HARTMANN

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Interim report Q1 2023

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Q1 2023 highlights

Hartmann recorded significantly increased revenue and earnings in Q1 2023. The positive development was driven by adjusted selling prices and favourable product mix, substantial temporary surplus from energy cost coverage as well as increased capacity utilisation and efficiencies. The results were achieved despite continued general inflationary pressure and markets that remain volatile and with low visibility. Guidance for 2023 was updated 1 May 2023.

Revenue (DKKm)

913

DKK 753 million in Q1 2022

In a continued inflationary environment, the solid revenue increase was attributable to both Americas, in particular North America, and Eurasia. Both segments were supported by higher average selling prices and improved product mix, while market volume was impeded by reduced egg supply.

Operating profit (DKKm)

157

DKK 42 million in Q1 2022

Higher revenue, substantial temporary surplus from energy cost coverage as well as increased capacity utilisation and efficiencies entailed a significant increase in operating profit in Q1 2023.

The downward trend on energy prices from Q4 2022 continued in Q1 2023, yet remaining significantly above normalised level. All raw material prices are expected to remain high and volatile in 2023.

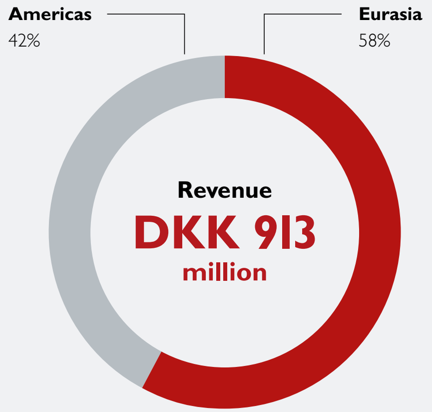
Investments (DKKm)

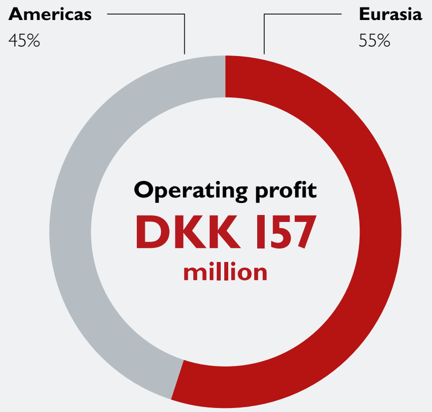
65

DKK 34 million in Q1 2022

As expected, the investment level increased in Q1 2023. DKK 38 million related to re-establishment of the factory in India – of which the majority was reimbursed by insurance.

> Despite continued inflationary pressure and reduced egg supply, we delivered a solid financial performance in Q1 2023. Pricing actions across markets and volume growth in North America, where we also increased capacity utilisation, contributed positively. In addition, we were aided by a substantial temporary surplus from energy cost coverage. We still expect energy prices to remain volatile and higher than pre-crisis level.





Key figures

DKKm	Q1 2023	Q1 2022	FY 2022
Comprehensive income			
Revenue	**913**	**753**	**3,350**
Operating profit[1]	**157**	**42**	**252**
Operating profit after restatement for hyperinflation	153	34	238
Special items	-	-	(34)
Operating profit after special items	153	34	204
Net financial income and expenses	(21)	7	(72)
Profit before tax	132	41	132
Profit for the period	90	25	61
Result from discontinuing operations	4	1	(91)
Profit for the period incl. discontinuing operations	94	26	(30)
Comprehensive income	84	52	25
Cash flows			
Operating activities	142	(16)	204
Investing activities	(65)	(32)	(182)
Financing activities	(94)	103	54
Total cash flows	(16)	55	77
Balance sheet			
Assets	2,896	2,746	2,857
Assets incl. discontinuing operations	2,978	2,893	2,949
Investments[1]	**65**	**34**	**186**
Investments in property, plant and equipment	59	34	163
Net working capital	542	434	517
Invested capital	2,101	2,070	2,046
Net interest-bearing debt (NIBD)	866	1,016	938
NIBD excl. lease liabilities	802	940	871
Equity	1,306	1,249	1,222

DKKm	Q1 2023	Q1 2022	FY 2022
Financial ratios, %			
Profit margin[1]	17.2	5.6	7.5
Profit margin after restatement for hyperinflation	16.7	4.6	7.1
Return on invested capital (ROIC), rolling 12 months	16.3	4.5	11.1
Return on equity, rolling 12 months	9.6	(2.3)	4.7
Equity ratio	45.1	45.5	42.8
Gearing	66.3	81.4	76.7
Share-based financial ratios			
No. of shares (excl. treasury shares)	6,915,090	6,915,090	6,915,090
Earnings per share (EPS), DKK	13.0	3.6	8.9
Cash flows per share, DKK	20.6	(2.2)	29.6
Book value per share, DKK	188.9	180.5	176.7
Share price, DKK	302.0	284.0	295.0
Share price/book value per share	1.6	1.6	1.7
Share price/earnings (P/E), rolling 12 months	23.2	79.3	33.3
Market capitalisation, DKKm	2,118.6	1,992.3	2,069.5

[1] In order to provide a more accurate view of Hartmann's underlying operations and financial performance, operating profit and profit margin are stated before special items and restatement for hyperinflation (IAS 29). Furthermore, investments are presented before restatement for hyperinflation.

Actual and comparative figures have been restated to present continuing operations, unless explicitly stated that discontinuing operations are included.

For definitions of key figures and financial ratios, see note 36 in the annual report for 2022.

Eurasia

Revenue (DKKm)

525 million

DKK 443 million in Q1 2022

Operating profit (DKKm)

92 million

DKK 23 million in Q1 2022

Investments (DKKm)

52 million

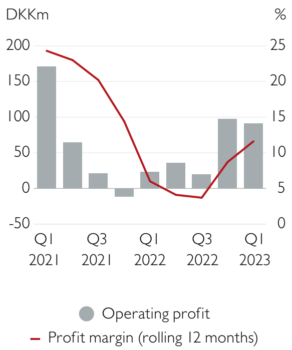
DKK 9 million in Q1 2022

Eurasia

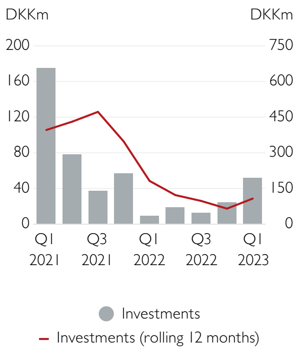
Hartmann grew Q1 2023 revenue and earnings significantly in the Eurasia segment despite continued general inflationary pressure. Pricing actions and improved product mix drove revenue development, and earnings increase was temporarily supported by surplus from energy cost coverage. Energy costs are expected to remain high and volatile.

Revenue

Earnings



Investments



Revenue

Segment revenue grew to DKK 525 million (2022: DKK 443 million) in Q1 2023 driven by pricing actions and improved product mix.

The trend from Q4 2022 of lower energy prices continued in Q1 2023, levelling off at 2-3 times average natural gas prices before the energy crisis arose.

The declining energy prices had temporary positive effect on earnings as pricing towards those customers, whose charges with Hartmann are linked to energy prices as a cost covering measure, was adjusted with a certain time lag.

In general, energy and other raw material prices are expected to remain high and volatile in 2023.

Overall, egg supply remained reduced, impacted by the aftermath of outbreaks of avian flu and high feed costs, refraining some chicken farms from re-investing in full flocks.

Earnings

Operating profit increased to DKK 92 million (2022: DKK 23 million), for a profit margin of 17.4% (2022: 5.3%) mainly arising from revenue growth and temporary surplus from energy cost coverage.

Investments

Hartmann invested DKK 52 million (2022: DKK 9 million) hereof DKK 38 million in the re-establishment of the factory in India, where insurance reimbursement amounted to DKK 30 million in Q1 2023.

Discontinuing operations

As a consequence of the Russian invasion of Ukraine in February 2022, Hartmann initiated a sales process for its Russian factory and the activities were classified as discontinuing operations. For further information see note 6 on page 24.

Americas

Revenue (DKKm)

388 million

DKK 309 million in Q1 2022

Operating profit (DKKm)

75 million

DKK 26 million in Q1 2022

Investments (DKKm)

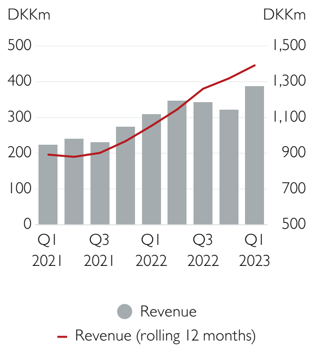
8 million

DKK 23 million in Q1 2022

Americas

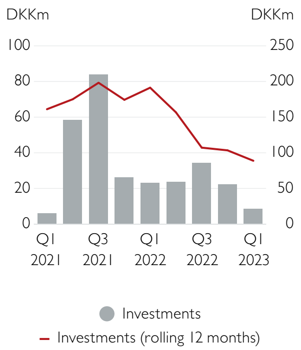
Hartmann's Americas activities generated significant revenue and earnings growth in Q1 2023. The positive development was driven by a strong performance in North America delivering improved sales prices, product mix, and volumes as well as increased capacity utilisation. Also Argentina contributed positively, while the market in Brazil remained challenging.

Revenue



Earnings

Investments



Revenue

The Americas business increased revenue to DKK 388 million (2022: DKK 309 million) in Q1 2023 driven by continued pricing actions, improved product mix and sales volume growth.

Furthermore, the progress was driven by higher capacity utilisation and production efficiency in North America against Q1 2022, where new capacity was being implemented.

Despite solid financial and operational progress, North America remained impacted by high egg prices, and by the long and severe outbreak of avian flu combined with high feed costs, reducing supply of eggs.

In South America, the Argentina business continued delivering solid performance, while the business in Brazil remained impacted by fierce competition.

Earnings

Driven by the higher revenue, improved capacity utilisation as well as lower energy prices, operating profit increased to DKK 75 million (2022: DKK 26 million), for a profit margin of 19.3% (2022: 8.3%) in Q1 2023.

Investments

Hartmann invested DKK 8 million (2022: DKK 23 million) in the Americas in Q1 2023.

Outlook

Hartmann has updated its 2023 guidance, cf. company announcement no. 6 of 1 May 2023.

Based on the results for Q1 2023 and decreasing energy prices, Hartmann now expects to generate consolidated revenue of DKK 3.4-3.8 billion (previously 3.6-4.0 billion) for an operating profit[1] of DKK 300-400 million (previously DKK 220-320 million).

The lower revenue range is mainly based on expectedly lower sales prices to those customers, whose charges with Hartmann are linked to the development of energy prices. Due to the duration of existing customer agreements, price adjustments are implemented at a certain time lag.

The adjusted operating profit is based on an expectedly improved performance in the Americas from increased capacity utilisation and efficiencies.

In comparison with average pre-energy crisis price levels, we expect energy and raw material prices to remain high and volatile, with a particular risk of rising natural gas prices during the winter 2023/24.

Investments are still expected at around DKK 300 million in 2023.

Other assumptions
Hartmann will re-establish operations at the Group's Indian factory following the fire in Q2 2022. The expected ordinary investments of DKK 300 million do not include the re-establishment compensated by insurance coverage.

Our guidance is based on the exchange rates prevailing at the date of release of company announcement no. 6/2023. 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.

Navigating in a challenging environment
In addition to the continued high and volatile energy and raw material prices, we expect that the prevailing inflationary environment as well as challenging macroeconomic environment with low visibility and geopolitical uncertainty will continue in 2023 - with potential impact on market supply and demand.

Hartmann's South American markets remain impacted by macroeconomic uncertainty, currency fluctuations and political tension, which may impact market conditions.

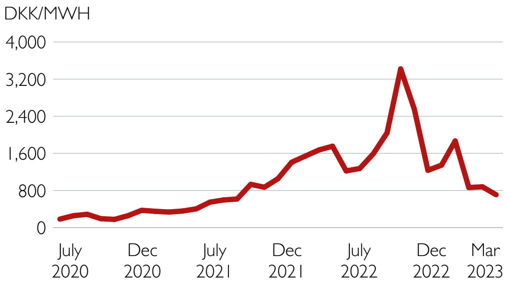
For further reference see annual report 2022.

Guidance[2], 2023

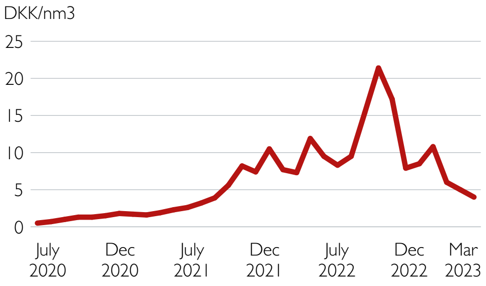
	Updated 1 May	Original 7 March
Revenue, DKKbn	3.4-3.8	3.6-4.0
Operating profit[1], DKKm	300-400	220-320
Investments[3] DKKm	~300	~300

[1] Before restatement for hyperinflation and special items
[2] For continuing operations
[3] Excluding investments covered by insurance

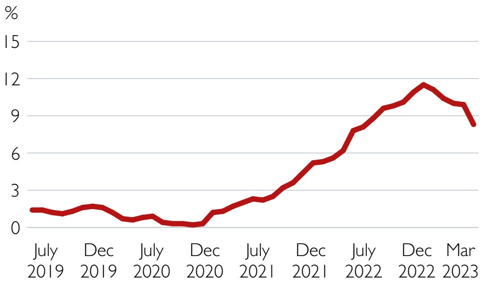
Electricity prices in Europe



Natural gas prices in Europe



Inflation rate in the EU



Risk management

	Fire	Raw materials	Disease outbreaks among hens	Politics and macroeconomics	Environment
Description	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.	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. 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.	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.	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.	Violations of environmental legislation, rules or thresholds in connection with, for instance, wastewater discharge, CO_2 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.
Mitigating action	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. 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.	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. 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.	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. 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.	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. Any negative trade barrier impacts are mitigated by Hartmann's geographical diversification and sales to local markets.	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.

Reference is made to page 9 in this report and the risk management section and note 29 in the annual report for 2022 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 31 March 2023.

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 31 March 2023 and of the results of the group's operations and cash flows for the three months ended 31 March 2023.

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, 9 May 2023

Executive board:

Torben Rosenkrantz-Theil
CEO

Flemming Lorents Steen
CFO

Board of directors:

Jan Klarskov Henriksen
Chairman

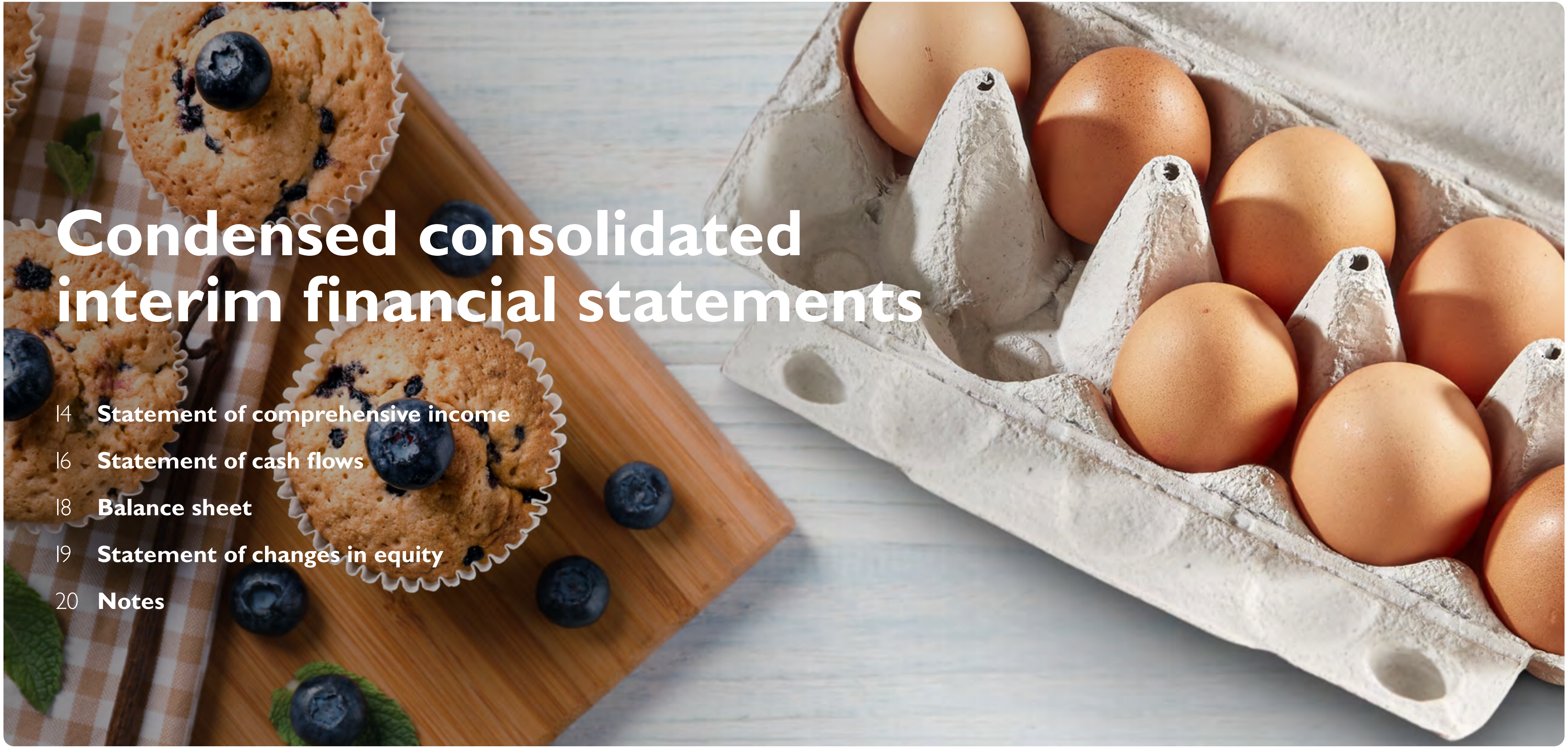
Michael Strange Midskov
Vice chairman

Jan Madsen

Pernille Fabricius

Klaus Bysted Jensen

Palle Skade Andersen



Condensed consolidated interim financial statements

Revenue and earnings

Revenue
Hartmann increased revenue to DKK 913 million (2022: DKK 753 million) in Q1 2023. The comparison period was impacted by mitigating actions to alleviate significant price increases of raw materials.

Currency fluctuations lifted revenue by DKK 8 million in Q1 2023, excluding Argentina where currency fluctuations of the ARS and inflation offset each other in general.

Operating profit
Operating profit amounted to DKK 157 million (2022: DKK 42 million) in Q1 2023, for a profit margin of 17.2% (2022: 5.6%).

After restatement for hyperinflation, Hartmann's operating profit increased to DKK 153 million (2022: DKK 34 million), for a profit margin of 16.7% (2022: 4.6%).

Currency fluctuations lifted operating profit by DKK 18 million in Q1 2023, excluding effects of the ARS.

Corporate functions
Costs related to corporate functions came to DKK 10 million (2022: DKK 8 million) in Q1 2023.

Special items
No special items were recognised in Q1 2023 (2022: DKK 0 million).

Financial income and expenses
Financial income and expenses were a net expense of DKK 21 million in Q1 2023 (2022: net income of DKK 7 million). The development related to loss from hyperinflation adjustments in Argentina and higher interest expenses from credit institutions and overdraft facilities.

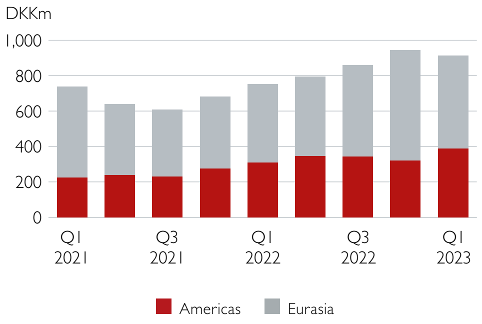
Profit for the period
Hartmann's profit before tax rose to DKK 132 million for Q1 2023 (2022: DKK 41 million). Tax on the profit for the period was an expense of DKK 42 million (2022: DKK 17 million), giving an effective tax rate of 32% (2022: 40%). Before restatement for hyperinflation, the effective tax rate was 25% (2022: 23%) for Q1 2023. The profit after tax increased to DKK 90 million for Q1 2023 (2022: DKK 25 million).

Discontinuing operations
The net result from discontinuing operations amounted to DKK 4 million (2022: DKK 1.2 million) in Q1 2023.

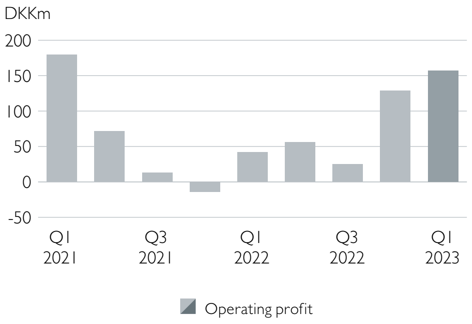
Comprehensive income
Comprehensive income came to DKK 84 million (2022: DKK 52 million) in Q1 2023.

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.

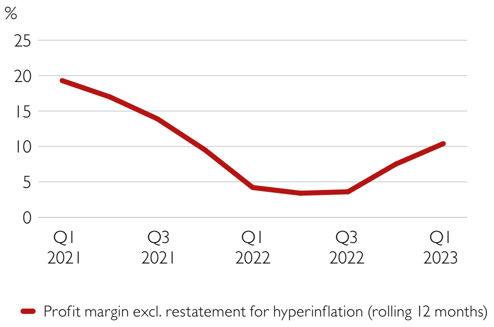
Revenue



Operating profit



Profit margin



Statement of comprehensive income

DKKm	Note	Q1 2023	Q1 2022	FY 2022
Revenue		913.1	752.5	3,350.1
Production costs		(609.1)	(580.1)	(2,535.1)
Gross profit		**304.0**	**172.4**	**815.0**
Other operating income		2.9	0.0	8.2
Selling and distribution costs		(115.2)	(99.7)	(436.3)
Administrative expenses		(38.8)	(38.4)	(149.4)
Operating profit before special items		**152.9**	**34.3**	**237.5**
Special items		0.0	0.0	(33.6)
Operating profit after special items		**152.9**	**34.3**	**203.9**
Profit after tax in associates		0.0	0.0	0.2
Financial income	4	13.9	15.1	27.2
Financial expenses	4	(35.0)	(8.1)	(98.9)
Profit before tax		**131.8**	**41.3**	**132.4**
Tax on profit for the period		(41.6)	(16.5)	(71.1)
Profit from continuing operations		**90.2**	**24.8**	**61.3**
Result from discontinuing operations	6	4.2	1.2	(91.1)
Profit for the period		**94.4**	**26.0**	**(29.8)**
Earnings per share, continuing operations, DKK		13.0	3.6	8.9
Diluted earnings per share, continuing operations, DKK		13.0	3.6	8.9
Earnings per share, DKK		13.7	3.8	(4.3)
Diluted earnings per share, DKK		13.7	3.8	(4.3)

DKKm	Q1 2023	Q1 2022	FY 2022
Profit for the year	**94.4**	**26.0**	**(29.8)**
Items that will not be reclassified to profit or loss			
Actuarial gains/(losses) on defined benefit pension plans	0.0	0.0	(12.2)
Tax on defined benefit pension plans	0.0	0.0	2.9
Items that will be reclassified to profit or loss			
Foreign exchange adjustment of foreign subsidiaries	(33.8)	3.9	(18.8)
Equity-like loans to subsidaries	(2.7)	(1.5)	3.7
Tax on equity-like loans to subsidiaries	0.6	0.3	(0.8)
Hyperinflation restatement of equity at beginning of period	28.1	18.9	72.9
Fair value adjustments of hedging instruments:			
Recognised in other comprehensive income	(3.3)	2.3	(7.1)
Transferred to revenue	2.3	3.1	7.9
Transferred to production costs	(1.6)	0.5	5.8
Transferred to financial income and expenses	(0.2)	(0.1)	1.6
Tax on hedging instruments	0.6	(1.4)	(0.8)
Other comprehensive income after tax	**(10.0)**	**26.0**	**55.1**
Comprehensive income	**84.4**	**52.0**	**25.3**

Cash flows

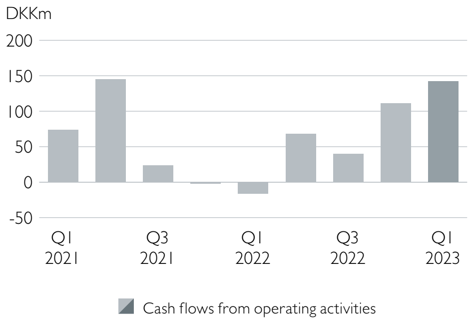
Investments and cash flows
Cash flows from operating activities rose to a net inflow of DKK 142 million in Q1 2023 (2022: net outflow of DKK 16 million) driven by the increased operating profit.

In Q1 2023, cash flows from investing activities increased to a net outflow of DKK 65 million (2022: net outflow of DKK 32 million) driven by re-establishment of the factory in India.

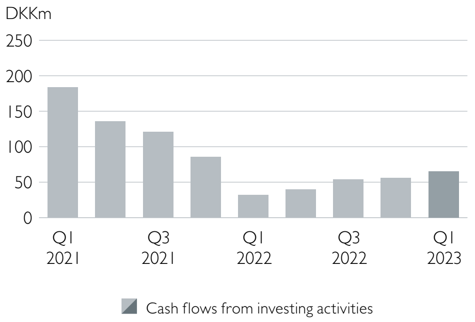
The group's cash flows from operating and investing activities came to a net inflow of DKK 78 million in Q1 2023 (2022: net outflow of DKK 48 million).

In Q1 2023, the group's cash flows from financing activities were a net outflow of DKK 94 million (2022: net inflow of DKK 103 million) mainly related to repayment of debt.

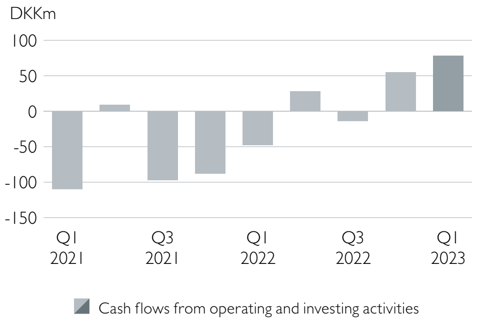
Cash flows from operating activities



Cash flows from investing activities



Free cash flow



Statement of cash flows

DKKm	Note	Q1 2023	Q1 2022	FY 2022
Operating profit before special items		152.9	36.0	237.5
Depreciation and amortisation		43.4	41.4	176.9
Adjustment for other non-cash items		2.5	6.3	7.6
Change in working capital etc.		(37.6)	(74.0)	(137.1)
Special items paid		0.0	0.0	(4.3)
Cash generated from operations		**161.2**	**9.7**	**280.6**
Interest etc. received		1.6	1.1	6.6
Interest etc. paid		(15.7)	(7.3)	(45.7)
Net income tax paid		(4.7)	(19.0)	(37.1)
Cash flows from operating activities		**142.4**	**(15.5)**	**204.4**
Acquisition of intangible assets		(5.5)	(0.4)	(22.9)
Acquisition of property, plant and equipment		(59.3)	(32.2)	(163.5)
Disposal of intangible assets and property, plant and equipment		0.0	0.3	4.7
Cash flows from investing activities		**(64.8)**	**(32.3)**	**(181.7)**
Cash flows from operating and investing activities (free cash flow)		**77.6**	**(47.8)**	**22.7**
Raising of debt with credit institutions		0.0	104.4	580.6
Repayment of debt to credit institutions		(90.2)	0.0	(508.6)
Change in leasing debt		(3.7)	(1.3)	(18.2)
Cash flows from financing activities		**(93.9)**	**103.1**	**53.8**
Net cash flow from continuing operations		**(16.3)**	**55.3**	**76.5**
Net cash flow from discontinuing operations	6	(1.5)	(4.7)	10.3
Total cash flows		**(17.8)**	**50.6**	**86.8**

DKKm	Note	Q1 2023	Q1 2022	FY 2022
Total cash flows		**(17.8)**	**50.6**	**86.8**
Cash and cash equivalents at beginning of period		111.8	26.9	26.9
Foreign exchange adjustment		(4.5)	(1.7)	(1.9)
Cash and cash equivalents at end of period		**89.5**	**75.8**	**111.8**
Of which classified as assets held for sale	6	13.5	8.3	16.6
Cash and cash equivalents at end of period		**76.0**	**67.5**	**95.2**
Recognition of cash and cash equivalents at end of period:				
Cash		171.8	91.2	180.2
Overdraft facilities		(95.8)	(23.7)	(85.0)
Cash and cash equivalents at end of period		**76.0**	**67.5**	**95.2**

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

Balance sheet and equity

Funding
Hartmann's net interest-bearing debt decreased to DKK 866 million (2022: DKK 1,016 million) at 31 March 2023. The decrease was attributable to repayment of debt.

Financial resources, comprising cash and undrawn loan and overdraft facilities, amounted to DKK 438 million at 31 March 2023 (2022: DKK 341 million). This level is considered satisfactory and sufficient to cover Hartmann's planned investments. The loans are subject to standard financial covenants.

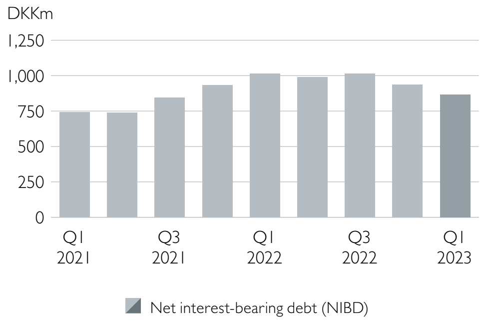
Assets
Total assets increased to DKK 2,978 million (2022: DKK 2,746 million) due to higher receivables and cash.

ROIC
In Q1 2023, the return on invested capital was 16.3% (2022: 4.5%) following the improved earnings in the quarter.

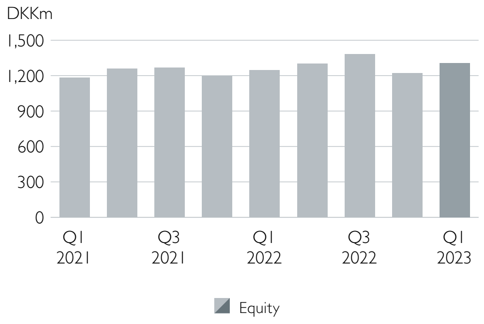
Equity
At 31 March 2023, equity stood at DKK 1,306 million (2022: DKK 1,249 million), for an equity ratio of 45.1% (2021: 45.5%). The financial gearing ratio decreased to 66.3% (2022: 81.4%).

Earnings per share were DKK 13.0 (2022: DKK 3.6) for Q1 2023.

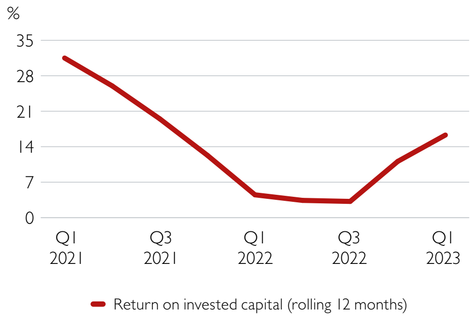
Net interest-bearing debt (NIBD)



Equity



ROIC



Balance sheet

Assets

DKKm	Note	31 March 2023	31 March 2022	31 Dec. 2022
Goodwill		53.9	103.4	54.4
Other intangible assets		62.7	59.1	60.3
Intangible assets		**116.6**	**162.5**	**114.7**
Land and buildings		363.7	423.9	362.1
Plant and machinery		853.3	950.8	876.4
Other fixtures and fittings, tools and equipment		21.0	24.5	20.7
Plant under construction		162.7	140.1	112.7
Property, plant and equipment		**1,400.7**	**1,539.3**	**1,371.9**
Leased land and buildings		53.3	62.3	55.1
Other lease assets		7.5	10.6	8.2
Lease assets		**60.8**	**72.9**	**63.3**
Investments in associates		2.9	2.6	2.9
Other investments		14.0	14.0	14.0
Deferred tax		67.2	44.1	63.2
Other receivables		0.9	0.8	0.8
Other non-current assets		**85.0**	**61.5**	**80.9**
Non-current assets		**1,663.1**	**1,836.2**	**1,630.8**
Inventories		325.2	341.3	327.6
Trade receivables		528.7	478.5	459.5
Income tax		10.2	28.0	24.2
Other receivables		164.7	83.8	209.2
Prepayments		32.5	25.9	25.5
Cash		171.8	99.5	180.2
Current assets		**1,233.1**	**1,057.0**	**1,226.2**
Assets held for sale	6	81.8	0.0	91.5
Assets		**2,978.0**	**2,893.2**	**2,948.5**

Equity and liabilities

DKKm	Note	31 March 2023	31 March 2022	31 Dec. 2022
Share capital		140.3	140.3	140.3
Hedging reserve		(2.6)	(3.4)	(0.4)
Translation reserve		(156.8)	(184.4)	(149.0)
Retained earnings		1,325.3	1,296.0	1,230.9
Equity		**1,306.2**	**1,248.5**	**1,221.8**
Deferred tax		69.7	28.0	60.3
Pension obligations		19.6	9.0	20.3
Credit institutions	5	769.8	888.6	860.3
Lease liabilities	5	51.3	63.8	53.4
Government grants		0.3	0.5	0.3
Other payables		0.3	1.7	0.6
Non-current liabilities		**911.0**	**991.6**	**995.2**
Credit institutions	5	108.0	118.7	105.5
Lease liabilities	5	13.0	12.5	13.5
Government grants		0.2	0.7	0.1
Overdraft facilities	5	95.8	23.7	85.0
Prepayments from customers		16.8	34.7	17.5
Trade payables		301.6	292.3	319.7
Payables to associates		7.3	9.6	9.2
Income tax		26.8	2.9	12.2
Provisions		0.3	0.5	0.3
Other payables		176.9	157.5	150.1
Current liabilities		**746.7**	**653.1**	**713.1**
Liabilities		**1,657.7**	**1,644.7**	**1,708.3**
Liabilities related to assets held for sale	6	14.1	0.0	18.4
Equity and liabilities		**2,978.0**	**2.893.2**	**2,948.5**

Statement of changes in equity

Group	2023						2022					
DKKm	Share capital	Hedging reserve	Translation reserve*	Retained earnings	Proposed dividend	Total equity	Share capital	Hedging reserve	Translation reserve*	Retained earnings	Proposed dividend	Total equity
Equity at 1 January	**140.3**	**(0.4)**	**(149.0)**	**1,230.9**	**0.0**	**1,221.8**	**140.3**	**(7.8)**	**(206.0)**	**1,270.0**	**0.0**	**1,196.5**
Profit for the period	-	-	-	94.4	-	94.4	-	-	-	26.0	-	26.0
Other comprehensive income												
Items that will be reclassified to profit or loss												
Foreign exchange adjustments of foreign subsidiaries	-	-	(33.8)	-	-		-	-	3.9	-	-	3.9
Equity-like loans to subsidaries	-	-	(2.7)	-	-		-	-	(1.5)	-	-	(1.2)
Tax on equity-like loans to subsidiaries	-	-	0.6	-	-				0.3			
Hyperinflation restatement of equity at 1 January	-	-	28.1	-	-		-	-	18.9	-	-	18.9
Value adjustment of hedging instruments:											-	
Recognised in other comprehensive income	-	(3.3)	-	-	-		-	2.3	-	-	-	2.3
Transferred to revenue	-	2.3	-	-	-		-	3.1	-	-	-	3.1
Transferred to production costs	-	(1.6)	-	-	-		-	0.5	-	-	-	0.5
Transferred to financial income and expenses	-	(0.2)	-	-	-		-	(0.1)	-	-	-	(0.1)
Tax on hedging instruments	-	0.6	-	-	-		-	(1.4)	-	-	-	(1.4)
Other comprehensive income	**0.0**	**(2.2)**	**(7.8)**	**0.0**	**0.0**	**(10.0)**	**0.0**	**4.4**	**21.6**	**0.0**	**0.0**	**26.0**
Total comprehensive income	**0.0**	**(2.2)**	**(7.8)**	**94.4**	**0.0**	**84.4**	**0.0**	**4.4**	**21.6**	**26.0**	**0.0**	**52.0**
Changes in equity in the year	**0.0**	**(2.2)**	**(7.8)**	**94.4**	**0.0**	**84.4**	**0.0**	**4.4**	**21.6**	**26.0**	**0.0**	**52.0**
Equity at 31 March	**140.3**	**(2.6)**	**(156.8)**	**1,325.3**	**0.0**	**1,306.2**	**140.3**	**(3.4)**	**(184.4)**	**1,296.0**	**0.0**	**1,248.5**

* 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 condensed 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. Condensed interim financial statements have not been prepared for the parent company. The condensed consolidated 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 condensed consolidated interim financial statements contain selected accounting policies and should therefore be read in conjunction with the consolidated financial statements for 2022. The accounting policies applied in the condensed consolidated interim financial statements are consistent with the accounting policies applied in the consolidated financial statements for 2022 as described in note 1.

New financial reporting standards and interpretations in 2023
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 2023. 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 consolidated financial statements in the annual report for 2022 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 quarter of 2023 after having prevailed since the end of the financial year 2021.

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.

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 against Hartmann's Brazilian subsidiary, Sanovo Greenpack Embalagens Do Brasil Ltda., concerning the non-payment of industrial products tax (IPI) on sales of the company's products in 2015 and 2016. Accumulated calculated interests and fines related to the claim up until March 2023 not claimed by the tax authorities is estiated to BRL 12 million leading to a total estimated claim of BRL 68 million, corresponding to DKK 92 million. The tax authorities have not raised any claims against Hartmann's Brazilian subsidiary for the subsequent years 2017-2022.

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 but acknowledges that the case is complicated and that the legal proceedings are to take place in a complex judicial environment. Based on that Management underline, that the outcome is subject to a degree of uncertainty.

There was no significant development in the case in Q1 2023. A lenghty process is expected before the case will be finally settled.

Hartmann has not recognised any provision and as such the claim has not affected the company's financial position, result of operations or cash flows.

Notes

03 Segment information

DKKm	Q1 2023 Eurasia	Q1 2023 Americas	Q1 2023 Total reporting segments	Q1 2022 Eurasia	Q1 2022 Americas	Q1 2022 Total reporting segments
External revenue	**525.4**	**389.6**	**915.0**	**443.3**	**307.9**	**751.2**
Hyperinflation restatement of revenue			(1.9)			1.3
Revenue, as per statement of comprehensive income			**913.1**			**752.5**
Operating profit for reporting segments	**91.5**	**75.0**	**166.5**	**23.3**	**25.7**	**49.0**
Non-allocated corporate functions			(10.3)			(7.8)
Eliminations			1.1			1.0
Operating profit			**157.3**			**42.2**
Hyperinflation restatement of operating profit			(4.4)			(7.9)
Operating profit before special items, as per statement of comprehensive income			**152.9**			**34.3**
Special items			0.0			0.0
Operating profit after special items, as per statement of comprehensive income			**152.9**			**34.3**
Financial items			(21.1)			7.0
Profit before tax, as per statement of comprehensive income			**131.8**			**41.3**
Segment assets	**1,673.0**	**1,000.0**	**2,673.0**	**1,720.4**	**1,069.6**	**2,790.0**
Hyperinflation restatement of non-monetary items			81.3			63.9
Non-allocated assets			346.7			236.8
Eliminations			(204.8)			(197.5)
Assets held for sale			81.8			0.0
Assets, as per balance sheet			**2,978.0**			**2,893.2**
Other segment information						
Depreciation and amortisation	22.5	17.7		22.3	17.6	
Investments in intangible assets, property plant and equipment and lease assets	55.1	7.8		20.6	20.1	
Net working capital	512.8	144.6		368.1	170.1	
Invested capital	1,348.3	800.0		1,349.1	940.0	

Notes

04 Financial income and expenses

DKKm	Q1 2023	Q1 2022
Interest income, cash and cash equivalents etc.	1.4	0.6
Other interest income	0.2	0.6
Interest income from financial assets not measured at fair value through profit or loss	**1.6**	**1.2**
Monetary gain on hyperinflation restatement	0.0	7.9
Foreign exchange gains	12.0	5.9
Derivative financial instruments	0.3	0.1
Financial income	**13.9**	**15.1**
Interest expenses, credit institutions	13.2	6.2
Interest expenses, lease liabilities	0.6	0.6
Other financial expenses	1.9	0.8
Interest expenses from financial liabilities not measured at fair value through profit or loss	**15.7**	**7.6**
Monetary loss on hyperinflation restatement	10.0	0.0
Foreign exchange losses	9.2	0.5
Derivative financial instruments	0.1	0.0
Financial expenses	**35.0**	**8.1**
Financial income and (expenses)	**(21.1)**	**7.0**

Notes

05 Financial instruments

Financial instrument categories DKKm	31 March 2023 Carrying amount	31 March 2023 Fair value	31 March 2022 Carrying amount	31 March 2022 Fair value	31 December 2022 Carrying amount	31 December 2022 Fair value
Derivative financial instruments to hedge future cash flows	11.5	11.5	1.6	1.6	14.5	14.5
Financial assets used as hedging instruments	**11.5**	**11.5**	**1.6**	**1.6**	**14.5**	**14.5**
Trade receivables	528.7	528.7	478.5	478.5	459.5	459.5
Other receivables	163.4	163.4	110.4	110.4	218.9	218.9
Cash	171.8	171.8	99.5	99.5	180.2	180.2
Loans and receivables	**863.9**	**863.9**	**688.4**	**688.4**	**858.6**	**858.6**
Derivative financial instruments to hedge future cash flows	15.9	15.9	5.9	5.9	15.9	15.9
Financial liabilities used as hedging instruments	**15.9**	**15.9**	**5.9**	**5.9**	**15.9**	**15.9**
Credit institutions and overdraft facilities	973.6	973.6	1,031.0	1,031.1	1,050.8	1,050.8
Lease liabilities	64.3	75.4	76.3	86.8	66.9	76.2
Other liabilities	496.7	496.7	455.5	455.5	475.3	475.3
Financial liabilities measured at amortised cost	**1,534.6**	**1,545.7**	**1,562.8**	**1,573.4**	**1,593.0**	**1,602.3**

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 business unit was initiated following Russia's invasion of Ukraine, as the current political and economic climate prevents the realisation of Hartmann's business plan in the country.

JSC Hartmann-Rus is presented as discontinuing operations and assets held for sale and consequently presented separately in the statement of comprehensive income, statement of cash flows and balance sheet. The comparative figures have been restated for Q1 2022 except in the balance sheet.

Being classified as discontinuing operations, the entity is no longer included in the Eurasia segment.

Following the classification as assets held for sale the net assets in the Russian business unit was measured at fair value less cost to sell, resulting in an impairment for a total of DKK 117 million as of 31 December 2022. The fair value was reassessed again as of 31 March 2023 resulting in no changes to the assessement.

The fair value is not based on external offers but calculated in local currency on a weighted average of various valuation methods including fair value assessment of net assets in use and transaction multiples (IFRS 13: level 3).

With no official guidance for companies wanting to exit Russia, the applied valuation method, based on guidance from advisors, is what we believe will be accepted by Russian authorities. Completing a sales process is subject to approval from the Special Government Commission in Russia and both approval of potential buyer and valuation is highly impacted by uncertainties arising from the political situation in Russia.

The fair value is recognised in local currency and has been translated into the Group's presentation currency (DKK) at the official exchange rate as of 31 March 2023. Any adjustments to the consolidated value of the Russian business unit due to changes in the exchange rate has been recognised in other comprehensive income and included in the translation reserve within equity.

On completion of a divestment at the current valuation, the currency translation within equity related to the Russian business unit will be classified from equity to the statement of comprehensive income and included as financial income and expenses in the result from discontinuing operations. As of 31 March 2023 the accumulated currency translation reserve amounted to a profit of around DKK 44 milllion including after-tax currency adjustment on equity loan.

Hartmann will continue to operate the facilities and fulfil obligations within the limits of imposed sanctions and restrictions until the entity is sold. However the efforts to divest the factory has been impacted by complex legal changes and challenges related to Russian as well as EU legislations and sanctions – a situation that continues in 2023.

In April 2023 Russia published a presidential decree allowing the authorities to introduce temporary asset management for assets owned by certain foreign companies in Russia. The decree follows previously published decrees with a more business specific aim e.g., to ensure domestic food supply. Management does not see the latest decree as a substantial increase in the risk of the Russian authorities taking over administration of Hartmann's assets and it has not resulted in a changed assessment of Hartmann's control of the Russian assets. However, the impact of this and other recent decrees on the current sales process will be investigated further.

Profit and loss from JSC Hartmann-Rus is specified below:

Profit and loss	**Q1 2023**	**Q1 2022**
Revenue	25.7	23.0
Expenses	(21.1)	(19.6)
Depreciation	-	(1.7)
Financial items, net	0.1	(0.3)
Profit before tax	**4.7**	**1.4**
Tax on profit for the period	(0.5)	(0.2)
Profit for the period	**4.2**	**1.2**
Earnings per share	0.6	0.2

Notes

06 Discontinued operations – continued

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

Cash flows	Q1 2023	Q1 2022
Operating activities	(0.6)	3.2
Investment activities	(0.9)	(7.8)
Financing activities	0.0	0.0
Net cash flow	**(1.5)**	**(4.6)**

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

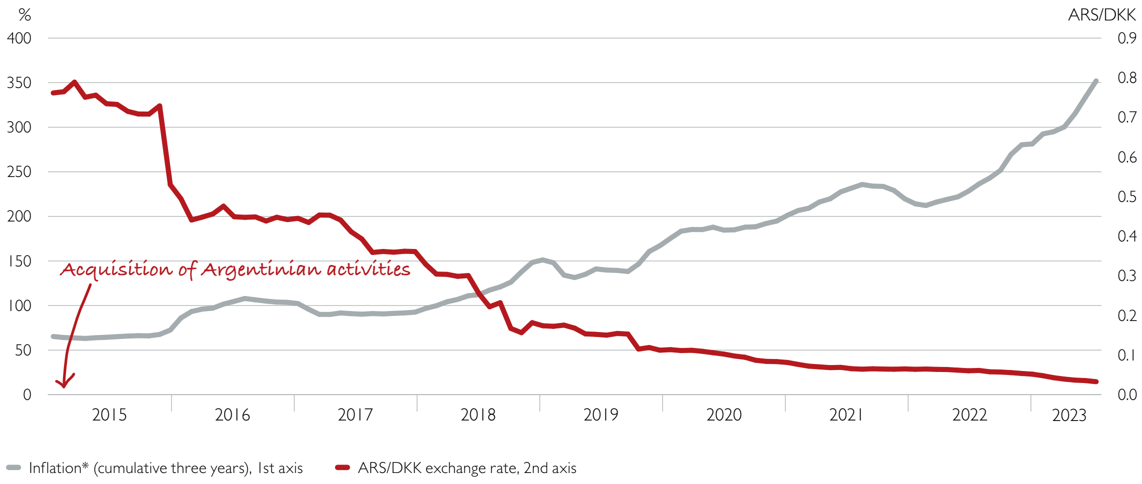
Balance sheet	31 March 2023	31 Dec. 2023
Assets		
Intangible assets	9.5	10.2
Property, plant, and equipment	44.1	48.7
Inventory	5.0	6.4
Receivables	9.7	9.5
Cash	13.5	16.7
Assets held for sale	**81.8**	**91.5**
Liabilities		
Deferred tax	2.0	1.4
Other liabilities	12.1	17.0
Liabilities related to assets held for sale	**14.1**	**18.4**

07 Events after the balance sheet date

Apart from what has been recognised or disclosed in this interim report, no events have occurred after the balance sheet date of significance to the condensed consolidated interim financial statements.

Hyperinflation in Argentina (unaudited)

Inflation and exchange rate developments in Argentina

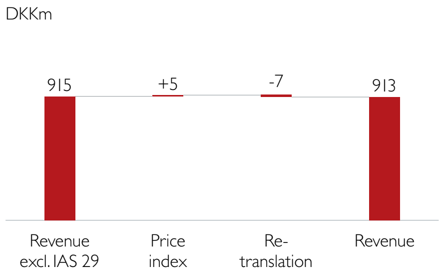


Effects of restating for hyperinflation on selected accounting figures

DKKm	Excl. IAS 29	Price index	Re-translation	Total adjustment	2023 to date
Revenue	915	5	(7)	(2)	913
Operating profit before depreciation	199	0	(3)	(3)	196
Operating profit	157	(2)	(2)	(4)	153
Net financial items	(11)	(11)	1	(10)	(21)

* 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.

Effects of restating year-to-date revenue



The total effect on Q1 2023 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 22% during the first three months of the year, boosting revenue by DKK 5 million. The increase offset a decline in the ARS/DKK cross rate from 0.03937 at the beginning of the year to 0.03277 at 31 March 2023 reducing revenue by DKK 7 million as a result of the practice of using the exchange rate at the balance sheet date for currency translation purposes.

Revenue was DKK 913 million after a net negative impact of restating for hyperinflation of DKK 2 million.

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 CO_2-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 2023

16 August 2023	Interim report Q2 2023
15 November 2023	Interim report Q3 2023

This interim report was released in English through Nasdaq Copenhagen as company announcement no.7/2023.

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