

The above list does not include indirectly owned companies without any activities.

Accounting policies
Equity investments in subsidiaries are measured at cost. If there is any indication of impairment or reversal of prior year's impairment, an impairment test is carried out as described in note 13. Cost is written down to the recoverable amount whenever the carrying amount is higher.

Notes to the parent company financial statements

11 Credit institutions and lease liabilities

(DKK million)	2024	2023
Bank loans, non-current	970	840
Amortised borrowing costs	(2)	(4)
Total	**968**	**836**

Change in borrowings from financing activitites:

(DKK million)	2024	2023
Borrowings 1 January	836	694
Change in proceeds	-	245
Bank overdraft	132	(103)
Borrowings 31 December	**968**	**836**

Change in lease liabilities:

(DKK million)	2024	2023
Lease liabilities 1 January	3	6
Cash flows	(1)	(2)
New/disposed/remeasured lease	-	(1)
Lease borrowings 31 December	**2**	**3**

12 Contingent liabilities

Taxes and duties
The parent company is the administration company for the jointly taxed Danish companies. Pursuant to the rules on this contained in the Danish Corporation Tax Act, the parent company is thus liable to withhold tax at source on interest, royalties and dividends for the jointly taxed companies for contingent liabilities, and to withhold corporation tax from 1 January 2013. The Group's Danish companies are further jointly and severally liable for joint registration of VAT.

Financial guarantee
The parent company H+H International A/S acts as guarantor for the subsidiaries' drawdowns on the Group's Global Cash Pool facility.

Other
The H+H International A/S is not a party of any legal proceedings.

Shares in some subsidiaries as well as some specific land and buildings have been pledged as security for a loan agreement with Nordea Danmark, branch of Nordea Abp, Finland.

13 Financial instruments and risk

The parent company's activities expose it to various financial risks

- Currency risk and interest rate risk
- Credit risk
- Liquidity risk

Monetary items and sensitivity

	2024				2023			
	Position		Sensitivity		Position		Sensitivity	
(DKK million)	Cash and receivables	Potential volatility of exchange rate	Hypothetical impact on result before tax for the year*	Hypothetical impact on equity	Cash and receivables	Potential volatility of exchange rate	Hypothetical impact on result before tax for the year*	Hypothetical impact on equity
EUR/DKK	750	1%	8	6	1,346	1%	13	10
GBP/DKK	(80)	5%	(4)	(3)	(115)	5%	(5)	(4)
			4	**3**			**8**	**6**

* The hypothetical impact on result and equity is significant to the parent company's financial statements but not necessarily to the consolidated financial statements.

Notes to the parent company financial statements

13 Financial instruments and risk – continued

The parent company has significant monetary items in currencies other than the functional currency in the form of loans to subsidiaries. The table above shows the parent company's key monetary positions broken down by currency and derived sensitivity.

Credit risk
Loans to subsidiaries and other related parties are considered to have a low credit risk and therefore the impairment provision to be recognised during the period is limited to 12 months of expected credit losses.

The credit risk has not increased significantly since the initial recognition and is considered low based on the investment grade credit rating for the Group and the financial strength of the subsidiaries in the Group. There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for these financial assets. Loans to subsidiaries are denominated in EUR and therefore not exposed to foreign exchange risks.

Liquidity risk
Main focus for the parent company is to maintain a financial reserve to cover its obligations and investments.

H+H International A/S's financial liabilities fall due as follows:

(DKK million)	2024			
Financial instruments:	**Carrying amount**	**0-1 year**	**1-5 years**	**Over 5 years**
Non-derivative financial instruments				
Credit institutions and banks	968	28	1,002	-
Payables to subsidaries	660	660	-	-
Lease liability	2	1	2	-
Trade payables	5	5	-	-
Other payables	11	11	-	-
Total	**1,646**	**706**	**1,004**	**-**

(DKK million)	2023			
Non-derivative financial instruments:	**Carrying amount**	**0-1 year**	**1-5 years**	**Over 5 years**
Credit institutions and banks	836	44	870	-
Payables to subsidaries	313	313	-	-
Lease liability	4	1	4	-
Trade payables	7	7	-	-
Other payables	8	8	-	-
Total	**1,168**	**373**	**874**	**-**

14 Related parties

A management fee totaling DKK 64 million (2023: DKK 56 million) was received by the parent Company from the remainder of the Group.

Transactions between the parent company and subsidiaries also include deposits, loans and interest. There was no material unsettled balances with related parties at the end of the year.

15 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 financial position.

Statement by the Executive Board and the Board of Directors

The Executive Board and the Board of Directors have today discussed and approved the annual report of H+H International A/S for the financial year 2024.

The Consolidated Financial Statements and the Parent Company Financial Statements have been prepared in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act. Management's Review has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position at 31 December 2024 of the Group and the Parent Company and of the results of the Group and Parent Company operations and cash flows for 2024.

In our opinion, Management's Review includes a fair review of the development in the operations and financial circumstances of the Group and the Parent Company, of the results for the year and of the financial position of the Group and the Parent Company as well as a description of the most significant risks and elements of uncertainty, which the Group and the Parent Company are facing.

Additionally, the sustainability statement, which is part of Management's Review, has been prepared, in all material respects, in accordance with paragraph 99 a of the Danish Financial Statements Act. This includes compliance with the European Sustainability Reporting Standards (ESRS) including that the process undertaken by Management to identify the reported information (the "Process") is in accordance with the description set out in the subsection titled "Double materiality assessment" within the general information section of the sustainability statement. Furthermore, disclosures within subsection titled "EU Taxonomy" statements in the environmental section of the sustainability statement are, in all material respects, in accordance with Article 8 of EU Regulation 2020/852 (the "Taxonomy Regulation").

In our opinion, the annual report of H+H International A/S for the financial year 1 January to 31 December 2024 with the file name HH-2024-12-31-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 4 March 2025

Executive Board

Jörg Brinkmann
CEO

Bjarne Pedersen
CFO

Board of Directors

Kent Arentoft
Chair

Miguel Kohlmann
Vice chair

Stewart Antony Baseley

Volker Christmann

Kajsa von Geijer

Jens-Peter Saul

Helen MacPhee

Independent Auditor's Reports

To the shareholders of H+H International A/S
Report on the audit of the Financial Statements

Our opinion
In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2024 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January to 31 December 2024 in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Our opinion is consistent with our Auditor's Long-form Report to the Audit Committee and the Board of Directors.

What we have audited
The Consolidated Financial Statements (pp 89-121) and Parent Company Financial Statements (pp 123-130) of H+H International A/S for the financial year 1 January to 31 December 2024 comprise income statement and statement of comprehensive income, balance sheet, cash flow statement, statement of changes in equity and notes, including material accounting policy information for the Group as well as for the Parent Company. Collectively referred to as the "Financial Statements".

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

To the best of our knowledge and belief, prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 were not provided.

Appointment
We were first appointed auditors of H+H International A/S on 31 March 2022 for the financial year 2022. We have been reappointed annually by shareholder resolution for a total period of uninterrupted engagement of tree years including the financial year 2024.

Key audit matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements for 2024. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition including Recognition of revenue is complex due to the volume of transactions and variable considerations. We focused on this area due to the significance of amounts involved and because recognition of revenue includes management judgement regarding timing and provisions for quantum rebates and customer bonuses, which is complex by nature. Consequently, there is a risk that the estimates including methods, applied data or assumptions made by Management are inaccurate. Further, the volume of transactions involves various it-systems and business processes, which are complex and introduce an inherent risk to the revenue recognition process. Reference is made to note 3 in the Consolidated Financial Statements.	Our audit procedures included considering the appropriateness of the accounting policies for revenue recognition applied by Management and assessing compliance with IFRS Accounting Standards, including disclosure requirements. We performed risk assessment procedures with the purpose of achieving an understanding of it-systems, business procedures and relevant controls related to revenue recognition. In respect of relevant controls, we assessed whether they were designed in line with the Group's accounting policies and were implemented effectively to address the risk of material misstatement. For relevant controls, on which we planned to rely, we tested whether these controls were operating effectively. We tested revenue recognition on a sampling basis to underlying evidence, including quantum rebates and customer bonuses for consistency with terms and conditions of the underlying customer contracts. We evaluated Management's calculations for quantum rebates and customer bonuses, including the evaluation of estimates made by Management. Further, we tested revenue recognised around year-end to determine whether recognised in the correct period. In addition, we applied data analysis in our testing of revenue transactions in order to identify and assess transactions outside the ordinary transaction flows.

Statement on Management's Review
Management is responsible for Management's Review (pp 2-88).

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Moreover, we considered whether Management's Review includes the disclosures required by the Danish Financial Statements Act. This does not include the requirements in paragraph 99 a related to the sustainability statement covered by the separate auditor's limited assurance report hereon.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act, except for the requirements in paragraph 99 a related to the sustainability statement, cf. above.

We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements
Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s and the Parent Company’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management’s use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s and the Parent Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group or the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter.

Report on compliance with the ESEF Regulation

As part of our audit of the Financial Statements we performed procedures to express an opinion on whether the annual report of H+H International A/S for the financial year 1 January to 31 December 2024 with the filename HH-2024-12-31-en.zip is prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the Consolidated Financial Statements including notes.

Management is responsible for preparing an annual report that complies with the ESEF Regulation. This responsibility includes:

- The preparing of the annual report in XHTML format;
- The selection and application of appropriate iXBRL tags, including extensions to the ESEF taxonomy and the anchoring thereof to elements in the taxonomy, for all financial information required to be tagged using judgement where necessary;
- Ensuring consistency between iXBRL tagged data and the Consolidated Financial Statements presented in human-readable format; and
- For such internal control as Management determines necessary to enable the preparation of an annual report that is compliant with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance on whether the annual report is prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained, and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error. The procedures include:

- Testing whether the annual report is prepared in XHTML format;
- Obtaining an understanding of the company's iXBRL tagging process and of internal control over the tagging process;
- Evaluating the completeness of the iXBRL tagging of the Consolidated Financial Statements including notes;
- Evaluating the appropriateness of the company's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified;
- Evaluating the use of anchoring of extension elements to elements in the ESEF taxonomy; and
- Reconciling the iXBRL tagged data with the audited Consolidated Financial Statements.

In our opinion, the annual report of H+H International A/S for the financial year 1 January to 31 December 2024 with the file name HH-2024-12-31-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

Hellerup, 4 March 2025

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no 33 77 12 31

Jacob F Christiansen	Poul P. Petersen
State Authorised	State Authorised
Public Accountant	Public Accountant
mne18628	mne34503

Independent auditor's limited assurance report on the Sustainability Statement

To the stakeholders of H+H International A/S

Limited assurance conclusion
We have conducted a limited assurance engagement on the sustainability statement of H+H International A/S (the "Group") included in Management's Review (the "Sustainability Statement"), pages 49-87, for the financial year 1 January – 31 December 2024.

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Sustainability Statement is not prepared, in all material respects, in accordance with the Danish Financial Statements Act paragraph 99 a, including:

- compliance with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the management to identify the information reported in the Sustainability Statement (the "Process") is in accordance with the description set out in subsection "Description of the processes to identify and assess material impacts, risks and opportunities" within the general information section of the Sustainability Statement; and

- compliance of the disclosures in subsection "EU Taxonomy" within the environmental section of the Sustainability Statement with Article 8 of EU Regulation 2020/852 (the "Taxonomy Regulation").

Basis for conclusion
We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance engagements other than audits or reviews of historical financial information ("ISAE 3000 (Revised)") and the additional requirements applicable in Denmark.

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. Our responsibilities under this standard are further described in the Auditor's responsibilities for the assurance engagement section of our report.

Our independence and quality management
We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Management's responsibilities for the Sustainability Statement
Management is responsible for designing and implementing a process to identify the information reported in the Sustainability Statement in accordance with the ESRS and for disclosing this Process as included in

subsection “Double Materiality Assessment” within the general information section of the Sustainability Statement. This responsibility includes:

- understanding the context in which the Group’s activities and business relationships take place and developing an understanding of its affected stakeholders;
- identification of the actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect, or could reasonably be expected to affect, the Group’s financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium-, or long-term;
- assessment of the materiality of the identified impacts, risks and opportunities related to sustainability matters by selecting and applying appropriate thresholds; and
- making assumptions that are reasonable in the circumstances.

Management is further responsible for the preparation of the Sustainability Statement, which includes the information identified by the Process, in accordance with the Danish Financial Statements Act paragraph 99 a, including:

- compliance with the ESRS;
- preparing the disclosures as included in subsection “EU Taxonomy” within the environmental section of the Sustainability Statement, in compliance with Article 8 of the Taxonomy Regulation;
- designing, implementing and maintaining such internal control that management determines is necessary to enable the preparation of the Sustainability Statement that is free from material misstatement, whether due to fraud or error; and
- selection and application of appropriate sustainability reporting methods and making assumptions and estimates that are reasonable in the circumstances.

Inherent limitations in preparing the Sustainability Statement
In reporting forward-looking information in accordance with ESRS, management is required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the Group. Actual outcomes are likely to be different since anticipated events frequently do not occur as expected.

Auditor's responsibilities for the assurance engagement
Our responsibility is to plan and perform the assurance engagement to obtain limited assurance about whether the Sustainability Statement is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the Sustainability Statement as a whole.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised) we exercise professional judgement and maintain professional scepticism throughout the engagement.

Our responsibilities in respect of the Process include:

- Obtaining an understanding of the Process, but not for the purpose of providing a conclusion on the effectiveness of the Process, including the outcome of the Process;
- Considering whether the information identified addresses the applicable disclosure requirements of the ESRS; and
- Designing and performing procedures to evaluate whether the Process is consistent with the Group’s description of its Process, as disclosed in subsection “Double Materiality Assessment” within the general information section of the Sustainability Statement.

Our other responsibilities in respect of the Sustainability Statement include:

- Identifying where material misstatements are likely to arise, whether due to fraud or error; and

- Designing and performing procedures responsive to disclosures in the Sustainability Statement where material misstatements are likely to arise. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Summary of the work performed

A limited assurance engagement involves performing procedures to obtain evidence about the Sustainability Statement. The nature, timing and extent of procedures selected depend on professional judgement, including the identification of disclosures where material misstatements are likely to arise, whether due to fraud or error, in the Sustainability Statement.

In conducting our limited assurance engagement, with respect to the Process, we:

- Obtained an understanding of the Process by performing inquiries to understand the sources of the information used by management; and reviewing the Group's internal documentation of its Process; and

- Evaluated whether the evidence obtained from our procedures about the Process implemented by the Group was consistent with the description of the Process set out in subsection "Double Materiality Assessment" within the general information section of the Sustainability Statement.

In conducting our limited assurance engagement, with respect to the Sustainability Statement, we:

- Obtained an understanding of the Group's reporting processes relevant to the preparation of its Sustainability Statement, including the consolidation processes, by obtaining an understanding of the Group's control environment, processes and information systems relevant to the preparation of the Sustainability Statement but not evaluating the design of particular control activities, obtaining evidence about their implementation or testing their operating effectiveness;

- Evaluated whether the information identified by the Process is included in the Sustainability Statement;

- Evaluated whether the structure and the presentation of the Sustainability Statement are in accordance with the ESRS;

- Performed inquiries of relevant personnel and analytical procedures on selected information in the Sustainability Statement;

- Performed limited substantive assurance procedures on selected information in the Sustainability Statement;

- Where applicable, compared disclosures in the Sustainability Statement with the corresponding disclosures in the Financial Statements and Management's Review;

- Evaluated the methods, assumptions and data for developing estimates and forward-looking information; and

- Obtained an understanding of the Group's process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Sustainability Statement.

Other matter

The comparative information included in the Sustainability Statement was not part of this assurance engagement. Our conclusion is not modified in respect of this limitation of scope.

Hellerup, 4 March 2025

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no 33 77 12 31

Jacob F Christiansen	Poul P. Petersen
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