

Annual report 2023



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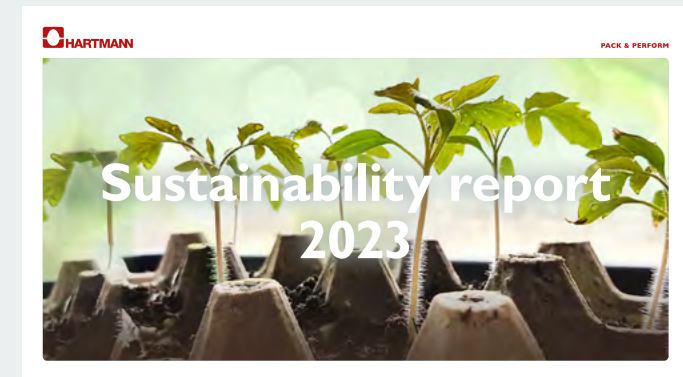
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Sustainability report

Read about our first double materiality assessment, our ESG priorities and our progress on a number of ESG parameters.



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Hartmann at a glance

Hartmann is the world's leading manufacturer of moulded-fibre egg packaging and a market-leading manufacturer of fruit packaging in South America and India. The group is also 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.



Revenue (DKKm)

3,308

Operating profit (DKKm)

472

Number of employees

2,555

Key figures

DKK ^m	2023	2022	2021	2020	2019
Comprehensive income					
Revenue	3,308	3,350	2,666	2,567	2,356
Operating profit ¹	472	252	251	452	262
Operating profit after restatement for hyperinflation	428	238	231	437	250
Special items	(97)	(34)	(116)	(13)	0
Operating profit after special items	331	204	115	424	250
Net financial income and expenses	(79)	(72)	(9)	(65)	(35)
Profit before tax	252	132	106	359	215
Profit for the year	159	61	75	274	167
Result from discontinuing operations	(44)	(91)	0	-	-
Profit for the year incl. discontinuing operations	114	(30)	74	-	-
Total comprehensive income	3	25	171	146	180
Cash flows					
Operating activities	623	204	241	448	296
Investing activities	(284)	(182)	(527)	(436)	(197)
Financing activities	(218)	54	233	23	(92)
Total cash flows	120	77	(53)	35	7
Balance sheet					
Assets	2,722	2,857	2,654	2,374	2,042
Assets incl. discontinuing operations	2,724	2,949	2,804	2,374	2,042
Investments¹	279	186	527	437	197
Investments in property, plant and equipment	263	163	372	320	193
Net working capital	375	517	348	313	323
Invested capital	1,852	2,046	1,939	1,654	1,502
Net interest-bearing debt (NIBD)	659	938	933	623	634
NIBD excl. lease liabilities	602	871	859	554	556
Equity	1,225	1,222	1,197	1,025	879

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.

DKK ^m	2023	2022	2021	2020	2019
Financial ratios, %					
Profit margin¹	13.9	7.5	9.5	17.5	11.1
Profit margin after restatement for hyperinflation	12.9	7.1	8.7	17.0	10.6
Return on invested capital (ROIC)	21.1	11.1	12.3	28.7	16.9
Return on equity	12.2	4.7	6.2	29.0	20.5
Equity ratio	45.0	42.8	45.1	43.2	43.1
Gearing	53.8	76.7	78.0	60.8	72.1
ESG					
Average no. of full-time equivalents	2,555	2,458	2,488	2,172	1,997
Female representation board of directors ² , %	33 (1/3)	25 (1/4)	25 (1/4)	40 (2/5)	50 (3/6)
Female representation other man. levels ^{2,3} , %	19	14	14		
Share of recycled paper ⁴ , %	97	98	98		
CO ₂ e emissions ⁴ , scope 1 and 2, tons	191,794	210,667	207,748		
Water consumption ⁴ , m ³	1,707,013	1,632,884	1,846,596		
Lost Time Injury rate ⁴ , %	7.4	6.3	6.8	7.3	12.3

² Parent company, ³ Calculation method was changed in 2023 due to new Danish Financial Statements Act requirements. ⁴ Including discontinuing operations.

For definitions of key figures and financial ratios, see note 32.

Financial and business performance in line with expectations

In 2023, we delivered a solid business performance with a recovered earnings level. We grew our volumes despite that our markets generally remained soft and volatile, continuously influenced by inflation, macroeconomic challenges, and geopolitical tension. Furthermore, Hartmann was delisted from Nasdaq Copenhagen after 41 years on the stock exchange to be integrated in the Thornico Group.



Henrik Marinus Pedersen
Chairman

Torben Rosenkrantz-Theil
CEO

Over the year, energy and recycled paper prices declined but remained above pre-energy crisis levels. Thus, operating profit recovered satisfactorily compared to 2022, where historically high raw material prices significantly impacted earnings. In 2023, we realised revenue of DKK 3,308 million, lower than expected, while operating profit of DKK 472 million was in line with our Q3 2023 financial outlook.

Our performance was founded on the continued execution of our strategic direction aiming to gain market share through customers converting from

oil-based plastics to recyclable moulded-fiber packaging. An increased sustainability awareness among consumers, retailers, and policymakers backs this trend. Furthermore, we still expect demographic indicators, such as population growth, urbanisation, and growing prosperity combined with changing food choices, to further increase demand for professionally packaged eggs sold in supermarkets.

Our sustainability efforts go beyond delivering products based on recycled materials, and we were pleased to receive validation of our science-

based CO₂e targets in 2023. We are committed to reducing our absolute Scope 1 and 2 CO₂e emissions and our relative Scope 3 CO₂e emissions by 50% in 2030 from a 2021 baseline. This journey and all other sustainability initiatives are described in our Sustainability Report 2023.

2023 also marked the end of 41 years as a listed company on the Nasdaq Copenhagen stock exchange. By the end of December, the Hartmann share was delisted from trading and the company became 100% owned by Thornico Food & Food Technology A/S in Q1 2024.

In 2024, we continuously expect volatile raw material prices, challenging macroeconomics, and geopolitical turmoil in more parts of the world. We remain, however, well-positioned and focused on providing a satisfactory financial performance based on stable volumes with expected revenue and operating profit in line with 2023 results.

Increased uncertainty in emerging markets

Hartmann recovered operating profit after a challenging 2022 and despite volatile market conditions, including soft markets, raw material price fluctuations, and increased macroeconomic uncertainty in emerging markets.

Soft markets

The majority of Hartmann's markets remained soft, still impacted by inflationary pressure, which, however, was at a lower level compared to 2022. High consumer prices, reduced egg supply, avian flu and consequent fewer supermarket campaigns and promotions led to lower demand for packaging.

Raw material prices

After historically high prices on natural gas, electricity, and recycled paper in 2022, some raw material costs declined in 2023, but remained higher than pre-energy crisis levels. All raw material prices are expected to remain volatile in 2024 and are, among others, correlated with increased geopolitical turmoil in several parts of the world.

Increased uncertainty in emerging markets

In Brazil, the economic growth was low. While inflation declined, low wage increases could not outweigh a drop in personal disposable income, impacting demand for packaged eggs sold in supermarkets. Certain structural reforms were implemented by the new government but further will be required to restore a stable economic development.

In Argentina, the deep macroeconomic imbalances and a highly constrained external liquidity position continued. With the result of the general elections end-2023, political and economic uncertainty increased as decisions on a number of structural and monetary decisions were pending.

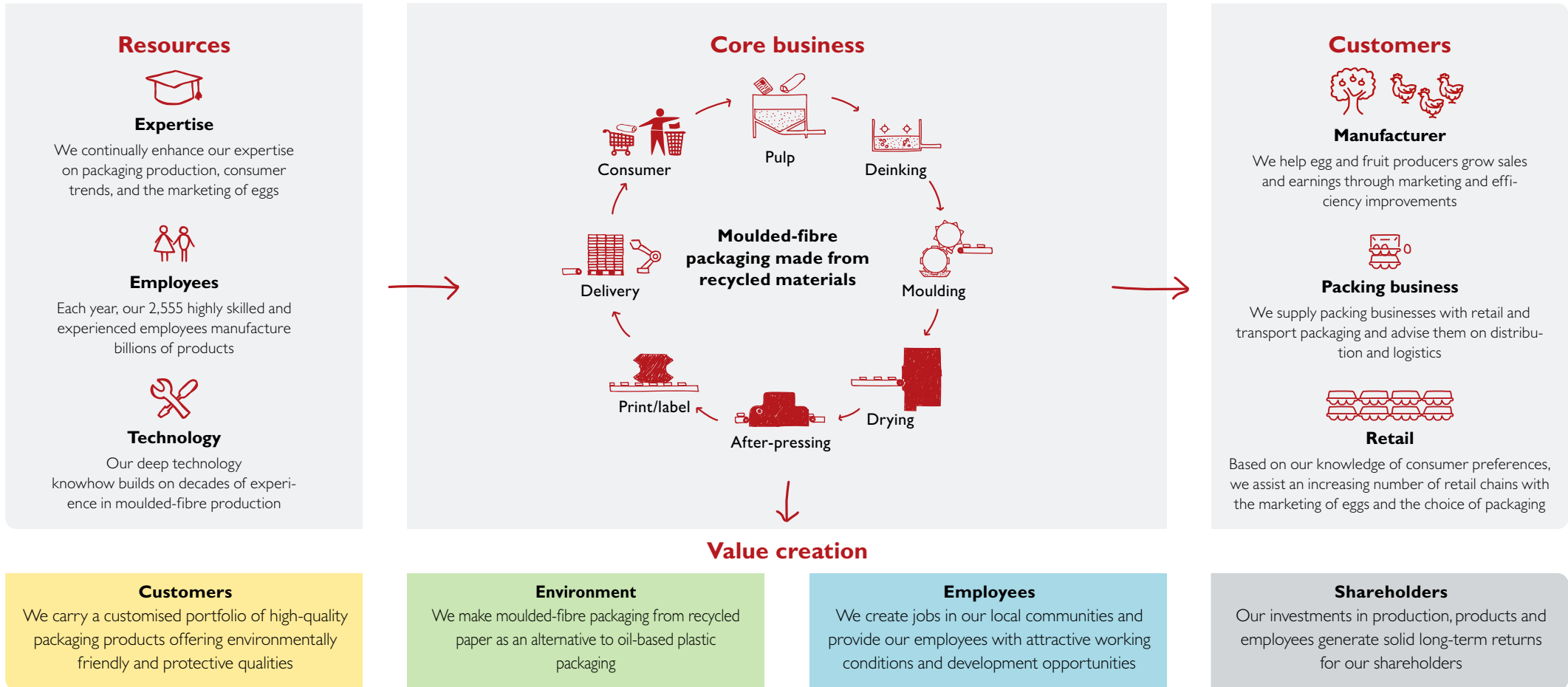
In India, volatile demand for eggs, the factory fire in 2022 and increased competition has affected Hartmann's market position. In addition, steeply increased raw material prices significantly impacted the overall packaging market and Hartmann's financial performance in 2023. Moreover, general macroeconomic uncertainties and political turmoil adversely affected local economy, translating into a significantly higher discount rate, which prompted Hartmann to recognise a DKK 97 million impairment loss on its non-current assets.



Business

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Business model



Strategy

Think ahead

Hartmann re-established earnings while remaining focused on long-term business growth in 2023, where raw material prices were volatile and markets soft.

Global population growth, increased sustainability awareness and consequent positive shifts in consumer behaviour grow demand for moulded-fibre packaging for eggs and fruit. Capitalising on these trends as well as operating its factories in an efficient manner, Hartmann aims to:

- Implement marketing initiatives to increase the share of premium products and help drive the conversion from oil-based plastic packaging to more sustainable moulded-fibre packaging solutions
- Continuously develop recyclable and bio-degradable products
- Build sufficient production capacity to meet market demand and drive volume growth across markets
- Enhance utilisation of the group's total production capacity
- Improve efficiency through further automation and continuous development of production network and technologies
- Scout for potential acquisitions in existing and new markets

Strengths

Expertise

Hartmann has built a unique expertise on marketing of eggs and production of moulded-fibre packaging since 1936. Our insights into consumer preferences and behaviour are based on continuous consumer research providing a strong and data-based foundation for customers' choice of products.

Products

Our versatile product portfolio enables us to customise the product range to specific demand patterns among customers and consumers across the group's diverse markets. We cover all customer requirements and can provide both premium and standard products.

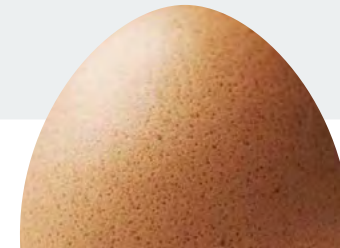
Platform

Our experienced sales organisation has built solid market positions that are supported by a well-established production network which is continually optimised and expanded with a view to improving efficiency, ensuring flexibility in production, and driving continued growth.

Technology

Thanks to our proven technological skills, we are uniquely positioned to continually expand, optimise, and automate our production facilities and to develop new cost- and energy-saving technologies, processes, and production methods.

Hartmann has built a unique expertise on the marketing of eggs and production of moulded-fibre packaging since 1936.



Hartmann turns fibre based recycled waste into value and our core business is based on recycling and circularity. The sustainability approach is focused on our environmental-, social- and governance responsibility, and Hartmann is committed to being a sustainability frontrunner in the industry while investing in people. As a global company, Hartmann is obliged to protect the planet, respect people, and stay true to core values: Being accurate, responsible, and transparent. Embedding sustainability into every part of the business is essential, and an extensive journey is embarked on to assess risks, opportunities, and impacts across the entire value chain.

Our key strengths – expertise, strong platform, diverse product range and proprietary technology – form the basis of the strategy to strengthen Hartmann's positions as the world's leading moulded-fibre manufacturer of egg packaging, the leading manufacturer of fruit packaging in selected markets and the preferred supplier of machinery and technology to produce moulded-fibre packaging.

Trends

Sustainability

Increasing demand for sustainable packaging is correlated with the growing awareness of consumers, retailers, and policy- and opinion makers about the adverse impact of single-use plastic packaging on the environment, animal life and humans. The disposal of plastics is a growing challenge, and waste products from crude oil-based plastic materials are accumulating in oceans, drinking water and on land.

Demographics

Global population growth means increased demand for food, while growing prosperity further supports consumption of packed products. Hartmann's markets are expected to witness varying degrees of these developments, leading to growing use of moulded-fibre packaging and increased demand for premium products.

Consumer behaviour

Eggs are considered a less expensive and natural source of protein and a natural part of the varied and healthy diet prioritised by an increasing number of consumers. This development drives increased egg consumption and shifts demand between different types of eggs.

Markets and products

Hartmann operates in diverse markets with varying product offerings continuously adapted to regional needs. The product portfolio comprises retail and transport packaging for eggs and fruit packaging. In selected markets, Hartmann also sells machinery and technology to manufacturers of moulded-fibre packaging.

Retail packaging for eggs is our main product category. The segmentation into premium and standard products varies from market to market depending on factors such as the maturity of the retail trade, the penetration of moulded-fibre packaging, and the focus on sustainability. For sales of egg and fruit packaging, our main markets are Europe, North and South America, Israel and India, while Hartmann Technology sells machinery and technology for manufacturing moulded-fibre packaging in selected global markets.

Demand for egg and fruit packaging steadily increases and is - over time - relatively resilient to economic fluctuations. However, exchange rate fluctuations particularly affect South American fruit exports and, hence, sales of fruit packaging. Under normal market conditions, demand for egg and fruit packaging is seasonal. Hartmann's primary markets are highly competitive and served by a few large and several medium-sized players.



● Factory
● For sale

Markets

Europe

Hartmann is the leading manufacturer of egg packaging in the relatively mature and competitive European market.

Growth varies across borders but is generally driven by increased demand for retail packaging on the back of continued penetration and professionalisation of the retail trade combined with the transition towards moulded-fibre packaging in more markets.

North America

In North America, Hartmann is a leading manufacturer of moulded-fibre packaging in the overall market for egg packaging, which is growing on the back of an increasing consumption of eggs.

Furthermore, moulded-fibre egg packaging growth is driven by conversion from foam and plastic packaging. Sales of cage-free and free-range eggs are growing at the expense of battery-cage eggs, entailing an increased number of differentiated products with demand for premium packaging.

South America

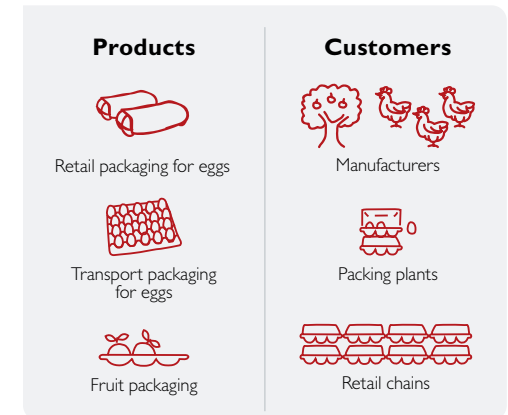
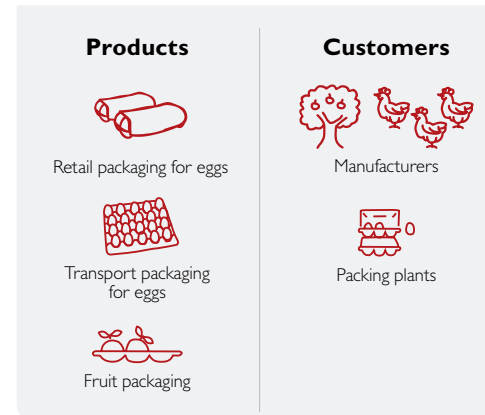
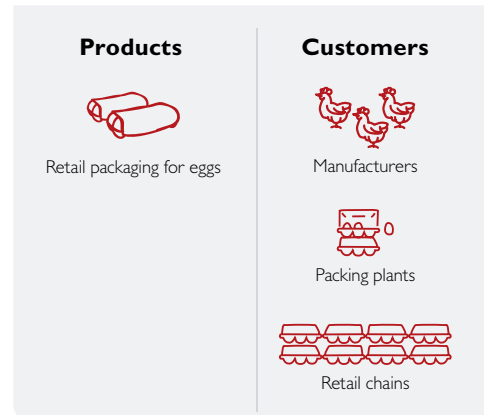
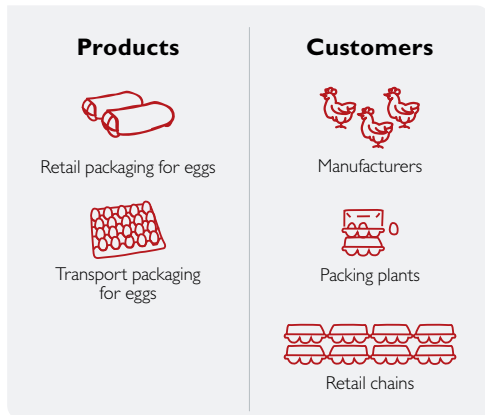
Hartmann has a market leading position in Brazil and Argentina, selling both egg and fruit packaging.

Demand for egg packaging in these markets is growing due to growing population, urbanisation, and the resulting shifts in consumer behaviour. Particularly the Brazilian market is characterised by fierce price competition.

Hartmann's sales of fruit packaging are largely driven by fruit exports.

Rest of world

The market for egg packaging is expected to see strong growth over the next decade, driven by favourable demographics and a growing egg production.



Risk management

Organisation

The overall responsibility for Hartmann's risk management lies with the board of directors, which regularly reviews the risk assessment and management principles and monitors processes and developments in key risk exposures.

The group management team is responsible for the day-to-day identification and management of risks and continuously developing and adjusting risk management principles, processes, and activities.

Local business and production unit managers provide the group management team with quarterly reports on risk developments and assessments through a centrally anchored, operational risk-focused team headed by the group's risk manager. The risk management team works continually to ensure knowledge sharing between factories, compliance with adopted standards and risk mitigation.

Hartmann is exposed to several operating risks. They are monitored and actively addressed on an ongoing basis to identify and prioritise key risk areas, to determine how to manage them and to optimise the risk-return balance.

Initiatives in 2023

In 2023, the commitment to advancing risk management was further accelerated through the appointment of a risk management specialist who, based on comprehensive risk assessments across all sites, has initiated a number of targeted efforts.

A comprehensive audit system was implemented, mandating all sites to document and evaluate safety maintenance activities. Control mechanisms can promptly identify and address any emerging shortcomings. As an example, incident and fire reporting procedures were strengthened by being incorporated in the audit system. The heightened

transparency served as basis for monthly meetings with risk management leads from each site.

Furthermore, standards for risk management, based on industry experience, best practices, international guidelines, and recommendations from insurance companies, were formulated to ensure that risk levels across all sites remained low. The active tracking of these standards ensures uniform compliance, as progress on individual initiatives are closely monitored.

Recognising the imperative of preparedness for large-scale incidents, Hartmann has entered part-

nerships with a pre-appointed loss adjuster and a specialised damage service firm. These collaborations allow for swift and effective responses in the face of substantial damages, leveraging the in-depth knowledge of both entities regarding potential operational risks and vulnerabilities.

Risk assessment

In Hartmann's assessment, key risks in the period ahead are related to rising raw material prices as consequence of the continued macroeconomic uncertainty and geopolitical instability, factory fires, continued disease outbreaks among laying hens, and environmental issues. These risks and mitigating efforts are described in more detail on the next page.

Other identified risks include fluctuations in general demand for eggs and fruit, shifts in sales across product categories, the group's ability to attract and retain skilled employees, as well as IT security and interruption. To this should be added financial risks, which are described in detail in note 26, and sustainability risks described in the sustainability report.

Risk management process

Hartmann continuously identifies risks affecting the group's commercial activities, operations, and financial performance. Identified risks are analysed at local and central level with a view to sharing

knowledge across the organisation and assessing potential impacts and risk probabilities.

On this basis, key risks are determined and prioritised so that mitigation measures may be initiated, where relevant, and risks be monitored on an

ongoing basis. Developments in Hartmann's overall risk exposure, the assessment of key risks and mitigating measures implemented are reported on an ongoing basis to the group management team, which involve and keep the board of directors informed.



Please go to the Sustainability Report 2023 for ESG risks



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 natural gas) may have a significant impact on the group's financial results. Potential adjustments of selling prices with a view to mitigating increases in raw material 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 historically has 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, 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.

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 risk management team 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 impact in case of a factory fire in some regions.

Hartmann may seek 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, considering customer demand and locations. Furthermore, several plants can use alternative sources of energy.

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 a 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, Israel, India and Russia (discontinuing) 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. In particular, Hartmann monitors closely the political and macroeconomic developments in Argentina, Israel, and Russia.

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 7 in this report for a description of increased uncertainty in emerging markets and to note 26 in this report for a description of Hartmann's risk management approach.

Governance

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Sustainability highlights

Share of recycled paper

97%

2022: 98%

CO₂e emissions Scope 1-2, down

9%

from 2022

Injury rate, LTI-FR

7.4%

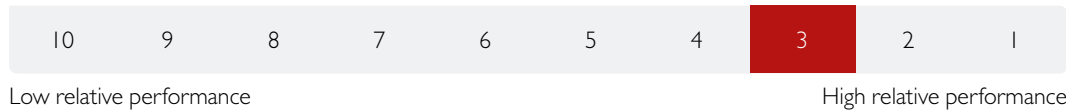
2022: 6.3%

Water usage, m³ up

5%

from 2022

2023 ratings



Commitments



We are committed to the UN Global Compact and company relevant UN SDG's

Science-based targets

In 2023, Hartmann's near-term Scope 1, 2 and 3 carbon emission reduction targets were validated by the Science Based Target initiative.

50%

reduction by 2030

From a 2021 base, we aim for:

- Scopes 1 and 2: Absolute reduction of 50% by 2030
- Scope 3: 50% relative reduction of carbon emission intensity per kilogram dry matter by 2030



DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Achievement of these targets require development of new technologies for our machinery.

Sustainability

The group's financial development was continuously aided by customers, mainly in the Americas, converting from plastic packaging to recyclable and bio-degradable moulded-fibre products. In Europe, the incentive for customers and consumers to choose moulded-fibre egg packaging was strengthened with a new mix of colours that gives a more favourable composition of additives, reduces energy consumption and with unchanged high product quality.

Expansion of sustainability and ESG efforts

The dedicated Group Sustainability and ESG team was expanded with appointment of additional people as responsible for ESG in our business units to further anchor the efforts within the business. The team is also responsible for preparing Hartmann for the significantly increased ESG-reporting requirements set out in the EU Corporate Sustainability Reporting Directive, applicable as of the fiscal year 2025. As a first step, Hartmann has completed a double materiality assessment and, on its back, defined four priority areas:

 **Fighting climate change**

 **Investing in people**

 **Protecting water**

 **Strengthening circularity**

In 2023, we expanded our dedicated Group Sustainability and ESG team to drive and accelerate our efforts and we completed our first double materiality assessment outlining future main impact areas and focus points. Our science-based carbon reduction targets were validated, and we strengthened our competency centre to fuel the development of new energy reduction technologies.

Validation of science-based targets

This year, our near-term CO₂e reduction targets were validated by the Science-Based Target initiative. We aim to reduce our absolute Scopes 1 and 2 emissions and Scope 3 emissions relative to kilogram dry matter by 50% by 2030 from a 2021 baseline.

Our manufacturing process is the primary source of CO₂e emissions - particularly the drying of our products after wet-moulding as most of our ovens are heated either through direct or indirect gas burning. Our carbon reduction trajectory is based on improvement potentials in these processes, investment opportunities in our factories. A technological leap is needed, and therefore we have further strengthened our competency centre in Denmark to investigate and mature energy projects.

Water consumption

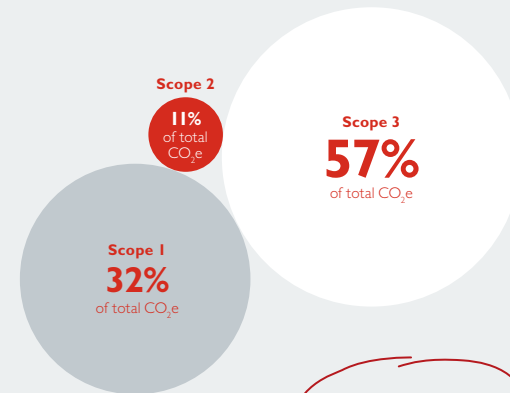
In addition to raw materials and energy, water is a key component of moulded-fibre packaging

production. After a decreasing trend, total fresh-water consumption increased by 5% in 2023, while a 3% decrease was recorded compared to produced volume. Hartmann ongoingly tests the possibility to close the production loop to reduce water intake and wastewater discharge and continuously invests in waste water treatment capacity.

Health and Safety

Hartmann remains committed to reaching zero work-related (category 1) accidents, however the injury rate rose to 7.4% in 2023 (2022: 6.3%). All accidents are addressed on group management meetings and initiatives to reduce the frequency are constantly evaluated.

CO₂e emission distribution 2023



Our sustainability activities and progress are presented in the Sustainability Report 2023. It also constitutes the group's statutory reports on corporate social responsibility, pursuant to section 99a of the Danish Financial Statements Act. While this annual report merely provides a summary of selected activities in 2023, the full Sustainability Report is available at www.hartmann-packaging.com/world/sustainability.

The group's statutory report on data ethics pursuant to section 99d of the Danish Financial Statements Act may be found at www.hartmann-packaging.com/world/sustainability.

Scope 1: Direct emissions from gas for heating.
 Scope 2: Indirect emissions from externally produced electricity.
 Scope 3: Indirect up- and downstream emissions.

Read more in our Sustainability Report 2023

Governance structure

Hartmann's corporate governance comprises management, policies as well as risk management and audits.

Ownership

Per 31 December 2023, 97.6% of Hartmann's share capital was held by Thornico Food and Food Technology A/S. Mid-February 2024, a compulsory acquisition of the remaining 2.4% of the shares and share capital was completed.

Management structure

Hartmann operates a two-tier management structure comprising the board of directors and executive management, leading the group management team.

Board of Directors

Hartmann's board of directors is responsible for the overall management of the company and resolves matters relating to Hartmann's strategic development, financial forecasts, risk factors, acquisitions, and divestments as well as major development and investment projects.

The board of directors consists of five members, three elected by the shareholder and two by the employees in the parent company. Board members elected by the shareholder are elected for one year and eligible for re-election. The board members elected by the shareholder are non-independent. Board members elected by the employees are

elected for terms of four years in accordance with the provisions of the Danish Companies Act.

At the extraordinary general meeting held on 12 July 2023, Henrik Marinus Pedersen and Marianne Schelde were elected as board members, while Jan Klarskov Henriksen, Jan Madsen and Pernille Fabricius resigned from the board of directors. The board furthermore comprises Michael Strange Midskov, who was re-elected at the annual general meeting in April 2023, and two employee-elected members, Palle Skade Andersen, and Klaus Bysted Jensen.

Executive and Group Management

The board of directors appoints the executive management, who is responsible for the company's day-to-day management, including the development of the company's operations, results of operations and internal development. The executive and his group management team is responsible for implementing Hartmann's strategy and the overall resolutions approved by the board of directors.

Gender distribution

This section represents the statutory statement on gender equality in accordance with section 99b of

the Danish Financial Statements Act for Brødrene Hartmann A/S (parent company).

Hartmann's diversity policy is formulated to ensure a diverse workforce and an including culture. The policy is applied for both internal and external searches for qualified candidates of both genders for the board of directors and other managerial levels. The policy sets out an overall guideline for initiatives to reach defined targets.

The board of directors comprises three shareholder-elected members, two men and one woman, i.e. 33%/67%, an equal gender distribution according to legislation. Furthermore, Hartmann is committed to achieving a 40/60% gender distribution in its other managerial levels (parent company) and has set a mid-term target of 25/75% by 2025 (2023: 19/81%). At other managerial levels, there are currently 16 employees, with the under-represented gender comprising 19%, an increase from 14% in 2022 following a gender balanced change in the composition of other managerial levels in 2023, thus progressing towards, but not reaching, the target.

In 2023, Hartmann has implemented additional initiatives to foster diversity and inclusion within its managerial levels. The measures comprise insistence on including at least one candidate from an underrepresented gender in the final pool of applicants during a recruitment process, the option to participate in networking and leadership development programs or mentorship schemes, as well as additional focus on life-balance initiatives.

Gender distribution (parent company)

	2023	2022
Board of Directors		
Shareholder-elected members	3	4
Under-represented gender, %	33	25
Other managerial levels¹⁾		
Total number of employees	16	14
Under-represented gender, %	19	14
Target, %	25	
Target year	2025	

¹⁾ For definition of other managerial levels see note 32.

Board of directors



Name	Henrik Marinus Pedersen	Michael Strange Midskov	Marianne Schelde	Klaus Bysted Jensen	Palle Skade Andersen
Position	Chairman	Vice chairman	Board member	Elected by the employees	Elected by the employees
Description	CEO of Ovodan Foods A/S and Ovodan Eiprodukte GmbH. Former and former positions in Ovodan.	CEO of Sanovo Technologies A/S. Former Executive Director of Exhausto Group and former positions with Sanovo Technology Group and Roulunds Fabriker A/S.	CFO of Thornico Holding A/S and CEO of Thornico IT A/S.	Director Supply Chain, Hartmann Technology. Employed with Brødrene Hartmann A/S since 1994. Elected by the employees in 2022 to serve until the annual general meeting to be held in 2026.	Manager, Production Technology Brødrene Hartmann A/S, Tønder, Denmark. Employed with Brødrene Hartmann A/S since 1991. Elected by the employees in 2022 to serve until the annual general meeting to be held in 2026.
Special expertise	Extensive experience in management and business development. Specialized in industrial egg processing as well as innovations for new applications.	Special expertise in international management, strategy and business development as well as sales of technology and services to the international food industry.	Experience and special competencies within international financial management, financial re-orting and accounting.	Extensive expertise in project management related to technology delivery and supply chain management.	Extensive expertise in carton after-treatment processes.
Other positions:	Chairman: Ovodan Suzhou Co. Ltd. Member: Mätfoods A/S, EX-TRADE A.M.B.A, Thornico CEO Board.	Member: Thornico CEO Board	Member: Thornico IT A/S, Hummel Holding A/S, Mount Baldy A/S, Ovodan Europe ApS, Sanovo Packaging Denmark ApS, Stanico A/S, Thorco Projects A/S, West Star Real Estate A/S, Thornico CEO Board.		
Born	1970	1962	1962	1972	1969
Gender	Male	Male	Female	Male	Male
Nationality	Danish	Danish	Danish	Danish	Danish

Group management



Name	Torben Rosenkrantz-Theil Executive Management	Kenneth Kongsgaard Kristensen	Morten Skovgaard Frank	Karl Martin Broderick	Ernesto W. Schonbrod	Henning Bekke Frisk
Position	CEO	CFO	SVP Hartmann Europe	President Hartmann North America	President Hartmann South America and Asia	SVP Hartmann Technology & Engineering
Description	Former Senior Vice President and member of group management in charge of Hartmann's European business. Previous experience from position as President of the North American business and head of strategic development.	Former Director of Group Finance at Hartmann. Previous experience from finance positions with GEA Niro A/S and Deloitte.	Former CEO of Rowico AB. Previous experience from management positions in overseas manufacturing and trading companies.	Former Director of strategic projects and General Manager, Toronto Operations. Previous experience as VP Sales and Marketing North America at Paperworks/CanAmpac, VP Sales and Operations at Quebecor Media, SVP Sales Canada at Quebecor Printing, and VP Sales at Dollco Printing.	Former CEO of Lactosan Uruguay and other key positions positions in various companies within the Thornico Group in South America and in Asia. Previous experience in management positions at Exxon and GE.	Former Director of Projects & Technology at Danfoss Solutions A/S. Previous experience as Market Developer in Europe at SE Big Blue A/S and Technology Manager at Brdr. Hartmann A/S.
Other positions:	Chairman: Int. market committee, Confederation of Danish Industry; Member: Lactosan A/S, Ovodan Europe A/S, Sanovo Technology A/S, Thornico CEO Board Managing Director: Sanovo Packaging Denmark ApS.	Vice chairman: Danfiber A/S.			Honorary Danish Consul General in Uruguay.	
Employed since	2007	2002	2018	2018	2016	2015 (and 1999-2007)
Born	1975	1975	1974	1965	1959	1963
Gender	Male	Male	Male	Male	Male	Male
Nationality	Danish	Danish	Danish	Canadian	Uruguayan/German	Danish

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31 **Notes**

Revenue and earnings

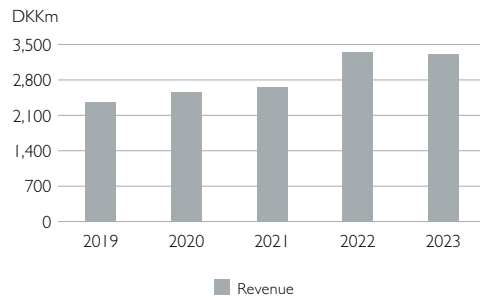
Revenue

Against a 2022 revenue performance lifted by temporary charges linked to historically high energy prices, 2023 revenue decreased to DKK 3,308 million (2022: DKK 3,350 million), below the most recent Q3 2023 guidance for revenue in the lower end of DKK 3.4-3.8 billion and the initial full-year 2023 guidance of DKK 3.6-4.0 billion. In addition to lower energy prices, the development was driven by significant exchange rate effects from the Argentine ARS which could not be offset by improved selling prices and slightly higher volumes across markets. Currency movements reduced revenue by a net DKK 48 million excluding the effects of hyperinflation adjustments and currency translation in Argentina.

Operating profit

Operating profit for 2023 increased to DKK 472 million (2022: DKK 252 million) for a profit margin of 13.9%

Revenue

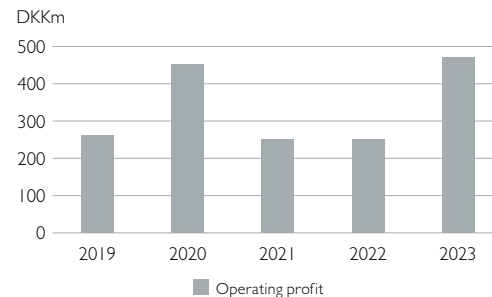


(2022: 7.5%), in line with the most recent guidance of operating profit of DKK 375-475 million, and above the initial full-year guidance of DKK 220-230 million. Operating profit reached a normalised level compared to 2022, which was significantly impacted by high raw material prices, and progress was mainly attributable to declining raw material prices, improved product mix and cost improvements. Operating profit after restatement for hyperinflation came to DKK 428 million (2022: DKK 238 million) for a profit margin of 12.9% (2022: 7.1%). Currency fluctuations improved operating profit by a net DKK 12 million excluding effects from the ARS.

Special items

Special items came to an expense of DKK 97 million (2022: net expense of DKK 34 million) relating to impairment of non-current assets in India as a consequence of the factory fire in 2022 and adverse macroeconomic developments leading to a higher discount rate (WACC).

Operating profit



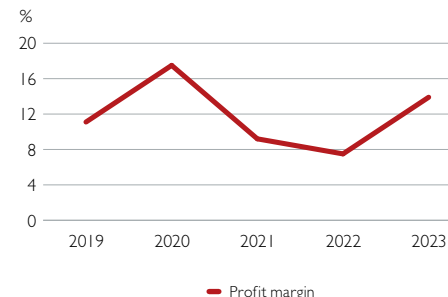
Financial income and expenses

For 2023, financial income and expenses were a net expense of DKK 79 million (2022: net expense of DKK 72 million). The development was driven by higher interest rates and monetary loss on restatement for hyperinflation, which could not offset positive effects of mainly foreign exchange gains.

Profit for the year

Driven by the normalised operating profit level, profit before tax rose to DKK 252 million (2022: DKK 132 million). Tax on the profit for the year was an expense of DKK 94 million (2022: expense of DKK 71 million), for an effective tax rate of 37% (2022: 54%). The 2022 effective tax rate was significantly affected by impairment of non-current assets in Brazil. Profit for the year for continuing operations rose to DKK 159 million (2022: DKK 61 million).

Profit margin



Result from discontinuing operations

Result from discontinuing operations was a loss of DKK 44 million (2022: a loss of DKK 91 million). The result for 2023 included an impairment of assets held for sale of DKK 57 million. For further information see note 30.

Comprehensive income

Other comprehensive income came to an expense of DKK 112 million (2022: income of DKK 55 million) mainly as a consequence of unfavourable foreign exchange adjustments of the Argentine subsidiaries after significant devaluation of the ARS. Total comprehensive income then came to DKK 3 million (2022: DKK 25 million).

Parent company

The parent company realised revenue of DKK 1,910 million (2022: DKK 1,910 million) and operating profit of DKK 155 million (2022: DKK 27 million). Profit for the year was negative by DKK 134 million (2022: DKK 85 million) affected by recognised impairment losses related to investments in and loans to subsidiaries. Management considers operating profit for the year as normalised despite continuously challenging market conditions.

Events after the balance sheet date

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

Statement of comprehensive income

DKKm	Note	Group		Parent company	
		2023	2022	2023	2022
Revenue	4	3,307.6	3,350.1	1,910.1	1,910.0
Production costs	5	(2,272.6)	(2,535.1)	(1,423.5)	(1,563.7)
Gross profit		1,035.0	815.0	486.6	346.3
Other operating income/(expenses)		(2.9)	8.2	0.0	0.0
Selling and distribution costs	6	(443.9)	(436.3)	(249.2)	(244.9)
Administrative expenses	7	(160.2)	(149.4)	(82.5)	(74.9)
Operating profit before special items		428.0	237.5	154.9	26.5
Special items	9	(97.0)	(33.6)	0.0	0.0
Operating profit after special items		331.0	203.9	154.9	26.5
Profit after tax in associates		0.1	0.2	-	-
Financial income	10	44.9	27.2	72.4	76.4
Financial expenses	10	(123.7)	(98.9)	(329.7)	(176.8)
Profit/(loss) before tax		252.3	132.4	(102.4)	(73.9)
Tax on profit for the year	11	(93.6)	(71.1)	(31.5)	(10.7)
Profit/(loss) from continuing operations		158.7	61.3	(133.9)	(84.6)
Result from discontinuing operations	30	(44.4)	(91.1)	-	-
Profit/(loss) for the year		114.3	(29.8)	(133.9)	(84.6)

DKKm	Note	Group		Parent company	
		2023	2022	2023	2022
Profit/(loss) for the year		114.3	(29.8)	(133.9)	(84.6)
Items that will not be reclassified to profit or loss					
Actuarial gains/(losses) on defined benefit plans	23	(0.6)	(12.2)	-	-
Tax on defined benefit plans	11	0.2	2.9	-	-
Items that will be reclassified to profit or loss					
Foreign exchange adjustment on translation of foreign subsidiaries	27	(151.0)	(18.8)	-	-
Foreign exchange adjustment of equity-like loans to subsidiaries		(6.2)	3.7	-	-
Tax on equity-like loans to subsidiaries	11	1.4	(0.8)	-	-
Hyperinflation restatement of equity	29	56.6	72.9	-	-
<i>Value adjustment of hedging instruments:</i>					
Recognised in other comprehensive income		(20.6)	(7.1)	(31.2)	9.7
Transferred to revenue		10.1	7.9	8.8	4.7
Transferred to production costs		(6.0)	5.8	(6.0)	5.8
Transferred to financial income and expenses		2.6	1.6	1.3	(1.5)
Tax on hedging instruments	11	2.0	(0.8)	6.0	(4.1)
Other comprehensive income/(expenses) after tax		(111.5)	55.1	(21.1)	14.6
Total comprehensive income		2.8	25.3	(155.0)	(70.0)

Cash flows

Investments and cash flows

In 2023, cash flows from operating activities were a net inflow of DKK 623 million (2022: net inflow of DKK 204 million).

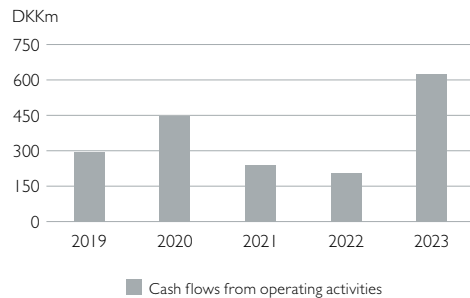
Cash flows from investing activities were a net outflow of DKK 284 million (2022: net outflow of DKK 182 million). Investments in intangible assets and property, plant and equipment amounted to DKK 278 million (2022: DKK 186 million), slightly below initial guidance of around DKK 300 million.

Total cash flows from operating and investing activities (free cash flow) came to a net inflow of DKK 339 million

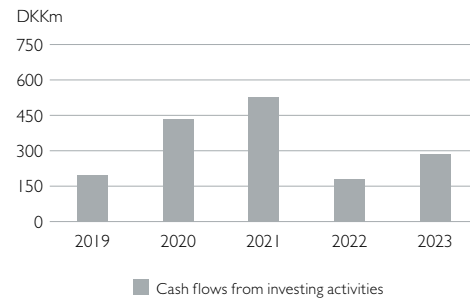
(2022: net inflow of DKK 23 million). The change was mainly driven by improved operating profit as well as positive development from change in working capital, including the cash-in flow from the insurance coverage related to the factory fire in India, recognised as special items in 2022.

Due to the refinancing and reduction of long-term loans cash flows from financing activities amounted to a net outflow of DKK 218 million (2022: net inflow of DKK 54 million).

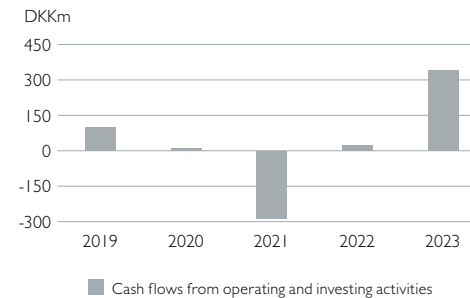
Cash flows from operating activities



Cash flows from investing activities



Free cash flow



Statement of cash flows

DKKm	Note	Group		Parent company	
		2023	2022	2023	2022
Operating profit before special items		428.0	237.5	154.9	26.5
Depreciation and amortisation		179.8	176.9	47.6	39.3
Adjustment for other non-cash items	12	41.0	7.6	-	0.0
Change in working capital etc.	12	83.4	(137.1)	(95.0)	64.0
Special items paid		0.0	(4.3)	-	0.0
Cash generated from operations		732.2	280.6	107.5	129.8
Interest etc. received		26.6	6.6	55.5	23.9
Interest etc. paid		(66.2)	(45.7)	(46.4)	(19.8)
Net income tax paid		(69.9)	(37.1)	(25.5)	(16.7)
Cash flows from operating activities		622.7	204.4	91.1	117.2
Acquisition of intangible assets		(10.4)	(22.9)	(8.7)	(22.1)
Acquisition of property, plant and equipment		(268.5)	(163.5)	(48.1)	(61.7)
Disposal of intangible assets and property, plant and equipment		2.7	4.7	-	0.1
Acquisition of other investments		(8.0)	0.0	(8.0)	0.0
Repayment of capital injections from subsidiaries		-	-	100.3	0.0
Dividend received from subsidiaries		-	-	8.5	9.0
Cash flows from investing activities		(284.2)	(181.7)	44.0	(74.7)
Cash flows from operating and investing activities (free cash flow)		338.5	22.7	135.1	42.5
Raising of debt with credit institutions	12	942.3	580.6	942.3	580.6
Repayment of debt to credit institutions	12	(1,146.6)	(508.6)	(1,036.8)	(508.6)
Change in leasing debt		(13.9)	(18.2)	(4.7)	(2.7)
Loans to subsidiaries	18	-	-	(235.4)	(123.0)
Repayments received from subsidiaries	18	-	-	265.0	22.1
Cash flows from financing activities		(218.2)	53.8	(69.6)	(31.6)
Net cash flow from continuing operations		120.3	76.5	65.5	10.9
Net cash flow from discontinuing operations	30	(11.0)	10.3	-	-
Total cash flows		109.3	86.8	65.5	10.9

DKKm	Note	Group		Parent company	
		2023	2022	2023	2022
Total cash flows		109.3	86.8	65.5	10.9
Cash and cash equivalents at 1 January		111.8	26.9	(58.8)	(69.8)
Foreign exchange adjustment		(54.9)	(1.9)	(6.2)	0.1
Cash and cash equivalents at 31 December		166.2	111.8	0.5	(58.8)
Of which classified as assets held for sale		1.9	16.6	-	-
Cash and cash equivalents at 31 December		164.3	95.2	0.5	(58.8)
Recognition of cash and cash equivalents at 31 December:					
Cash		186.4	180.2	6.1	3.4
Overdraft facilities		(22.1)	(85.0)	(5.6)	(62.2)
Cash and cash equivalents at 31 December		164.3	95.2	0.5	(58.8)

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

Balance sheet and equity

Funding

The group's net interest-bearing debt at 31 December 2023 was DKK 659 million (2022: DKK 938 million).

At 31 December 2023, financial resources, comprising cash and undrawn loan and overdraft facilities, amounted to DKK 467 million (2022: DKK 419 million).

This level is considered satisfactory and sufficient to cover Hartmann's planned investments. Hartmann's loans are subject to standard financial covenants, see note 26.

Assets

Total assets, including assets held for sale, amounted to DKK 2,724 million (2022: DKK 2,949 million), the decline was mainly driven by write-down of non-current assets in India and assets held for sale.

ROIC

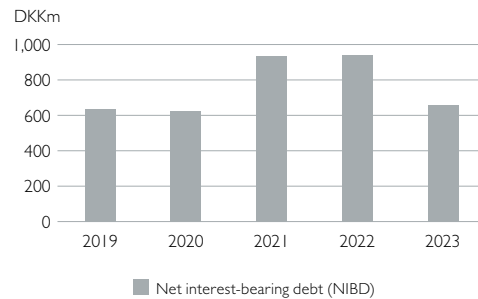
In 2023, return on invested capital was 21.2% (2022: 11.1%).

Equity

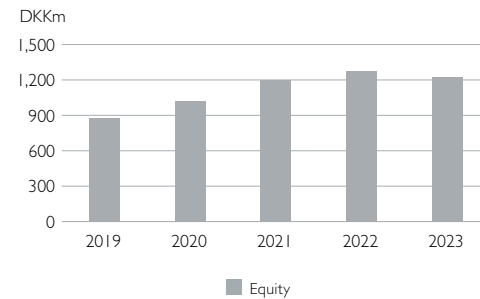
Equity at 31 December 2023 was DKK 1,225 million (2022: DKK 1,222 million), for an equity ratio of 45% (2022: 43%) including assets held for sale. Excluding assets held for sale the group equity ratio was also 45%.

The financial gearing ratio at 31 December 2023 was 54% (2022: 77%).

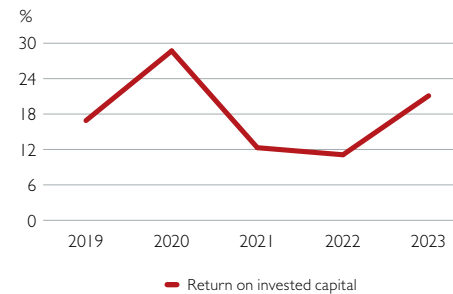
Net interest-bearing debt (NIBD)



Equity



ROIC



Balance sheet

Assets

DKKm	Note	Group		Parent company	
		2023	2022	2023	2022
Goodwill		10.7	54.4	10.7	10.7
Other intangible assets		44.7	60.3	42.2	47.4
Intangible assets	13	55.4	114.7	52.9	58.1
Land and buildings		330.5	362.1	46.9	25.0
Plant and machinery		850.8	876.4	122.9	132.9
Other fixtures and fittings, tools and equipment		20.1	20.7	2.1	3.2
Plant under construction		187.0	112.7	44.5	35.8
Property, plant and equipment	14	1,388.4	1,371.9	216.4	196.9
Leased land and buildings		47.7	55.1	2.8	2.3
Other lease assets		6.1	8.2	3.8	6.0
Right-of-use assets	16	53.8	63.3	6.6	8.3
Investments in subsidiaries	17	-	-	632.8	834.5
Receivables from subsidiaries	18	-	-	499.0	640.7
Other investments		22.0	14.0	22.0	14.0
Deferred tax	19	54.7	63.2	0.0	0.0
Other receivables		3.6	3.7	1.2	1.2
Other non-current assets		80.3	80.9	1,155.0	1,490.4
Total non-current assets		1,577.9	1,630.8	1,430.9	1,753.7
Inventories	20	340.4	327.6	152.4	119.1
Trade receivables	21	457.0	459.5	271.3	275.8
Receivables from subsidiaries		-	-	112.0	89.2
Income tax		13.4	24.2	0.0	0.0
Other receivables		108.9	209.2	50.8	55.2
Prepayments		37.6	25.5	12.3	10.2
Cash		186.4	180.2	6.1	3.4
Current assets		1,143.7	1,226.2	604.9	552.9
Assets held for sale	30	1.9	91.5	12.0	73.1
Assets		2,723.5	2,948.5	2,047.8	2,379.7

Equity and liabilities

DKKm	Note	Group		Parent company	
		2023	2022	2023	2022
Share capital	22	140.3	140.3	140.3	140.3
Hedging reserve		(12.2)	(0.4)	(11.9)	9.2
Translation reserve		(248.3)	(149.0)	0.0	0.0
Retained earnings		1,344.8	1,230.9	612.2	746.1
Equity		1,224.6	1,221.8	740.6	895.6
Deferred tax	19	50.2	60.3	11.7	13.4
Pension obligations	23	20.1	20.3	0.0	0.0
Credit institutions	12, 27	765.8	860.3	765.8	860.3
Lease liabilities	27	44.7	53.4	2.5	3.5
Other payables		0.8	0.9	0.0	0.0
Non-current liabilities		881.6	995.2	780.0	877.2
Credit institutions	12, 27	0.0	105.5	0.0	0.0
Lease liabilities	27	13.2	13.5	4.2	4.7
Overdraft facilities	27	22.1	85.0	5.6	62.2
Prepayments from customers		20.1	17.5	18.5	15.0
Trade payables	27	301.8	319.7	83.5	131.4
Payables to subsidiaries		-	-	251.6	316.2
Payables to associates		6.9	9.2	6.9	8.9
Income tax		11.9	12.2	5.9	4.0
Provisions		0.4	0.3	0.4	0.3
Other payables		240.9	150.2	140.5	64.2
Current liabilities		617.3	713.1	517.1	606.9
Liabilities		1,498.9	1,708.3	1,297.1	1,484.1
Liabilities related to assets held for sale	30	0.0	18.4	10.1	0.0
Equity and liabilities		2,723.5	2,948.5	2,047.8	2,379.7

Statement of changes in equity

Group	2023						2022					
	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	(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 year	-	-	-	114.3	-	114.3	-	-	-	(29.8)	-	(29.8)
Other comprehensive income												
Items that will not be reclassified to profit or loss												
Actuarial gains/(losses) on defined benefit plans	-	-	-	(0.6)	-	(0.6)	-	-	-	(12.2)	-	(12.2)
Tax on defined benefit plans	-	-	-	0.2	-	0.2	-	-	-	2.9	-	2.9
Items that will be reclassified to profit or loss												
Foreign exchange adjustments on translation of foreign subsidiaries	-	-	(151.0)	-	-	(151.0)	-	-	(18.8)	-	-	(18.8)
Foreign exchange adjustments of equity-like loans to subsidiaries	-	-	(6.2)	-	-	(6.2)	-	-	3.7	-	-	3.7
Tax on equity-like loans to subsidiaries	-	-	1.4	-	-	1.4	-	-	(0.8)	-	-	(0.8)
Hyperinflation restatement of equity	-	-	56.6	-	-	56.6	-	-	72.9	-	-	72.9
<i>Value adjustment of hedging instruments:</i>												
Recognised in other comprehensive income	-	(20.6)	-	-	-	(20.6)	-	(7.1)	-	-	-	(7.1)
Transferred to revenue	-	10.1	-	-	-	10.1	-	7.9	-	-	-	7.9
Transferred to production costs	-	(6.0)	-	-	-	(6.0)	-	5.8	-	-	-	5.8
Transferred to financial income and expenses	-	2.6	-	-	-	2.6	-	1.6	-	-	-	1.6
Tax on hedging instruments	-	2.0	-	-	-	2.0	-	(0.8)	-	-	-	(0.8)
Other comprehensive income	0.0	(11.9)	(99.2)	(0.4)	0.0	(111.5)	0.0	7.4	57.0	(9.3)	0.0	55.1
Total comprehensive income	0.0	(11.9)	(99.2)	113.9	0.0	2.8	0.0	7.4	57.0	(39.1)	0.0	25.3
Changes in equity in the year	0.0	(11.9)	(99.2)	113.9	0.0	2.8	0.0	7.4	57.0	(39.1)	0.0	25.3
Equity at 31 December	140.3	(12.3)	(248.2)	1,344.8	0.0	1,224.6	140.3	(0.4)	(149.0)	1,230.9	0.0	1,221.8

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

Statement of changes in equity

Parent company	2023					2022				
	Share capital	Hedging reserve	Retained earnings	Proposed dividend	Total equity	Share capital	Hedging reserve	Retained earnings	Proposed dividend	Total equity
DKK ^m										
Equity at 1 January	140.3	9.2	746.1	0.0	895.6	140.3	(5.4)	830.7	0.0	965.6
Profit for the year	-	-	(133.9)	0.0	(133.9)	-	-	(84.6)	0.0	(84.6)
Other comprehensive income										
Items that will be reclassified to profit or loss										
<i>Value adjustment of hedging instruments:</i>										
Recognised in other comprehensive income	-	(31.3)	-	-	(31.3)	-	9.7	-	-	9.7
Transferred to revenue	-	8.8	-	-	8.8	-	4.7	-	-	4.7
Transferred to production costs	-	(6.0)	-	-	(6.0)	-	5.8	-	-	5.8
Transferred to financial income and expenses	-	1.4	-	-	1.4	-	(1.5)	-	-	(1.5)
Tax on hedging instruments	-	6.0	-	-	6.0	-	(4.1)	-	-	(4.1)
Other comprehensive income	0.0	(21.1)	0.0	0.0	(21.1)	0.0	14.6	0.0	0.0	14.6
Total comprehensive income	0.0	(21.1)	(133.9)	0.0	(155.0)	0.0	14.6	(84.6)	0.0	(70.0)
Changes in equity in the year	0.0	(21.1)	(133.9)	0.0	(155.0)	0.0	14.6	(84.6)	0.0	(70.0)
Equity at 31 December	140.3	(11.9)	612.2	0.00	740.6	140.3	9.2	746.1	0.0	895.6

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General

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01 Material accounting policies

Basis of preparation

The consolidated financial statements and the parent company financial statements for the year ended 31 December 2023 of the group and Brødrene Hartmann A/S, respectively, have been prepared in accordance with IFRS® Accounting Standards as adopted by the EU and additional Danish disclosure requirements applying to entities of reporting class C for large companies. Brødrene Hartmann A/S has its registered office in Denmark.

The consolidated financial statements and the parent company 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 consolidated financial statements and the parent company financial statements are prepared on the basis of the historical cost convention, with the exception of derivative financial instruments, which are measured at fair value, and non-monetary items of the group's Argentinian subsidiaries, which are restated for hyperinflation. The accounting policies have been applied consistently in the financial year and to comparative figures. Due to delisting of the Hartmann share from trading on Nasdaq Copenhagen, segment information according to IFRS 8 is no longer disclosed.

Consolidated financial statements

The consolidated financial statements comprise the parent company, Brødrene Hartmann A/S, and entities in which the parent company directly or indirectly

holds the majority of voting rights or which the parent company in some other way controls (subsidiaries). Entities in which the group holds between 20% and 50% of the voting rights and over which it exercises significant influence, but which it does not control, are considered associates.

The consolidated financial statements are prepared on the basis of the financial statements of the parent company and the subsidiaries by combining like items. The financial statements used for the annual report of the group have been prepared in accordance with the group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, dividends, balances, and realised and unrealised gains and losses on intra-group transactions are eliminated.

Foreign currency translation

A functional currency is designated for each of the reporting entities in the group. The functional currency is the currency used in the primary economic environment in which the reporting entity operates.

Transactions denominated in currencies other than the functional currency are transactions in foreign currency. On initial recognition, transactions denominated in foreign currency are translated into the functional currency at the exchange rate at the transaction date. Gains and losses arising from development in exchange rate from the transaction date to the date of payment are recognised in the statement of comprehensive income under financial income and financial expenses, respectively. Receivables, payables and other monetary items denominated

Notes

in foreign currency are translated into the functional currency at the exchange rate at the balance sheet date. Gains and losses are recognised in the statement of comprehensive income under financial income and financial expenses, respectively.

On recognition of foreign subsidiaries with functional currencies other than DKK, comprehensive income statement items are translated at the foreign exchange rate at the transaction date, with the exception of comprehensive income statement items for the Argentinian subsidiaries, which are translated at the foreign exchange rate at the balance sheet date under the rules on restatement for hyperinflation. The rate at the transaction date is calculated as the average rate of the relevant month. Balance sheet items of foreign subsidiaries are translated at the foreign exchange rate at the balance sheet date. Foreign exchange differences arising from translation of opening equity and from translation of comprehensive income statement items to the exchange rate at the balance sheet date are recognised in the statement of comprehensive income under other comprehensive income and in equity under translation reserve.

Foreign exchange adjustments of a loan to (or borrowings from) subsidiaries which are neither planned nor likely to be settled in the foreseeable future, and which are therefore considered to form part of the net investment in the subsidiary, are recognised directly in other comprehensive income under the separate translation reserve within equity.

On full or partial divestment of a foreign entity, the part of the accumulated foreign exchange adjustment that is recognised in equity and is attributable to that entity is recognised in profit or loss for the year together with any gains or losses from the divestment.

Statement of comprehensive income

The accounting policies applied to the items in the statement of comprehensive income are described in the respective notes to the statement of comprehensive income.

Statement of cash flows

The statement of cash flows shows the group's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents and the group's opening and closing cash and cash equivalents. Cash flow in currencies other than the functional currency are translated at the average exchange rates for the month, unless these differ significantly from the rates at the transaction date, in which case the exchange rate at the transaction date is applied.

Cash flows from operating activities

Cash flows from operating activities are determined using the indirect method as operating profit before special items adjusted for non-cash items such as depreciation, amortisation and impairment losses, changes in working capital, interest paid and interest received, income taxes paid and ingoing and outgoing payments classified as special items.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisition and disposal of intangible assets and property, plant and equipment, acquisition and disposal of subsidiaries, capital injections in subsidiaries and dividend received from associates and subsidiaries.

Cash flows from financing activities

Cash flows from financing activities comprise the raising and repayment of loans and lease liabilities, changes in the amount or composition of the share capital, including purchase and sale of treasury shares and related costs, and dividend payments to shareholders. The parent company provides funding for the subsidiaries, and loans to subsidiaries and repayments on such loans are stated in the cash flow statement of the parent company under financing activities.

Cash and cash equivalents

Cash and cash equivalents comprise cash and overdraft facilities that form an integral part of the group's ongoing cash management and are repayable on demand.

Balance sheet

The accounting policies applied to the items in the balance sheet are described in the respective notes to the balance sheet, except as stated below.

Income tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account. Joint taxation contributions payable and receivable are recognised as income tax in the balance sheet.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. Hartmann measures its tax balances either based on "the most likely amount" or "the expected value"-method, depending on which provides a better prediction of the resolution of the uncertainty.

Prepayments

Prepayments include expenses paid in respect of subsequent financial years.

Equity

Dividend

The amount proposed in dividends for the year is stated as a separate item in equity. Proposed dividend is recognised as a liability at the time of approval at the annual general meeting.

Treasury shares

Costs of acquisition and divestment and dividend received on treasury shares acquired by the parent company or the subsidiaries are recognised as retained earnings in equity.

Translation reserve

The translation reserve in the consolidated financial statements includes accumulated foreign exchange differences on the translation of the financial statements of foreign subsidiaries from their functional currency to the presentation currency of the group. The reserve also includes the effects of hyperinflation restatement of non-monetary items in Argentina.

Notes

Hedging reserve

The hedging reserve contains the accumulated net change in fair value of hedging transactions that qualify as hedging of future cash flows and for which the hedged transaction has not yet been realised.

Financial liabilities

Financial liabilities comprise payables to credit institutions, lease liabilities, trade payables, payables to subsidiaries and associates and other payables. Debt to credit institutions is recognised at the date of borrowing at fair value corresponding to the net proceeds received less transaction costs paid. In subsequent periods, payables to credit institutions are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value (capital loss) is recognised in profit or loss over the term of the loan.

Other liabilities are measured at amortised cost.

02 Accounting regulations

New accounting standards and interpretations in 2023

Hartmann has implemented all new and revised accounting standards and interpretations adopted by the EU that are effective for financial years beginning on 1 January 2023. The implementation of the amendments have not materially affected recognition or measurement in the annual report.

New accounting standards which have not yet come into force and which have not been adopted early

Hartmann expects to implement all new standards and interpretations in the financial year in which they become mandatory. Hartmann does not expect any significant impact on the consolidated or parent company financial statements of new standards or amendments effective for financial years beginning on or after 1 January 2024.

03 Significant accounting estimates and judgments

In applying the group's and the parent company's accounting policies, management is required to make judgments, estimates and assumptions concerning the carrying amount of assets and liabilities that 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.

Significant accounting estimates, assumptions and uncertainties

The recognition and measurement of assets and liabilities often depend on future events that are somewhat uncertain. In that connection, it is necessary to make an assumption that reflects management's assessment of the most probable course of events.

A number of assumptions and uncertainties are worth noting since they have had a significant influence on the assets and liabilities recognised in the consolidated financial statements and the parent company financial statements and may require corrections in subsequent financial years if the assumed course of events fails to materialise as expected. Below are the accounting estimates and judgments, which Management considers significant to the preparation of the consolidated financial statements:

- Impairment testing (note 15)
- Collateral and contingent liabilities (note 25)
- Discontinuing operations and assets held for sale (note 30)

Management has assessed the qualitative and quantitative impact of climate-related matters when determining estimates and assumptions. It is management's assessment that the effect of climate-related matters does not significantly impact estimates and assumptions.

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04 Revenue

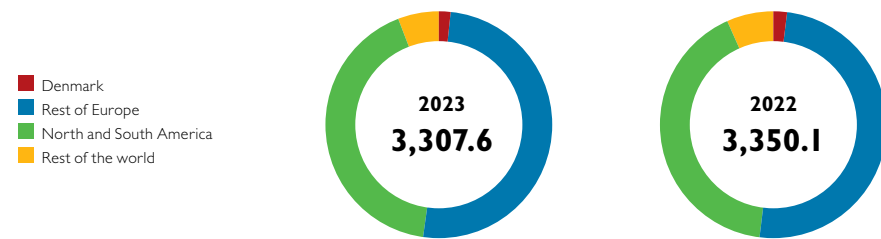
DKKm	Group		Parent company	
	2023	2022	2023	2022
Moulded-fibre packaging	3,250.2	3,265.1	1,735.6	1,702.7
Machinery and technology	57.4	85.0	174.5	207.3
Revenue	3,307.6	3,350.1	1,910.1	1,910.0

Geographical distribution for the group

DKKm	Denmark	North and South America			Total group
		Rest of Europe	Rest of world		
2023	59.9	1,667.8	1,393.9	186.0	3,307.6
2022	73.7	1,672.8	1,381.1	222.5	3,350.1

External revenue is allocated to the geographical areas based on the geographical location of the customer.

Split in group revenue



Notes

04 Revenue – continued

§ Accounting policies

Revenue

The group and the parent company recognise revenue from the following categories:

- Sales of moulded-fibre packaging to egg and fruit producers, packing businesses and retail chains.
- Sales of machinery and technology to manufacturers of moulded-fibre packaging.

Revenue from sales of moulded-fibre packaging and from machinery and technology is recognised when the goods have been delivered in accordance with the agreed terms of delivery and control of the goods has thus been transferred to the customer.

Trade receivables are recognised when the goods have been delivered to the customer and an unconditional right to consideration for the goods has thus been obtained, as only the passage of time is required before payment of the consideration is due.

For sales of moulded-fibre packaging, the general terms of payment are 30-60 days depending on market. For sales of machinery and technology, prepayments are received in instalments that in aggregate make up the main part of the contract sum.

05 Production costs

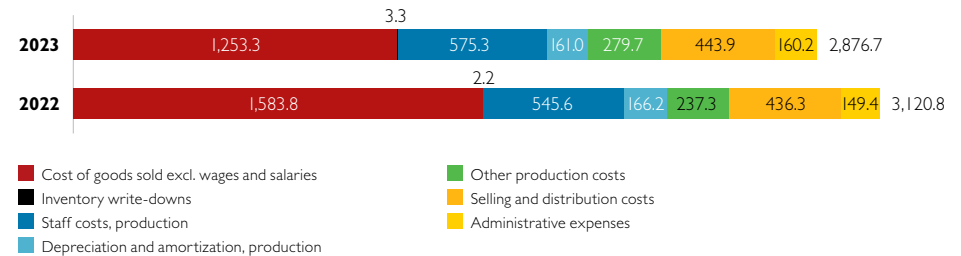
DKKm	Group		Parent company	
	2023	2022	2023	2022
Cost of goods sold excl. wages and salaries	1,253.3	1,583.8	1,107.9	1,275.5
Inventory write-downs	3.3	2.2	(0.2)	0.7
Staff costs, see note 8	575.3	545.6	211.8	183.6
Depreciation and amortization, see notes 13, 14 and 16	161.0	166.2	33.9	33.9
Other production costs	279.7	237.3	70.1	70.0
Production costs	2,272.6	2,535.1	1,423.5	1,563.7

Development costs of DKK 11.7 million for both the group and the parent company (2022: DKK 10.3 million) are included in other production costs.

§ Accounting policies

Production costs

Production costs comprise direct and indirect costs, including depreciation and amortisation and wages and salaries, incurred in generating the revenue for the year. Production costs also comprise development costs not qualifying for capitalisation.



Notes

06 Selling and distribution costs

DKKm	Group		Parent company	
	2023	2022	2023	2022
Staff costs, see note 8	72.1	72.7	13.0	12.2
Depreciation and amortisation, see notes 13, 14 and 16	3.5	3.5	0.0	0.0
Other selling and distribution costs	368.3	360.1	236.2	232.7
Selling and distribution costs	443.9	436.3	249.2	244.9

Other selling and distribution costs mainly comprise freight costs.

§ Accounting policies

Selling and distribution costs

Selling and distribution costs comprise the costs of freight, sales staff, advertising, exhibitions, depreciation and amortisation and credit losses.

07 Administrative expenses

DKKm	Group		Parent company	
	2023	2022	2023	2022
Staff costs, see note 8	82.7	77.4	42.7	37.6
Depreciation and amortisation, see notes 13, 14 and 16	15.4	7.1	13.8	5.3
Other administrative expenses	62.1	64.9	26.0	32.0
Administrative expenses	160.2	149.4	82.5	74.9

§ Accounting policies

Administrative expenses

Administrative expenses comprise the expenses of the administrative staff, management, office premises, consultancy assistance, IT costs and depreciation and amortisation.

08 Staff costs

DKKm	Group		Parent company	
	2023	2022	2023	2022
Wages, salaries and remuneration	623.6	601.7	240.9	210.8
Pension costs, defined benefit plans	3.9	6.2	-	-
Pension costs, defined contribution plans	49.9	43.5	22.8	18.9
Other social security costs	52.7	44.3	3.8	3.7
Staff costs	730.1	695.7	267.5	233.4

Staff costs are recognised in the following comprehensive income statement items:

Production costs	575.3	545.6	211.8	183.6
Selling and distribution costs	72.1	72.7	13.0	12.2
Administrative expenses	82.7	77.4	42.7	37.6
	730.1	695.7	267.5	233.4

Number of employees

Average number of full-time equivalents	2,555	2,458	453	407
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§ Accounting policies

Staff costs

Staff costs include wages and salaries, pensions, social security contributions, annual leave and sick leave, bonuses and non-monetary benefits. Employee costs are recognised in the financial year in which the associated services are rendered. Costs for long-term employee benefits provided by the group are recognised in the period in which they are earned.

Notes

08 Staff costs – continued

Remuneration of the board of directors

The remuneration paid to the members of the board of directors is a fixed fee approved by the shareholders at the annual general meeting.

Remuneration of the executive board

The remuneration paid to the members of the executive board is based on a fixed salary, defined contribution pension, bonus and other benefits in the form of company car and telephone. Bonuses are individual and performance-related. The remuneration for members of the executive board includes a one-year cash bonus programme.

The one-year bonus programme is based on financial targets and cannot exceed 50% of the individual's base salary before pension.

Hartmann may terminate the executive service agreement of Hartmann's executive board at 12 months' notice. In the event of a change of ownership of a controlling interest in the company, the notice of termination will be extended to 18 months effective from the date of transfer of control. The extended notice will apply for a period of 18 months after the transfer.

Remuneration of key management personnel

DKKm	Salary and fees	Bonus	Pension	Other benefits	Total
2023					
Board of directors	2.5	0.0	0.0	0.0	2.5
Executive board*	11.0	3.2	0.5	0.4	15.1
	13.5	3.2	0.5	0.4	17.6
2022					
Board of directors	2.8	0.0	0.0	0.0	2.8
Executive board	7.7	3.4	0.4	0.4	11.9
	10.5	3.4	0.4	0.4	14.7

* In 2023, remuneration to the executive board includes severance costs of DKK 4.4 million to the former CFO.

Bonus reflects bonuses earned by executive board members in the respective financial years.

Notes

09 Special items

DKKm	Group		Parent company	
	2023	2022	2023	2022
Insurance coverage	0.0	73.5	0.0	0.0
Write down and disposal of assets	0.0	(29.5)	0.0	0.0
Impairment of non-current assets, see note 15	(97.0)	(77.6)	0.0	0.0
Special items	(97.0)	(33.6)	0.0	0.0
If special items had been recognised in operating profit before special items, they would have been recognised in the following items in the statement of comprehensive income:				
Other operating income	0.0	73.5	0.0	0.0
Production costs	(97.0)	(107.1)	0.0	0.0
	(97.0)	(33.6)	0.0	0.0

Special items for the year include impairment of non-current assets in India.

Special items for 2022 include write down of assets related to the fire in the factory in India in May 2022, and estimated insurance coverage to reestablish the building and production capacity. Furthermore special items for 2022 include impairment of non-current assets in Brazil.

§ Accounting policies

Special items

Special items comprise significant non-recurring income and expenses of a special nature, such as the costs of extensive restructuring of processes and fundamental structural changes. Other significant amounts of a non-recurring nature are also recognised under this item, including impairment of intangible assets and property, plant and equipment, insurance coverage related to significant events, and gains and losses on the divestment of activities. These items are presented separately in order to facilitate the comparability of the statement of comprehensive income and in order to provide a true and fair view of consolidated and parent company operating profits.

Notes

10 Financial income and expenses

DKKm	Group		Parent company	
	2023	2022	2023	2022
Interest income from subsidiaries	-	-	48.5	20.0
Interest income, cash and cash equivalents etc.	11.6	4.2	5.8	2.0
Net interest on defined benefit plans; see note 26	0.0	0.2	-	-
Other interest income	5.6	2.2	1.3	0.4
Interest income from financial assets not measured at fair value through profit or loss	17.2	6.6	55.6	22.4
Dividend from subsidiaries	-	-	8.5	9.0
Foreign exchange gains	27.1	19.1	7.8	43.5
Derivative financial instruments	0.6	1.5	0.5	1.5
Financial income	44.9	27.2	72.4	76.4
Interest expenses to subsidiaries	-	-	2.4	0.5
Interest expenses, credit institutions	53.0	36.4	42.5	18.1
Interest expenses, lease liabilities	2.5	2.7	0.2	0.2
Net interest on defined benefit plans; see note 23	1.0	0.0	-	-
Other financial expenses	4.6	6.6	1.4	1.2
Interest expenses from financial liabilities not measured at fair value through profit or loss	61.1	45.7	46.5	20.0
Impairment of investments in subsidiaries	-	-	101.3	23.8
Impairment of investments in subsidiaries classified as assets held for sale	-	-	45.3	56.6
Write-down on loans and receivables to subsidiaries	0.0	0.0	112.6	47.7
Monetary loss on hyperinflation restatement	28.8	20.4	-	-
Foreign exchange losses	30.6	29.7	22.1	28.7
Derivative financial instruments	3.2	3.1	1.9	0.0
Financial expenses	123.7	98.9	329.7	176.8
Financial income and (expenses)	(78.8)	(71.7)	(257.3)	(100.4)

§ 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 and losses on restatement for hyperinflation.

11 Tax on profit for the year

DKKm	Group		Parent company	
	2023	2022	2023	2022
Breakdown of tax for the year:				
Tax on profit for the year	93.6	71.1	31.5	10.7
Tax on result from discontinuing operations	2.5	(4.9)	0.0	0.0
Tax on other comprehensive income	(3.6)	(1.3)	(6.0)	4.1
	92.5	64.9	25.5	14.8
Tax on profit for the year has been calculated as follows:				
Current tax	89.5	39.7	32.0	9.0
Change in deferred tax	4.1	29.2	1.2	2.8
Change in deferred tax relating to prior years	(0.4)	1.2	1.0	0.1
Change in income tax rate	1.1	0.0	0.0	0.0
Tax relating to prior years	(0.7)	1.0	(2.7)	(1.2)
Tax on profit for the year	93.6	71.1	31.5	10.7

Notes

II Tax on profit for the year – continued

DKKm	Group		Parent company	
	2023	2022	2023	2022
Tax on profit for the year can be specified as follows:				
Profit before tax	252.3	132.4	(102.4)	(73.9)
Dividend from subsidiaries and associates	-	-	(8.5)	(9.0)
Impairment of investments in and loans to subsidiaries	-	-	259.3	128.1
Profit after tax in associates	(0.1)	(0.2)	-	-
	252.2	132.2	148.4	45.2
Tax charged at 22%	55.5	29.1	32.6	9.9
Effect of differences in tax rates of foreign subsidiaries relative to 22%	(13.3)	(13.2)	0.0	0.0
Tax effect of:				
Change in income tax rate	1.1	0.0	0.0	0.0
Unrecognised deferred tax assets in foreign subsidiaries	26.9	15.6	-	-
Non-taxable income and non-deductible expenses	5.1	0.3	0.0	0.0
Impairment of non-current assets	12.6	26.3	0.0	0.0
Hyperinflation restatement	6.1	4.3	-	-
Other tax expenses	0.7	6.5	0.6	1.9
Deferred tax relating to prior years	(0.4)	1.2	1.0	0.1
Tax relating to prior years	(0.7)	1.0	(2.7)	(1.2)
Tax on profit for the year	93.6	71.1	31.5	10.7
Effective tax rate	37	54	21	24
Tax on other comprehensive income:				
Actuarial losses on defined benefit plans	(0.2)	(2.9)	-	-
Equity-like loans to subsidiaries	(1.4)	0.8	-	-
Value adjustment of hedging instruments:				
Recognised in other comprehensive income	(0.4)	4.3	(5.1)	6.1
Transferred to revenue	(2.3)	(1.8)	(1.9)	(1.0)
Transferred to production costs	1.3	(1.3)	1.3	(1.3)
Transferred to financial income and expenses	(0.6)	(0.4)	(0.3)	0.3
Tax on other comprehensive income	(3.6)	(1.3)	(6.0)	4.1

The group's effective tax rate for 2023 decreased to 37% (2022: 54%), as the prior year's effective tax rate was significantly affected by the impairment of non-current assets in Sanovo Greenpack Embalagens Do Brasil Ltda.

§ Accounting policies

Tax on profit for the year

The group's Danish entities are jointly taxed with its principal shareholder, Thornico Holding A/S, and its Danish subsidiaries. The current Danish income tax liability is allocated among the jointly taxed entities in proportion to their taxable income (full allocation subject to reimbursement in respect of tax losses).

Tax for the year, comprising current income tax for the year, joint taxation contributions for the year and changes in deferred tax for the year, including such changes as follow from changes in the tax rate, is recognised in profit/loss for the year, other comprehensive income or in equity, depending on where the tax relates to.

Notes

Statement of cash flows

42 Note 12 Cash flows

12 Cash flows

DKKm	Group		Parent company	
	2023	2022	2023	2022
(Gains) and losses on disposal of intangible assets and property, plant and equipment	2.7	0.2	0.0	0.0
Hyperinflation restatement	40.4	7.4	-	-
Accrued insurance coverage	(2.1)	0.0	0.0	0.0
Adjustment for other non-cash items	41.0	7.6	0.0	0.0
Inventories	(39.2)	(42.6)	(33.2)	4.7
Receivables	35.7	(154.9)	(24.3)	(7.6)
Pension obligations	(0.9)	(1.6)	-	-
Prepayments from customers	4.2	3.9	3.5	4.1
Trade payables	(15.0)	20.8	(88.5)	(15.3)
Other payables etc.	97.1	36.6	47.5	78.1
Foreign exchange adjustments	1.5	0.7	0.0	0.0
Change in working capital etc.	83.4	(137.1)	(95.0)	64.0
Credit institutions at 1 January	965.8	880.1	860.3	782.0
Raising of debt with credit Institutions	942.3	580.6	942.3	580.6
Repayment of debt to credit institutions	(1,146.6)	(508.6)	(1,036.8)	(508.6)
Foreign exchange adjustments	4.3	17.4	0.0	6.1
Other changes	0.0	(3.7)	0.0	0.2
Credit institutions at 31 December	765.8	965.8	765.8	860.3

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43	Note 13	Intangible assets
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13 Intangible assets

Group	Goodwill	Other	Total
DKKm			
Cost at 1 January 2023	96.3	118.1	214.4
Hyperinflation restatement	0.7	40.4	41.1
Foreign exchange adjustment	(0.3)	(48.8)	(49.1)
Additions	0.0	10.4	10.4
Cost at 31 December 2023	96.7	120.1	216.8
Amortisation and impairment at 1 January 2023	41.9	57.8	99.7
Hyperinflation restatement	0.7	40.4	41.1
Foreign exchange adjustments	0.9	(48.6)	(47.7)
Amortisation	0.0	15.5	15.5
Impairment	42.5	10.3	52.8
Amortisation and impairment at 31 December 2023	86.0	75.4	161.4
Carrying amount at 31 December 2023	10.7	44.7	55.4
Cost at 1 January 2022	145.8	111.4	257.2
Transferred to assets held for sale	(52.0)	(18.2)	(70.2)
Hyperinflation restatement	0.3	15.1	15.4
Foreign exchange adjustment	2.2	(10.8)	(8.6)
Transfer from plant under construction	0.0	4.2	4.2
Additions	0.0	18.8	18.8
Disposals	0.0	(2.4)	(2.4)
Cost at 31 December 2022	96.3	118.1	214.4
Amortisation and impairment at 1 January 2022	37.4	49.8	87.2
Transferred to assets held for sale	0.0	(1.7)	(1.7)
Hyperinflation restatement	0.3	15.1	15.4
Foreign exchange adjustments	4.2	(10.2)	(6.0)
Amortisation	0.0	7.2	7.2
Disposals	0.0	(2.4)	(2.4)
Amortisation and impairment at 31 December 2022	41.9	57.8	99.7
Carrying amount at 31 December 2022	54.4	60.3	114.7

Additions of DKK 10.4 million in 2023 relates to investments in ERP software (2022: DKK 18.8 million, related to investments in ERP software).

Notes

13 Intangible assets – continued

Parent company DKKm	Goodwill	Other	Total
Cost at 1 January 2023	10.7	65.1	75.8
Additions	0.0	8.7	8.7
Cost at 31 December 2023	10.7	73.8	84.5
Amortisation and impairment at 1 January 2023	0.0	17.7	17.7
Amortisation	0.0	13.9	13.9
Amortisation and impairment at 31 December 2023	0.0	31.6	31.6
Carrying amount at 31 December 2023	10.7	42.2	52.9
Cost at 1 January 2022	10.7	45.4	56.1
Transfer from plant under construction	0.0	3.8	3.8
Additions	0.0	18.3	18.3
Disposals	0.0	(2.4)	(2.4)
Cost at 31 December 2022	10.7	65.1	75.8
Amortisation and impairment at 1 January 2022	0.0	14.5	14.5
Amortisation	0.0	5.6	5.6
Disposals	0.0	(2.4)	(2.4)
Amortisation and impairment at 31 December 2022	0.0	17.7	17.7
Carrying amount at 31 December 2022	10.7	47.4	58.1

Additions of DKK 8.7 million in 2023 relates to investments in ERP software (2022: DKK 18.3 million, related to investments in ERP software).

DKKm	Group		Parent company	
	2023	2022	2023	2022
Amortisation and impairment losses are recognised in the statement of comprehensive income in the following items:				
Production costs	4.4	4.3	4.3	4.3
Selling and distribution costs	1.5	1.6	0.0	0.0
Administrative expenses	9.6	1.3	9.6	1.3
Special items	52.8	0.0	0.0	0.0
	68.3	7.2	13.9	5.6

§ Accounting policies

Goodwill

On initial recognition goodwill is recognised in the balance sheet at cost. Goodwill is subsequently measured at cost less accumulated impairment. Goodwill is not amortised but tested for impairment at least once a year. See the section on impairment of intangible assets. The carrying amount of goodwill is allocated to the group's cash-generating units at the date of acquisition. Cash-generating units are determined based on the management structure and internal financial controlling.

Other intangible assets

Other intangible assets are software, customer relations and trademarks. Software is measured at cost less accumulated amortisation. Software is amortised using the straight-line method over its expected useful life, which is 3-5 years. Customer relations acquired in connection with business combinations are measured at cost less accumulated amortisation. Customer relations are amortised using the straight-line method over the expected useful life, which is ten years.

Trademarks with an indefinite useful life and acquired in connection with business combinations are measured at cost. Trademarks, which are considered to have an indefinitely useful life are not amortised, but tested for impairment at least once a year, since there is no foreseeable limit to the period over which the trademarks are expected to generate net cash inflows. See note 15 regarding impairment of non-current assets.

Notes

14 Property, plant and equipment

DKK m	2023					2022				
	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Plant under construction	Total	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Plant under construction	Total
Group										
Cost at 1 January	718.0	2,446.4	62.8	112.7	3,339.9	737.7	2,383.0	94.2	354.2	3,569.1
Transferred to assets held for sale	0.0	0.0	0.0	0.0	0.0	(19.8)	(35.8)	(0.2)	(11.8)	(67.6)
Hyperinflation restatement	128.5	205.5	27.7	0.0	361.7	49.2	73.0	11.4	1.3	134.9
Foreign exchange adjustment	(152.5)	(248.2)	(33.9)	(0.7)	(435.3)	(33.5)	(68.8)	(7.8)	1.5	(108.6)
Transfer	4.7	100.1	22.0	(126.8)	0.0	16.6	324.7	2.7	(348.2)	(4.2)
Additions	44.4	30.0	(13.0)	201.8	263.2	8.1	37.5	5.9	115.7	167.2
Disposals	(12.6)	(95.1)	(5.7)	0.0	(113.4)	(40.3)	(267.2)	(43.4)	0.0	(350.9)
Cost at 31 December	730.5	2,438.7	59.9	187.0	3,416.1	718.0	2,446.4	62.8	112.7	3,339.9
Depreciation and impairment at 1 January	355.9	1,570.0	42.1	0.0	1,968.0	339.3	1,665.3	72.9	0.0	2,077.5
Transferred to assets held for sale	0.0	0.0	0.0	0.0	0.0	(1.5)	(2.8)	(0.1)	0.0	(4.4)
Hyperinflation restatement	24.5	112.7	16.5	0.0	153.7	8.2	31.6	4.6	0.0	44.4
Foreign exchange adjustment	(26.2)	(132.0)	(19.8)	0.0	(178.0)	(6.6)	(40.0)	(4.3)	0.0	(50.9)
Depreciation	20.2	123.4	6.3	0.0	149.9	21.5	128.3	6.4	0.0	156.2
Impairment	38.2	5.6	0.4	0.0	44.2	32.4	44.8	0.4	0.0	77.6
Disposals	(12.6)	(91.8)	(5.7)	0.0	(110.1)	(37.4)	(257.2)	(37.8)	0.0	(332.4)
Depreciation and impairment at 31 December	400.0	1,587.9	39.8	0.0	2,027.7	355.9	1,570.0	42.1	0.0	1,968.0
Carrying amount at 31 December	330.5	850.8	20.1	187.0	1,388.4	362.1	876.4	20.7	112.7	1,371.9
Parent company										
Cost at 1 January	144.3	557.7	13.7	35.8	751.5	178.2	719.2	40.4	10.1	947.9
Transfer	3.8	15.0	0.0	(18.8)	0.0	1.1	30.8	1.5	(37.2)	(3.8)
Additions	20.5	0.1	0.1	27.5	48.2	0.0	(0.0)	0.0	62.9	62.9
Disposals	0.0	0.0	(0.1)	0.0	(0.1)	(35.0)	(192.3)	(28.2)	0.0	(255.5)
Cost at 31 December	168.6	572.8	13.7	44.5	799.6	144.3	557.7	13.7	35.8	751.5
Depreciation and impairment at 1 January	119.3	424.8	10.4	0.0	554.5	152.2	591.8	37.3	0.0	781.3
Depreciation	2.4	25.1	1.3	0.0	28.8	2.1	25.1	1.3	0.0	28.5
Disposals	0.0	0.0	(0.1)	0.0	(0.1)	(35.0)	(192.1)	(28.2)	0.0	(255.3)
Depreciation and impairment at 31 December	121.7	449.9	11.6	0.0	583.2	119.3	424.8	10.4	0.0	554.5
Carrying amount at 31 December	46.9	122.9	2.1	44.5	216.4	25.0	132.9	3.3	35.8	197.0

Notes

14 Property, plant and equipment – continued

DKKm	Group		Parent company	
	2023	2022	2023	2022
Breakdown of depreciation and impairment losses:				
Depreciation	149.9	156.2	28.8	28.5
Impairment	44.2	77.6	0.0	0.0
Government grants recognised as income	(0.2)	(0.8)	0.0	0.0
	193.9	233.0	28.8	28.5
Depreciation and impairment losses are recognised in the following comprehensive income statement items:				
Production costs	147.5	152.7	27.6	27.3
Selling and distribution costs	0.2	0.4	0.0	0.0
Administrative expenses	2.0	2.3	1.2	1.2
Special items	44.2	77.6	0.0	0.0
	193.9	233.0	28.8	28.5

§ Accounting policies

Property, plant and equipment

Property, plant and equipment is measured at cost less accumulated depreciation and impairment. Cost comprises the purchase price and any costs directly attributable to the acquisition until the asset is available for use. The cost of self-constructed assets comprises costs related to wages and salaries, materials, components and sub-suppliers. Borrowing costs are not recognised if production periods are short. Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items and depreciated separately. Spare parts that meet the definition of property, plant and equipment are capitalised and accounted for accordingly. If spare parts do not meet the recognition criteria they are carried in inventory or recognised in profit and loss as and when incurred. Subsequent costs, e.g. for the replacement of components of property, plant and equipment, are recognised in the carrying amount of the asset when it is likely that the expenditure of the replacement involves future financial benefits to the group. The carrying amount of the replaced components is no longer recognised in the balance sheet, but is transferred to profit and loss for the year. All other costs related to general repair and maintenance are recognised in profit or loss as and when incurred.

§ Accounting policies – continued

Items of property, plant and equipment are depreciated on a straight-line basis over their expected useful lives:

- Buildings and building components, 10-25 years
- Plant and machinery, 3-25 years
- Fixtures and operating equipment, 5-10 years
- IT equipment including basic programs, 3-5 years

Land is not depreciated. The depreciation basis is determined taking into account the residual value of the asset and any impairment losses. The residual value is determined at the date of acquisition and is reassessed annually. If the residual value exceeds the carrying amount of the asset, depreciation will cease. If the depreciation period or the residual value is changed, the effect on depreciation going forward is recognised as a change in accounting estimates.

Depreciation is recognised in the statement of comprehensive income as production costs, selling and distribution costs and administrative expenses, respectively.

Gains or losses on the disposal of property, plant and equipment are stated as the difference between the selling price less costs to sell and the carrying amount at the date of disposal. Gains or losses are recognised in the statement of comprehensive income in other operating income or in other operating expenses.

Impairment of property, plant and equipment

Items of property, plant and equipment are reviewed for impairment once a year. When there is an indication that an asset may be impaired, the recoverable amount of that asset is determined. The recoverable amount is the higher of the asset's net selling price and the net present value of expected future net cash flows. An impairment loss is recognised when the carrying amount of an asset or its cash-generating unit exceeds the recoverable amount of the asset or its cash-generating unit. Impairment losses are recognised in profit or loss.

Impairment losses on property, plant and equipment are reversed to the extent that changes have occurred in the assumptions and estimates on the basis of which the impairment loss was recognised. Impairment losses are reversed only to the extent that the new carrying amount of the asset does not exceed the carrying amount it would have had net of depreciation if the impairment loss had not been recognised.

Notes

15 Impairment of non-current assets

Impairment testing

Management has tested goodwill and other intangible assets with indefinite useful lives for impairment in each of the cash-generating units to which such assets have been allocated.

Cash-generating unit DKKm	Goodwill	
	2023	2022
Group		
India	0.0	43.7
Europe Moulded Fibre	10.7	10.7
Total	10.7	54.4
Parent company		
Europe Moulded Fibre	10.7	10.7
Total	10.7	10.7

Goodwill and trademarks with indefinite useful life allocated to Argentina and Brazil were fully impaired in previous years. Goodwill allocated to India was impaired in 2023.

Management has assessed that there is no basis for reversing the previously recognised impairment losses related to non-current assets other than goodwill, as no indicators suggest that the impairment losses recognised in prior years have ceased to exist.

Determination of recoverable amount

The recoverable amounts for the cash generating units are based on the value in use determined by calculating expected net cash flows on the basis of the 2024 budget approved by the board of directors and projections for the period 2025-2028. The average growth rates applied for the terminal period are assessed not to exceed long-term average growth rates on the markets of the individual units. The calculation of the value in use includes expected investments for the period 2024-2028, and expected normalised investments to maintain the current capacity are included in the terminal period.

India

Based on the impairment test performed, an impairment loss of DKK 97.0 million has been recognised for the cash-generating unit in India, as the carrying amounts of non-current assets exceeds their recoverable amounts of DKK 77.7 million. This impairment loss is attributed to adverse macroeconomic developments such as higher inflation, rising interest rates and international political instability in 2023, which have led to an overall increase in the discount rate applied during the impairment test.

Furthermore, in the updated business case for the India business unit, management has included a revised assessment of the impact of the 2022 factory fire. This assessment encompasses the effects on earnings resulting from the reconstruction process, as well as the efforts to restore customer relationships following delivery disruptions caused by the fire. Additionally, it takes into account the subsequent delay in regaining market share. Over the period 2024-2028, stable volumes with a gradual transition to a higher share of retail packaging products and with price increases in line with expected inflation are assumed. Earnings level are expected to recover to pre factory fire levels by the end of the period.

Growth during the terminal period has been determined at 6.0% (2022: 5.0%). A pre-tax discount rate of 17.5% has been applied for the entire period (2022: 13.8%).

The impairment loss of DKK 97.0 million is distributed to the following asset classes:

DKKm	2023					Total impairment
	Goodwill	Other intangibles	Land and buildings	Plant and machinery	Other fixtures, fittings, tools and equipment	
Group						
India	42.5	10.3	38.2	5.6	0.4	97.0
Total	42.5	10.3	38.2	5.6	0.4	97.0

Notes

15 Impairment of non-current assets – continued

Sensitivity analysis

A sensitivity analysis has been performed of the key assumptions in the impairment test made in respect of the cash-generating unit in India that have resulted in the above-mentioned impairment loss on non-current assets.

The purpose of this analysis is to identify any additional impairment risks that may arise if terminal-period discount rates and growth rates are changed. The sensitivity analysis is outlined below:

Key assumptions	India
Increase of terminal-period pre-tax discount rate by 2 percentage points: Impairment risk	14.5
Reduction of terminal-period growth rate by 2 percentage points: Impairment risk	14.4
Impairment risk on combination of the above	23.6

Europe Moulded Fibre

The calculation of expected cash flows takes into account the effects of completed expansion of the European production network as well as the expected development in selling prices and the energy and paper prices. Growth during the terminal period has been determined at 1.0% (2022: 1.0%), in line with the expected long-term inflation rate. A pre-tax discount rate of 9% (2022: 6%) has been applied for the full period. The recoverable amounts are substantially higher than the carrying amounts of intangible assets and property plant and equipment.

Based on the impairment test performed, management has not identified any indication of impairment of the cash-generating unit Europe Moulded Fibre.

i Significant accounting estimates and judgements

Recoverable amount of goodwill and trademarks with an indefinite useful life

In order to determine whether goodwill and trademarks with indefinite useful lives are impaired, values in use for the cash-generating units to which such assets have been allocated must be calculated. Value-in-use calculations rely on management's projections of future cash flows derived from financial forecasts, as well as being sensitive to the discount rate and the terminal growth rate applied. In determining these factors, management makes various assumptions and estimates. Although these assumptions are inherently uncertain, they represent management's best estimate.

§ Accounting policies

Impairment of intangible assets

Goodwill and trademarks with an indefinite useful life are tested for impairment annually, the first impairment test being performed prior to the end of the year of acquisition. Goodwill and trademarks with an indefinite useful life are tested at least once a year together with the other non-current assets and current net assets of the cash-generating unit to which the assets have been allocated and are written down to the recoverable amount in profit or loss if the carrying amount is higher. Impairment losses are not reversed. The recoverable amount is calculated as the net present value of expected future net cash flows from the cash-generating unit to which the goodwill and trademarks with indefinite useful lives are related.

Other intangible assets are written down in accordance with the accounting policies governing impairment of property, plant and equipment set out in note 14.

Notes

16 Leases

DKKm	2023			2022		
	Land and buildings	Other fixtures and fittings, tools and equipment	Total	Land and buildings	Other fixtures and fittings, tools and equipment	Total
Group						
Balance sheet at 1 January	55.1	8.2	63.3	62.0	9.4	71.4
Foreign exchange adjustment	(3.2)	0.0	(3.2)	(3.6)	(0.1)	(3.7)
Additions	6.3	2.4	8.7	6.4	3.6	10.0
Disposals	0.0	(0.3)	(0.3)	0.0	(0.2)	(0.2)
Depreciation	(10.5)	(4.2)	(14.7)	(9.7)	(4.5)	(14.2)
Balance sheet at 31 December	47.7	6.1	53.8	55.1	8.2	63.3
Parent company						
Balance sheet at 1 January	2.3	6.0	8.3	3.4	7.3	10.7
Additions	2.6	0.9	3.5	0.7	2.0	2.7
Disposals	0.0	(0.2)	(0.2)	0.0	0.0	0.0
Depreciation	(2.1)	(2.9)	(5.0)	(1.8)	(3.3)	(5.1)
Balance sheet at 31 December	2.8	3.8	6.6	2.3	6.0	8.3

DKKm	Group		Parent company	
	2023	2022	2023	2022
Depreciation and impairment losses are recognised in the following comprehensive income statement items:				
Production costs	9.1	9.2	2.0	2.3
Selling and distribution costs	1.8	1.5	0.0	0.0
Administrative expenses	3.8	3.5	3.0	2.8
	14.7	14.2	5.0	5.1
Costs relating to current lease assets	2.8	3.3	0.0	0.0
Costs relating to leases of low-value assets	0.3	0.5	0.0	0.1

For 2023, payments related to leases amounted to DKK 16.4 million (2022: DKK 16.3 million), of which interest payments relating to recognised lease liabilities accounted for DKK 2.5 million (2022: DKK 2.7 million) and repayment of recognised lease liabilities accounted for DKK 13.9 million (2022: DKK 13.6 million).

Notes

16 Leases – continued

§ Accounting policies

Leases

A lease asset and a lease liability are recognised in the balance sheet when a right-of-use lease asset is transferred to the group or the parent company for the term of the lease pursuant to a concluded lease agreement and the group or the parent company obtains the right to substantially all of the economic benefits from the use of the identifiable asset and the right to control the use of the identifiable asset.

On initial recognition, lease liabilities are measured at the present value of the future lease payments, discounted using an alternative interest rate.

The lease liability is measured at amortised cost using the effective interest rate method. The lease liability is re-measured when there is a change in the underlying contractual cash flows due to changes in an index or an interest rate, if there is a change to the estimate of a residual value guarantee, or if there is a change to the assessment as to whether it is reasonably certain that a purchase option, an extension option or a termination option will be exercised.

On initial recognition, the right-of-use asset is measured at cost, corresponding to the value of the lease liability adjusted for prepaid lease payments plus any initial direct costs and estimated costs for dismantling, removing and restoring or similar and less any discounts or other types of incentive payments granted by the lessor.

On subsequent recognition, the asset is measured at cost less any accumulated depreciation and impairment. The right-of-use asset is depreciated over the shorter of the lease term and the useful life of the underlying asset. Depreciation charges are recognised in the statement of comprehensive income on a straight-line basis over the shorter of the useful life of the asset and the lease term. Lease terms of buildings are usually 5-10 years whereas other fixtures and fittings, tools and equipment typically have a lease term of 3-5 years.

The right-of-use asset is adjusted for any changes in the lease liability due to changes in the lease terms or changes in the contractual cash flows as a result of changes in an index or an interest rate.

The lease asset and the lease liability are presented separately in the balance sheet.

The group and the parent company have elected to not recognise right-of-use assets of low value and short-term leases in the balance sheet and instead to recognise lease payments concerning these leases in the statement of comprehensive income on a straight-line basis.

17 Investments in subsidiaries

DKKm	Parent company	
	2023	2022
Cost at 1 January	1,079.9	1,181.8
Transferred to assets held for sale	0.0	(101.9)
Repayment of capital injections from subsidiaries	(100.3)	0.0
Cost at 31 December	979.6	1,079.9
Impairment at 1 January	245.5	221.7
Impairment losses in the year	101.3	23.8
Impairment at 31 December	346.8	245.5
Carrying amount at 31 December	632.8	834.4

In 2022, following the decision to divest the shares in the Russian subsidiaries, the cost of DKK 101.9 million was transferred to assets held for sale.

The impairment losses of DKK 101.3 million during the year comprise impairment of the Indian subsidiaries of DKK 100.0 million and the Argentine subsidiaries of DKK 1.3 million. In 2022 the impairment of DKK 23.8 million is related to the Brazilian subsidiary due to significant adverse changes in the underlying macroeconomic factors. See note 15 for impairment assumptions.

§ Accounting policies

Investments in subsidiaries in the parent company financial statements

Investments in subsidiaries are measured at cost. Where the recoverable amount is lower than cost, the investments are written down to this lower value. In connection with reversal of impairment losses, the carrying amount is revalued at the recoverable amount, which cannot exceed cost.

Dividend from investments in subsidiaries in the parent company financial statements

Dividend from investments in subsidiaries is recognised in the parent company's statement of comprehensive income for the financial year in which it is declared.

Notes

17 Investments in subsidiaries – continued

Name	Registered office	Ownership interest
Hartmann Canada Inc.	Canada	100%
Hartmann d.o.o.	Serbia	100%
Hartmann Finance A/S	Denmark	100%
Hartmann France S.a.r.l.	France	100%
Hartmann-Hungary Kft.	Hungary	100%
Hartmann Italiana S.r.l.	Italy	100%
Hartmann-Mai Ltd.	Israel	100%
Hartmann Papirna Ambalaža d.o.o.	Croatia	100%
Hartmann Polska Sp.z o.o.	Poland	100%
Hartmann Verpackung GmbH	Germany	100%
Hartmann (UK) Ltd.	England	100%
Hartmann US Inc.	USA	100%
Hartmann Verpackung AG	Switzerland	100%
Mohan Paper Mouldings Pvt. Ltd.	India	100%
Hartmann India Ltd. (subsidiary of Mohan Paper Mouldings Pvt. Ltd.)	India	100%
Molarsa Chile SPA (subsidiary of Moldeados Argentinos SA)	Chile	100%
Moldeados Argentinos SA (subsidiary of Projects A/S)	Argentina	100%
Projects A/S	Denmark	100%
Sanovo Greenpack Argentina SRL (subsidiary of Projects A/S)	Argentina	100%
Sanovo Greenpack Embalagens Do Brasil Ltda (subsidiary of Projects A/S)	Brazil	100%
Investments in subsidiaries classified as assets held for sale		
JSC Hartmann-Rus (subsidiary of OOO EKU-Holding)	Russia	100%
OOO EKU-Holding	Russia	100%

Accounting policies – continued

Impairment of investments in subsidiaries in the parent company financial statements

Investments in subsidiaries are reviewed for impairment once a year. If there are indications that an investment may be impaired, the recoverable amount of that investment is computed as the net present value of expected future net cash flows. An impairment loss is recognised if the carrying amount is higher than the recoverable amount. Impairment losses are recognised in statement of comprehensive income. Impairment losses are reversed only to the extent that changes have occurred in the assumptions and estimates on the basis of which the impairment loss was recognised and only to the extent that the revalued carrying amount does not exceed cost.

18 Receivables from subsidiaries (non-current)

DKKm	Parent company	
	2023	2022
Carrying amount at 1 January	640.7	589.1
Transferred to assets held for sale	0.0	(23.0)
Foreign exchange adjustments	(5.4)	17.7
Additions	235.2	123.0
Disposals	(263.4)	(21.7)
Impairment	(108.1)	(44.4)
Carrying amount at 31 December	499.0	640.7

The impairment losses in both 2022 and 2023 relates to loan issued to the Brazilian subsidiary.

Accounting policies

Receivables from subsidiaries in the parent company financial statements

Receivables from subsidiaries are measured at amortised cost, which usually corresponds to nominal value less expected credit losses. Where a receivable is considered to be impaired, an impairment loss covering the total expected credit loss is recognised.

Notes

19 Deferred tax

Temporary differences between the carrying amount and the tax base

DKKm	Intangible assets	Property, plant and equipment	Current assets	Liabilities	Other	Tax loss carried forward	Total
Group							
Deferred tax at 1 January 2023	6.7	81.9	0.1	(13.6)	(42.9)	(35.1)	(2.9)
Foreign exchange adjustment	(0.1)	(21.5)	(0.2)	0.1	14.6	2.2	(4.9)
Adjustment relating to prior years	0.0	(0.4)	0.0	0.0	0.0	0.0	(0.4)
Recognised in profit from continuing operations, net	1.5	7.3	(0.7)	2.5	(10.8)	4.3	4.1
Recognised through other comprehensive income, net	0.0	0.0	0.0	(0.2)	(0.2)	0.0	(0.4)
Deferred tax at 31 December 2023	8.1	67.3	(0.8)	(11.2)	(39.3)	(28.6)	(4.5)
Deferred tax at 1 January 2022	9.4	34.8	(2.3)	(5.7)	(29.1)	(29.4)	(22.3)
Transferred to liabilities related to assets held for sale	(3.3)	(6.2)	0.3	0.7	0.0	0.2	(8.3)
Foreign exchange adjustment	(0.2)	(5.5)	(0.1)	0.2	6.0	(1.8)	(1.4)
Adjustment relating to prior years	0.0	1.2	0.0	0.0	0.0	0.0	1.2
Recognised in profit from continuing operations, net	0.8	57.6	2.2	(5.9)	(21.4)	(4.1)	29.2
Recognised through other comprehensive income, net	0.0	0.0	0.0	(2.9)	1.6	0.0	(1.3)
Deferred tax at 31 December 2022	6.7	81.9	0.1	(13.6)	(42.9)	(35.1)	(2.9)
Parent company							
Deferred tax at 1 January 2023	3.2	6.4	0.8	(0.1)	3.1	0.0	13.4
Adjustment relating to prior years	4.9	(1.2)	0.0	0.0	(2.7)	0.0	1.0
Recognised in profit for the year, net	0.0	0.6	0.3	0.0	0.3	0.0	1.2
Recognised through other comprehensive income, net	0.0	0.0	0.0	0.0	(3.9)	0.0	(3.9)
Deferred tax at 31 December 2023	8.1	5.8	1.1	(0.1)	(3.2)	0.0	11.7
Deferred tax at 1 January 2022	1.9	5.9	0.7	(0.3)	(1.8)	0.0	6.4
Adjustment relating to prior years	1.3	(1.4)	0.0	0.2	0.0	0.0	0.1
Recognised in profit for the year, net	0.0	1.9	0.1	0.0	0.8	0.0	2.8
Recognised through other comprehensive income, net	0.0	0.0	0.0	0.0	4.1	0.0	4.1
Deferred tax at 31 December 2022	3.2	6.4	0.8	(0.1)	3.1	0.0	13.4

The item 'Other' includes the expected tax effect of corresponding adjustments as a result of completed tax audits of the group's transfer prices still awaiting final settlement between the tax authorities of the countries involved. The amount was DKK 21.2 million in 2023 (2022: DKK 21.2 million). Tax loss carry-forwards are attributable to the group's companies in Argentina, India and the USA.

Notes

19 Deferred tax – continued

Deferred tax assets and liabilities

DKKm	2023			2022		
	Deferred tax assets	Deferred tax liabilities	Net	Deferred tax assets	Deferred tax liabilities	Net
Group						
Intangible assets	0.0	8.1	8.1	0.0	6.7	6.7
Property, plant and equipment	(20.1)	87.4	67.3	(22.4)	104.3	81.9
Current assets	(2.5)	1.7	(0.8)	(1.5)	1.6	0.1
Liabilities	(11.2)	0.0	(11.2)	(8.1)	(5.5)	(13.6)
Other	(40.6)	1.3	(39.3)	(46.1)	3.2	(42.9)
Tax loss carry-forwards	(28.6)	0.0	(28.6)	(35.1)	0.0	(35.1)
Deferred tax (assets)/liabilities	(103.0)	98.5	(4.5)	(113.2)	110.3	(2.9)
Set-off within legal tax entities	48.3	(48.3)	0.0	50.0	(50.0)	0.0
Total deferred tax (assets)/liabilities, net	(54.7)	50.2	(4.5)	(63.2)	60.3	(2.9)
Parent company						
Intangible assets	0.0	8.1	8.1	0.0	3.2	3.2
Property, plant and equipment	0.0	5.8	5.8	0.0	6.4	6.4
Current assets	0.0	1.1	1.1	0.0	0.8	0.8
Liabilities	(0.1)	0.0	(0.1)	(0.1)	0.0	(0.1)
Other	(3.2)	0.0	(3.2)	0.0	3.1	3.1
Total deferred tax (assets)/liabilities, net	(3.3)	15.0	11.7	(0.1)	13.5	13.4
Set-off within legal tax entities	3.3	(3.3)	0.0	0.1	(0.1)	0.0
Total deferred tax liabilities, net	0.0	11.7	11.7	0.0	13.4	13.4

The item 'Other' includes the expected tax effect of corresponding adjustments as a result of completed tax audits of the group's transfer prices still awaiting final settlement between the tax authorities of the countries involved. The amount was DKK 21.2 million in 2023 (2022: DKK 21.2 million).

Notes

19 Deferred tax – continued

Unrecognised deferred tax assets

DKKm	Group		Parent company	
	2023	2022	2023	2022
Unrecognised deferred tax assets at 1 January	21.1	8.3	0.0	0.0
Foreign exchange adjustment	1.2	1.0	0.0	0.0
Adjustment to prior year	0.0	(3.8)	0.0	0.0
Additions	26.9	15.6	0.0	0.0
Unrecognised deferred tax assets at 31 December	49.2	21.1	0.0	0.0

Deferred tax assets that are not expected to be realised or subject to significant risks of not being utilised are not recognised. Unrecognised deferred tax assets for 2023 relate to the subsidiary in Brazil (2022: Brazil). The utilisation of unrecognised tax assets is not subject to any time limit.

i Significant accounting estimates and judgements

Deferred tax assets

In the measurement of deferred tax assets, it is assessed whether, on the basis of financial forecasts and operating plans, future earnings will allow for and render probable the utilisation of the temporary differences between tax bases and carrying amounts. Tax loss carry-forwards are recognised based on utilisation within five years. The net carrying amount of deferred tax assets for the group amounted to DKK 54.7 million at 31 December 2023 (2022: DKK 63.2 million), of which DKK 21.2 million can be attributed to the estimated tax effect of corresponding adjustments relating to pending tax audits in Hungary.

§ Accounting policies

Deferred tax

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and office buildings and other items where temporary differences – other than business acquisitions – arise at the date of acquisition without affecting either the profit or loss for the year or the taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured on the basis of planned use of the asset as decided by management, or settlement of the liability, respectively. Deferred tax assets, including the tax base of tax loss carry-forwards, are recognised under other non-current assets at the expected value of their utilisation, either as a set-off against tax on future earnings or as a set-off against deferred tax liabilities within the same legal tax entity and jurisdiction. Adjustment is made to deferred tax relating to eliminations made of unrealised intra-group gains and losses. Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Impairment of deferred tax assets

Deferred tax assets are reviewed for impairment annually and are written down if it is deemed likely that the deferred tax asset cannot be utilised against tax on future income or set off against deferred tax liabilities in the same legal tax entity and jurisdiction. This assessment takes into account the type and nature of the recognised deferred tax asset, and the estimated time frame for the set-off of the asset.

Notes

20 Inventories

DKKm	Group		Parent company	
	2023	2022	2023	2022
Raw materials and consumables	231.7	232.2	80.2	85.4
Work in progress	10.8	4.1	20.0	6.8
Finished goods and goods for resale	97.9	91.3	52.2	26.9
Inventories	340.4	327.6	152.4	119.1
Inventories recognised at net realisable value	28.2	22.8	5.5	7.0

Work in progress for the parent company includes plant under construction for use in subsidiaries, which in the consolidated financial statements has been reclassified as property, plant and equipment.

The group has not pledged inventories as security for debt items to any third party.

§ Accounting policies

Inventories

Inventories are measured at cost using the FIFO method.

Goods for resale, raw materials and consumables are measured at cost, comprising the purchase price plus delivery costs.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct labour costs and production overheads. Production overheads comprise indirect materials and labour costs as well as maintenance and depreciation of production machinery, factory buildings and equipment and factory administration and management costs.

Where the net realisable value is lower than cost, inventories are written down to such lower value. The net realisable value of inventories is determined as the selling price less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and developments in the expected selling price.

21 Trade receivables

DKKm	Group		Parent company	
	2023	2022	2023	2022
Trade receivables, gross	458.6	462.4	272.0	276.9
Changes in credit loss allowance:				
Allowance at 1 January	2.9	21.9	1.1	18.4
Additions in the year	(0.1)	0.4	0.6	1.1
Realised in the year	0.0	(18.6)	0.0	(18.2)
Reversal in the year	(1.2)	(0.8)	(1.0)	(0.2)
Allowance at 31 December	1.6	2.9	0.7	1.1
Trade receivables, net	457.0	459.5	271.3	275.8

§ Accounting policies

Trade receivables

Trade receivables are measured at amortised cost, which usually corresponds to nominal value less expected credit losses.

A total expected credit loss on trade receivables is recognised for the group and the parent company, respectively, based on the simplified 'expected credit loss' model. Expected credit losses are reassessed in connection with each financial reporting to reflect the change in credit risk since initial recognition. Expected credit losses are presented in a provision matrix to reflect historical credit losses incurred by the group and the parent company, respectively, adjusted for specific circumstances relating to each customer, insured receivables and general market conditions for each customer. Credit loss allowances are recognised in the statement of comprehensive income under selling and distribution costs.

Outstanding contractual performance obligations

In pursuance of the exemption clause of IFRS 15.121, Hartmann does not disclose information on performance obligations as the group's contracts have an expected duration of less than one year.

Notes

21 Trade receivables – continued

The provision matrix below illustrates the risk profile of the group's and the parent company's trade receivables. As the credit loss patterns of the group and the parent company are not very different for the various customer segments, a breakdown by customer groups is not provided.

DKKm	Not overdue	Overdue by				Total
		1-30 days	31-60 days	61-90 days	over 90 days	
Group						
31 December 2023						
Expected loss rate	0%	1%	1%	0%	31%	0%
Trade receivables	420.5	19.2	13.3	1.7	3.9	458.6
Expected credit loss	0.1	0.2	0.1	0.0	1.2	1.6
31 December 2022						
Expected loss rate	0%	0%	0%	8%	76%	1%
Trade receivables	418.9	33.4	6.5	0.2	3.4	462.4
Expected credit loss	0.2	0.1	0.0	0.0	2.6	2.9
Parent company						
31 December 2023						
Expected loss rate	0%	0%	0%	0%	28%	0%
Trade receivables	251.3	7.0	10.5	0.6	2.6	272.0
Expected credit loss	0.0	0.0	0.0	0.0	0.7	0.7
31 December 2022						
Expected loss rate	0%	0%	0%	14%	62%	0%
Trade receivables	251.6	19.0	4.4	0.1	1.8	276.9
Expected credit loss	0.0	0.0	0.0	0.0	1.1	1.1

22 Share capital

DKKm	Parent company
Share capital at 1 January 2017	140.3
Share capital at 31 December 2023	140.3
Shares of DKK 20 each	7,015,090

No shares confer special rights.

Treasury shares

Brødrene Hartmann A/S was authorised, at the annual general meeting, to acquire up to 10% of its own shares. The authorisation is valid until annual general meeting 2024.

At 31 December 2023, Hartmann held 100,000 treasury shares (2022: 100,000).

Dividend

Proposed dividend

The board of directors has proposed that no dividend be paid for the financial year ended 31 December 2023 and that the profit for the year is transferred to equity.

Dividend paid

No dividend was paid in the financial year ended 31 December 2023 (2022: no dividend paid).

Notes

23 Pension obligations

Defined contribution plans

Hartmann offers pension plans to certain groups of employees. These pension plans are generally defined contribution plans. Under these pension plans, Hartmann recognises regular payments of premiums (e.g. a fixed amount or a fixed percentage of the salary) to independent insurers who are responsible for the pension obligations.

Under defined contribution plans, the group carries no risk in relation to future development in interest rates, inflation, mortality or disability. Once the contributions under defined contribution plans have been paid, Hartmann has no further pension obligations towards existing or former employees.

Defined benefit plans

Under defined benefit plans, Hartmann has an obligation to pay a specific benefit (e.g. retirement pension in the form of a fixed proportion of the exit salary). Under these plans, Hartmann carries the risk in relation to future development in interest rates, inflation, mortality, etc. A change in the assumptions upon which the calculation is based results in a change in the actuarial present value.

In the event of changes in the assumptions used in the calculation of defined benefit plans for existing and former employees, actuarial gains and losses are recognised in other comprehensive income.

The total pension obligation relate to two funded plans in the subsidiary Hartmann Canada Inc. and one unfunded plan in the subsidiary Hartmann Verpackung GmbH.

The weighted average duration of the obligations is 11-16 years in Canada and 15 years in Germany.

DKKm	Group	
	2023	2022
Recognition of defined benefit plans in the statement of comprehensive income:		
Current service cost	3.9	6.1
Costs of plan administration for the year	0.9	0.3
Interest expenses on asset cap	1.3	0.0
Interest expenses, net	(0.3)	(0.2)
Recognised in profit for the year	5.8	6.2
Return on plan assets (excluding amounts recognised in interest expenses, net)	(13.7)	30.1
Actuarial (gains)/losses:		
– From changes in demographic assumptions	0.0	0.0
– From changes in financial assumptions	7.6	(44.3)
– From experience-based adjustments	2.5	0.4
Change in assets not recognised due to asset cap	4.2	26.0
Tax	(0.2)	(2.9)
Recognised in other comprehensive income	0.4	9.3
Recognised in comprehensive income	6.2	15.5
Recognition of defined benefit plans in the balance sheet:		
Present value of liability with plan assets	125.3	109.6
Market value of plan assets	(156.5)	(135.6)
Net obligation of plans with plan assets	(31.2)	(26.0)
Present value of plans without plan assets	20.1	20.3
Assets not recognised due to asset cap	31.2	26.0
Recognised net obligation	20.1	20.3

The majority of pensions fall due more than one year after the balance sheet date.

Notes

23 Pension obligations – continued

DKKm	Group	
	2023	2022
Change in defined benefit plan obligations		
Present value of pension obligations at 1 January	130.0	168.0
Foreign exchange adjustment	(1.2)	(0.9)
Pension costs for the year	3.9	6.1
Interest on pension obligation	6.6	4.9
Contributions from plan participants	2.6	3.1
Actuarial (gains)/losses:		
– From changes in demographic assumptions	0.0	0.0
– From changes in financial assumptions	7.6	(44.3)
– From experience-based adjustments	2.5	0.4
Pension benefits paid	(6.6)	(7.3)
Present value of pension obligations at 31 December	145.4	130.0
Changes in defined benefit plan assets		
Fair value of plan assets at 1 January	135.6	158.4
Foreign exchange adjustment	(1.6)	(1.0)
Return on plan assets (excluding amounts recognised in interest expenses, net)	13.7	(30.1)
Interest on plan assets	7.0	5.1
Administrative expenses	(0.9)	(0.3)
Employer contributions	7.2	8.8
Pension benefits paid	(4.5)	(5.3)
Fair value of plan assets at 31 December	156.5	135.6
Breakdown of actual return on plan assets		
Return on plan assets (excluding amounts recognised in interest expenses, net)	13.7	(30.1)
Interest on plan assets	6.9	5.0
	20.6	(25.1)

Hartmann expects to contribute DKK 13.2 million to pension plans in 2024 (2022: DKK 14.1 million relating to 2023).

	2023		2022	
	DKKm	%	DKKm	%
Composition of plan assets:				
Shares and investment funds	127.0	81.2	108.9	80.3
Bonds and other securities	29.5	18.8	26.7	19.7
	156.5	100.0	135.6	100.0

Plan assets are measured at fair value based on prices quoted in an active market. No plan assets have any relation to group entities.

The primary assumption applied in the calculation of pension obligations is the discount rate. The sensitivity analysis below indicates the development of the pension obligation on a change in the discount rate by 1 percentage point up or down.

DKKm	2023		2022	
	+1% point	-1% point	+1% point	-1% point
Pension obligation sensitivity to changes in the discount rate:				
– Germany	(1.4)	1.5	(1.5)	1.6
– Canada, wage earners	(9.1)	12.3	(7.7)	10.6
– Canada, salaried employees	(4.0)	5.0	(3.9)	4.8

Notes

23 Pension obligations – continued

%	Group	
	2023	2022
Defined benefit plans have been calculated based on the following actuarial assumptions:		
<i>Discount rate</i>		
– Germany	3.46	3.84
– Canada, wage earners	4.6	5.1
– Canada, salaried employees	4.6	5.1
<i>Expected pay rise</i>		
– Germany	-	-
– Canada, wage earners	0.00	0.00
– Canada, salaried employees	2.00	2.00

Accounting policies

Pension obligations

Payments relating to defined contribution plans, under which the group regularly pays fixed contributions into an independent pension fund, are recognised in profit or loss in the period in which they are earned, and outstanding payments are recognised in the balance sheet under other payables.

For defined benefit plans, annual actuarial calculations are made of the present value of future benefits payable under the pension plan. The present value is calculated based on assumptions about future developments in variables such as salary levels and interest, inflation and mortality rates. The present value is only calculated for benefits earned by the employees through their employment with the group to date. The actuarial calculation of present value less the fair value of any plan assets is recognised in the balance sheet as pension obligations. The pension costs for the year, based on actuarial estimates and financial forecasts at the beginning of the year, are recognised in profit or loss. The difference between the forecast development in pension assets and liabilities and the realised values is called actuarial gains or losses and is recognised in the statement of comprehensive income through other comprehensive income. If a pension plan constitutes a net asset, the asset is recognised only to the extent that it equals the value of future repayments under the plan or it leads to a reduction of future contributions to the plan.

Notes

Other

60	Note 24	Fees to shareholder-appointed auditor
61	Note 25	Collateral and contingent liabilities
62	Note 26	Financial risks
65	Note 27	Financial instruments
72	Note 28	Related parties
73	Note 29	Accounting effects of hyperinflation in Argentina
76	Note 30	Discontinued operations and assets held for sale
78	Note 31	Events after the balance sheet date
79	Note 32	Definitions of key figures and financial ratios

24 Fees to shareholder-appointed auditor

DKKm	Group		Parent company	
	2023	2022	2023	2022
Fees to shareholder-appointed auditor				
Statutory audit, EY	3.9	3.0	2.8	1.9
Tax advisory services, EY	0.5	0.0	0.3	0.0
Other non-audit services, EY	0.3	0.1	0.3	0.1
Statutory audit, Deloitte (regarding 2021)	-	0.7	-	0.7
Fees to shareholder-appointed auditor	4.7	3.8	3.4	2.7

Notes

25 Collateral and contingent liabilities

Guarantees

Brødrene Hartmann A/S has provided a guarantee of BRL 15 million, corresponding to DKK 21 million, in favour of Itaú Unibanco S.A. for the credit facility issued to the subsidiary Sanovo Greenpack Embalagens Do Brasil Ltda.

Brødrene Hartmann A/S has provided a parent company guarantee to Hartmann (UK) Ltd. (CRN 00734190) to allow the subsidiary to claim exemption from audit under section 479A of the British Companies Act 2006. At 31 December 2023, the amount owed to creditors of Hartmann (UK) Ltd. was DKK 0.1 million (2022: DKK 0.7 million).

Joint taxation

Brødrene Hartmann A/S and its Danish subsidiaries are taxed jointly with Thornico Holding A/S, which is the management company.

The company and its Danish subsidiaries thus have secondary liability with respect to income taxes etc. and any obligations to withhold taxes on interest, royalties and dividends applying to the jointly taxed entities. Such secondary liability is, however, capped at an amount equal to the portion of the share capital in the company held directly or indirectly by the ultimate parent company.

The total tax obligation of the jointly taxed entities is disclosed in the financial statements of the management company.

Other matters

In autumn 2019, the Brazilian tax authorities raised a claim including interest and fines of BRL 56 million, against Hartmann's Brazilian subsidiary, Sanovo Greenpack Embalagens Do Brasil Ltda., concerning 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 December 2023 not claimed by the tax authorities is estimated to BRL 16 million leading to a total estimated claim of BRL 72 million, corresponding to DKK 100 million. The tax authorities have not raised any claims against Hartmann's Brazilian subsidiary for the subsequent years 2017-2023.

Based on judicial practice and statements from its legal 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 this management underline, that the outcome is subject to a degree of uncertainty.

There has been no significant development in the case in 2023. A lengthy 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, results of operations or cash flows.

Pending lawsuits

The group is party to a few lawsuits and disputes. Management believes that these lawsuits and disputes will not significantly affect the financial position of the group or the parent company.

Notes

26 Financial risks

The group's overall financial risk management guidelines are set out in its finance policy. The finance policy comprises the group's foreign exchange policy, investment policy, funding policy and policy regarding credit risks in relation to financial counterparties.

The finance policy is updated and approved by the board of directors on an annual basis.

Hartmann has centralised the management of financial risks in its finance function, which also acts as a service centre to all subsidiaries.

Hartmann uses financial instruments to hedge some of the financial risks that arise out of the group's operating, investing and financing activities. The group does not engage in transactions for the purpose of speculation.

Currency risk

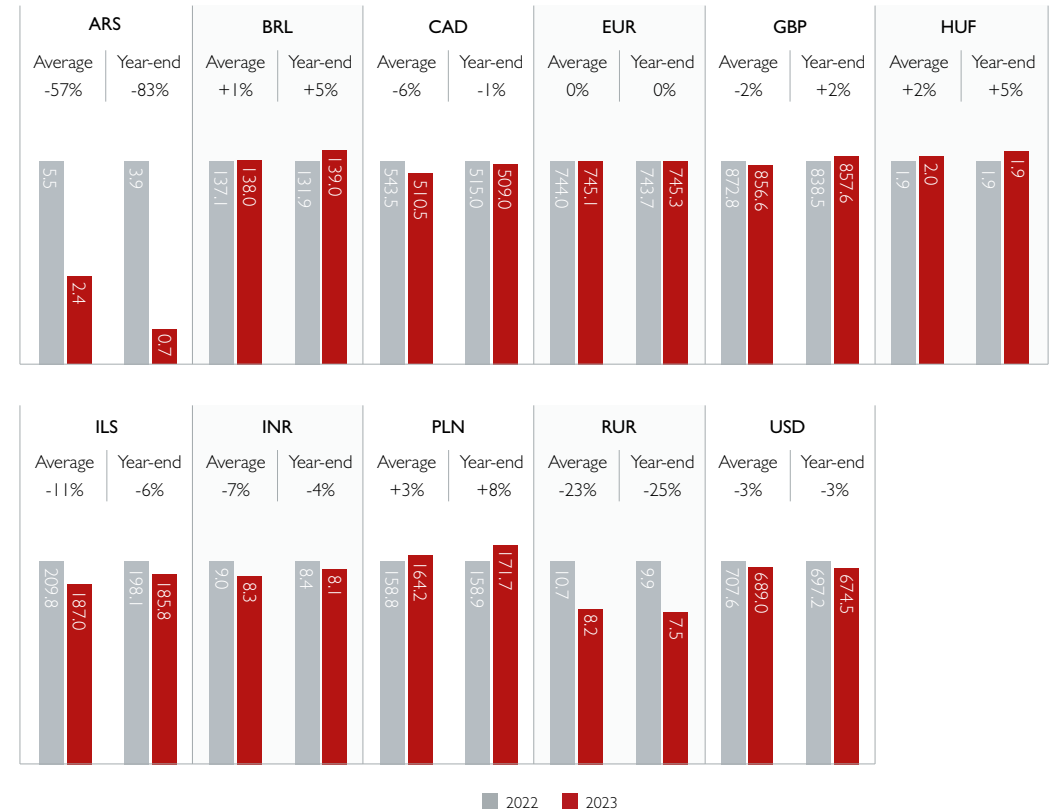
Hartmann's currency risks consist of translation risk and transaction risk.

Translation risk

The group is exposed to currency translation risks insofar as earnings and net assets relating to foreign subsidiaries as well as intra-group loans are translated and included in the consolidated financial statements, which are presented in DKK. Translation risks associated with the translation of earnings and net assets in foreign subsidiaries into DKK are not hedged as they have no direct impact on cash resources or underlying cash flows. Translation risks associated with intra-group loans are hedged if they are deemed to potentially have a material impact on consolidated profits.

Exchange rates

Exchange rate, DKK per 100



Notes

26 Financial risks – continued

Transaction risk

As part of the group’s currency policy, Hartmann seeks to reduce, to the greatest extent possible, the impact of exchange rate fluctuations on its profits and financial position.

Hartmann is exposed to transaction risks due to cross-border transactions leading to contractual cash flows in foreign currency. The USD/CAD exchange rate exposure constitutes one of the group’s single largest transaction risks. This exposure results from the main part of sales generated in the North American business being invoiced in USD, while a significant part of costs is incurred in CAD.

Other significant transaction risks relate to the currencies CHF, EUR, GBP, HUF and PLN.

Hartmann hedges its transaction risks to the effect that net positions in primary currencies are continuously hedged for a period of not less than nine and not more than 12 months. Any exposures in excess of 12 months are not hedged. Gains and losses on derivative financial instruments are recognised in profit or loss as the hedged transactions are realised. The effectiveness of hedges is assessed on an ongoing basis.

A 5% increase in the year-end exchange rate against DKK or EUR would result in fair value adjustment of other comprehensive income by DKK 0.1 million (2022: DKK 0.5 million).

The group’s exposure to fluctuations in exchange rates is illustrated by the graph below, which shows the change in the profit for the year on a 5% increase in relevant exchange rates, all other things being equal.

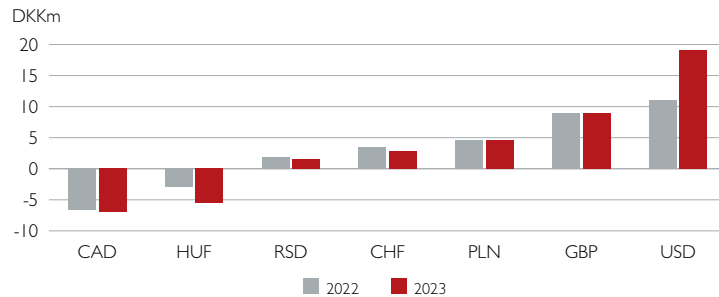
Interest rate risk

Hartmann seeks to reduce the impact of interest rate fluctuations on its profits and financial position, which includes assessing on an ongoing basis if benefits may be gained from converting a proportion of the group’s non-current floating interest credit facilities into fixed-rate facilities using interest-rate swaps.

The group’s long-term and committed credit facilities are denominated in DKK, EUR and USD, and the credit facilities carry a floating rate. Hartmann has hedged the interest risk related to EUR 60 million, corresponding to DKK 447 million, through an interest cap with strike 2.5%. The interest cap expires in September 2027.

A 1%-point change in the general interest rate level related to committed credit facilities would affect pre-tax profits by approximately DKK 3 million (2022: approx. DKK 4 million).

Change in profit for the year on 5% change in exchange rate against DKK



Notes

26 Financial risks – continued

Liquidity risk

Liquidity risk is the risk that Hartmann will be unable to meet its obligations as they fall due because of inability to liquidate assets or obtain adequate funding.

It is Hartmann's policy to maintain maximum flexibility and sufficient cash resources to allow the company to continue to operate adequately in case of unforeseen fluctuations in liquidity.

The group's long-term loan has been refinanced in 2023 and comprises a committed credit facility of DKK 900 million maturing in December 2025 with an option to extend by up to two years and with options to expand the credit facility by additionally DKK 950 million for funding of expansions of production capacity or acquisitions, subject to approval by the group's lenders. The interest margin on the loan is floating and is fixed each quarter based on the group's earnings. The loan is subject to covenants terms, including terms related to the Groups leverage ratio. The group complied with all covenants in 2023. In addition, the loan agreements contain cross-default and change-of-control clauses.

The group's short-term liquidity is managed primarily by the transfer of excess liquidity from the subsidiaries to the parent company for the purpose of directing cash to subsidiaries with cash requirements. Cash pooling is used to manage the group's liquidity in GBP, PLN and EUR.

While subsidiary financing requirements are primarily covered by the parent company, local conditions may result in financing being arranged through one of the group's foreign banks.

Total liquidity available to the group (DKKm)	2023	2022
Undrawn credit facilities with banks at 31 December	279	222
Cash at 31 December	188	197
Liquidity available at 31 December	467	419

Management believes the group has sufficient cash resources to cover planned operations and ongoing investments.

Reference is made to note 27 Financial instruments, for an overview of due dates by debt category.

Credit risk

The group's credit risk is primarily related to trade receivables and cash deposits and for the parent company also loans to and receivables from subsidiaries.

It is Hartmann's policy to take out credit insurance on its trade receivables. Where local conditions make it impossible to take out credit insurance, a stricter internal credit assessment procedure is applied. The parent company does not insure loans to and receivables from subsidiaries.

Assumed to approximate fair value, the carrying amount of trade receivables, and in the parent company also loans to and receivables from subsidiaries, represents the maximum credit risk.

Investments of surplus liquidity are confined to banks with satisfactory credit ratings from one or more credit rating agencies. The maximum credit risk corresponds to the carrying amount.

Capital structure

It is the group's objective to maintain a level of flexibility sufficient to carry out and fulfil its strategic objectives while at the same time continuing to ensure high profitability and delivering competitive returns to its shareholder. The group also strives to secure financial stability for the purpose of reducing financing costs.

Dividend distributions will always take into account current growth plans and liquidity needs.

Notes

27 Financial instruments

Maturities of financial liabilities including interest payments

DKKm	2023					2022				
	Carrying amount	Payment obligation	In 1 year or less	In 1-5 years	After 5 years	Carrying amount	Payment obligation	In 1 year or less	In 1-5 years	After 5 years
Group										
Credit institutions	765.8	778.5	26.7	751.8	0.0	965.8	1,032.1	156.9	875.2	0.0
Overdraft facilities	22.1	22.1	22.1	0.0	0.0	85.0	85.0	85.0	0.0	0.0
Lease liabilities	57.9	68.6	16.4	42.9	9.3	66.9	76.2	15.6	43.8	16.8
Trade payables	301.8	301.8	301.8	0.0	0.0	319.7	319.7	319.7	0.0	0.0
Payables to associates	6.9	6.9	6.9	0.0	0.0	9.2	9.2	9.2	0.0	0.0
Other payables	240.9	240.9	240.9	0.0	0.0	150.1	150.1	150.1	0.0	0.0
	1,395.4	1,418.8	614.8	794.7	9.3	1,596.7	1,672.3	736.5	919.0	16.8
Parent company										
Credit institutions	765.8	778.5	26.7	751.8	0.0	860.3	911.0	35.8	875.2	0.0
Overdraft facilities	5.6	5.6	5.6	0.0	0.0	62.2	62.2	62.2	0.0	0.0
Lease liabilities	6.7	7.2	4.4	2.8	0.0	8.2	8.3	4.8	3.5	0.0
Trade payables	83.5	83.5	83.5	0.0	0.0	131.4	131.4	131.4	0.0	0.0
Payables to subsidiaries	251.6	251.6	251.6	0.0	0.0	316.2	316.2	316.2	0.0	0.0
Payables to associates	6.9	6.9	6.9	0.0	0.0	8.9	8.9	8.9	0.0	0.0
Other payables	140.5	140.5	140.5	0.0	0.0	64.2	64.2	64.2	0.0	0.0
	1,260.6	1,273.8	519.2	754.6	0.0	1,451.4	1,502.2	623.5	878.7	0.0

The payment obligation represents the contractual undiscounted cash flows until maturity. For credit institutions the contractual payments are based on the variable interest rates as of the balance sheet date, except for EUR 60 million of the group's and parent company's long term loans, where the fixed interest swap rate has been applied.

Notes

27 Financial instruments – continued

Financial instrument categories DKKm	Group				Parent company			
	2023		2022		2023		2022	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Derivative financial instruments to hedge future cash flows	1.4	1.4	14.5	14.5	0.0	0.0	14.4	14.4
Financial assets used as hedging instruments	1.4	1.4	14.5	14.5	0.0	0.0	14.4	14.4
Trade receivables	457.0	457.0	459.5	459.5	271.3	271.3	275.8	275.8
Receivables from subsidiaries	-	-	-	-	112.0	112.0	93.9	93.9
Other receivables	120.9	120.9	218.9	218.9	50.8	50.8	67.2	67.2
Cash	186.4	186.4	180.2	180.2	6.1	6.1	3.4	3.4
Loans and receivables	764.3	764.3	858.6	858.6	440.2	440.2	440.3	440.3
Derivative financial instruments to hedge future cash flows	17.1	17.1	15.9	15.9	15.3	15.3	2.6	2.6
Financial liabilities used as hedging instruments	17.1	17.1	15.9	15.9	15.3	15.3	2.6	2.6
Credit institutions and overdraft facilities	787.9	787.9	1,050.8	1,050.8	765.8	765.8	922.5	922.5
Lease liabilities	57.9	68.6	66.9	76.2	6.7	7.2	8.2	8.3
Payables to subsidiaries	-	-	-	-	251.6	251.6	316.2	316.2
Other liabilities	544.2	544.2	475.3	475.3	221.5	221.5	205.8	205.8
Financial liabilities measured at amortised cost	1,390.0	1,400.7	1,593.0	1,602.3	1,245.6	1,246.1	1,452.7	1,452.8

Notes

27 Financial instruments – continued

Fair value of derivative financial instruments

Hartmann's primary currency exposure relates to sales denominated in currencies other than the functional currency of the individual group entities. Forward exchange contracts are used to hedge future cash flows. The fair value of forward contracts is based on observable data (level 2) and has been recognised in receivables and payables at 31 December 2023. Changes in the fair value of financial instruments qualifying as hedges of future cash flows are recognised in other comprehensive income.

	Group						Parent company							
	2023			2022			2023			2022				
DKKm	Average hedging exch. rate	Positive	Negative	Net	Average hedging exch. rate	Positive	Negative	Net	Positive	Negative	Net	Positive	Negative	Net
Forward contracts														
CHF/DKK	7.70	0.0	(2.9)	(2.9)	7.60	0.5	(0.8)	(0.3)	0.0	(2.9)	(2.9)	0.5	(0.8)	(0.3)
EUR/HUF	0.00	0.0	0.0	0.0	435.47	1.7	0.0	1.7	0.0	0.0	0.0	1.7	0.0	1.7
GBP/DKK	8.31	0.0	(4.6)	(4.6)	8.48	3.8	(0.0)	3.8	0.0	(4.6)	(4.6)	3.8	(0.0)	3.8
PLN/DKK	1.54	0.0	(7.2)	(7.2)	1.50	0.0	(1.8)	(1.8)	0.0	(7.2)	(7.2)	0.0	(1.8)	(1.8)
USD/CAD	1.34	1.4	0.0	1.4	1.33	0.1	(4.8)	(4.7)	-	-	-	-	-	-
		1.4	(14.7)	(13.3)		6.1	(7.4)	(1.3)	0.0	(14.7)	(14.7)	6.0	(2.6)	3.4
Interest cap, EUR	2.5%	0.0	(0.6)	(0.6)	2.5%	8.4	0.0	8.4	0.0	(0.6)	(0.6)	8.4	0.0	8.4
Energy contracts	-	0.0	(1.8)	(1.8)	-	0.0	(8.5)	(8.5)	-	-	-	-	-	-
		1.4	(17.1)	(15.7)		14.5	(15.9)	(1.4)	0.0	(15.3)	(15.3)	14.4	(2.6)	11.8
Expected maturity														
In 1 year or less		1.4	(15.2)	(13.8)		7.7	(13.4)	(5.7)	0.0	(13.4)	(13.4)	7.6	(2.6)	5.0
In 1 - 5 years		0.0	(1.9)	(1.9)		6.8	2.5	4.3	0.0	(1.9)	(1.9)	6.8	0.0	6.8
		1.4	(17.1)	(15.7)		14.5	(15.9)	(1.4)	0.0	(15.3)	(15.3)	14.4	(2.6)	11.8

§ Accounting policies

Derivative financial instruments

The group uses forward exchange contracts to limit its currency exposure. Derivative financial instruments are not used for speculative purposes. Derivative financial instruments are recognised at cost at the date of transaction and are subsequently recognised at fair value at the balance sheet date. The fair value of derivative financial instruments is recognised in other receivables (positive value) and other payables (negative value). Realised and unrealised gains and losses on contracts are recognised in the statement of comprehensive income under financial income and expenses, unless the derivative financial instruments have been used to hedge future cash flows. Value adjustments of derivative financial instruments to hedge future cash flows are

recognised in other comprehensive income if the hedge is effective. Value adjustments of any ineffective part of the relevant derivative financial instruments are recognised in financial income and expenses. When the hedged transaction is realised, the gain or loss on the hedging instrument is recognised in the same item as the hedged item, and the amount recognised in other comprehensive income is reversed. If a hedged transaction is no longer expected to take place, the accumulated net gains or net losses are taken to profit/loss for the year from other comprehensive income. The fair values of derivative financial instruments are computed on the basis of current market data and generally accepted valuation methods.

Notes

27 Financial instruments – continued

Hedging of future cash flows DKKm	2023			2022		
	Recognised in Notional amount	Fair value	Other comprehensive income	Recognised in Notional amount	Fair value	Other comprehensive income
Group						
Forward contract, CHF/DKK	57.9	(2.9)	(2.9)	49.1	(0.3)	(0.3)
Forward contract, EUR/HUF	0.0	0.0	0.0	42.5	1.7	1.7
Forward contract, GBP/DKK	247.0	(4.6)	(4.6)	178.9	3.8	3.8
Forward contract, PLN/DKK	92.2	(7.2)	(7.2)	55.4	(1.8)	(1.8)
Forward contract, USD/CAD	109.1	1.4	1.4	109.5	(4.7)	(4.7)
Interest cap, EUR	446.2	(0.6)	(0.6)	446.2	8.4	8.4
Energy contracts	4.3	(1.8)	(1.8)	23.2	(8.5)	(8.5)
	956.7	(15.7)	(15.7)	904.8	(1.4)	(1.4)
Parent company						
Forward contract, CHF/DKK	57.9	(2.9)	(2.9)	49.1	(0.3)	(0.3)
Forward contract, EUR/HUF	0.0	0.0	0.0	42.5	1.7	1.7
Forward contract, GBP/DKK	247.0	(4.6)	(4.6)	178.9	3.8	3.8
Forward contract, PLN/DKK	92.2	(7.2)	(7.2)	55.4	(1.8)	(1.8)
Interest cap, EUR	446.2	(0.6)	(0.6)	446.2	8.4	8.4
	843.3	(15.3)	(15.3)	772.1	11.8	11.8

All forward contracts are transferred to profit or loss within one year.

Notes

27 Financial instruments – continued

Fair value hedging	2023				2022			
	Monetary items		Hedged through hedging instruments	Net position	Monetary items		Hedged through hedging instruments	Net position
	Assets	Liabilities			Assets	Liabilities		
DKKm								
Group								
ARS	49.2	(11.1)	0.0	38.1	61.9	(19.7)	0.0	42.2
BRL	31.5	(60.7)	0.0	(29.2)	43.4	(158.8)	0.0	(115.4)
CAD	58.2	(22.0)	0.0	36.2	64.9	(55.5)	0.0	9.4
CHF	9.9	(1.2)	0.0	8.7	12.8	(1.2)	0.0	11.6
EUR	188.1	(828.6)	0.0	(640.5)	206.8	(770.8)	0.0	(564.0)
GBP	33.0	(15.6)	0.0	17.4	41.6	(2.6)	0.0	39.0
HRK	6.8	(37.4)	0.0	(30.6)	9.4	(73.8)	0.0	(64.4)
HUF	27.3	(44.0)	0.0	(16.7)	83.9	(61.0)	0.0	22.9
ILS	47.5	(10.9)	0.0	36.6	43.4	(9.9)	0.0	33.5
INR	43.1	(11.5)	0.0	31.6	91.2	13.4	0.0	104.6
PLN	27.1	(1.3)	0.0	25.8	21.0	4.5	0.0	25.5
SEK	1.3	(0.2)	0.0	1.1	0.7	(0.1)	0.0	0.6
USD	156.3	(89.3)	0.0	67.0	115.2	(123.2)	0.0	(8.0)
Other currencies	29.4	0.0	0.0	29.4	16.3	0.0	0.0	16.3
Parent company								
BRL	0.0	0.0	0.0	0.0	0.9	0.0	0.0	0.9
CAD	1.5	(0.3)	0.0	1.2	0.0	(15.0)	0.0	(15.0)
CHF	8.0	(2.0)	0.0	6.0	10.5	(1.7)	0.0	8.8
EUR	282.8	(877.4)	0.0	(594.6)	609.3	(889.6)	0.0	(280.3)
GBP	33.0	(17.1)	0.0	15.9	41.6	(7.6)	0.0	34.0
HRK	0.0	0.0	0.0	0.0	0.0	(73.9)	0.0	(73.9)
HUF	8.8	(2.0)	0.0	6.8	0.0	(95.2)	0.0	(95.2)
ILS	1.6	0.0	0.0	1.6	1.4	0.0	0.0	1.4
INR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PLN	27.0	(2.1)	0.0	24.9	21.0	0.9	0.0	21.9
SEK	1.3	(0.2)	0.0	1.1	0.7	(0.1)	0.0	0.6
USD	269.0	(1.6)	0.0	267.4	305.5	(94.9)	0.0	210.6
Other currencies	27.0	0.0	0.0	27.0	33.1	0.0	0.0	33.1

Notes

27 Financial instruments – continued

Hedging of net assets in foreign subsidiaries DKKm	2023				2022			
	Investment	Amount hedged	Net position	The year's value adjustment recognised in other comprehensive income	Investment	Amount hedged	Net position	The year's value adjustment recognised in other comprehensive income
Group								
ARS	102.4	0.0	102.4	(127.8)	167.5	0.0	167.5	(47.5)
BRL	(140.9)	0.0	(140.9)	(4.4)	(78.7)	0.0	(78.7)	7.6
CAD	240.7	0.0	240.7	(5.0)	245.7	0.0	245.7	(1.3)
CHF	2.5	0.0	2.5	0.2	2.4	0.0	2.4	0.1
EUR	247.4	0.0	247.4	0.5	110.1	0.0	110.1	0.3
GBP	4.5	0.0	4.5	0.1	4.1	0.0	4.1	(0.3)
HRK	0.0	0.0	0.0	0.0	109.8	0.0	109.8	(0.2)
HUF	189.8	0.0	189.8	10.2	152.5	0.0	152.5	(6.6)
ILS	60.8	0.0	60.8	(3.7)	59.3	0.0	59.3	(4.0)
INR	72.9	0.0	72.9	(5.3)	173.1	0.0	173.1	(10.3)
PLN	5.6	0.0	5.6	0.3	2.8	0.0	2.8	(0.0)
RUB	(7.8)	0.0	(7.8)	(7.7)	45.3	0.0	45.3	30.8
USD	231.6	0.0	231.6	(7.5)	229.5	0.0	229.5	12.3
Other currencies	5.7	0.0	5.7	(0.9)	3.9	0.0	3.9	0.3
	1,015.2	0.0	1,015.2	(151.0)	1,227.3	0.0	1,227.3	(18.8)

Notes

27 Financial instruments – continued

Interest rate risk DKKm	2023				2022			
	Nominal value	Carrying amount	Interest rate	Interest rate risk	Nominal value	Carrying amount	Interest rate	Interest rate risk
Group								
Credit institutions, floating rate	320.5	320.5	3.6%	Cash flow	414.1	414.1	4.8%	Cash flow
Credit institutions, floating rate with cap	447.2	447.2	3.4%	Cash flow	446.2	446.2	3.6%	Cash flow
Parent company								
Credit institutions, floating rate	320.5	320.5	3.6%	Cash flow	414.1	414.1	4.8%	Cash flow
Credit institutions, floating rate with cap	447.2	447.2	3.4%	Cash flow	446.2	446.2	3.6%	Cash flow
Receivables from subsidiaries								
Fixed rate	218.3	58.0	5,00% - 14,50%	Fair value	71.0	26.5	4.25% - 14.50%	Fair value
Floating rate	451.8	451.8	4,71% - 7,32%	Cash flow	640.7	640.7	1.35% - 3.80%	Cash flow

Notes

28 Related parties

Sales of goods to related parties are made at ordinary selling prices. Purchases of goods are also made at market prices less discounts offered on the basis of volumes purchased.

No collateral or guarantees have been provided in respect of any balances at the balance sheet date. Receivables and trade payables are settled in cash. No credit losses or provisions for credit losses have been recognised on receivables from related parties.

In addition to distribution of dividend and payment of remuneration, the related party transactions below are stated in the statement of comprehensive income and the balance sheet.

DKKm	Group		Parent company	
	2023	2022	2023	2022
Companies with a controlling interest				
Joint taxation contributions paid	20.0	13.0	20.0	13.0
Adjustment of joint taxation contributions paid in prior years	1.6	(0.9)	1.6	(0.9)
Revenue	0.7	0.0	0.7	0.0
Administrative expenses	(0.1)	0.0	(0.1)	0.0
Associates				
Production costs	53.3	89.8	53.3	89.8
Payables to associates	6.9	9.2	6.9	8.9
Subsidiaries				
Revenue	-	-	154.5	126.6
Production costs	-	-	511.3	845.1
Other income/(expenses) recognised in operating profit	-	-	5.1	(0.7)
Interest income	-	-	48.5	20.0
Interest expenses	-	-	(2.4)	(0.5)
Receivables from subsidiaries, non-current	-	-	509.8	667.1
Receivables from subsidiaries, current	-	-	113.2	93.9
Payables to subsidiaries	-	-	251.6	316.2
Other related parties				
Revenue	10.6	7.0	10.6	7.0
Prepayments from customers	1.9	0.0	1.9	0.0

Thornico Holding A/S is the ultimate majority owner. Brødrene Hartmann A/S is included in the consolidated financial statements of Thornico Holding A/S. Related parties consist of other companies controlled by Hartmann's ultimate majority owner, Thornico Holding A/S, that are not controlled by Brødrene Hartmann A/S.

Associates consist of Danfiber A/S in which Hartmann has an insignificant investment.

Subsidiaries consist of companies in which Brødrene Hartmann A/S has a controlling interest, see note 17. Transactions with subsidiaries have been eliminated in the consolidated financial statements in accordance with the group's accounting policies.

In 2020, Hartmann entered into an agreement with Thornico Food & Food Technology Group A/S to establish an egg packaging plant in China and throughout 2021-2022, Hartmann delivered and installed production equipment for a total of DKK 21 million for a Chinese subsidiary of Thornico Food & Food Technology Group A/S. In return, Hartmann obtained an ownership interest. All equipment delivery and installation were completed in 2022, and aside from a loan-to-equity conversion no transactions occurred in 2023. Hartmann's ownership interest is approximately 20% and is recognised as part of other investments within non-current assets on the balance sheet.

The company's related parties also comprise members of the board of directors and executive board as well as their family members. Remuneration to the executive board and the board of directors is disclosed in note 8.

Notes

29 Accounting effect of hyperinflation in Argentina

Transition to hyperinflation

Argentina was placed on the International Practices Task Force's (IPTF) list of hyperinflationary economies effective 1 July 2018 based on a number of qualitative and quantitative characteristics, including that the 3-year cumulative inflation rate exceeded 100% following a prolonged period of rising inflation.

Based on the IPTF's classification, Hartmann has implemented IAS 29 on financial reporting in hyperinflationary economies for the group's Argentinian subsidiaries.

Under IAS 29, the accounting figures for the Argentinian subsidiaries must be restated to reflect the purchasing power at the end of the reporting period. In that connection, non-monetary items, including non-current assets, inventories and equity, and the income statement are restated to reflect the purchasing power at the balance sheet date. Monetary items such as receivables, payables, bank debt, etc. already reflect the purchasing power at the closing date as these items consist of balances, receivables or payables in the relevant monetary unit.

IAS 29, in combination with IAS 21 on currency translation, also requires all the year's transactions in the hyperinflationary exchange rate, the Argentine peso (ARS), to be translated into the group's presentation currency, Danish kroner (DKK), using the exchange rate at the balance sheet date. Accordingly, while the group usually translates income statement transactions at the exchange rate at the date of transaction, all transactions in Argentina have been translated into DKK using the exchange rate at 31 December 2023.

Basis for hyperinflation restatements

Price index

Hyperinflation restatements of the accounting figures for the Argentinian activities are based on developments in the general price index in Argentina, which is the Wholesale Price Index (WPI) for the period from the acquisition of Hartmann's Argentinian activities at the beginning of January 2015 up to December 2016 and the National Consumer Price Index (IPC) for the period from January 2017.

Exchange rate

All accounting numbers concerning the Argentinian activities, in the balance sheet as well as the income statement, are translated into the group's presentation currency, DKK, using the ARS/DKK exchange rate at the balance sheet date, as opposed to the group's usual practice of translating the income statement using the exchange rate at the transaction date.

Inflation and exchange rate developments in 2023

Following a prolonged period of rising inflation in Argentina, the cumulative 3-year inflation rate exceeded 100% in May 2018. In 2023, the rate of inflation in Argentina was 211%. The ARS/DKK exchange rate fell from 0.03937 at the beginning of the year to 0.00678 at 31 December 2023.

Notes

29 Accounting effect of hyperinflation in Argentina – continued

Recognised hyperinflation restatements

Inflation restatements in local currency

- Intangible assets, items of property, plant and equipment and inventories in Hartmann's business in Argentina have been restated for the effects of inflation based on changes in the price index in the period from initial recognition up to 31 December 2023 or, if relevant, the date of disposal or cost of sales in 2023. The restatements were made effective the date of initial recognition of the items, however not earlier than 6 January 2015 when Hartmann acquired the Argentinian activities and the non-monetary items were translated and recognised in the consolidated financial statements at fair value, reflecting the purchasing power at 6 January 2015. The restatement has significantly increased the value of the group's intangible assets and property plant and equipment and moderately increased the value of inventories. The restatement has also led to higher expenses in the income statement in the form of higher cost of sales relating to the restated inventories and significantly higher amortisation and depreciation charges due to the restated cost of intangible assets and property plant and equipment.
- The equity of the Argentinian business has been restated for the effects of inflation based on developments in the price index in financial year 2023 in order to reflect the purchasing power at the balance sheet date. The revaluation of equity based on developments in the price index in the financial year has been recognised with set-off against financial income and expenses in the income statement.
- All income statement transactions in 2023 have been restated to reflect changes in the price index in the period from the month of recognition in the income statement up to 31 December, with the exception of amortisation and depreciation of intangible assets and property, plant and equipment, which has been recalculated separately based on the inflation-adjusted cost of intangible assets and property plant and equipment as stated above. The recalculation of amortisation and depreciation has been made based on the normal useful lives of the relevant Argentinian assets. The restatement for inflation of the income statement has significantly increased the value of income statement items in local currency due to developments in the price index from the date of recognition to the end of the year.

Retranslation from ARS to DKK

- The financial statements of the Argentinian operations after inflation restatements in local currency have been translated into DKK by translating the balance sheet and all income statement transactions in the financial year using the ARS/DKK exchange rate at the balance sheet date (DKK 0.6 per 100). While the translation of the items in the balance sheet is unchanged compared with the usual practice, the new translation principle has had a significant effect on the items of the income statement, which have been translated based on the ARS/DKK exchange rate at the balance sheet date as opposed to translation at the exchange rate at the transaction date.

Recognition time and method

IAS 29 was implemented effective 1 January 2018, and restatements for hyperinflation were recognised for the first time in the interim report for Q3 2018, at the total effect for the period 1 January to 30 September 2018.

Notes

29 Accounting effect of hyperinflation in Argentina – continued

Overview of hyperinflation restatements

The table below shows the total effect for the year by restating for hyperinflation in the group's Argentinian subsidiaries.

	2023				2022			
	Restatement of non-monetary items	Restatement of income statement	Re-translation	Total restatement	Restatement of non-monetary items	Restatement of income statement	Re-translation	Total restatement
Revenue	0.0	263.3	(359.8)	(96.5)	0.0	88.8	(92.9)	(4.1)
Cost of sales	(5.9)	(129.2)	176.5	41.4	(6.0)	(58.4)	60.1	(4.3)
Depreciation and amortisation	(11.6)	0.0	7.6	(4.0)	(10.1)	0.0	3.3	(6.8)
Other costs	0.0	(39.2)	54.0	14.8	0.0	(13.5)	14.5	1.0
Operating profit before special items	(17.5)	94.9	(121.7)	(44.3)	(16.1)	16.9	(15.0)	(14.2)
Special items	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating profit after special items	(17.5)	94.9	(121.7)	(44.3)	(16.1)	16.9	(15.0)	(14.2)
Financial items	(39.7)	(61.2)	68.3	(32.6)	(16.8)	(12.1)	8.5	(20.4)
Profit before tax	(57.2)	33.7	(53.4)	(76.9)	(32.9)	4.8	(6.5)	(34.6)
Tax on profit for the year	(25.2)	(33.7)	60.0	1.1	(19.3)	(4.8)	10.9	(13.2)
Profit for the year	(82.4)	0.0	6.6	(75.8)	(52.2)	0.0	4.4	(47.8)
Intangible assets	0.0	-	-	0.0	0.0	-	-	0.0
Property, plant and equipment	48.8	-	-	48.8	78.0	-	-	78.0
Deferred tax	(10.8)	-	-	(10.8)	(19.5)	-	-	(19.5)
Inventories	1.1	-	-	1.1	1.2	-	-	1.2
Assets	39.1	-	-	39.1	59.7	-	-	59.7
Profit for the year	(82.4)	-	6.6	(75.8)	(52.2)	-	4.4	(47.8)
Foreign exchange adjustment of foreign subsidiaries	(23.8)	-	78.0	54.2	7.5	-	22.8	30.3
Hyperinflation restatement of equity at 1 January	141.2	-	(84.6)	56.6	100.1	-	(27.2)	72.9
Equity	35.0	-	0.0	35.0	55.4	-	0.0	55.4
Deferred tax	4.1	-	0.0	4.1	4.3	-	0.0	4.3
Equity and liabilities	39.1	-	0.0	39.1	59.7	-	0.0	59.7

Notes

30 Discontinuing operations and Assets held for sale

In April 2022, Hartmann announced its strategic decision to exit Russia and initiate a full divestment of its Russian business in response to Russia's invasion of Ukraine. The prevailing political and economic climate hinders the realization of Hartmann's business plan in the country. Since the announcement, an extensive divestment process has been initiated to evaluate the impact of sanctions, navigate the Russian government's approval procedures, engage M&A advisors, identify potential buyers, and formalise the sales process.

The ongoing uncertainty surrounding the political situation in Russia has significantly affected the divestment process, with Russian authorities having imposed restrictions on the sale of Russian companies, mandating approval from the Special Government Commission for divestments. The practical implications of these restriction on the divestment process and associated risks remains unclear, and consequently introduces considerable estimation uncertainty on both the valuation and timing of the divestment, see "Significant accounting estimates and judgment".

Hartmann will continue to operate the Russian factory and fulfill obligations within the constraints of imposed sanctions and restrictions until the divestment is concluded. As of the balance sheet date, Hartmann retains control over its operations, and is actively continuing the divestment efforts. Nonetheless, the prevailing political uncertainty poses a potential risk of Russian authorities assuming control of Hartmann's Russian assets, either temporarily or permanently.

The uncertainty and risks are factored into the assumptions applied in measuring the Russian business. In 2023, the net assets of the Russian business were impaired to their estimated fair value less cost to sell by DKK 57 million (2022: DKK 117 million). The impairment is recognized in the results of discontinued operations.

The fair value, denominated in the local currency, has been translated into the group's presentation currency (DKK) using the official exchange rate as of 31 December 2023. Any adjustments to the consolidated value of the Russian business unit resulting from changes in the exchange rate have been recognised in other comprehensive income and included in the translation reserve within equity.

Upon completion of the divestment, the currency translation reserve within equity related to the Russian entity will be reclassified from equity to the statement of comprehensive income, forming part of the results from discontinuing operations. As of 31 December 2023, the accumulated currency translation reserve amounts to a profit of approximately DKK 28 million, including after-tax currency adjustments on the equity loan.

Profit and loss	Group	
	2023	2022
Revenue	89,7	120,9
Expenses	(74,7)	(100,1)
Depreciation/amortization and impairment	(56,9)	(121,3)
Financial items, net	0,0	4,5
Profit/(loss) before tax	(41,9)	(96,0)
Tax	(2,5)	4,9
Profit/(loss) for the period	(44,4)	(91,1)

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

Cash flows	Group	
	2023	2022
Operating activities	(2,5)	19,6
Investment activities	(8,5)	(9,3)
Financing activities	0,0	0,0
Net cash flow	(11,0)	10,3

Notes

30 Discontinuing operations and Assets held for sale – continued

The major classes of assets and liabilities of JSC Hartmann-Rus classified as held for sale as of 31 December 2023 are, as follows:

Balance sheet	Group		Parent	
	2023	2022	2023	2022
Assets				
Intangible assets	-	10.2	-	-
Property, plant, and equipment	-	48.7	-	-
Investments in subsidiaries	-	-	-	45.3
Receivables from subsidiaries, non-current	-	-	10.8	26.4
Inventory	-	6.4	-	-
Receivables	-	9.5	-	-
Receivables from subsidiaries, current	-	-	1.2	1.4
Cash	1.9	16.7	-	-
Assets held for sale	1.9	91.5	12.0	73.1
Liabilities				
Deferred tax	-	1.4	-	-
Other liabilities	-	17.0	-	-
Liabilities to subsidiaries, current	-	-	10.1	-
Liabilities related to assets held for sale	-	18.4	10.1	-

i Significant accounting estimates and judgements

Management's exercise of judgement in the classification of the Russian business as held-for-sale

The group classifies non-current assets and disposal groups as held for sale when management assesses that their carrying amounts will be recovered through a sale rather than continued use. This assessment is based on an evaluation

of whether the sale is highly probable, and the asset or disposal group is available for immediate sale in its current condition.

Management has assessed that the legal requirements for completing the divestment of the Russian business unit are fulfilled to the extent these are within the group's control, and consequently considers a disposal of the Russian business can be achieved.

The completion of the divestment process may be influenced by the political situation in Russia with the required governmental approval potentially prolonging the divestment process. This situation might result in the reclassification of the Russian business unit to continuing operations in subsequent reporting periods if the divestment is not completed and the criteria for classifying it as held-for-sale is not considered met, despite continuous efforts to complete the divestment.

Fair Value Assessment of the Russian business

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Upon classification and at the end of each reporting period it remains classified as held for sale, management estimates the fair value less cost to sell. The estimated fair value is inherently uncertain and may be subject to adjustments in subsequent reporting periods.

The estimated fair value as of 31 December 2023 of the Russian business is not derived from external offers but reflects the anticipated value to be realised in a sales transaction, considering all regulatory processes and approvals known or indicated by the authorities and the associated risks. There is no official valuation guidance from Russian authorities, and ongoing uncertainty persists regarding the regulatory requirements in Russia. Potential changes, including regulatory constraints on the sales price obtainable in a transaction, may impact the valuation. Consequently, in light of these uncertainties and risks, management has estimated the fair value of the business to DKK 1.9 million as of 31 December 2023, representing the value of the cash balances in the Russian business unit.

Measurement of the fair value of the Russian business unit is categorised as level 3 in the fair value hierarchy, as measurement is not based on observable market data.

Notes

30 Discontinuing operations and Assets held for sale – continued

§ Accounting policies

Non-current assets held for sale and discontinuing operations

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the balance sheet.

Discontinuing operations are excluded from the profit from continuing operations and are presented as a single amount as result from discontinuing operations in the statement of comprehensive income.

In the cash flow statement, cash flows from discontinuing operations are excluded from the net cash flow from continuing operations and presented separately as net cash flow from discontinuing operations. All other notes to the financial statements include amounts for continuing operations, unless otherwise indicated.

31 Events after the balance sheet date

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

Notes

32 Definitions of key figures and financial ratios

Revenue

Revenue after restatement for hyperinflation (IAS 29).

Operating profit

Operating profit before special items and restatement for hyperinflation (IAS 29).

Operating profit after restatement for hyperinflation

Operating profit before special items.

Investments

Investments in property, plant and equipment, intangible assets and business combinations before restatement for hyperinflation.

Net working capital

Inventories + receivables + other current operating assets - trade payables - other current operating liabilities (excluding restructuring)

Invested capital

Net working capital + intangible assets + property, plant and equipment + lease assets + other non-current receivables - pension obligations - government grants

Net interest-bearing debt

Credit institutions + overdraft facilities + lease liabilities - cash

Profit margin

$$\frac{\text{Operating profit before special items and IAS 29} \times 100}{\text{Revenue}}$$

Profit margin after restatement for hyperinflation

$$\frac{\text{Operating profit before special items} \times 100}{\text{Revenue}}$$

Return on invested capital (ROIC)

$$\frac{\text{Operating profit before special items} \times 100}{\text{Average invested capital}}$$

Return on equity

$$\frac{\text{Profit for the year} \times 100}{\text{Average equity}}$$

Equity ratio

$$\frac{\text{Equity at year-end} \times 100}{\text{Assets at year-end}}$$

Gearing

$$\frac{\text{Net interest-bearing debt} \times 100}{\text{Equity at year-end}}$$

Financial ratios are calculated in order to present the groups continuing operations, unless explicitly stated that discontinuing operations are included.

ESG key figures

For definitions of ESG key figures, please see page 31 in the Sustainability report 2023.

Other managerial levels, cf. the Danish Financial Statements Act, section 99(b)

Other managerial level consists of two layers: 1) the executive and group management team members, and 2) all leaders referring to the first level with management responsibility.

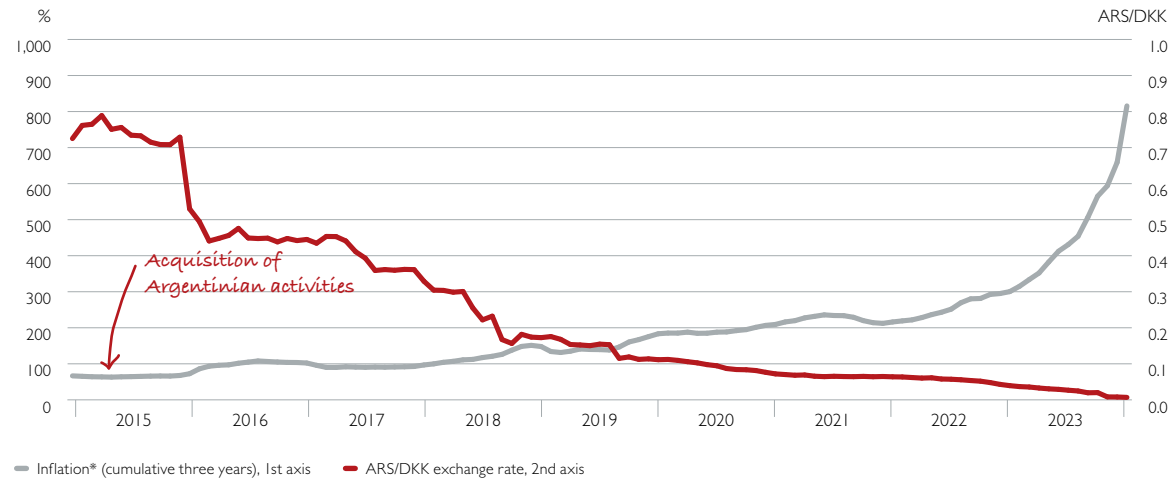
Other

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Hyperinflation in Argentina (unaudited)

Inflation and exchange rate developments in Argentina

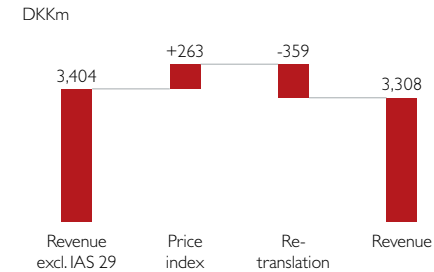


Effects of restating for hyperinflation on selected accounting figures

DKKm	Excl. IAS 29	Price index	Re-translation	Total adjustment	2023
Revenue	3,404	263	(359)	(96)	3,308
Operating profit before depreciation	648	89	(129)	(40)	608
Operating profit	472	77	(121)	(44)	428
Net financial items	(45)	(101)	68	(33)	(78)

* 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 revenue for 2023



The total effect on 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 211% during the year, boosting revenue by DKK 263 million. The increase offset a decline in the ARS/DKK cross rate from 0.03937 at the beginning of the year to 0.00678 at 31 December 2023 reducing revenue by DKK 359 million as a result of the practice of using the exchange rate at the balance sheet date for currency translation purposes.

Revenue was DKK 3,308 million after a net negative impact of restating for hyperinflation of DKK 96 million.

Management statement

The board of directors and the executive board today considered and approved the annual report of Brødrene Hartmann A/S for the financial year ended 31 December 2023.

The annual report has been prepared in accordance with IFRS Accounting Standards as adopted by the EU and additional Danish disclosure requirements applying to entities of reporting class C for large companies.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the group's and the parent company's assets, liabilities and financial position at 31 December 2023 and of the results of the group's and the parent company's operations and cash flows for the financial year ended 31 December 2023.

We are of the opinion that the management report includes a fair review of the development and performance of the group's and the parent company's business and financial position, the results for the year, cash flows and financial position as well as a description of the principal risks and uncertainties that the group and the parent company face.

The annual report is recommended for approval by the annual general meeting.

Gentofte, 5 March 2024

Executive management:

Torben Rosenkrantz-Theil
CEO

Kenneth Kongsgaard Kristensen
CFO

Board of directors:

Henrik Marinus Pedersen
Chairman

Michael Strange Midskov
Vice chairman

Marianne Schelde

Klaus Bysted Jensen

Palle Skade Andersen

Independent auditor's report

To the shareholders of Brødrene Hartmann A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Brødrene Hartmann A/S for the financial year 1 January – 31 December 2023, pp. 22-79 which comprise statement of comprehensive income, statement of cash flows, balance sheet, statement of changes in equity and notes, including material accounting policy information, for the Group and the Parent Company. The consolidated financial statements and the parent company financial statements are prepared in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2023 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January – 31 December 2023 in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the

audit of the consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Statement on the Management's review

Management is responsible for the Management's review, pp. 1-21.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on our procedures we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Management's responsibilities for the financial statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate

the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the

circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Copenhagen, 5 March 2024

EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Jan C. Olsen
State Authorised Public
Accountant
mne33717

Kennet Hartmann
State Authorised Public
Accountant
mne40036

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