

Interim report HI 2022



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Forward-looking statements

The forward-looking statements in this interim report reflect Hartmann's current expectations for future events and financial results. Such statements are inherently subject to uncertainty, and actual results may therefore differ from expectations. Factors which may cause the actual results to deviate from expectations include general economic developments and developments in the financial markets, changes or amendments to legislation and regulation in Hartmann's markets, changes in demand for products, competition and the prices and supply of raw materials. See the sections on market fluctuations and risk management in this interim report and note 28 of the 2021 annual report.



Q2 2022 highlights

Hartmann demonstrated resilience in Q2 2022 lifting revenue and maintaining market share with decent earnings and profitability despite significant input price increases and challenging external conditions. The effects of continued pricing actions mitigated the severe negative impact of increasing and historically high energy and recycled paper prices combined with rising inflation. The 2022 guidance is maintained.

Revenue

DKK 794 million

DKK 639 million in Q2 2021

Revenue continued to grow driven by successful efforts to increase average selling prices across Hartmann's markets to offset cost inflation.

The progress was supported by strong sales volume growth in North America largely outweighing a slight decline in the group's other markets as demand for egg packaging remained subdued.

Profit margin

7.1%

11.3% in Q2 2021

Hartmann protected earnings and profitability by countering cost inflation and increasing energy and recycled paper prices through continued measures to increase selling prices and reduce costs in Q2 2022.

While earnings and profitability improved in the Americas segment, the Eurasia segment saw a decline due to a more severe impact by cost inflation as well as lower machinery sales compared to the relatively high level in Q2 2021.

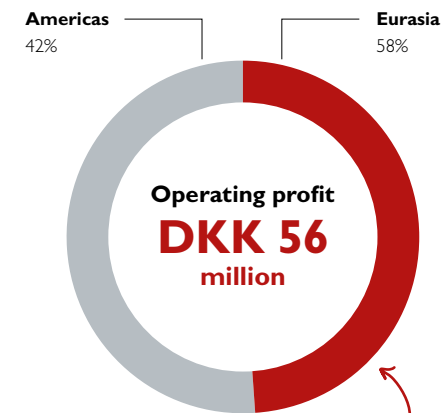
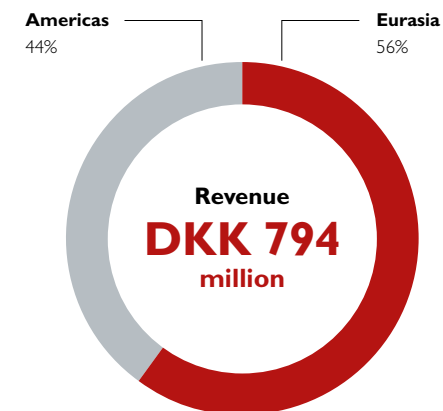
Investments

DKK 45 million

DKK 137 million in Q2 2021

Hartmann maintained a reduced investment level in Q2 2022 following a period of higher investments.

A sales process for the Russian factory was initiated and progressed in Q2 2022 focusing on complex legal and practical clarifications.



Profit margin 7.1%



Our teams navigated through another quarter marked by challenging external conditions maintaining market share and securing decent profitability in Q2 2022. Based on the solid performance in the first half of the year and our resilience to headwinds, we are maintaining our 2022 guidance while remaining very aware that a reduction of the gas supply in Europe may change the situation in an instant.

Due to the ongoing sales process for Hartmann's Russian factory, the group's Russian activities have been reclassified as discontinuing operations, cf. note 6. Actual and comparative figures have therefore been restated to present continuing operations, unless it is explicitly stated that discontinuing operations are included.

Key figures and financial ratios for the group

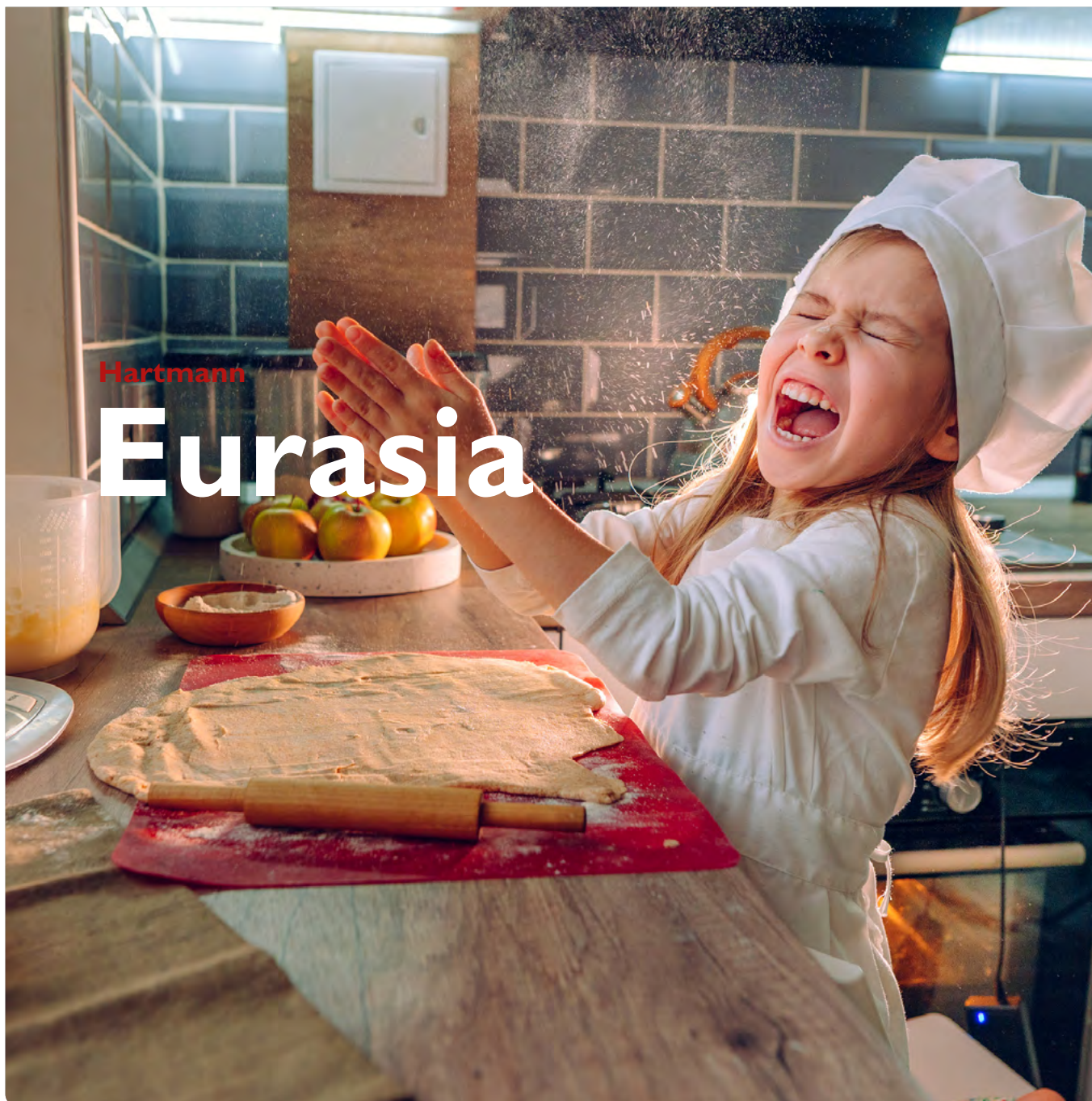
| DKKm | Q2 2022 | Q2 2021 | HI 2022 | HI 2021 |
|---|---------|---------|---------|---------|
| Comprehensive income | | | | |
| Revenue | 794 | 639 | 1,546 | 1,376 |
| Operating profit | 46 | 68 | 80 | 243 |
| <i>Operating profit excl. IAS 29</i> | 56 | 72 | 98 | 252 |
| Net financial income and expenses | (9) | 7 | (2) | 2 |
| Profit before tax | 37 | 75 | 78 | 245 |
| Profit for the period | 21 | 54 | 46 | 182 |
| <i>Profit for the period incl. discontinuing operations</i> | (53) | 54 | (27) | 182 |
| Comprehensive income | 53 | 77 | 105 | 237 |
| Cash flows | | | | |
| Operating activities | 68 | 145 | 53 | 219 |
| Investing activities | (40) | (136) | (72) | (320) |
| Financing activities | (8) | (46) | 95 | 70 |
| Total | 20 | (38) | 76 | (30) |
| Balance sheet | | | | |
| Assets | - | - | 2,819 | 2,586 |
| <i>Assets incl. discontinuing operations</i> | - | - | 2,988 | 2,731 |
| Investments in property, plant and equipment | 45 | 135 | 77 | 181 |
| Net working capital | - | - | 447 | 355 |
| Invested capital | - | - | 2,103 | 1,889 |
| Net interest-bearing debt (NIBD) | - | - | 991 | 739 |
| NIBD excl. lease liabilities | - | - | 920 | 672 |
| Equity | - | - | 1,301 | 1,262 |

| DKKm | Q2 2022 | Q2 2021 | HI 2022 | HI 2021 |
|--|---------|---------|-----------|-----------|
| Financial ratios, % | | | | |
| Profit margin | 5.8 | 10.6 | 5.2 | 17.7 |
| <i>Profit margin excl. IAS 29</i> | 7.1 | 11.3 | 6.3 | 18.4 |
| Return on invested capital (ROIC), rolling 12 months | - | - | 3.4 | 26.0 |
| Return on equity, rolling 12 months | - | - | (4.9) | 28.9 |
| Equity ratio | - | - | 46.2 | 48.8 |
| Gearing | - | - | 76.2 | 58.5 |
| Share-based financial ratios | | | | |
| No. of shares (excl. treasury shares) | - | - | 6,915,090 | 6,915,090 |
| Earnings per share, DKK (EPS) | 3.1 | 7.9 | 6.7 | 26.3 |
| Cash flows from operating activities per share, DKK | 9.8 | 20.9 | 7.6 | 31.7 |
| Book value per share, DKK | - | - | 188.2 | 182.5 |
| Share price, DKK | - | - | 240.0 | 520.0 |
| Share price/book value per share | - | - | 1.3 | 2.8 |
| Share price/earnings (P/E), rolling 12 months | - | - | (27.6) | 11.6 |
| Market capitalisation, DKKm | - | - | 1,683.6 | 3,647.8 |

For definitions of financial ratios, see page 89 in the annual report for 2021.

In order to provide a more accurate view of Hartmann's underlying operations and performance, operating profit and profit margin are presented before special items and restatement for hyperinflation (IAS 29) in the management report. Read more on page 25.

Due to the ongoing sales process for Hartmann's Russian factory, the group's Russian activities have been reclassified as discontinuing operations, cf. note 6. Actual and comparative figures have therefore been restated to present continuing operations, unless it is explicitly stated that discontinuing operations are included.



Hartmann

Eurasia

Revenue
DKK 448 million 
 DKK 399 million in Q2 2021

Profit margin
8.0% 
 16.1% in Q2 2021

Investments
DKK 19 million 
 DKK 78 million in Q2 2021

Eurasia

Hartmann maintained focus on countering the surging energy and recycled paper prices as well as general inflationary pressure in the Eurasia segment in Q2 2022. The negative external effects were partly mitigated by continued and successful pricing actions and cost containment measures.

In early May, a fire erupted at Hartmann's factory in India, and the plant will run at reduced capacity until impacted equipment and installations have been reestablished, expected in the second half of 2023.

Revenue

Segment revenue grew to DKK 448 million (2021: DKK 399 million) in Q2 2022 following successful efforts to increase average selling prices in response to significantly higher raw material costs. The progress was realised despite slightly lower sales volume impacted by the absence of export sales to Ukraine and Russian as well as

lower machinery sales compared to a relatively high level in Q2 2021. Demand remained slow and at a lower level than during COVID-19.

HI 2022 revenue fell to DKK 891 million (2021: DKK 913 million) from a high level as HI 2021 was significantly impacted by licence income of DKK 78 million from settlement of an intellectual property rights case and higher machinery sales.

Earnings

Q2 2022 operating profit dropped to DKK 36 million (2021: DKK 64 million), for a profit margin of 8.0% (2021: 16.1%). Higher average selling prices alleviated the impact of continued high prices of energy and recycled paper, general inflation and a lower contribution from machinery sales compared to Q2 2021.

Operating profit for HI 2022 declined to DKK 59 million (2021: DKK 235 million) corresponding to a profit margin of 6.7% (2021: 25.8%). The comparison period was positively impacted by licence income of DKK 78 million.

Investments

Hartmann invested DKK 19 million (2021: DKK 78 million) in Eurasia in Q2 2022. In HI 2022, the investment level declined to DKK 28 million (2021: DKK 258 million) from a high level impacted by the DKK 113 million investment in the Russian factory in Q1 2021.

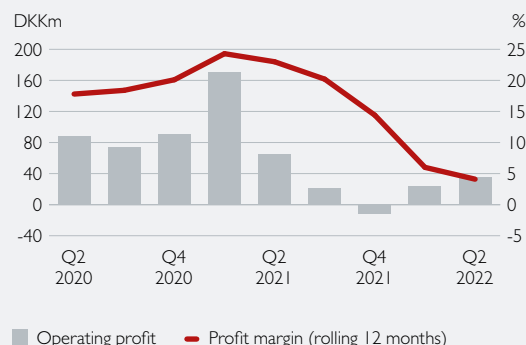
Discontinuing operations

Efforts to divest the Russian factory were initiated and progressed in Q2 2022 focusing on legal and practical clarifications. The Russian business has been reclassified as discontinuing operations, and Hartmann has recognised an impairment loss of DKK 81 million, cf. note 6. The complex sales process is not expected to be completed in 2022.

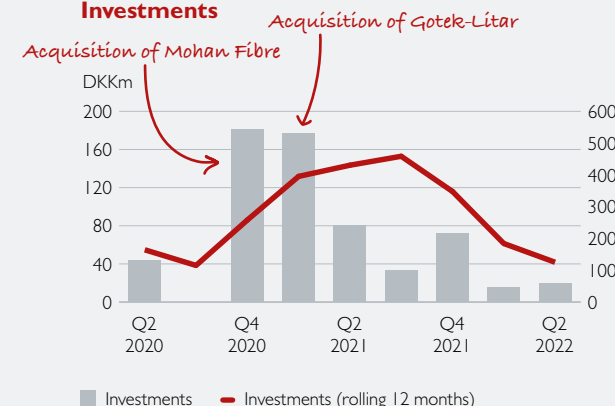
Revenue



Earnings



Investments





Hartmann

Americas



Revenue
DKK 346 million
DKK 240 million in Q2 2021



Profit margin
7.6%
5.1% in Q2 2021



Investments
DKK 24 million
DKK 59 million in Q2 2021



Americas

The group's American activities generated strong growth and improved earnings and profitability in Q2 2022. The positive development was driven by higher average selling prices overall and volume growth in North America, partly offsetting the negative impact of higher energy, recycled paper and distribution costs as well as mounting inflation.

Revenue

The Americas segment grew revenue by 44% to DKK 346 million (2021: DKK 240 million) in Q2 2022 on the back of higher selling prices and solid sales volume growth in North America with a positive impact of new customers converting from plastic-based packaging to Hartmann products.

The South American business also contributed positively to revenue growth despite adverse effects of continued fierce competition and lower sales volume in Brazil.

In HI 2022, revenue grew to DKK 655 million (2021: DKK 464 million).

Earnings

The strong revenue growth had a positive impact on operating profit, which increased to DKK 26 million in (2021: DKK 12 million) Q2 2022, corresponding to a profit margin of 7.6% (2021: 5.1%). The improvement was realised despite the significant increase in raw material prices and distribution costs, general inflationary pressure

and continued macroeconomic challenges and tough market conditions in South America.

Operating profit for HI 2022 increased to DKK 52 million (2021: DKK 28 million), for a profit margin of 8.0% (2021: 6.0%).

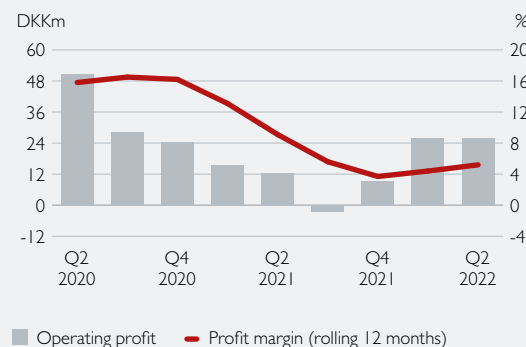
Investments

Hartmann invested DKK 24 million (2021: DKK 59 million) in the Americas in Q2 2022 and DKK 47 million (2021: DKK 65 million) in HI 2022.

Revenue



Earnings



Investments



Outlook

Based on the development in the first half of the year and the effect of pricing actions, Hartmann maintains expectations of growing reported revenue to DKK 2.9-3.3 billion and generating a profit margin* of 2-7%. Guidance is maintained despite the reclassification of the group's Russian activities as discontinued operations and under the assumption that the supply of natural gas to all factories is sustained throughout the year. While earnings and profit margin are expected to be negatively impacted by continued high prices of recycled paper and energy as well as rising inflation, Hartmann will continue to alleviate these effects through efforts to adjust selling prices, improve the overall price and product mix, and reduce the cost level. Price adjustments will, however, continue to be implemented at a certain time lag. The historically high volatility of energy and recycled paper prices continues to cause significantly reduced visibility and increased uncertainty about developments in the group's cost levels. Investments** are still expected at around DKK 225 million in 2022. In addition to these ordinary investments, Hartmann will re-establish operations at the group's Indian factory following the fire in Q2 entailing investments expected to be compensated by insurance coverage.

Assumptions

Guidance is based on the exchange rates prevailing at the date of release of the interim report and the assumption that the supply

of natural gas to all factories is sustained throughout the year. Due to seasonal fluctuations in Hartmann's packaging sales, revenue and operating profit in the core business are generally higher in Q1 and Q4 than in Q2 and Q3.

Market fluctuations

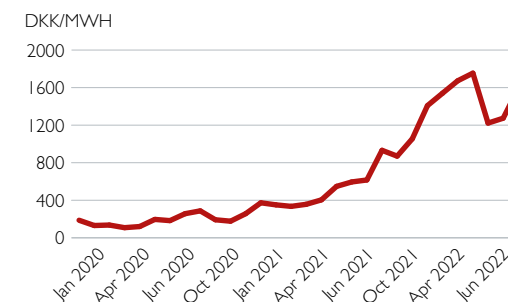
Russia's invasion of Ukraine, steep increases in the prices of raw materials, macroeconomic uncertainty in the South American markets, COVID-19 and volatile demand for eggs will continue to impact the egg packaging market and Hartmann's financial performance in 2022.

Geopolitical tension has increased in the wake of the Russian invasion of Ukraine and given rise to extremely volatile and high energy prices as well as accelerating inflationary pressure, currency fluctuations and an upwards trend in interest rates. Hartmann sees escalating risk of energy shortage and rationing, which could severely impact the operational capabilities of the group's factories in Croatia, Denmark and Hungary, and financial performance.

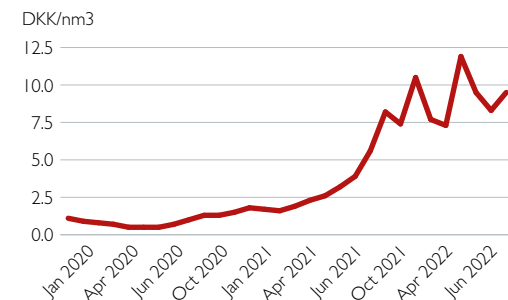
The macroeconomic uncertainty in Hartmann's South American markets may accelerate in connection with elections in Argentina and Brazil and could result in deteriorating market conditions due to currency devaluation, deepening recession or social unrest.

COVID-19 continues to cause limited visibility and a heightened operational risk exposure. The risk of temporary production disruptions at one or more of Hartmann's factories remains at a higher-than-normal level, and supply chain interruption due to lockdown measures in China entails shortage of components in Hartmann Technology and a negative impact on machinery and technology deliveries.

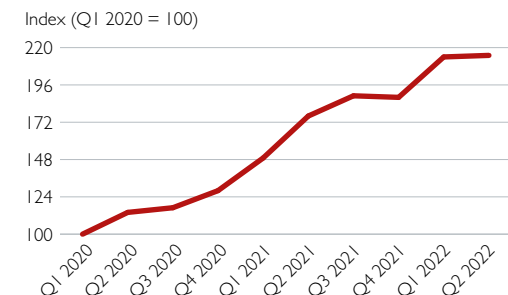
Electricity prices in Europe



Natural gas prices in Europe



Average recycled paper prices








Guidance

2022

| | |
|----------------|---------------------|
| Revenue | DKK 2.9-3.3 billion |
| Profit margin* | 2-7% |
| Investments** | DKK ~225 million |

* Before restatement for hyperinflation and special items
 ** Excluding investments covered by insurance

Risk management

| | Description | Mitigating action |
|--|---|--|
| <p>Fire</p>  | <p>The production of egg and fruit packaging is based on paper-based moulded fibre dried at high temperatures, and Hartmann's single most significant risk is the total loss of a factory from fire. Re-establishing the facilities would be very time consuming and involve the risk of both business interruption and loss of market share as the reliability of supply is crucial to Hartmann's customers.</p> | <p>Hartmann continuously monitors and reviews fire conditions at its factories and invests in physical separation of equipment, high-efficiency sprinkler and alarm systems, adequate water supply and other fire protection equipment as well as in the training and education of local fire brigades among our employees. The internal steering committee conducts regular factory visits and organises visits by external experts. In addition, Hartmann has taken out an all risk insurance policy for all production facilities covering fire damage, consequential loss and other incidents.</p> <p>In addition to strengthening the group's supply capacity, the spreading of production across 15 factories also helps to reduce the total financial impact in case of a factory fire.</p> |
| <p>Raw materials</p>  | <p>Fluctuations in procurement prices of recycled paper and energy (electricity and gas) may have a significant impact on the group's financial results as adjustments of selling prices with a view to mitigating increases in raw materials prices must take into account the competitive situation and will be implemented at a certain time lag.</p> <p>Inadequate supplies of raw materials for Hartmann's production may cause business interruption, impede satisfactory deliveries to customers and force the group to purchase raw materials on less attractive terms.</p> | <p>Hartmann seeks to make up increases in purchase prices by adjusting selling prices. In addition, Hartmann works actively to enhance the efficiency of production at individual factories and optimise distribution to the group's customers in an effort to reduce its exposure to fluctuations in the prices of recycled paper and energy. These measures include efforts to reduce the volume of energy consumed during the manufacturing process, reduce waste in production and optimise allocation between the group's factories, taking into account customer demand and locations.</p> <p>Hartmann has contracted with several suppliers of recycled paper, energy and other raw materials with a view to mitigating the risk of non-delivery. Recycled paper systems and supply vary considerably across the group's markets, and long-term fixed-price agreements for recycled paper are generally not obtainable. Hartmann has the option of signing fixed-price agreements, typically for six or 12 months, for part of the group's energy consumption with energy suppliers in areas with well-functioning markets. The group regularly analyses whether entering into such agreements is attractive and explores possibilities for using alternative types of raw materials.</p> |
| <p>Disease outbreaks among hens</p>  | <p>Egg packaging sales are exposed to changes in demand for eggs, which in turn may be influenced by disease outbreaks among laying hens and consumer fears of resulting health hazards. Moreover, the outbreak of diseases such as bird flu will typically entail fluctuations in the population of laying hens and volatility in egg supply and prices.</p> | <p>The geographical scope of Hartmann's production with factories located in Europe, North and South America, India and Russia helps to mitigate the total negative impact of local or regional disease outbreaks on the group's financial performance.</p> <p>At the same time, thanks to its versatile product portfolio and adaptability, Hartmann is able to vary its product offering according to shifts in demand patterns occurring during and in the wake of such disease outbreaks.</p> |
| <p>Politics and macroeconomics</p>  | <p>While the consumption of eggs and fruit has historically been resilient to slowdowns in economic growth, political and macroeconomic uncertainties may cause significant shifts in Hartmann's sales across product categories. Moreover, trade barriers and significant currency fluctuations may affect the competitive strength of some factories and the group's financial results.</p> | <p>Hartmann monitors its markets carefully in order to be able to respond quickly to negative trends by, for instance, changing the allocation of the group's production between factories and adjusting the product offering in the markets concerned.</p> <p>Any negative trade barrier impacts are mitigated by Hartmann's geographical diversification and sales to local markets.</p> |
| <p>Environment</p>  | <p>Violations of environmental legislation, rules or thresholds in connection with, for instance, wastewater discharge, CO₂ emissions, waste disposal or inadvertent chemical spills may lead to business interruption, fines or other sanctions and harm Hartmann's reputation and internal and external stakeholder relationships.</p> | <p>Hartmann monitors environmental risks at local and central level with a view to preventing, mitigating or minimising the group's environmental footprint. To that end, Hartmann continually invests in new production technology, optimisation of existing equipment and processes and systematic waste reduction. With a view to ensuring a structured and efficient approach to environmentally sound and energy-efficient production, a number of Hartmann's production facilities are certified to the ISO 14001 (environmental management) and ISO 50001 (energy management) standards.</p> |

Reference is made to page 9 in this interim report for a description of market fluctuations and to the risk management section and note 28 in the annual report for 2021 for a full description of Hartmann's risk management approach.

Management statement

Today, the board of directors and the executive board have discussed and approved the interim report of Brødrene Hartmann A/S for the three months ended 30 June 2022.

The interim report, which has been neither audited nor reviewed by the company's auditors, was prepared in accordance with IAS 34 'Interim financial reporting' as adopted by the EU and Danish disclosure requirements for interim reports of listed companies.

In our opinion, the interim financial statements give a true and fair view of the group's assets, liabilities and financial position at 30 June 2022 and of the results of the group's operations and cash flows for the three months ended 30 June 2022.

We are of the opinion that the management report includes a fair review of the development in the group's operations and financial matters, the results for the period and the financial position of the consolidated entities as a whole as well as a description of the principal risks and uncertainties facing the group.

Gentofte, 17 August 2022

Executive board:

Torben Rosenkrantz-Theil
CEO

Flemming Lorents Steen
CFO

Board of directors:

Jan Klarskov Henriksen
Chairman

Michael Strange Midskov
Vice chairman

Pernille Fabricius

Jan Madsen

Palle Skade Andersen

Klaus Bysted Jensen

Financial statements

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Revenue and earnings

Revenue

Hartmann grew revenue to DKK 794 million (2021: DKK 639 million) in Q2 2022. HI 2022 revenue increased to DKK 1,546 million (2021: DKK 1,376 million) with the comparison period being positively impacted by licence income of DKK 78 million.

Currency fluctuations lifted revenue by DKK 21 million in Q2 2022 and DKK 32 million in HI 2022.

Operating profit

The group's operating profit came to DKK 56 million (2021: DKK 71 million) in Q2 2022, for a profit margin of 7.1% (2021: 11.3%). In HI 2022, Hartmann's operating profit was DKK 98 million (2021: DKK 252 million) corresponding to a profit margin of 6.3% (2021: 18.4%) with the comparison period being positively impacted by the licence income of DKK 78 million.

After restatement for hyperinflation, Hartmann's operating profit declined to DKK 46 million (2021: DKK 68 million), for a profit margin of 5.8% (2021: 10.6%). In HI 2022, the operating profit after restatement for hyperinflation fell to DKK 80 million (2021: DKK 243 million), for a profit margin of 5.2% (2021: 17.7%).

Currency fluctuations lifted operating profit by DKK 10 million in Q2 2022 and DKK 8 million in HI 2022.

Corporate functions

Costs related to corporate functions came to DKK 7 million (2021: DKK 6 million) in Q2 2022 and DKK 15 million (2021: DKK 13 million) in HI 2022.

Special items

No special items were recognised in Q2 2022 or HI 2022 (2021: no special items).

Financial income and expenses

Financial income and expenses were a net expense of DKK 9 million in Q2 2022 (2021: net income of DKK 7 million) and a net expense of DKK 2 million (2021: net income of DKK 2 million) in HI 2022.

Profit for the period

Hartmann's profit before tax declined to DKK 37 million for Q2 2022 (2021: DKK 75 million) and DKK 78 million (2021: DKK 245 million) for HI 2022. For Q2 2022, tax on the profit for the period was an expense of DKK 15 million (2021: expense of DKK 20 million), giving an effective tax rate of 42% (2021: 27%). For HI 2022, tax on the profit for the period was an expense of DKK 32 million (2021: expense of DKK 63 million), giving an effective tax rate of 41% (2021: 26%). Before restatement for hyperinflation, the effective tax rate was 25% (2021: 23%) for Q2 2022 and 24% (2021: 23%) for HI 2022. The profit after tax declined to DKK 21 million for Q2 2022 (2021: DKK 54 million) and DKK 46 million (2021: DKK 182 million) for HI 2022.

Comprehensive income

Comprehensive income came to DKK 53 million (2021: DKK 77 million) in Q2 2022 and DKK 105 million (2021: DKK 237 million) in HI 2022. Comprehensive income was favourably affected by foreign exchange adjustments of the Russian and North American subsidiaries.

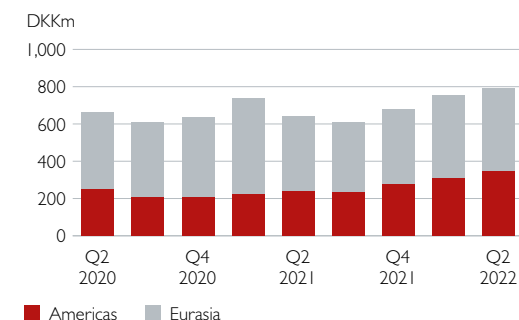
Discontinuing operations

The net result from discontinuing operations amounted to a loss of DKK 74 million (2021: DKK 0 million) in Q2 2022 and DKK 73 million (2021: a loss of DKK 1 million) in HI 2022 including an impairment loss of DKK 81 million.

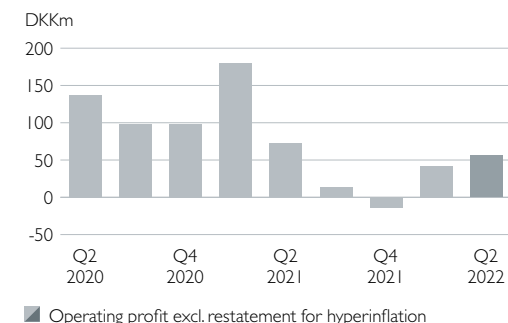
Events after the balance sheet date

No events have occurred in the period from the balance sheet date until the date of release of this interim report that would materially affect an evaluation of the interim report.

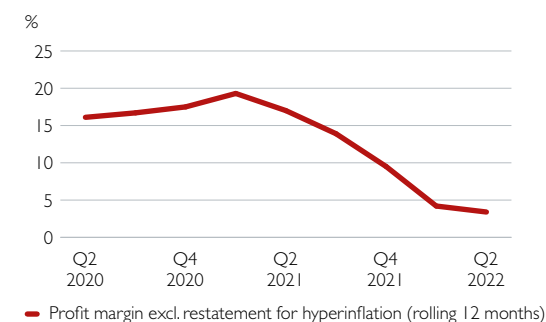
Revenue



Operating profit



Profit margin



Statement of comprehensive income

| DKKm Group | Q2 2022 | Q2 2021 | HI 2022 | HI 2021 |
|---|---------------|--------------|---------------|--------------|
| Revenue | 793.8 | 639.2 | 1,546.3 | 1,376.0 |
| Production costs | (604.1) | (459.0) | (1,184.2) | (907.2) |
| Gross profit | 189.7 | 180.2 | 362.1 | 468.8 |
| Selling and distribution costs | (109.3) | (86.9) | (209.0) | (172.3) |
| Administrative expenses | (34.6) | (25.6) | (73.0) | (53.2) |
| Operating profit | 45.8 | 67.7 | 80.1 | 243.4 |
| Financial income | 8.9 | 13.1 | 24.0 | 16.8 |
| Financial expenses | (18.0) | (6.3) | (26.1) | (15.3) |
| Profit before tax | 36.7 | 74.5 | 78.0 | 244.9 |
| Tax on profit for the period | (15.3) | (20.2) | (31.8) | (62.7) |
| Profit from continuing operations | 21.4 | 54.3 | 46.2 | 182.2 |
| Profit from discontinuing operations | (73.9) | (0.4) | (72.7) | (0.6) |
| PROFIT FOR THE PERIOD | (52.5) | 53.9 | (26.5) | 181.6 |
| Earnings per share, continuing operations, DKK | 3.1 | 7.9 | 6.7 | 26.3 |
| Diluted earnings per share, cont. operations, DKK | 3.1 | 7.9 | 6.7 | 26.3 |
| Earnings per share, DKK | (7.6) | 7.8 | (3.8) | 26.3 |
| Diluted earnings per share, DKK | (7.6) | 7.8 | (3.8) | 26.3 |

| DKKm Group | Q2 2022 | Q2 2021 | HI 2022 | HI 2021 |
|---|---------------|-------------|---------------|--------------|
| Profit for the period | (52.5) | 53.9 | (26.5) | 181.6 |
| Items that can be reclassified to profit or loss: | | | | |
| Foreign exchange adjustment of foreign subsidiaries | 73.3 | 11.8 | 77.2 | 33.2 |
| Equity-like loans to subsidiaries | 12.3 | 0.0 | 11.1 | 0.0 |
| Hyperinflation restatement of non-monetary balance sheet items, beginning of period | 21.5 | 11.0 | 40.4 | 23.9 |
| Value adjustment of hedging instruments: | | | | |
| Recognised in other comprehensive income | (6.8) | 1.5 | (4.5) | (0.3) |
| Transferred to revenue | 2.6 | (1.0) | 5.7 | (2.1) |
| Transferred to production costs | 2.0 | (0.6) | 2.5 | (0.3) |
| Transferred to financial income and expenses | (0.3) | (0.3) | (0.4) | (0.2) |
| Tax | 0.6 | (0.2) | (0.8) | 0.8 |
| Other comprehensive income after tax | 105.2 | 22.6 | 131.2 | 55.0 |
| COMPREHENSIVE INCOME | 52.7 | 76.5 | 104.7 | 236.6 |

Cash flows

Investments and cash flows

Cash flows from operating activities declined to a net inflow of DKK 68 million in Q2 2022 (2021: net inflow of DKK 145 million) due to the setback in operating profit together with a negative impact from change in working capital. In HI 2022, cash flows from operating activities amounted to a net inflow of DKK 53 million (2021: net inflow of DKK 219 million).

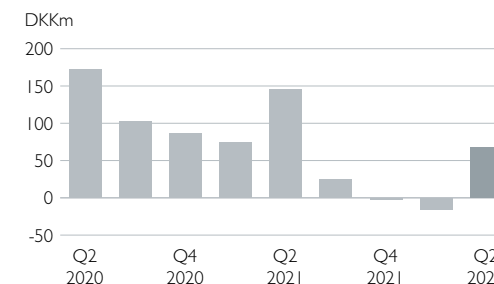
In Q2 2022, cash flows from investing activities decreased to a net outflow of DKK 40 million (2021: net outflow of DKK 136 million) as the comparison period was affected by measures to expand production capacity. HI 2022 cash flows from investing activities declined to a net outflow of DKK 72 million (2021: net outflow

of DKK 320 million) as the acquisition of the Russian factory and production facility investments impacted Q1 2021.

The group's cash flows from operating and investing activities came to a net inflow of DKK 28 million in Q2 2022 (2021: net inflow of DKK 9 million) and a net outflow of DKK 20 million (2021: net outflow of DKK 100 million) in HI 2022.

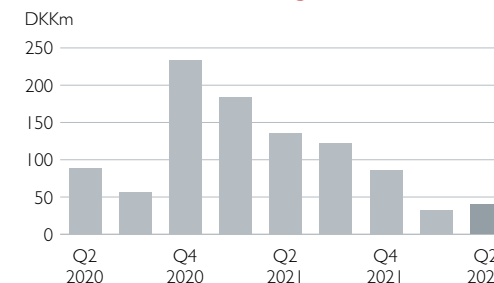
In Q2 2022, the group's cash flows from financing activities were a net outflow of DKK 8 million in (2021: net outflow of DKK 46 million). The cash flows from financing activities were a net inflow of DKK 95 million (2021: net inflow of DKK 70 million) in HI 2022.

Cash flows from operating activities



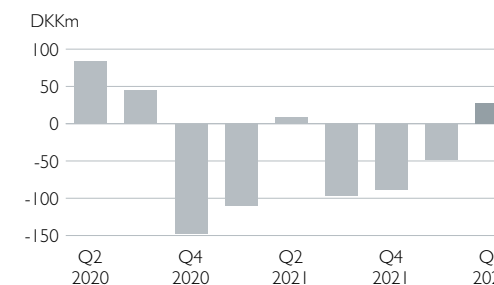
■ Cash flows from operating activities

Cash flows from investing activities



■ Cash flows from investing activities

Free cash flow



■ Cash flows from operating and financing activities

Statement of cash flows

| DKKm Group | Q2 2022 | Q2 2021 | HI 2022 | HI 2021 |
|---|---------------|----------------|---------------|----------------|
| Operating profit before special items | 45.8 | 67.7 | 80.1 | 243.4 |
| Depreciation and amortisation | 42.5 | 36.9 | 83.9 | 71.3 |
| Adjustment for other non-cash items | 6.2 | 1.9 | 12.5 | 4.5 |
| Change in working capital etc. | (14.2) | 52.7 | (86.3) | (40.2) |
| Special items paid | 0.0 | 0.0 | 0.0 | (4.0) |
| Cash generated from operations | 80.3 | 159.2 | 90.2 | 275.0 |
| Interest received | 1.1 | 0.8 | 2.2 | 1.6 |
| Interest paid | (8.4) | (4.4) | (15.7) | (8.4) |
| Net income tax paid | (5.0) | (11.0) | (24.0) | (49.1) |
| Cash flows from operating activities | 68.0 | 144.6 | 52.7 | 219.1 |
| Acquisition of intangible assets | (0.2) | (1.2) | (0.6) | (25.5) |
| Acquisition of property, plant and equipment | (44.8) | (134.9) | (77.0) | (180.9) |
| Disposal of property, plant and equipment | 5.1 | 0.1 | 5.4 | 0.1 |
| Acquisition of subsidiaries | 0.0 | 0.0 | 0.0 | (113.3) |
| Cash flows from investing activities | (39.9) | (136.0) | (72.2) | (319.6) |
| Cash flows from operating and investing activities | 28.1 | 8.6 | (19.5) | (100.5) |
| Raising of non-current debt | 0.0 | 31.2 | 104.4 | 150.2 |
| Repayment of non-current debt | (7.7) | (77.5) | (9.0) | (79.8) |
| Cash flows from financing activities | (7.7) | (46.3) | 95.4 | 70.4 |
| Net cash flow from continuing operations | 20.4 | (37.7) | 75.9 | (30.1) |
| Net cash flow from discontinuing operations | 8.9 | 4.6 | 4.3 | 1.9 |
| TOTAL CASH FLOWS | 29.3 | (33.1) | 80.2 | (28.2) |
| Cash and cash equivalents, beginning of period | 75.8 | 83.0 | 26.9 | 75.1 |
| Foreign exchange adjustment | 6.1 | (4.1) | 4.1 | (1.1) |
| Cash and cash equivalents, end of period | 111.2 | 45.8 | 111.2 | 45.8 |
| Of which classified as assets held for sale | (24.1) | 0.0 | (24.1) | 0.0 |
| CASH AND CASH EQUIVALENTS, END OF PERIOD | 87.1 | 45.8 | 87.1 | 45.8 |

| DKKm Group | Q2 2022 | Q2 2021 | HI 2022 | HI 2021 |
|---|-------------|-------------|-------------|-------------|
| Recognition of cash and cash equivalents, end of period: | | | | |
| Cash | 111.2 | 164.9 | 111.2 | 164.9 |
| Overdraft facilities | (24.1) | (119.1) | (24.1) | (119.1) |
| Cash and cash equivalents, end of period | 87.1 | 45.8 | 87.1 | 45.8 |

The statement of cash flows cannot be derived solely from published financial information.

Balance sheet and equity

Funding

Hartmann's net interest-bearing debt increased to DKK 991 million (2021: DKK 739 million) at 30 June 2022. The consolidated balance sheet remains sound, as the increase in net interest-bearing debt was attributable to the continued production capacity investments throughout 2021 in particular.

Financial resources, comprising cash and undrawn loan and overdraft facilities, amounted to DKK 382 million at 30 June 2022 (2021: DKK 535 million). This level is considered satisfactory and sufficient to cover Hartmann's planned investments. The loans are subject to standard financial covenants.

Assets

Total assets increased to DKK 2,988 million (2021: DKK 2,731 million) following investments in production capacity.

ROIC

In H1 2022, the return on invested capital was 3.4% (2021: 26.0%) following the decline in earnings in the quarter and the increase in invested capital.

Equity

Equity at 30 June 2022 stood at DKK 1,301 million (2021: DKK 1,262 million), for an equity ratio of 46% (2021: 49%). The financial gearing ratio increased to 76% (2021: 58%).

Earnings per share were DKK 3.1 (2021: DKK 7.9) for Q2 2022 and DKK 6.7 (2021: DKK 26.3) for H1 2022.

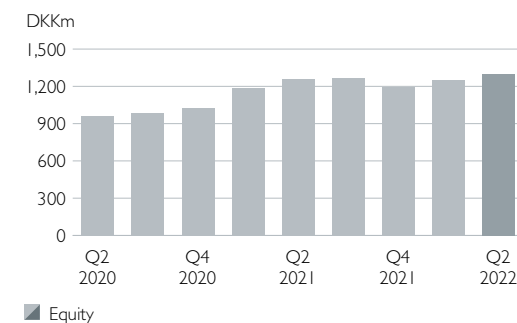
Net interest-bearing debt (NIBD)



ROIC



Equity



Balance sheet

Assets

| DKKm Group | 30 June 2022 | 30 June 2021 | 31 Dec. 2021 |
|--|-----------------|-----------------|-----------------|
| Goodwill | 56.3 | 168.5 | 108.4 |
| Other intangible assets | 43.7 | 53.6 | 61.6 |
| Intangible assets | 100.0 | 222.1 | 170.0 |
| Land and buildings | 409.2 | 357.8 | 398.4 |
| Plant and machinery | 906.3 | 758.5 | 717.8 |
| Other fixtures and fittings, tools and equipment | 19.5 | 17.8 | 21.4 |
| Plant under construction | 161.9 | 270.7 | 354.2 |
| Property, plant and equipment | 1,496.9 | 1,404.8 | 1,491.8 |
| Leased land and buildings | 58.3 | 60.3 | 62.0 |
| Other leased assets | 9.6 | 3.5 | 9.4 |
| Lease assets | 67.9 | 63.8 | 71.4 |
| Investments in associates | 2.6 | 2.6 | 2.6 |
| Other securities and investments | 14.0 | 0.0 | 14.0 |
| Deferred tax | 61.2 | 44.9 | 62.0 |
| Other receivables | 0.9 | 1.4 | 0.8 |
| Other non-current assets | 78.7 | 48.9 | 79.4 |
| Non-current assets | 1,743.5 | 1,739.6 | 1,812.6 |
| Inventories | 361.3 | 296.0 | 299.9 |
| Trade receivables | 458.4 | 390.2 | 396.2 |
| Income tax | 27.8 | 32.1 | 28.1 |
| Other receivables | 97.0 | 92.3 | 125.2 |
| Prepayments | 20.1 | 16.1 | 24.3 |
| Cash | 111.2 | 164.9 | 117.9 |
| Current assets | 1,075.8 | 991.6 | 991.6 |
| Assets held for sale | 168.2 | 0.0 | 0.0 |
| ASSETS | 2,987.5 | 2,731.2 | 2,804.2 |

Equity and liabilities

| DKKm Group | 30 June 2022 | 30 June 2021 | 31 Dec. 2021 |
|---|-----------------|-----------------|-----------------|
| Share capital | 140.3 | 140.3 | 140.3 |
| Hedging reserve | (5.3) | (0.4) | (7.8) |
| Translation reserve | (77.3) | (236.7) | (206.0) |
| Retained earnings | 1,243.5 | 1,358.7 | 1,270.0 |
| Equity | 1,301.2 | 1,261.9 | 1,196.5 |
| Deferred tax | 46.1 | 44.7 | 39.7 |
| Pension obligations | 8.4 | 34.1 | 9.6 |
| Credit institutions | 895.6 | 705.8 | 782.0 |
| Lease liabilities | 59.2 | 57.6 | 62.8 |
| Government grants | 0.4 | 1.1 | 0.5 |
| Other payables | 0.8 | 0.7 | 2.9 |
| Non-current liabilities | 1,010.5 | 844.0 | 897.5 |
| Credit institutions | 111.6 | 0.0 | 98.1 |
| Lease liabilities | 12.2 | 8.8 | 11.9 |
| Government grants | 0.5 | 1.0 | 0.9 |
| Overdraft facilities | 24.1 | 119.1 | 91.0 |
| Prepayments from customers | 57.6 | 21.5 | 14.2 |
| Trade payables | 264.9 | 224.1 | 306.7 |
| Payables to associates | 7.9 | 10.3 | 10.7 |
| Income tax | 4.9 | 57.6 | 15.3 |
| Provisions | 0.3 | 0.7 | 0.7 |
| Other payables | 158.8 | 182.2 | 160.7 |
| Current liabilities | 642.8 | 625.3 | 710.2 |
| Liabilities | 1,653.3 | 1,469.3 | 1,607.7 |
| Liabilities related to assets held for sale | 33.0 | 0.0 | 0.0 |
| EQUITY AND LIABILITIES | 2,987.5 | 2,731.2 | 2,804.2 |

Statement of changes in equity

| Group | 2022 | | | | | | 2021 | | | | | |
|---|---------------|-----------------|----------------------|-------------------|-------------------|----------------|---------------|-----------------|----------------------|-------------------|-------------------|----------------|
| | Share capital | Hedging reserve | Translation reserve* | Retained earnings | Proposed dividend | Total equity | Share capital | Hedging reserve | Translation reserve* | Retained earnings | Proposed dividend | Total equity |
| DKKm | | | | | | | | | | | | |
| Equity at 1 January | 140.3 | (7.8) | (206.0) | 1,270.0 | 0.0 | 1,196.5 | 140.3 | 1.7 | (293.8) | 1,177.1 | 0.0 | 1,025.3 |
| Profit for the period | - | - | - | (26.5) | - | (26.5) | - | - | - | 181.6 | - | 181.6 |
| Other comprehensive income | | | | | | | | | | | | |
| Items that can be reclassified to profit or loss | | | | | | | | | | | | |
| Foreign exchange adjustments of foreign subsidiaries | - | - | 77.2 | - | - | 77.2 | - | - | 33.2 | - | - | 33.2 |
| Equity-like loans to subsidiaries | - | - | 11.1 | - | - | 11.1 | - | - | - | - | - | - |
| Hyperinflation restatement of non-monetary balance sheet items, beginning of period | - | - | 40.4 | - | - | 40.4 | - | - | 23.9 | - | - | 23.9 |
| Value adjustment of hedging instruments: | | | | | | | | | | | | |
| Recognised in other comprehensive income | - | (4.5) | - | - | - | (4.5) | - | (0.3) | - | - | - | (0.3) |
| Transferred to revenue | - | 5.7 | - | - | - | 5.7 | - | (2.1) | - | - | - | (2.1) |
| Transferred to production costs | - | 2.5 | - | - | - | 2.5 | - | (0.3) | - | - | - | (0.3) |
| Transferred to financial income and expenses | - | (0.4) | - | - | - | (0.4) | - | (0.2) | - | - | - | (0.2) |
| Tax | - | (0.8) | - | - | - | (0.8) | - | 0.8 | - | - | - | 0.8 |
| Other comprehensive income | 0.0 | 2.5 | 128.7 | 0.0 | 0.0 | 131.2 | 0.0 | (2.1) | 57.1 | 0.0 | 0.0 | 55.0 |
| Total comprehensive income | 0.0 | 2.5 | 128.7 | (26.5) | 0.0 | 104.7 | 0.0 | (2.1) | 57.1 | 181.6 | 0.0 | 236.6 |
| Total changes in equity | 0.0 | 2.5 | 128.7 | (26.5) | 0.0 | 104.7 | 0.0 | (2.1) | 57.1 | 181.6 | 0.0 | 236.6 |
| Equity at 30 June | 140.3 | (5.3) | (77.3) | 1,243.5 | 0.0 | 1,301.2 | 140.3 | (0.4) | (236.7) | 1,358.7 | 0.0 | 1,261.9 |

* Translation reserve includes reserve for foreign exchange adjustment of foreign subsidiaries and hyperinflation restatement of non-monetary balance sheet items for the Argentinian activities.

Notes

01 Accounting policies

The consolidated interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU and Danish disclosure requirements for listed companies. Interim financial statements have not been prepared for the parent company. The interim financial statements are presented in Danish kroner (DKK), which is the presentation currency used for the group's operations and the functional currency of the parent company.

The interim financial statements contain selected accounting policies and should therefore be read in conjunction with the consolidated financial statements for 2021. The accounting policies applied in the interim financial statements are consistent with the accounting policies applied in the consolidated financial statements for 2021 as described in note 1. In addition Hartmann has implemented IFRS 5 as described below.

Discontinued operations and assets held for sale

Discontinuing operations represent a separate major geographic area. The results of discontinuing operations are presented separately in the income statement and comparative figures are restated. Assets held for sale and liabilities related to assets held for sale from discontinuing operations are presented as separate items in the balance sheet. Cash flows from discontinuing operations are presented separately in the cash flow statement and comparative figures are restated.

Assets and liabilities from discontinuing operations except for financial assets, etc., are measured at the lower of carrying amount or fair value less cost to sell. Non-current assets held for sales are not depreciated.

New financial reporting standards and interpretations in 2022

Hartmann has implemented all new and revised financial reporting standards and interpretations adopted by the EU that are effective for financial years beginning on 1 January 2022. The implementation of these changes has not resulted in any changes to the accounting policies.

02 Significant accounting estimates and judgments

In applying the group's accounting policies, management is required to make judgments, estimates and assumptions concerning the carrying amount of assets and liabilities which cannot be immediately inferred from other sources.

The judgments, estimates and assumptions made are based on historical experience and other relevant factors which management considers reasonable under the circumstances, but which are inherently uncertain and unpredictable.

Estimates and underlying assumptions are assessed on an ongoing basis. Changes to accounting estimates are recognised in the reference period in which the change occurs and in future reference periods if the change affects both the period in which the change occurs and subsequent reference periods.

Reference is made to note 3 to the financial statements in the annual report for 2021 for a full description of significant accounting estimates, assumptions and uncertainties

The Russian invasion of Ukraine further augmented the heightened volatility in the global supply chains, which impacted the first half of 2022 after having prevailed since the end of the financial year 2021. Continued increases in energy prices contributed to rising inflation, and fluctuations in foreign exchange rates as well as subdued demand continue to impact Hartmann's financial performance and key estimates.

The decision to sell the Russian entity was made on 1 April 2022, and the sales process has subsequently been initiated. On the balance sheet date, the Russian entity is treated and measured as discontinuing operations. Hartmann will continue to operate the facilities and fulfil obligations within the limits of imposed sanctions and restrictions until a sale is made.

Management has assessed the potential impact from the resulting uncertainties on the estimated values for the liabilities and assets in the group's Russian entity as well as other potentially affected assets and liabilities.

An impairment of DKK 81 million is made in relation to the Russian entity when reclassified to assets held for sale valued at fair value less costs to sell.

Other than the above-mentioned impairment the change in estimates had no material impact on the financial statements in the half of 2022. By the nature, the updated key accounting estimates contain uncertainties, and it is possible that the outcomes in the next financial period can differ from those on which management's estimates are based.

Other matters

Due to seasonal fluctuations in Hartmann's packaging sales, core business revenue and operating profit are generally higher in Q1 and Q4.

In autumn 2019, the Brazilian tax authorities raised a claim of BRL 56 million, corresponding to DKK 77 million, against Hartmann's Brazilian subsidiary, Sanovo Greenpack Embalagens Do Brasil Ltda., concerning the alleged non-payment of industrial products tax (IPI) on sales of the company's products in 2015 and 2016. Based on judicial practice and statements from its legal and tax advisers, Hartmann is of the opinion that the company's products are not liable to IPI tax and accordingly considers the claim to be unjustified. Hartmann therefore disputes the claim. Hartmann does not expect the claim to materially affect the company's financial position, results of operations or cash flows. If, contrary to expectations, the claim is upheld, similar claims are expected to be raised for the period after 2016. There was no development in the case in Q2 2022.

Notes

03 Segment information

| Activities | 2022 | | | | | | 2021 | | | | | |
|---|--------------|--------------|--------------|--------------|--------------------------|----------------|--------------|--------------|--------------|--------------|--------------------------|----------------|
| | Eurasia | | Americas | | Total reporting segments | | Eurasia | | Americas | | Total reporting segments | |
| | Q2 | HI | Q2 | HI | Q2 | HI | Q2 | HI | Q2 | HI | Q2 | HI |
| External revenue | 447.5 | 891.0 | 339.0 | 646.9 | 786.5 | 1,537.9 | 399.4 | 912.5 | 236.5 | 459.0 | 635.9 | 1,371.5 |
| Revenue | 447.5 | 891.0 | 339.0 | 646.9 | 786.5 | 1,537.9 | 399.4 | 912.5 | 236.5 | 459.0 | 635.9 | 1,371.5 |
| Hyperinflation restatement of revenue | - | - | 7.2 | 8.4 | 7.2 | 8.4 | - | - | 3.4 | 4.5 | 3.4 | 4.5 |
| Revenue as per statement of comprehensive income | 447.5 | 891.0 | 346.2 | 655.3 | 793.7 | 1,546.3 | 399.4 | 912.5 | 239.9 | 463.5 | 639.3 | 1,376.0 |
| Operating profit before special items | 36.0 | 59.3 | 25.9 | 51.6 | 61.9 | 110.9 | 64.4 | 235.5 | 12.2 | 27.7 | 76.6 | 263.2 |
| Other segment information | | | | | | | | | | | | |
| Depreciation and amortisation | 23.2 | 45.5 | 19.2 | 36.8 | | | 19.9 | 38.1 | 14.6 | 28.7 | | |
| Investments in intangible assets and property plant and equipment | - | 32.7 | - | 46.6 | | | - | 141.6 | - | 71.0 | | |
| Net working capital | - | 377.3 | - | 186.7 | | | - | 344.4 | - | 135.9 | | |
| Invested capital | - | 1,203.5 | - | 990.1 | | | - | 1,160.2 | - | 846.0 | | |
| Segment assets | - | 1,586.3 | - | 1,122.8 | - | 2,709.1 | - | 1,501.9 | - | 967.5 | - | 2,469.4 |
| Reconciliation | | | | | | | | | | | | |
| Performance targets | | | | | | | | | | | | |
| Operating profit before special items for reporting segments | | | | | 61.9 | 110.9 | | | | | 76.6 | 263.2 |
| Hyperinflation restatement of operating profit before special items | | | | | (9.6) | (17.5) | | | | | (4.0) | (8.4) |
| Non-allocated corporate functions | | | | | (7.4) | (15.3) | | | | | (5.6) | (12.8) |
| Eliminations | | | | | 0.9 | 2.0 | | | | | 0.7 | 1.4 |
| Operating profit before special items as per statement of comprehensive income | | | | | 45.8 | 80.1 | | | | | 67.7 | 243.4 |
| Special items | | | | | 0.0 | 0.0 | | | | | 0.0 | 0.0 |
| Operating profit as per statement of comprehensive income | | | | | 45.8 | 80.1 | | | | | 67.7 | 243.4 |
| Financial income | | | | | 8.9 | 24.0 | | | | | 13.1 | 16.8 |
| Financial expenses | | | | | (18.0) | (26.1) | | | | | (6.3) | (15.3) |
| Profit before tax as per statement of comprehensive income | | | | | 36.7 | 78.0 | | | | | 74.5 | 244.9 |
| Assets | | | | | | | | | | | | |
| Assets for reporting segments | | | | | - | 2,709.1 | | | | | - | 2,598.2 |
| Hyperinflation restatement of non-monetary balance sheet items | | | | | - | 74.4 | | | | | - | 53.1 |
| Assets held for sale | | | | | - | 168.2 | | | | | - | 0.0 |
| Non-allocated assets | | | | | - | 252.1 | | | | | - | 280.7 |
| Eliminations | | | | | - | (216.3) | | | | | - | (200.8) |
| Assets as per balance sheet | | | | | - | 2,987.5 | | | | | - | 2,731.2 |

Notes

03 Segment information – continued

§ Accounting policies

Segment income and expenses as well as segment assets and liabilities comprise those items that in the internal management reporting are directly attributed to each individual segment and those items that are indirectly allocated to the individual segment on a reliable basis. Profits in associates, financial income and expenses, income taxes, investments in associates, tax assets and tax liabilities and cash and bank debt are not allocated to reporting segments.

The reporting segments are:

- **Eurasia** – comprising production and sales of moulded-fibre packaging. The products are manufactured at factories in Europe, Israel and India and are primarily sold to egg and fruit producers, egg and fruit packing businesses, retail chains and buyers of industrial packaging. The segment also comprises production and sales of machinery and technology to manufacturers of moulded-fibre packaging in selected markets.
- **Americas** – comprising production and sales of moulded-fibre packaging. The products are primarily manufactured at the North and South American factories and sold to egg and fruit producers, egg and fruit packing businesses and retail chains.

Other segment information

External revenue is allocated to geographical areas on the basis of the customer's geographical location. The allocation of intangible assets and property, plant and equipment is based on the geographical location and use of the assets.

No single customer represents more than 10% of external revenue. Revenue from external customers attributable to a single foreign country is immaterial.

04 Financial income and expenses

| | Q2 2022 | Q2 2021 | HI 2022 | HI 2021 |
|---|--------------|-------------|--------------|-------------|
| Interest income, cash and cash equivalents etc. | 0.6 | 0.1 | 1.2 | 0.1 |
| Other interest income | 0.7 | 0.7 | 1.3 | 1.5 |
| Interest income from financial assets not measured at fair value through profit or loss | 1.3 | 0.8 | 2.5 | 1.6 |
| Foreign exchange gains | 5.8 | 11.9 | 11.7 | 14.4 |
| Gain on net monetary position on hyperinflation restatement | 1.2 | 0.0 | 9.1 | 0.0 |
| Derivative financial instruments | 0.6 | 0.4 | 0.7 | 0.8 |
| Financial income | 8.9 | 13.1 | 24.0 | 16.8 |
| Interest expenses, credit institutions | 8.6 | 3.1 | 14.8 | 5.6 |
| Interest expenses, lease liabilities | 0.6 | 0.5 | 1.2 | 1.1 |
| Other expenses | 0.4 | 1.1 | 1.2 | 2.1 |
| Interest expenses from financial liabilities not measured at fair value through profit or loss | 9.6 | 4.7 | 17.2 | 8.8 |
| Foreign exchange losses | 8.1 | 0.3 | 8.6 | 3.3 |
| Loss on net monetary position on hyperinflation restatement | 0.0 | 1.2 | 0.0 | 2.6 |
| Derivative financial instruments | 0.3 | 0.1 | 0.3 | 0.6 |
| Financial expenses | 18.0 | 6.3 | 26.1 | 15.3 |
| Financial income and (expenses) | (9.1) | 6.8 | (2.1) | 1.5 |

§ Accounting policies*Financial income and expenses*

Financial income and expenses comprise interest, realised and unrealised foreign exchange adjustments, amortisation and surcharges and allowances under the tax prepayment scheme. Also included are realised and unrealised gains and losses relating to derivative financial instruments not qualifying as effective hedges as well as monetary gains on restatement for hyperinflation.

Notes

05 Financial instrument categories

| Financial instrument categories | 30 June 2022 | | 30 June 2021 | | 31 December 2021 | |
|---|-----------------|----------------|-----------------|----------------|------------------|----------------|
| | Carrying amount | Fair value | Carrying amount | Fair value | Carrying amount | Fair value |
| DKKm | | | | | | |
| Derivative financial instruments to hedge future cash flows | 1.3 | 1.3 | 2.5 | 2.5 | 0.9 | 0.9 |
| Financial assets used as hedging instruments | 1.3 | 1.3 | 2.5 | 2.5 | 0.9 | 0.9 |
| Trade receivables | 458.4 | 458.4 | 390.2 | 390.2 | 396.2 | 396.2 |
| Other receivables | 123.1 | 123.1 | 121.9 | 121.9 | 156.5 | 156.5 |
| Cash | 111.2 | 111.2 | 164.9 | 164.9 | 117.9 | 117.9 |
| Loans and receivables | 692.7 | 692.7 | 677.0 | 677.0 | 670.6 | 670.6 |
| Derivative financial instruments to hedge future cash flows | 8.1 | 8.1 | 2.9 | 2.9 | 10.9 | 10.9 |
| Financial liabilities used as hedging instruments | 8.1 | 8.1 | 2.9 | 2.9 | 10.9 | 10.9 |
| Credit institutions | 1,031.3 | 1,031.3 | 824.9 | 825.3 | 971.1 | 971.3 |
| Lease liabilities | 71.4 | 83.2 | 66.4 | 68.0 | 74.7 | 86.8 |
| Other liabilities | 427.9 | 427.9 | 472.0 | 472.0 | 483.2 | 483.2 |
| Financial liabilities measured at amortised cost | 1,530.6 | 1,542.4 | 1,363.3 | 1,365.3 | 1,529.0 | 1,541.3 |

The fair value of derivative financial instruments to hedge future cash flows is based on observable data (level 2).

Notes

06 Discontinued operations

On 1 April 2022, Hartmann announced that a sales process for Hartmann's Russian factory was initiated. The process progressed in Q2 focusing on legal and practical clarifications. The decision to initiate a sales process has been made with a view to leave Russia where the current political and economic climate prevents the realisation of Hartmann's business plan in the country.

On 30 June 2022, JSC Hartmann-Rus was reclassified as a disposal group held for sale and discontinuing operations as the operation in Russia, which represents a separate geographical area of operations and is part of a single plan for disposal, fulfils the criteria ref. IFRS 5 as of that date.

The Russian business unit was included in the Eurasia segment, but being classified as discontinuing operations, the Russian entity is no longer represented in the segment note.

Immediately before the classification of JSC Hartmann-Rus as discontinuing operations, the recoverable amount was estimated for the operating net assets, and no impairment loss was identified based on a value in use calculation. Following the classification as asset held for sale and discontinued operation, an impairment of DKK 81 million was recognised on 30 June 2022 to reduce the carrying amount of the assets in the disposal group to their fair value less costs to sell. This was recognised as discontinuing operations in the statement of comprehensive income.

Hartmann will continue to operate the facilities and fulfil obligations within the limits of imposed sanctions and restrictions until the entity is sold.

The fair value is estimated as a weighted average of various valuation methods including DCF and transaction multiples.

Including the impairment of DKK 81 million, profit and loss from JSC Hartmann-Rus is specified below:

| Profit and loss | Q2 2022 | Q2 2021 | HI 2022 | HI 2021 |
|--|---------------|--------------|---------------|--------------|
| Revenue | 31.6 | 20.1 | 54.6 | 32.9 |
| Expenses | (21.9) | (19.1) | (45.3) | (31.1) |
| Depreciation/amortization and impairment | (83.7) | (1.5) | (82.3) | (2.7) |
| Profit/(loss) before tax | (74.0) | (0.5) | (73.0) | (0.9) |
| Tax | 0.1 | 0.1 | 0.3 | 0.3 |
| Profit/(loss) for the period | (73.9) | (0.4) | (72.7) | (0.6) |
| Earnings per share | (10.7) | (0.1) | (10.5) | (0.1) |

Net cash flows incurred by JSC Hartmann-Rus are, as follows:

| Cash flows | Q2 2022 | Q2 2021 | HI 2022 | HI 2021 |
|-----------------------|------------|------------|------------|------------|
| Operating activities | 11.1 | 6.4 | 14.3 | 5.7 |
| Investment activities | (2.2) | (1.8) | (10.0) | (3.8) |
| Financing activities | 0.0 | 0.0 | 0.0 | 0.0 |
| Net cash flow | 8.9 | 4.6 | 4.3 | 1.9 |

The major classes of assets and liabilities of JSC Hartmann-Rus classified as held for sale as of 30 June 2022 are, as follows:

| Balance sheet | 30 June 2022 |
|---|--------------|
| Assets | |
| Intangible assets | 23.0 |
| Property, plant, and equipment | 102.2 |
| Inventory | 7.8 |
| Receivables | 10.9 |
| Cash | 24.2 |
| Assets held for sale | 168.8 |
| Liabilities | |
| Deferred tax | 11.5 |
| Other liabilities | 21.3 |
| Liabilities associated with assets held for sale | 32.8 |

07 Events after the balance sheet date

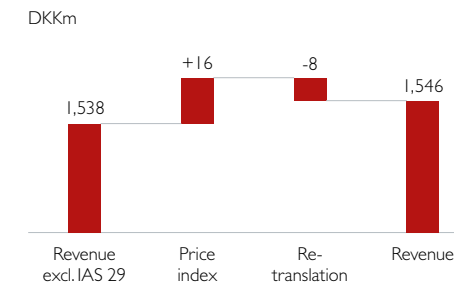
No events have occurred in the period from the balance sheet date until the date of release of this interim report that would materially affect an evaluation of the interim report.

Hyperinflation in Argentina

Inflation and exchange rate developments in Argentina



Effects of restating year-to-date revenue



The total effect on Q2 2022 revenue of restating for hyperinflation under IAS 29 is a combination of restating for price index developments and the effect of using the exchange rate at the balance sheet date for purposes of translating from the Argentine peso into Danish kroner.

The price index rose by 36% during the first six months of the year, boosting revenue by DKK 16 million. The increase offset a decline in the ARS/DKK cross rate from 0.06385 at the beginning of the year to 0.05720 at 30 June 2022 reducing revenue by DKK 8 million as a result of the practice of using the exchange rate at the balance sheet date for currency translation purposes.

Revenue was DKK 1,546 million after a net positive impact of restating for hyperinflation of DKK 8 million.

Effects of restating for hyperinflation on selected accounting figures year to date

| DKKm | Excl. IAS 29 | Price index | Re-translation | Total adjustment | 2022 to date |
|--------------------------------------|--------------|-------------|----------------|------------------|--------------|
| Revenue | 1,538 | 16 | (8) | 8 | 1,546 |
| Operating profit before depreciation | 180 | (13) | (1) | (14) | 166 |
| Operating profit | 98 | (18) | 0 | (18) | 80 |
| Net financial items | (11) | 9 | 0 | 8 | (2) |

For more information about hyperinflation, see page 86 and note 31 in the annual report for 2021

* Restatement for hyperinflation is made based on Argentina's Wholesale Price Index up to 31 December 2016 and on the National Consumer Price Index from 1 January 2017.

Hartmann at a glance

Hartmann is the world's leading manufacturer of moulded-fibre egg packaging, a market-leading manufacturer of fruit packaging in South America and India and the world's largest manufacturer of technology for the production of moulded-fibre packaging. Founded in 1917, Hartmann's market position builds on its strong technology know-how and extensive experience of sustainable moulded-fibre production dating back to 1936.

Sustainability

Sustainability and protection of the environment are integral components of Hartmann's business model and strategy. All Hartmann's products are based on recycled paper, which is a renewable and biodegradable resource. Working closely with customers to accommodate demand for sustainable products in the retail industry, Hartmann was the first manufacturer to offer both FSC-certified and CO₂-neutral retail packaging.

Markets

Hartmann's key markets are Europe, South America and North America, where the group has strong market positions. Hartmann is a market leader in Europe and in South America and India, where its product portfolio also includes fruit packaging. Hartmann claims a growing share of the North American market and also sells machinery and technology in selected markets.

Products and customers

Hartmann sells egg and fruit packaging to manufacturers, distributors and retail chains, which are increasingly demanding sustainable packaging solutions and specialised marketing expertise. Hartmann's versatile product portfolio is customised to accommodate customer and consumer needs in each individual market. Hartmann sells machinery and technology to manufacturers of moulded-fibre packaging in selected markets.

Production

Hartmann's production platform consists of 15 factories in Europe, Israel, North and South America, India and Russia (discontinuing). Hartmann's deep technology know-how and extensive experience in manufacturing moulded-fibre packaging empower the group to develop and maintain its production platform. Each year, the group manufactures billions of moulded-fibre packaging units and machinery and technology for the manufacturing of packaging.

The Hartmann share

Hartmann's shares have been listed on Nasdaq Copenhagen since 1982 and are included in the Mid Cap index. Hartmann has one class of shares, and each share carries one vote. Financial reports and company announcements may be obtained by subscribing to Hartmann's news service at investor@hartmann-packaging.com.

Financial calendar 2022

15 November 2022 Interim report Q3 2022

This interim report was released in English through Nasdaq Copenhagen as company announcement no.6/2022.

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