

Annual report 2024



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Sustainability report

Read about our revised 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.



Key figures

DKKkm	2024	2023	2022*	2021*	2020*
Profit and loss					
Revenue	3,810	3,494	3,350	2,666	2,567
Operating profit	570	332	204	115	424
Net financial income and expenses	(28)	(44)	(72)	(9)	(65)
Profit before tax	542	288	132	106	359
Profit for the year	417	191	(30)	74	274
Cash flows					
Operating activities	637	606	204	241	448
Investing activities	(501)	(293)	(182)	(527)	(436)
Financing activities	(125)	(204)	54	233	23
Total cash flow	10	109	77	(53)	35
Financial position					
Total assets	3,157	2,620	2,949	2,804	2,374
Investments	402	296	186	527	437
Investments in property, plant and equipment	417	277	163	372	320
Net working capital	460	373	517	348	313
Invested capital	2,135	1,802	2,046	1,939	1,654
Net interest-bearing debt (NIBD)	515	602	938	933	623
Equity	1,673	1,183	1,222	1,197	1,025
Financial ratios, %					
Profit margin	15.0	9.5	7.1	8.7	17.0
Return on invested capital (ROIC)	27.9	16.9	11.1	12.3	28.7
Return on equity	28.6	14.5	4.7	6.2	29.0
Equity ratio	53.0	45.2	42.8	45.1	43.2
Gearing	30.8	50.9	76.7	78.0	60.8

* In 2024, the Group transitioned from reporting under IFRS Accounting Standards (IFRS) to the Danish Financial Statements Act. Comparative figures for 2023 have been restated accordingly, while figures for 2022, 2021, and 2020 remain under IFRS and have not been restated.

Definitions of key figures and financial ratios

Net working capital

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

Investments

Investments in property, plant and equipment, intangible assets and business combinations

Invested capital

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

Net interest-bearing debt

Credit institutions + overdraft facilities - cash

Profit margin

$\frac{\text{Operating profit} \times 100}{\text{Revenue}}$

Return on invested capital (ROIC)

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

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 and business performance exceeded expectations

In 2024, we exceeded our expectations and realised revenue of 3,810 mDKK and operating profit of 570 mDKK. Our results were driven by the ongoing implementation of our strategic focus, which aims to expand market share and capacity by encouraging customers to transition from oil-based plastics to recyclable moulded-fiber packaging.



Our growth was driven by increased packaging sales within our traditional geographic markets and an expanded global footprint following the integration of factories in Malaysia and China, previously owned by the Thornico Group, into Hartmann's operations. Furthermore, a favorable shift in product mix, higher selling prices, and exceptionally high capacity utilization contributed to an operating profit that exceeded the expectations outlined in the 2023 annual report.

2024 marked our first year under the sole ownership of the Thornico Group, following the delisting

from Nasdaq Copenhagen in late 2023. As part of this new chapter, we officially changed our name from Brødrene Hartmann A/S to Hartmann Packaging A/S, effective January 1, 2025. This name change honors our founders' legacy while reflecting our focus on the future under Thornico's committed ownership. This year, we also transitioned to presenting the Annual Report in accordance with the Danish Financial Statements Act, aligning with the accounting principles of the Thornico group.

In 2024, we made significant strides in sustainability through a revised double materiality assessment,

advancing water stewardship, and embedding ESG principles into procurement. We collaborated with Dansk Industri on value chain initiatives and expanded our energy engineering team to intensify CO₂ reduction efforts. Under Thornico's ownership, we integrated sustainability strategies, leveraging increased resources. These efforts reflect our unwavering commitment to driving sustainable operations and addressing critical environmental and social challenges.

In 2025, we anticipate continued volatility in raw material prices, challenging macroeconomic condi-

tions, and increasing geopolitical uncertainty. Key risks include potential tariffs and ongoing volatility in the U.S. egg market, which has been severely impacted by avian flu. This has led to soaring egg prices, reduced promotions, and dampening consumption. Assuming no adverse significant developments in these risks, we expect satisfactory financial performance, with revenues around 4 billion and a profit before tax comparable to 2024 levels.

Business

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Business model

Resources



Expertise

We continually enhance our expertise on packaging production, consumer trends, and the marketing of eggs



Employees

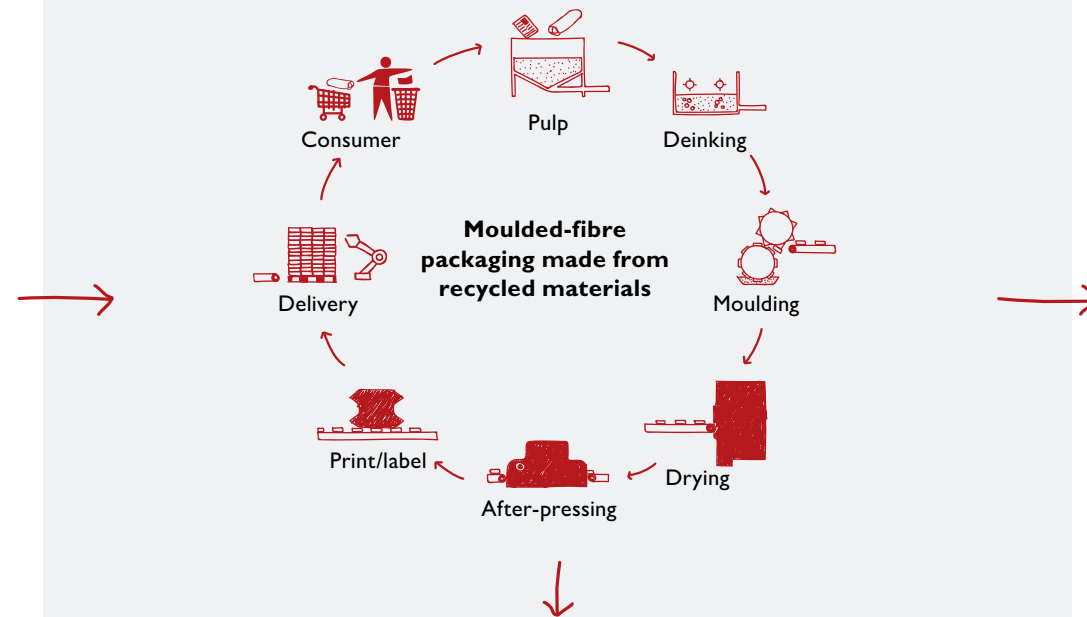
Each year, our 3,064 highly skilled and experienced employees manufacture billions of products



Technology

Our deep technology knowhow builds on decades of experience in moulded-fibre production

Core business



Customers



Manufacturer

We help egg and fruit producers grow sales and earnings through marketing and efficiency improvements



Packing business

We supply packing businesses with retail and transport packaging and advise them on distribution and logistics



Retail

Based on our knowledge of consumer preferences, we assist an increasing number of retail chains with the marketing of eggs and the choice of packaging

Value creation

Customers

We carry a customised portfolio of high-quality packaging products offering environmentally friendly and protective qualities

Environment

We make moulded-fibre packaging from recycled paper as an alternative to oil-based plastic packaging

Employees

We create jobs in our local communities and provide our employees with attractive working conditions and development opportunities

Shareholder value

Our sustainability-focused products, investments, innovation and employee development translate into resilient long-term value creation

Strategy

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
- Expand production capacity to meet growing 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
- Explore for potential acquisition opportunities in both existing and new markets

Hartmann turns fibre based recycled waste into valuable products. Our core business focuses on recycling and circularity with a strong commitment to environmental-, social- and governance responsibility. As a global company,

Strengths

Expertise

Hartmann has built unique expertise in the marketing of eggs and the 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 is dedicated to protecting the planet, respecting people, and staying true to core values: Being accurate, responsible, and transparent.

Our key strengths – expertise, strong platform, diverse product range and proprietary technology – underpin our strategy to solidify 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 and urbanisation 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

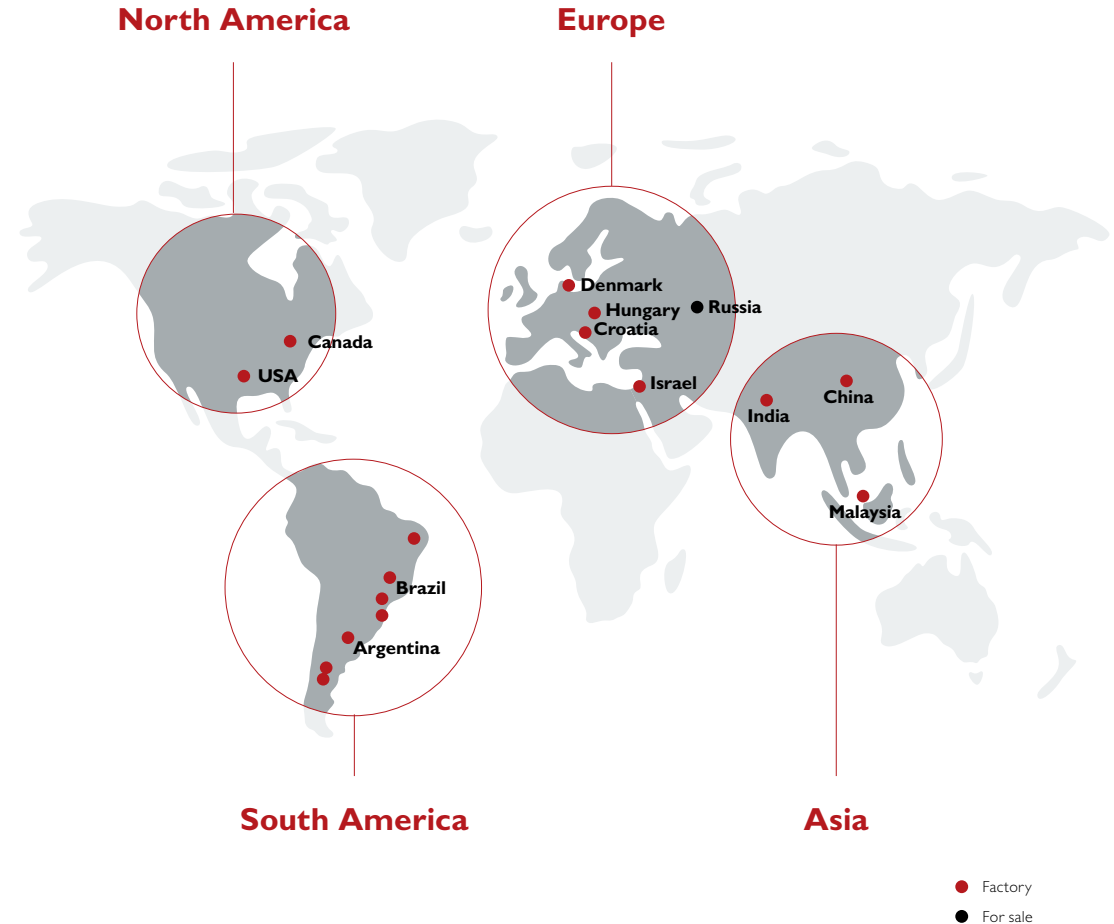
Hartmann operates in diverse markets with varying product offerings continuously adapted to regional needs. The product portfolio comprises retail and transport packaging for eggs and fruit packaging. In selected markets, Hartmann also sells machinery and technology to manufacturers of moulded-fibre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

Hartmann's Russian operations remain for sale, but sanctions and regulations have complicated divestment and for accounting reasons they are now included in continuing operations. See Note I for details.



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 the 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 holds a market-leading position in the egg packaging market in Brazil and Argentina, as well as a leading position in Argentina's fruit packaging market.

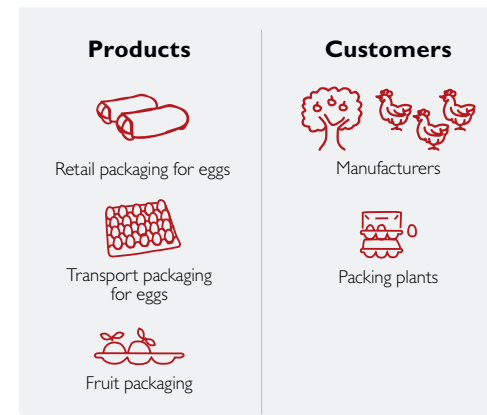
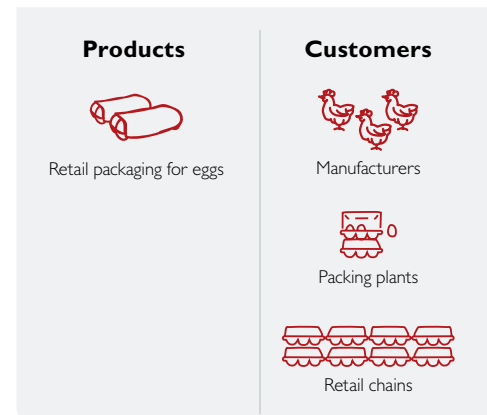
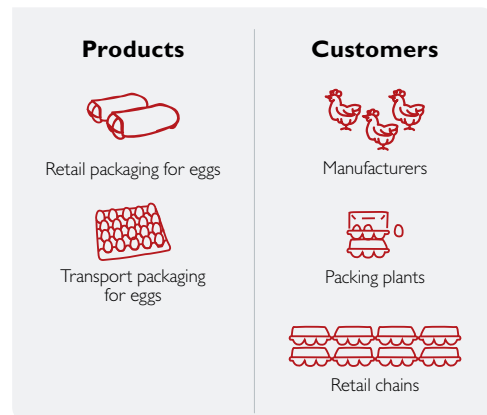
Demand for egg packaging in these markets is growing due to growing population, urbanisation, and the resulting shifts in consumer behaviour.

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

Asia

The egg packaging market in Asia is currently fragmented and commodity-driven, with numerous local players. However, the market is expected to see strong growth over the next decade, driven by favorable demographics, increased egg production, urbanization and the resulting shifts in consumer behavior.

With the addition of factories in China and Malaysia in 2024, complementing our existing operations in India, our expanded geographical footprint strategically positions Hartmann to capitalize on the emerging market opportunities in the region over the coming decade.



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.

Risk management

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 2024

Throughout 2024, we have intensified our efforts to enhance risk management across Hartmann's sites. All production sites have been visited, either by our external risk engineers or by the internal risk management team, with the exception of Israel, due to the current situation. We are committed to conducting annual visits to all sites to improve physical safety, foster a strong risk culture, and empower local ambassadors.

We continue to utilize our audit system to track progress and implement safety controls that

ensure risk mitigation measures are carried out with the correct frequency.

Further, we have also established a professional community spanning all our sites to facilitate knowledge sharing and transparent communication. This platform forms the basis for future activities and initiatives, complemented by monthly site-specific meetings to discuss progress and address local challenges.

To ensure high safety standards, we have introduced a Building Code Standard that provides a

foundation for physical safety at our sites. This standard ensures that all modifications are implemented at a high safety level and that critical installations are promptly brought in line with our Building Code Standard.

Risk assessment

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

Other identified risks include fluctuations in 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 20, 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.





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, costly 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 including potential trade tariffs, 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 odor and noise, 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. The internal risk management team conducts regular factory visits and organises visits by external experts. In addition, Hartmann has taken out all risk insurance policies 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 17 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 introduce more paper grades and 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, China, Malaysia, and Russia helps to mitigate the total negative impact of local or regional disease outbreaks on the group's financial performance. At the same time, thanks to its versatile product portfolio and adaptability, Hartmann is able to vary its product offering according to shifts in demand patterns occurring during and in the wake of such disease outbreaks.

Hartmann monitors its markets carefully in order to be able to reduce 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 North America, Argentina, Israel, and Russia.

Any negative trade barrier impacts are to a certain extent 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 impact. 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.

Governance

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Sustainability highlights

Share of recycled paper

97%

2023: 97%

CO₂e emissions scope 1-3

-3%

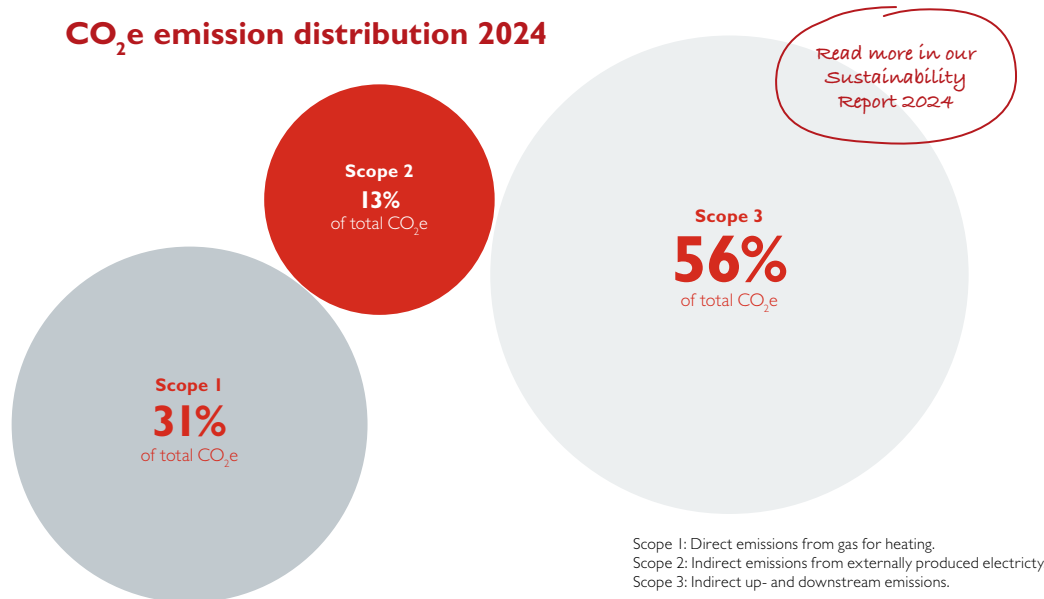
from 2023

Injury rate, LTI-FR

-35%

from 2023

CO₂e emission distribution 2024



Science-based targets

Hartmann's near-term scope 1, 2 and 3 carbon emission reduction targets are validated by the Science Based Target initiative.

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

Achievement of these targets requires a technology leap.

50%

reduction by 2030



Sustainability

2024 has been a very busy year in our sustainability journey, characterized by meaningful organizational and structural advancements, insightful reassessments, and the launch of numerous ambitious projects aimed at driving more sustainable operations. As we reflect on the achievements and challenges of the past year, we reaffirm our commitment to integrating environmental, social, and governance (ESG) principles into our operations and value chain. We remain dedicated on energy- and CO₂ reductions with a growing competency centre to fuel the development of new energy reduction technologies, aiming to reach our validated carbon reduction targets.

Organizational advancements of sustainability and ESG efforts

With the delisting from Nasdaq Copenhagen and the sole ownership of Thornico Group, Hartmann's Group Sustainability and ESG team aligned their sustainability work with the Thornico Group, preparing the group for the significantly increased ESG-reporting requirements set out in the EU Corporate Sustainability Reporting Directive, applicable as of the fiscal year 2025. The revisit of Hartmann's value chain and double materiality assessment steadfast our four priority areas:

 **Fighting climate change**

 **Investing in people**

 **Protecting water**

 **Strengthening circularity**

Ongoing focus on energy and CO₂ reductions

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 and investment opportunities in our factories. A technological leap is needed, and therefore we have continued our efforts to strengthen our competency centre in Denmark by expanding our team to investigate and mature energy projects.

Water usage

In addition to raw materials and energy, water is a key component in moulded-fibre packaging production. After a decreasing trend, total freshwater usage increased by 10% in 2024. However, when measured relative to production volumes, usage decreased by 1%. To strengthen our efforts in water and wastewater management, we engaged dedicated specialists in 2024. 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 I) accidents and in 2024 the injury rate decreased to 4.8 (2023: 7.4). All accidents are addressed on group management meetings and initiatives to reduce the frequency are constantly evaluated.

Value chain sustainability

Extended focus on our entire value chain was further anchored in the project "ESG in the value chain" initiated by the Confederation of Danish Industry and the Danish Industry Foundation. In 2024 we intensified our stakeholder engagement, including sub-suppliers and external stakeholders gaining a deeper insight into potential impacts, risks and opportunities and improving our capability of managing these.

Commitments



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

Our sustainability activities and progress are presented in the Sustainability Report 2024. 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 2024, the full Sustainability Report is available at www.hartmann-packaging.com/world/sustainability

Governance structure

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

Ownership

Hartmann's share capital is fully owned by Thornico Food and Food Technology A/S a company within the Thornico Group.

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. Board members elected by the employees are elected

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

During 2024 there were no changes to the composition of the board of directors.

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.

Data ethics

The group's statutory report on data ethics pursuant to section 99d of the Danish Financial Statements Act may be found at [Governance \(hartmann-packaging.com\)](https://www.hartmann-packaging.com/governance)



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 member of Thornico CEO Board.	CEO of Sanovo Technology A/S and member of Thornico CEO Board. 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 and member of Thornico CEO Board. Board member in various companies in the Thornico group.	Director Supply Chain, Hartmann Technology. Employed with Hartmann Packaging 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 Hartmann Packaging A/S, Tønder, Denmark. Employed with Hartmann Packaging 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 reporting and accounting.	Extensive expertise in project management related to technology delivery and supply chain management.	Extensive expertise in carton after-treatment processes.
Born	1970	1962	1962	1972	1969
Gender	Male	Male	Female	Male	Male
Nationality	Danish	Danish	Danish	Danish	Danish

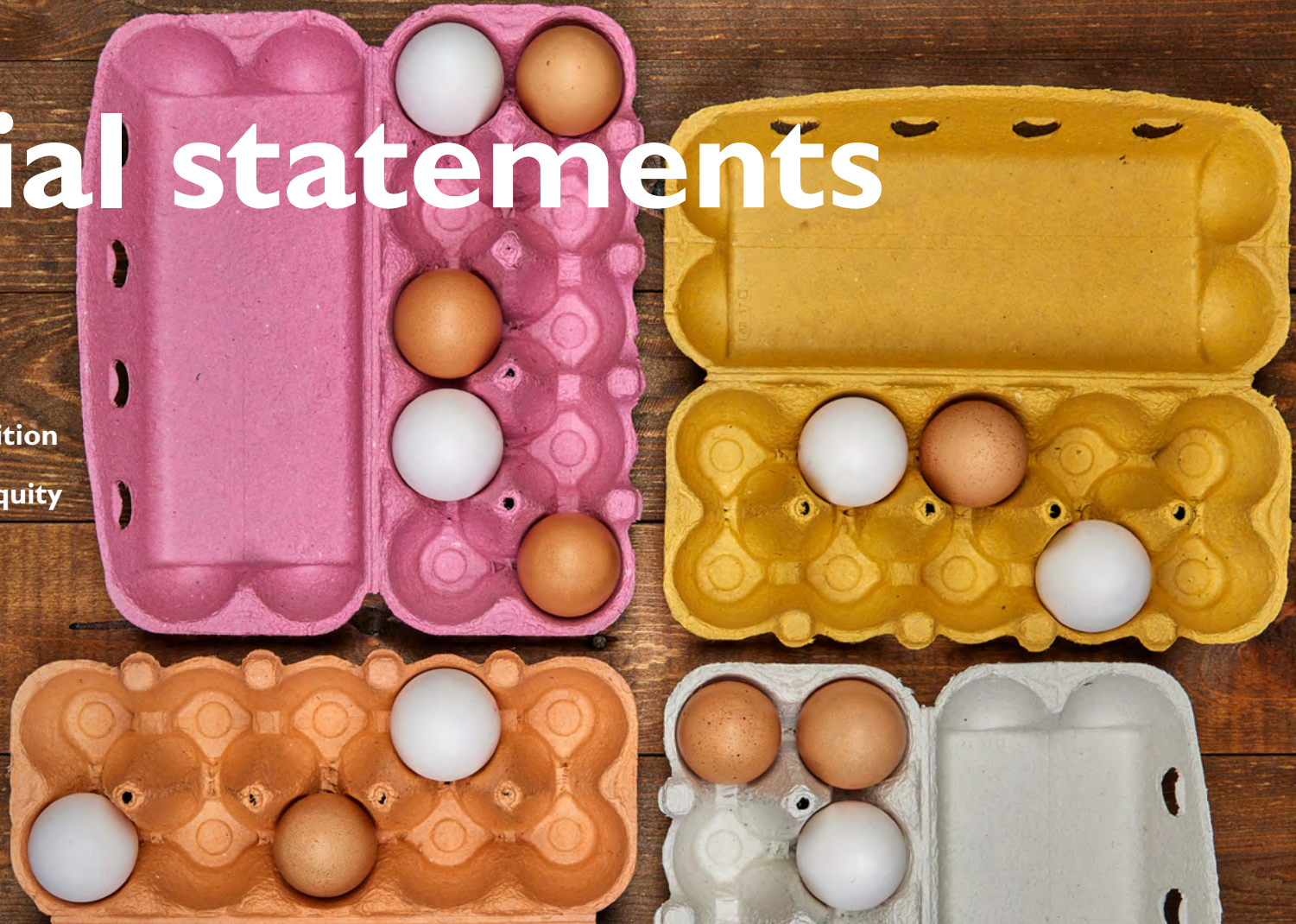
Group management



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	Member of Thornico CEO Board, as well as board member in several companies in the Thornico Group. Chairman of the International market committee, Confederation of Danish Industry.	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. Honorary Danish Consul General in Uruguay.	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.
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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Revenue and earnings

Revenue

In 2024, revenue increased to DKK 3,810 million from DKK 3,494 million in 2023, surpassing our expectations. This growth was primarily driven by volume growth in our core markets—especially in North and South America—improved product mix and modestly higher selling prices across regions. Additionally, the integration of factories in China and Malaysia previously owned by Thornico as well as the acquisition of Danfiber A/S, a recycled paper trading company in Denmark, contributed to the revenue growth by DKK 80 million from the date of acquisition.

Operating profit

Operating profit for 2024 increased to DKK 570 million from DKK 332 million in 2023, resulting in a profit margin of 15.0% compared to 9.5% in 2023. This significant improvement exceeded our expectations and was driven by higher revenue, enhanced capacity utilization, cost containment, and a favorable product mix within our core business. Operating profit in 2024 was negatively impacted by impairments of non-current assets in China and Russia of DKK 31 million, while operating profit in 2023 was negatively impacted by impairments of non-current assets in India and Russia of DKK 154 million (see Note 6).

Financial income and expenses

Net financial expenses for the year were DKK 28 million, compared to DKK 44 million in 2023. The improvement was driven by lower net interest expenses due to declining interest rates and reduced net interest-bearing debt, as well as a one-off interest income from the settlement of a transfer pricing case and favorable foreign exchange developments.

Profit for the year

Profit before tax increased to DKK 542 million from DKK 288 million in 2023, reflecting the improved operating performance and lower net financial expenses. Tax expense for the year was DKK 125 million, resulting in an effective tax rate of 23%, compared to 34% in 2023 - the latter being significantly impacted by impairments of non-current assets in India and Russia as well as unrecognised deferred tax assets. Consequently, net profit for the year increased to DKK 417 million from DKK 191 million in 2023.

Parent company

In 2024, the parent company realised revenue of DKK 2,066 million, compared to DKK 1,910 million in 2023, and an operating profit of DKK 207 million compared to DKK 155 million in 2023.

Profit for the year increased to DKK 203 million in 2024, following a loss of DKK 134 million in 2023. This improvement was driven by higher dividend income from subsidiaries partly offset by impairment losses related to investments in and loans to subsidiaries.

Statement of profit or loss

DKKm	Note	Group		Parent company	
		2024	2023	2024	2023
Revenue	3	3,810.3	3,493.8	2,065.5	1,910.1
Production costs	4	(2,574.1)	(2,427.2)	(1,468.7)	(1,423.5)
Gross profit		1,236.2	1,066.6	596.8	486.6
Other operating expenses		(3.5)	(2.9)	1.0	0.0
Selling and distribution costs		(433.6)	(461.0)	(234.5)	(249.2)
Administrative expenses		(229.1)	(271.1)	(156.3)	(82.5)
Operating profit		570.0	331.6	207.0	154.9
Financial income	7	57.2	48.0	346.1	72.4
Financial expenses	7	(85.6)	(91.6)	(320.7)	(329.5)
Profit/(loss) before tax		541.6	288.0	232.4	(102.2)
Tax on profit for the year	8	(124.7)	(96.7)	(29.7)	(31.5)
Profit/(loss) for the year		416.9	191.3	202.7	(133.7)

Cash flows

Investments and cash flows

In 2024, operating activities generated a net cash inflow of DKK 637 million (2023: DKK 606 million). Cash flows from the higher operating profit were partially offset by increased working capital requirements.

Cash flows from investing activities resulted in a net outflow of DKK 501 million (2023: DKK 293 million), primarily reflecting increased investments mainly in Europe and North America to enhance capacity and operational efficiency, as well as a loan to the Group's parent company.

Overall, the free cash flow (combined operating and investing activities) amounted to a net inflow of DKK 136 million (2023: DKK 314 million). These funds were mainly used to reduce the Group's net interest-bearing debt, with financing activities reflecting a net outflow of DKK 125 million (2023: net outflow of DKK 204 million).

Statement of cash flows

DKKm	Note	Group 2024	Group 2023
Operating profit		570.0	331.6
Depreciation, amortisation and impairments		201.0	315.1
Adjustment for other non-cash items		8.1	0.6
Change in working capital etc.	9	(52.2)	69.0
Cash flows generated from operations		726.9	716.3
Interest etc. received		34.1	27.0
Interest etc. paid		(63.7)	(64.9)
Net income tax paid		(60.1)	(72.0)
Cash flows from operating activities		637.2	606.4
Acquisition of intangible assets		(4.9)	(10.9)
Acquisition of property, plant and equipment		(417.1)	(276.7)
Disposal of intangible assets and property, plant and equipment		0.2	2.8
Acquisition of subsidiaries and other investments, net of cash acquired		20.4	(8.0)
Loan to parent company		(100.0)	-
Cash flows from investing activities		(501.4)	(292.8)
Cash flows from operating and investing activities (free cash flow)		135.8	313.6
Raising of debt with credit institutions	9	50.0	942.3
Repayment of debt to credit institutions	9	(147.0)	(1,146.6)
Repayment of loans from affiliated companies		(28.4)	-
Cash flows from financing activities		(125.4)	(204.3)
Total cash flows		10.4	109.3

DKKm	Note	Group 2024	Group 2023
Total cash flows		10.4	109.3
Cash and cash equivalents at 1 January		166.2	111.8
Foreign exchange adjustment		3.5	(54.9)
Cash and cash equivalents at 31 December		180.1	166.2
Of which classified as assets held for sale		0.0	1.9
Cash and cash equivalents at 31 December		180.1	164.3
Recognition of cash and cash equivalents at 31 December:			
Cash		250.3	186.4
Overdraft facilities		(70.2)	(22.1)
Cash and cash equivalents at 31 December		180.1	164.3

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

The statement of cash flows for the parent company has been omitted in accordance with Section 86(4) of the Danish Financial Statements Act.

Statement of financial position and equity

Funding

As of 31 December 2024, the Group's net interest-bearing debt was DKK 515 million (2023: DKK 602 million). Financial resources, including cash and undrawn facilities (loans and overdrafts), amounted to DKK 591 million (2023: DKK 467 million), a level deemed adequate to support the Group's planned investments. The Group's loans are governed by standard financial covenants (see Note 20).

Assets

Total assets increased to DKK 3,157 million (2023: DKK 2,620 million), reflecting investments in plant and machinery, additional working capital, and a loan to the parent company as well as assets assumed in business combinations.

ROIC

ROIC improved to 27.9% in 2024, compared to 16.9% in 2023.

Equity

Equity at 31 December 2024 was DKK 1,673 million (2023: DKK 1,183 million), resulting in an equity ratio of 53% (2023: 45%). The financial gearing ratio was reduced to 31% in 2024 from 51% in 2023. A dividend of DKK 107 million is proposed for the year (2023: DKK 0 million).

Statement of financial position

Assets

DKKm	Note	Group		Parent company	
		2024	2023	2024	2023
Other intangible assets		31.7	44.7	30.0	42.2
Intangible assets	10	31.7	44.7	30.0	42.2
Land and buildings		372.9	306.3	46.0	46.9
Plant and machinery		1,072.0	832.2	185.2	122.9
Other fixtures and fittings, tools and equipment		36.8	16.3	8.4	2.1
Plant under construction		174.3	184.7	30.4	44.5
Property, plant and equipment	11	1,656.0	1,339.5	270.0	216.4
Investments in subsidiaries	12	-	-	741.4	632.8
Receivables from subsidiaries	13	-	-	449.1	509.8
Other investments		0.0	22.0	0.0	22.0
Deferred tax	14	57.2	65.5	0.0	0.0
Other receivables		0.0	3.6	0.0	1.2
Other non-current assets		57.2	91.1	1,190.5	1,165.8
Total non-current assets		1,744.9	1,475.3	1,490.5	1,424.4
Inventories	15	389.0	339.3	148.2	152.4
Trade receivables		527.1	457.0	278.6	271.3
Receivables from parent company		102.8	0.0	102.8	0.0
Receivables from subsidiaries		-	-	135.0	113.2
Income tax		0.7	13.4	0.0	0.0
Other receivables		94.3	108.9	51.7	50.8
Prepayments		48.1	37.6	12.6	12.3
Cash		250.3	186.4	22.9	6.1
Current assets		1,412.3	1,142.6	751.8	606.1
Assets held for sale	1	0.0	1.9	0.0	0.0
Assets		3,157.2	2,619.8	2,242.3	2,030.5

Equity and liabilities

DKKm	Note	Group		Parent company	
		2024	2023	2024	2023
Share capital	16	140.3	140.3	140.3	140.3
Hedging reserve		(4.5)	(12.2)	(1.6)	(11.9)
Translation reserve		(491.5)	(493.3)	0.0	0.0
Retained earnings		1,921.9	1,548.6	754.3	601.6
Proposed dividend		106.5	0.0	106.5	0.0
Equity		1,672.7	1,183.4	999.5	730.0
Pension obligations	17	10.2	20.1	0.0	0.0
Deferred tax	14	60.7	45.6	14.3	11.7
Credit institutions	9, 21	670.3	765.8	670.3	765.8
Loans from subsidiaries		-	-	39.4	0.0
Other payables		1.9	0.8	0.0	0.0
Non-current liabilities		743.1	832.3	724.0	777.5
Overdraft facilities	21	70.2	22.1	63.4	5.6
Prepayments from customers		8.3	20.1	2.7	18.5
Trade payables		330.2	301.8	80.8	83.5
Payables to subsidiaries		-	-	212.9	261.7
Payables to affiliated companies		24.3	0.0	0.0	0.0
Payables to associates		0.0	6.9	0.0	6.9
Income tax		43.2	11.9	15.3	5.9
Provisions		0.4	0.4	0.3	0.4
Other payables		264.8	240.9	143.4	140.5
Current liabilities		741.4	604.1	518.8	523.0
Liabilities		1,484.5	1,436.4	1,242.8	1,300.5
Liabilities related to assets held for sale		0.0	0.0	0.0	0.0
Equity and liabilities		3,157.2	2,619.8	2,242.3	2,030.5

Statement of changes in equity

Group	2024					
	Share capital	Hedging reserve	Translation reserve	Retained earnings	Proposed dividend	Total equity
DKKm						
Equity at 1 January	140.3	(12.2)	(248.3)	1,344.8	0.0	1,224.6
Adjustments from change in accounting policies	0.0	0.0	(245.0)	203.8	0.0	(41.2)
Adjusted equity at 1 January	140.3	(12.2)	(493.3)	1,548.6	0.0	1,183.4
Profit for the year	-	-	-	310.4	106.5	416.9
Actuarial gains/(losses) on defined benefit plans	-	-	-	8.3	-	8.3
Tax on defined benefit plans	-	-	-	(1.9)	-	(1.9)
Foreign exchange adjustments on translation of foreign subsidiaries	-	-	30.0	-	-	30.0
Foreign exchange adjustments of equity-like loans to subsidiaries	-	-	(36.1)	-	-	(36.1)
Tax on equity-like loans to subsidiaries	-	-	7.9	-	-	7.9
Tax-exempt group contribution*	-	-	-	56.5	-	56.5
<i>Value adjustment of hedging instruments:</i>						
Value adjustments of hedging instruments	-	9.3	-	-	-	9.3
Tax on hedging instruments	-	(1.6)	-	-	-	(1.6)
Changes in equity in the year	0.0	7.7	1.8	373.3	106.5	489.3
Equity at 31 December	140.3	(4.5)	(491.5)	1,921.9	106.5	1,672.7

*The Group received a tax-exempt group contribution from the Thornico Group in the form of shares in subsidiaries in China and Malaysia. The contribution has been recognized at the book value of the net assets at the date of transfer, amounting to a total of 56.5 million DKK recognised directly in equity.

Statement of changes in equity

Parent company

	2024				
DKKm	Share capital	Hedging reserve	Retained earnings	Proposed dividend	Total equity
Equity at 1 January	140.3	(11.9)	612.2	0.0	740.6
Adjustments from change in accounting policies	0.0	0.0	(10.6)	0.0	(10.6)
Adjusted equity at 1 January	140.3	(11.9)	601.6	0.0	730.0
Profit for the year	-	-	96.2	106.5	202.7
Tax-exempt group contribution*	-	-	56.5	-	56.5
Value adjustment of hedging instruments	-	13.2	-	-	13.2
Tax on hedging instruments	-	(2.9)	-	-	(2.9)
Changes in equity in the year	0.0	10.3	152.7	106.5	269.5
Equity at 31 December	140.3	(1.6)	754.3	106.5	999.5

* The Group received a tax-exempt group contribution from the Thornico Group in the form of shares in subsidiaries in China and Malaysia. The contribution has been recognized at the book value of the net assets at the date of transfer, amounting to a total of 56.5 million DKK recognised directly in equity.

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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 2024 of the group and Hartmann Packaging A/S, respectively, have been prepared in accordance with the provisions of the Danish Financial Statements Act (ÅRL) applying to entities of reporting class C for large companies. Hartmann Packaging A/S has its registered office in Denmark.

The consolidated financial statements and the parent company financial statements are presented in Danish kroner (million DKK). 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.

Change in accounting policies

The consolidated financial statements and the parent company financial statements for 2024 have been prepared in accordance with ÅRL. In prior years, the financial statements were prepared in accordance with IFRS® Accounting Standards as adopted by the EU and additional Danish disclosure requirements (IFRS).

This change in accounting policies is implemented following the delisting of the Hartmann share from Nasdaq Copenhagen A/S in December 2023. The transition to ÅRL was made to align with the accounting framework of the company's sole owner, the Thornico Group, which also applies ÅRL.

The transition from IFRS to ÅRL has been applied retrospectively. Consequently, the comparative figures for 2023 in the statement of profit or loss; statement of cash flows; and the statement of financial position have been restated to reflect ÅRL, and the opening equity as of 1 January 2023 has been adjusted negatively by DKK 74.2 million. Additionally, the presentation of the statement of profit or loss, statement of financial position, and accompanying notes has been modified to align with the format required by ÅRL.

Key impacts of the change in accounting policies for the consolidated and parent company financial statements:

Hyperinflation

Under ÅRL, no restatements are made for foreign operations in hyperinflationary economies. Conversely, under IFRS (specifically IAS 29), Statement of profit or loss items and non-monetary items in the statement of financial position are adjusted to account for inflation prior to translating the financial statements of foreign operations. Furthermore, IFRS requires income and expenses in hyperinflationary entities to be translated using the exchange rate at the balance sheet date, rather than the average rate applied under ÅRL. As a result of these differences, the consolidated statement of financial position as of 31 December 2023 was restated, leading to a reduction in property, plant, and equipment (PPE) and retained earnings by DKK 39.2 million and the consolidated net result for 2023 was adjusted upward by DKK 75.8 million. For the parent company financial

Notes

statements the restatement had no effect on net result or financial position.

Goodwill Amortisation

Under IFRS, goodwill is not amortised but is instead tested for impairment annually. ÅRL, however, requires goodwill to be amortised over its useful life. As a result of this difference both the consolidated and parent company statement of financial position as of 31 December 2023 was restated and goodwill amounting to DKK 10.7 million, previously recognised under IFRS, was derecognised as it would have been fully amortised under ÅRL by that date. Consequently, there was no restatement of the 2023 statement of profit or loss for either the consolidated or parent company financial statements.

Leases

Under ÅRL, leases are classified as either operating or finance leases. Under IFRS, operating leases were capitalised as right-of-use assets, with corresponding lease liabilities, and related expenses were reflected as depreciation and interest in the statement of profit or loss. Following the transition to ÅRL, these operating leases were derecognised from the statement of financial position and costs associated with the operating leases are now recognised directly in the statement of profit or loss under production costs, selling and distribution costs, and administrative expenses. As a result of these differences, the statement of financial position as 31 December 2023 was restated and lease liabilities amounting to DKK 58.4 million and right-of-use assets amounting to DKK 53.8 million were derecognised from the consolidated statement of financial position

(right-of-use assets and liabilities of DKK 6.6 million from the parent company statement of financial position). Interest and depreciation expenses of DKK 2.5 million and DKK 14.7 million, respectively, were reversed in the consolidated statement of profit or loss (DKK 0.2 million and DKK 5.0 million in the parent company statement of profit or loss), while operating lease costs in the

consolidated statement of profit or loss of DKK 16.4 million (DKK 5.0 million in the parent company statement of profit or loss) were recognised in production costs, selling and distribution costs and administrative expenses. This led to a net positive impact on the consolidated net result for 2023 of DKK 1.2 million (DKK 0.2 million impact on the parent company net result).

Reclassification of Russian Activities

In previous annual financial statements, the Group's Russian activities were classified as discontinued operations, with related assets and liabilities presented as held for sale. Despite sustained efforts to execute a divestment, EU sanctions and regulatory constraints imposed by Russian authorities have increasingly complicated

Summary table of change in comparative figures

Group						Parent						
	Annual Report 2023	Leasing	Hyper inflation	Goodwill	Discontinued operations	Restated Annual Report 2023	Annual Report 2023	Leasing	Hyper inflation	Goodwill	Discontinued operations	Restated Annual Report 2023
DKKm												
Statement of profit or loss												
Revenue	3,307.6	0.0	96.5	0.0	89.7	3,493.8	1,910.1	0.0	0.0	0.0	0.0	1,910.1
Operating profit	331.0	(1.8)	44.3	0.0	(41.9)	331.6	154.9	0.0	0.0	0.0	0.0	154.9
Profit before tax	252.3	0.7	76.9	0.0	(41.9)	288.0	(102.4)	0.2	0.0	0.0	0.0	(102.2)
Profit for the year	114.3	1.2	75.8	0.0	0.0	191.3	(133.9)	0.2	0.0	0.0	0.0	(133.7)
Statement of financial position												
Assets	2,723.5	(53.8)	(39.2)	(10.7)	-	2,619.8	2,047.8	(6.6)	0.0	(10.7)	0.0	2,030.5
Equity	1,224.6	4.6	(35.1)	(10.7)	-	1,183.4	740.6	0.1	0.0	(10.7)	0.0	730.0
Cash flows												
Operating activities	622.7	(13.8)	0.0	0.0	(2.5)	606.4						
Investing activities	(284.2)	0.0	0.0	0.0	(8.5)	(292.8)						
Financing activities	(218.2)	13.8	0.0	0.0	0.0	(204.3)						
Total	120.3	0.0	0.0	0.0	(11.0)	109.3						

Notes

the completion of a sale, and it is no longer assessed as highly probable that a divestment will be finalised within the next 12 months. Consequently, the result of the Russian activities are now included within continuing operations, and associated assets and liabilities are no longer presented as held for sale. Comparative figures in the statement of profit or loss have been restated accordingly to reflect this reclassification decreasing the consolidated profit from continuing operations for 2023 by DKK 41.9 million.

Consolidated financial statements

The consolidated financial statements comprise the parent company, Hartmann Packaging 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.

Business Combination between external parties

Business combinations between external parties are accounted for using the acquisition method. Identifiable assets and liabilities and contingent liabilities assumed are measured at fair value at the date of acquisition by applying relevant valuation methods. Goodwill is recognised at the excess of purchase price and the fair value of any previously held equity interest over the fair value of net identifiable assets acquired and liabilities and contingent liabilities assumed. Transaction costs incurred in connection with the business combination are expensed as incurred. Subsidiaries acquired during the year are included in the consolidated financial statements from the acquisition date, which is the date control is obtained. Comparative figures are not adjusted for acquisitions.

As of 1 July 2024, the Group acquired an additional 51% of the shares in Danfiber A/S for a total cash consideration of DKK 3 million, increasing the ownership to 100%. Danfiber A/S specialises in the procurement and trading of recyclable paper and cardboard. The acquisition strengthens access to key raw materials essential for the Group's production process in Denmark. The transaction was accounted for as a business combination between external parties in accordance with the acquisition method. No goodwill or separate intangible assets were identified as part of the purchase price allocation.

The acquired business contributed revenues of DKK 49.5 million and net profit before tax of DKK 0.5 million to the Group for the period from the acquisition date to

31 December 2024. Had the acquisition been completed on 1 January 2024, pro forma revenue and profit before tax for the year ended 31 December 2024 would have been approximately DKK 96.0 million and DKK 0.5 million, respectively. No significant cost was incurred in connection with the acquisition.

Group internal business combinations (Book Value Method)

For business combinations involving companies under the controlling influence of the same parent company (common control), the book value method is applied. Under this method, assets and liabilities acquired are recognised at their carrying amounts as reflected in the consolidated financial statements of the transferring entity, and no goodwill or fair value adjustments are recognised. Any difference between the consideration transferred and the carrying value of the net assets acquired is adjusted directly in equity, through retained earnings without impacting the statement of profit or loss. The book value method is applied as of the acquisition date, and prior period figures are not restated.

As of 30 June 2024, the Group acquired subsidiaries in China and Malaysia through a tax-exempt group contribution from the Thornico Group. The business activity of the acquired companies is production and sale of moulded fiber egg packaging, complementing the Group's existing operations and expanding the groups geographical footprint, enabling better access to key markets in Asia. The book value of the net assets assumed amounted to DKK 56.5 million, which has been recognised directly in equity.

The acquired businesses contributed revenues of DKK 30.1 million and a net loss before tax of DKK 30.9 million to the Group for the period from the acquisition date to 31 December 2024. Had the acquisitions been completed on 1 January 2024, pro forma revenue and profit before tax for the year ended 31 December 2024 would have been approximately DKK 68.3 million and a loss of DKK 37.9 million, respectively. No significant costs were incurred in connection with the acquisition.

Foreign currency translation

Danish kroner (DKK) is used as the presentation currency. All other currencies are considered foreign currencies.

Transactions denominated in foreign currency are translated into the DKK 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 profit or loss under financial income and financial expenses, respectively. Receivables, payables and other monetary items denominated in foreign currency are translated into the DKK at the exchange rate at the balance sheet date. Gains and losses are recognised in the statement of profit or loss under financial income and financial expenses, respectively.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Notes

Translation of Group Companies

On recognition of foreign subsidiaries with currencies other than DKK, statement of profit or loss items are translated at the foreign exchange rate at the transaction date. The rate at the transaction date is calculated as the average rate of the relevant month, in so far these do not deviate materially from the actual exchange rates at the transaction date. Statement of financial position items of foreign subsidiaries are translated at the foreign exchange rate at the balance sheet date. All translation differences are recognised in the statement of profit or loss, except foreign exchange differences arising from translation of opening equity and from translation of statement of profit or loss items to the exchange rate at the balance sheet date, that are recognised directly in equity under the 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 in the consolidated financial statements also recognised directly in equity under the translation reserve.

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 profit or loss

The accounting policies applied to the items in the statement of profit or loss are described in the respective notes to the statement of profit or loss, except as stated below.

Selling and distribution costs

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

Administrative expenses

Administrative expenses comprise the expenses of the administrative staff, management, office premises, consultancy assistance, IT costs and depreciation, amortisation and impairments of related fixed assets as well as goodwill and intangible assets.

Other operating income and expenses

Other operating income and expenses comprise items of a secondary nature to the core activities of the Group, including gains and losses on the sale of intangible assets and property, plant and equipment and certain government grants. Government grants are recognised in other operating income at fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Grants received for the acquisition of property, plant and equipment are recognised as deferred income, which is recognised in the statement of profit or loss under other operating income on a systematic basis over the useful life of the asset.

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 adjusted for changes in working capital, interest and tax paid and received and non-cash items such as depreciation, amortisation and impairment losses and provisions.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisition and disposal of intangible assets and property, plant and equipment, fixed asset investments and acquisition and disposal of subsidiaries.

Cash flows from financing activities

Cash flows from financing activities comprise the raising and repayment of loans as well as dividend payments to shareholder.

Cash and cash equivalents

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

Statement of financial position

The accounting policies applied to the items in the statement of financial position are described in the respective notes to the statement of financial position, except as stated below.

Leases

The Group has chosen IAS 17 Leases as the interpretive guideline for the classification and recognition of lease contracts. Lease contracts relating to assets where the company assumes all significant risks and rewards associated with ownership (finance leases) are measured upon initial recognition in the statement of financial position at the lower of fair value and the present value of future lease payments. When calculating the present value, the internal interest rate of the lease contract or the alternative borrowing rate is used as the discount factor. Financially leased assets are subsequently treated as other assets of the company.

The lease obligation is recognised in the statement of financial position as a liability, and the interest component of the lease payment is recognised in the statement of profit or loss over the contract's term.

Lease contracts where the company does not assume all significant risks and rewards associated with ownership are classified as operating leases. Payments related to operating leases and other rental contracts are recognised in the statement of profit or loss over the contract's term. The company's total obligations related to operating lease and rental contracts are disclosed under contingent liabilities.

Income tax

Current tax payable and receivable is recognised in the statement of financial position 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 statement of financial position.

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 related to insurance, rent, licences etc. 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 to the presentation currency of the group.

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, 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. Subsequently, 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.

Trade receivables

Trade receivables are measured at the lower of amortised cost and net realisable value, which usually corresponds to nominal value less provision for bad debts.

Provisions for bad debts are determined on the basis of an individual assessment of each receivable and, in respect of trade receivables, a general provision is also made based on the company's experience from prior years and recognised in the statement of profit or loss under selling and distribution costs.

02 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 and could result in adjustments to the carrying amount of assets and liabilities in future periods. Estimates and underlying assumptions are assessed on an ongoing basis.

The Group's accounting estimates and judgements, which Management considers significant to the preparation of the consolidated and parent company financial statements are described below:

Impairment assessment of fixed assets

During the year, the Group recognised an impairment loss of DKK 17.8 million related to non-current assets in China. The business in China consists of a factory completed in 2023. The impairment reflects the delay in achieving a commercial breakthrough and consequently a strategic shift in production and market focus towards higher-margin egg cartons for the retail market, leveraging the company's competitive strengths. While the market potential in China remains significant, the transition to this new strategy requires time to fully materialize and creates uncertainty regarding the timing and extent of generating positive cash flows. To reflect this, production assets have been impaired to their estimated recoverable amount.

The recoverable amount is based on cautions estimates of the fair value less costs of disposal, as the present value of expected future cash flows is assessed to be negative within a foreseeable future. Land and buildings are expected to retain at least their carrying value in a potential sale, while plant and machinery assets have been written down to approximately one-third of their carrying value.

Management has not identified impairment indicators for the Group's other non-current assets and has determined that there is no basis for reversing impairments recognised in previous periods.

Collateral and contingent liabilities

Reference is made to Note 25 for details of key assumptions and judgement applied in relation to ongoing legal cases.

Climate-related matters

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.

Notes

Statement of profit or loss

36	Note 03	Revenue
37	Note 04	Production costs
38	Note 05	Staff costs
39	Note 06	Special items
39	Note 07	Financial income and expenses
40	Note 08	Tax on profit for the year

03 Revenue

DKKm	Group		Parent company	
	2024	2023	2024	2023
Moulded-fibre packaging	3,713.7	3,436.3	1,729.2	1,735.6
Machinery and technology	47.1	57.4	336.3	174.5
Recycled paper	49.5	0.0	0.0	0.0
Revenue	3,810.3	3,493.8	2,065.5	1,910.1

Geographical distribution for the group

DKKm	Denmark	Rest of Europe	North and South America	Rest of world	Total group
2024	77.5	1,919.8	1,700.1	112.9	3,810.3
2023	59.9	1,841.5	1,490.4	102.0	3,493.8

External revenue is allocated to the geographical areas based on the geographical location of the customer. Rest of Europe includes Israel and Russia.

Notes

03 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.
- Sales of recycled paper.

The Group has chosen IFRS 15 Revenue from contract with customers as the interpretive guideline for the classification and recognition of revenue.

Revenue from sales of moulded-fibre packaging, recycled paper 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.

Revenue from contracts with customers is measured at an amount that reflects the consideration to which the Group expects to be entitled to in exchange for those goods and services (transaction price), which normally comprises the price specified in the contract, net of discounts and customer bonuses. The Group offers various discounts, including rebates, bonuses, volume discounts and payments to customers depending on the nature of the customer and business. These discounts are considered variable consideration. Bonuses and discounts payable to a customer are accrued for as the related performance obligations are satisfied and revenue is recognised.

Historical experience is used to estimate and provide for the discounts, using the expected value method. Variable consideration related to discounts is only recognised as revenue to the extent that it is highly probable that a significant reversal will not occur in a later period.

04 Production costs

DKKm	Group		Parent company	
	2024	2023	2024	2023
Cost of goods sold excl. wages and salaries	1,362.7	1,330.4	1,122.4	1,107.9
Inventory write-downs	7.0	3.3	1.5	(0.2)
Staff costs	687.6	599.4	227.4	211.8
Depreciation, amortisations and impairments	177.0	213.9	31.3	33.9
Other production costs	339.8	280.2	86.1	70.1
Production costs	2,574.1	2,427.2	1,468.7	1,423.5

§ Accounting policies

Production costs

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

Notes

05 Staff costs

DKKm	Group		Parent company	
	2024	2023	2024	2023
Wages, salaries and remuneration	718.5	656.0	265.2	240.9
Pension costs, defined benefit plans	6.1	3.9	-	-
Pension costs, defined contribution plans	57.0	49.9	26.6	22.8
Other social security costs	68.2	58.9	4.0	3.8
Staff costs	849.8	768.7	295.8	267.5
Number of employees				
Average number of full-time equivalents	3,064	2,796	474	453

§ 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.

Remuneration of the board of directors

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

Remuneration of the executive board

The remuneration paid to the executive board (registered with the Danish Business Authority) 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 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 employment 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

DKKm	Salary and fees	Bonus	Pension	Other benefits	Total
2024					
Board of directors and executive board	5.5	2.5	0.5	0.3	8.8
	5.5	2.5	0.5	0.3	8.8
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

In 2024 the executive board, registered with the Danish Business Authority, consisted of one person (2023: Two persons). In 2023 remuneration to the executive board included severance costs of DKK 4.4 million to the former CFO.

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

Notes

06 Special items

Special items comprise significant non-recurring income and expenses of a special nature relative to the Group's earnings-generating activities, such as the costs of extensive restructuring of processes and fundamental structural changes. Other significant amounts of a non-recurring nature are also included under this item, including impairment of intangible assets and property, plant and equipment, insurance coverage or settlement of legal case related to significant events, and gains and losses on the divestment of activities. Due to the significant impact on the statement of profit or loss, these non-recurring items of special nature are disclosed separately in this note. The special items are presented in the statement of profit or loss within the functions, shown in the table below:

DKKm	Group		Parent company	
	2024	2023	2024	2023
Impairment of assets Russia	(12.7)	(56.9)	0.0	0.0
Impairment of assets China	(17.8)	0.0	0.0	0.0
Impairment of assets India	0.0	(97.0)	0.0	0.0
Special items	(30.5)	(153.9)	0.0	0.0
Special items are presented in the following items in the statement of profit or loss:				
Production costs	(30.5)	(62.9)	0.0	0.0
Selling and distribution costs	0.0	(10.3)	0.0	0.0
Administrative expenses	0.0	(80.7)	0.0	0.0
	(30.5)	(153.9)	0.0	0.0

Special items in 2024 include an impairment of non-current assets in China of DKK 17.8 million. Refer to Note 2 for further details.

Additionally, special items include an impairment of the net assets of the Russian operations by DKK 12.7 million, to a net carrying amount of DKK 0 as of 31 December 2024. In April 2022, Hartmann announced its strategic decision to exit Russia and initiated a full divestment of its Russian business in response to Russia's invasion of Ukraine. This impairment reflects ongoing political and regulatory uncertainties, prolonged divestment challenges, and the potential risk of complete loss of control over the assets. Refer to Note 1 for further details of the Russian divestment process.

07 Financial income and expenses

DKKm	Group		Parent company	
	2024	2023	2024	2023
Interest income from subsidiaries	-	-	51.5	48.5
Interest income, cash and cash equivalents etc.	14.5	14.8	9.6	5.8
Interest income from affiliated companies	2.8	0.0	2.8	0.0
Other interest income	12.4	5.4	7.5	1.3
Dividend from subsidiaries	-	-	113.0	8.5
Reversal of write-down on loans to subsidiaries	-	-	152.5	0.0
Foreign exchange gains	27.0	27.2	8.7	7.8
Derivative financial instruments	0.5	0.6	0.5	0.5
Financial income	57.2	48.0	346.1	72.4
Interest expenses to subsidiaries	-	-	0.5	2.4
Interest expenses, credit institutions	48.7	53.0	45.9	42.5
Interest expenses to affiliated companies	1.4	0.0	0.0	0.0
Net interest on defined benefit plans; see note 17	0.8	1.0	-	-
Other financial expenses	6.6	4.0	0.8	1.4
Impairment of investments in subsidiaries	-	-	162.0	146.6
Write-down on loans and receivables to subsidiaries	-	-	77.4	112.6
Foreign exchange losses	26.6	30.4	32.6	22.1
Derivative financial instruments	1.5	3.2	1.5	1.9
Financial expenses	85.6	91.6	320.7	329.7
Financial income and (expenses)	(28.4)	(43.6)	25.4	(257.3)

Notes

07 Financial income and expenses – continued

§ 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.

08 Tax on profit for the year

DKKm	Group		Parent company	
	2024	2023	2024	2023
Tax on profit for the year has been calculated as follows:				
Current tax	124.5	104.1	42.5	32.0
Change in deferred tax	(5.3)	(7.4)	1.1	1.2
Change in deferred tax relating to prior years	19.3	(0.4)	(2.3)	1.0
Change in income tax rate	0.0	1.1	0.0	0.0
Tax relating to prior years	(13.8)	(0.7)	(11.6)	(2.7)
Tax on profit for the year	124.7	96.7	29.7	31.5

Change in deferred tax and current tax relating to prior years primarily relates to the settlement of a transfer pricing case.

§ Accounting policies

Tax on profit for the year

The group's Danish entities are jointly taxed with its sole 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 or in equity, depending on where the tax relates to.

Notes

Statement of cash flows

41 Note 9 Cash flows

9 Cash flows

DKKm	Group	
	2024	2023
Inventories	(43.5)	(39.1)
Receivables	(16.3)	27.5
Pension obligations	(2.1)	(0.9)
Prepayments from customers	(11.8)	4.1
Trade payables	9.0	(5.4)
Other payables etc.	12.5	82.8
Change in working capital etc.	(52.2)	69.0
Credit institutions at 1 January	765.8	965.8
Raising of debt with credit Institutions	50.0	942.3
Repayment of debt to credit institutions	(147.0)	(1,146.6)
Foreign exchange adjustments	1.4	4.3
Other non-cash items	0.9	0.0
Credit institutions at 31 December	670.3	765.8

Notes

Statement of financial position

42	Note 10	Intangible assets
44	Note 11	Property, plant and equipment
46	Note 12	Investments in subsidiaries
47	Note 13	Receivables from subsidiaries (non-current)
48	Note 14	Deferred tax
49	Note 15	Inventories
50	Note 16	Share capital
50	Note 17	Pension obligations

10 Intangible assets

Group DKKm	Goodwill	Other	Total
Cost at 1 January 2024	96.5	110.3	206.8
Transferred from assets held for sale	44.6	16.6	61.2
Additions, business combinations	0.0	0.5	0.5
Foreign exchange adjustment	(8.5)	(3.9)	(12.4)
Transfer from plant under construction	0.0	1.3	1.3
Additions	0.0	3.6	3.6
Disposals	0.0	(4.8)	(4.8)
Cost at 31 December 2024	132.6	123.6	256.2
Amortisation and impairment at 1 January 2024	96.5	65.6	162.1
Transferred from assets held for sale	44.6	16.6	61.2
Additions, business combinations	0.0	0.2	0.2
Foreign exchange adjustments	(8.5)	(3.7)	(11.6)
Amortisation	0.0	18.0	18.0
Disposals	0.0	(4.8)	(4.8)
Amortisation and impairment at 31 December 2024	132.6	91.9	224.5
Carrying amount at 31 December 2024	0.0	31.7	31.7

Development costs of DKK 21.9 million for both the group and the parent company (2023: DKK 11.7 million) are included in the statement of profit and loss.

Notes

10 Intangible assets – continued

Parent company

DKKm	Goodwill	Other	Total
Cost at 1 January 2024	10.7	73.8	84.5
Transfer from assets under construction	0.0	2.7	2.7
Additions	0.0	2.5	2.5
Disposals	0.0	(4.8)	(4.8)
Cost at 31 December 2024	10.7	74.2	84.9
Amortisation and impairment at 1 January 2024	10.7	31.6	42.3
Amortisation	0.0	17.4	17.4
Disposals	0.0	(4.8)	(4.8)
Amortisation and impairment at 31 December 2024	10.7	44.2	54.9
Carrying amount at 31 December 2024	0.0	30.0	30.0

§ Accounting policies

Goodwill

On initial recognition goodwill is recognised in the statement of financial position at cost and allocated to groups of CGUs at which goodwill is monitored. Goodwill is subsequently measured at cost less accumulated amortisations and impairments. Goodwill is amortised using the straight-line method over its expected useful life, that is based on management's assessment of the market position and long-term earnings profile of the individual businesses to which goodwill relates. The amortisation period for goodwill is ten years.

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 acquired in connection with business combinations are measured at cost less accumulated amortisation. Trademarks are amortised using the straight-line method over the expected useful life, which is ten years.

Impairment of intangible assets

Intangible assets are written down in accordance with the accounting policies governing impairment of property, plant and equipment set out in note 11.

Notes

II Property, plant and equipment

2024					
DKKm	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Plant under construction	Total
Group					
Cost at 1 January	699.6	2,388.5	51.8	184.7	3,324.6
Transferred from assets held for sale	20.6	40.6	0.4	10.8	72.4
Additions, business combinations	53.3	84.8	12.3	10.5	160.9
Foreign exchange adjustment	(14.7)	(26.0)	0.2	(7.1)	(47.6)
Transfer	33.4	300.7	20.0	(355.4)	(1.3)
Additions	15.1	54.7	3.0	345.6	418.4
Disposals	(13.8)	(28.0)	(3.7)	0.0	(45.4)
Cost at 31 December	793.5	2,815.3	84.0	189.1	3,881.9
Depreciation and impairment at 1 January	393.3	1,556.3	35.5	0.0	1,985.1
Transferred from assets held for sale	20.6	40.6	0.4	10.8	72.4
Additions, business combinations	12.1	51.2	6.4	0.0	69.7
Foreign exchange adjustment	(12.7)	(27.9)	0.0	(0.3)	(40.9)
Depreciation	18.9	131.4	8.5	0.0	158.8
Impairment	1.2	18.6	0.1	4.3	24.2
Disposals	(12.8)	(26.9)	(3.7)	0.0	(43.4)
Depreciation and impairment at 31 December	420.6	1,743.3	47.2	14.8	2,225.9
Carrying amount at 31 December	372.9	1,072.0	36.8	174.3	1,656.0
Parent company					
Cost at 1 January	168.6	572.8	13.7	44.5	799.6
Transfer	2.6	94.1	8.9	(108.2)	(2.6)
Additions	(0.0)	0.0	0.0	94.1	94.1
Disposals	(13.8)	(10.0)	(0.9)	0.0	(24.7)
Cost at 31 December	157.4	656.9	21.7	30.4	866.4
Depreciation and impairment at 1 January	121.6	449.9	11.7	0.0	583.2
Depreciation	2.6	31.5	2.4	0.0	36.5
Disposals	(12.8)	(9.7)	(0.8)	0.0	(23.3)
Depreciation and impairment at 31 December	111.4	471.7	13.3	0.0	596.4
Carrying amount at 31 December	46.0	185.2	8.4	30.4	270.0

Notes

II Property, plant and equipment – continued

§ 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. 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 the statement of profit or 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 statement of financial position but is transferred to the statement of profit or loss for the year. All other costs related to general repair and maintenance are recognised in the statement of profit or loss as and when incurred.

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 profit or loss 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 profit or loss in other operating income or in other operating expenses.

Impairment of property, plant and equipment

Items of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation. 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

12 Investments in subsidiaries

	Parent company 2024
DKKm	
Cost at 1 January	979.6
Transferred from assets held for sale, due to transition to ÅRL	101.9
Transferred from other investments	21.8
Addition, tax exempt group contribution	56.5
Additions	192.2
Cost at 31 December	1,352.0
Impairment at 1 January	346.8
Transferred from assets held for sale, due to transition to ÅRL	101.9
Impairment losses in the year	161.9
Impairment at 31 December	610.6
Carrying amount at 31 December	741.4

Additions for the year comprise capital contribution through a debt-to-equity conversion to Sanovo Greenpack Embalagens Do Brasil Ltda and acquisition of Danfiber A/S (Denmark).

Additions, Tax exempt group contribution comprises shares in Hartmann East Asia ApS and subsidiary Sanovo Packaging China Co., Ltd transferred in connection with acquisition of remaining shares from the Thornico Group through a tax-exempt group contribution that also included the Malaysian subsidiary Siangpack Sdn. Bhd, refer to Note 1.

Impairment losses in the year of DKK 161.9 million primarily relates to write-down to net realisable value of Sanovo Greenpack Embalagens Do Brasil Ltda following the debt-to-equity conversion and the corresponding reversal of an equivalent write-down of receivables from subsidiaries, recognised under other financial income (refer to Note 7), and write-down of Sanovo Packaging China and Siangpack Sdn Bhd.

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 statement of profit or loss for the financial year in which it is declared.

Name	Registered office	Ownership interest
Danfiber A/S	Denmark	100%
Hartmann Canada Inc.	Canada	100%
Hartmann d.o.o.	Serbia	100%
Hartmann East Asia ApS	Denmark	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%
JSC Hartmann-Rus (subsidiary of OOO EKU-Holding)	Russia	100%
Hartmann India Ltd.	India	100%
Molarsa Chile SPA (subsidiary of Moldeados Argentinos SA)	Chile	100%
Moldeados Argentinos SA (subsidiary of Projects A/S)	Argentina	100%
OOO ECU-Holding	Russia	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%
Sanovo Packaging China Co., Ltd (subsidiary of Hartmann East Asia ApS)	China	100%
Siangpack Sdn. Bhd.	Malaysia	100%

Notes

12 Investments in subsidiaries – continued

§ Accounting policies

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 profit or loss. 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.

13 Receivables from subsidiaries (non-current)

	Parent company 2024
DKKm	
Carrying amount at 1 January	499.0
Transferred from assets held for sale, due to transition to ÅRL	10.8
Foreign exchange adjustments	(22.4)
Additions	163.4
Disposals	(293.9)
Impairments	(60.3)
Reversal of impairments	152.5
Carrying amount at 31 December	449.1

The impairment losses in 2024 pertains to loans issued to subsidiaries in Brazil, China, Malaysia and Russia. The reversal of impairments relates to loans that were previously impaired and subsequently converted to equity in Sanovo Green-pack do Brazil Ltda. Refer to note 12.

§ Accounting policies

Receivables from subsidiaries in the parent company financial statements

Receivables from subsidiaries are measured at the lower of amortised cost and net realisable value, which usually corresponds to nominal value less provisions for bad debt. Where a receivable is considered to be impaired, an impairment loss covering the total estimated bad debt is recognised.

Notes

14 Deferred tax

DKKm	Total
Group	
Deferred tax at 1 January 2024	19.9
Foreign exchange adjustment	(5.0)
Adjustment relating to prior years	(19.3)
Recognised in profit for the year, net	5.3
Recognised in equity, net	(4.4)
Deferred tax at 31 December 2024	(3.5)
Parent company	
Deferred tax at 1 January 2024	11.7
Adjustment relating to prior years	(2.3)
Recognised in profit for the year, net	1.1
Recognised in equity, net	3.8
Deferred tax at 31 December 2024	14.3

Adjustment relating to prior year primarily include the effect from settlement of a transfer pricing case related to prior years. Tax loss carry-forwards amount to DKK 20 million in 2024 (2023: DKK 29 million) and are attributable to the company in the USA.

Unrecognised deferred tax assets

DKKm	Group 2024	Parent company 2024
Unrecognised deferred tax assets at 1 January	49.2	0.0
Foreign exchange adjustment	(7.6)	0.0
Additions, business combinations	10.2	0.0
Additions	2.6	0.0
Adjustments	(3.3)	0.0
Unrecognised deferred tax assets at 31 December	51.1	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 relate to the subsidiaries in Brazil, China and Malaysia (2023: Brazil and India). Out of unrecognised tax loss DKK 1.1 million expires within 5 years and DKK 11.3 within 5-10 years. The remaining tax loss carry forward do not expire.

i 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 57.2 million at 31 December 2024 (2023: DKK 65.5 million).

Notes

14 Deferred tax – continued

§ 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 materialise as current tax.

Hartmann has applied the exception to not recognise and disclose information about deferred tax in the OECD/EU Pillar Two Model Rules and their local implementation. No Pillar Two tax was paid during 2024.

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.

15 Inventories

DKKm	Group		Parent company	
	2024	2023	2024	2023
Raw materials and consumables	241.1	230.6	66.6	80.2
Work in progress	14.1	10.8	18.2	20.0
Finished goods and goods for resale	133.8	97.9	63.4	52.2
Inventories	389.0	339.3	148.2	152.4

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.

Notes

16 Share capital

DKKm	Parent company
Share capital at 1 January 2017	140.3
Share capital at 31 December 2024	140.3
Shares of DKK 20 each	7,015,090

No shares confer special rights.

Treasury shares

At 31 December 2024, Hartmann held 100,000 treasury shares (2023: 100,000).

Proposed appropriation of net profit

The board of directors has proposed a dividend of DKK 107 million for the financial year ended 31 December 2024 and that the remaining profit for the year of DKK 96 million is transferred to retained earnings.

Dividend paid

No dividend was paid in the financial year ended 31 December 2024 (2023: no dividend paid).

17 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 directly in equity.

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.

Notes

17 Pension obligations – continued

DKKm	Group	
	2024	2023
Recognition of defined benefit plans in the statement of financial position:		
Present value of liability with plan assets	131.1	125.3
Market value of plan assets	(185.3)	(156.5)
Net obligation of plans with plan assets	(54.2)	(31.2)
Present value of plans without plan assets	19.9	20.1
Assets not recognised due to asset cap	44.5	31.2
Recognised net obligation	10.2	20.1

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

Hartmann expects to contribute DKK 14.4 million to pension plans in 2025 (2023: DKK 13.2 million relating to 2024).

%	2024	2023
Composition of plan assets:		
Shares and investment funds	84.1	81.2
Bonds and other securities	15.9	18.8
	100.0	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	2024		2023	
	+1% point	-1% point	+1% point	-1% point
Pension obligation sensitivity to changes in the discount rate:				
– Germany	(1.4)	1.5	(1.4)	1.5
– Canada, wage earners	(9.5)	12.7	(9.1)	12.3
– Canada, salaried employees	(4.6)	5.9	(4.0)	5.0

Notes

17 Pension obligations – continued

	Group	
%	2024	2023
Defined benefit plans have been calculated based on the following actuarial assumptions:		
<i>Discount rate</i>		
– Germany	3.2	3.5
– Canada, wage earners	4.7	4.6
– Canada, salaried employees	4.7	4.6
<i>Expected pay rise</i>		
– Germany	-	-
– Canada, wage earners	-	-
– Canada, salaried employees	3.0	2.0

\$ 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 statement of financial position 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 statement of financial position 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 the statement of 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 directly in equity in the period in which they arise. 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

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57	Note 21	Financial liabilities
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18 Fees to shareholder-appointed auditor

DKKm	Group		Parent company	
	2024	2023	2024	2023
Fees to shareholder-appointed auditor				
Statutory audit	3.8	3.9	2.2	2.8
Other assurance engagements	0.1	0.0	0.1	0.0
Tax advisory services	0.8	0.5	0.8	0.3
Other non-audit services	0.3	0.3	0.2	0.3
Fees to shareholder-appointed auditor	5.0	4.7	3.3	3.4

Notes

19 Collateral, contingent liabilities and lease contract obligations

Rental and lease obligations

DKKm	Group		Parent company	
	2024	2023	2024	2023
Due in:				
In 1 year or less	10.3	16.4	0.9	4.4
In 1-5 years	38.1	42.9	2.8	2.8
After 5 years	17.6	9.3	0.4	0.0
	66.0	68.6	4.1	7.2

Guarantees

Hartmann Packaging A/S has provided a guarantee of BRL 15 million, corresponding to DKK 17 million, in favour of Itaú Unibanco S.A. for the credit facility issued to the subsidiary Sanovo Greenpack Embalagens Do Brasil Ltda.

Hartmann Packaging 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 2024, the amount owed to creditors of Hartmann (UK) Ltd. was DKK 0.1 million (2023: DKK 0.1 million).

Joint taxation

Hartmann Packaging 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.

Contractual commitments

In addition to the contractual commitments of DKK 51 million related to investments in capacity expansions, the Group has entered into customary contractual arrangements as part of its regular operating activities. These include lease agreements, supply contracts, service agreements, and agreements related to committed sales volumes. None of these obligations represent significant non-cancellable commitments, nor are they expected to have a material impact on the Group's liquidity.

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 2024 not claimed by the tax authorities is estimated to BRL 21.1 million leading to a total estimated claim of BRL 77 million, corresponding to DKK 89 million. The tax authorities have not raised any claims against Hartmann's Brazilian subsidiary for the subsequent years 2017-2024.

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 2024 impacting our assessment of the likely outcome of the case. 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

20 Financial risks

The group's overall financial risk management guidelines are set out in its finance policy. The finance policy comprises the group's treasury policy, investment 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 group 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.

Transaction risk

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.

In accordance with the group's treasury policy, Hartmann seeks to reduce the impact of exchange rate fluctuations on its profits and financial position through forward exchange contracts, typically for periods of nine to 12 months for selected currencies, when a reasonable price hedge is deemed available. Transaction risks related to the EUR 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.

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 EUR, 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 2 million (2023: approx. DKK 3 million).

Notes

20 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 comprises a committed credit facility of DKK 900 million maturing in December 2026 with an option to extend by one year 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 2024. 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 Europe.

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)	2024	2023
Undrawn credit facilities with banks at 31 December	341	279
Cash at 31 December	250	188
Liquidity available at 31 December	591	467

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

Reference is made to note 21 Financial liabilities, 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 and Thornico group companies.

Assumed to approximate fair value, the carrying amount of trade receivables and loans to and from the Thornico Group, 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

21 Financial liabilities

Maturities of financial debt

DKKmn	In 1 year or less	In 1-5 years	After 5 years
Group			
Credit institutions	0.0	670.3	0.0
Overdraft facilities	70.2	0.0	0.0
Payables to affiliated companies	24.3	0.0	0.0
	94.5	670.3	0.0
Parent company			
Credit institutions	0.0	670.3	0.0
Overdraft facilities	63.4	0.0	0.0
Payables to subsidiaries	212.9	0.0	0.0
	276.3	670.3	0.0

Notes

22 Financial instruments

Fair value of derivative financial instruments

The fair value of forward exchange and energy contracts are based on observable data (level 2) and has been recognised in receivables and payables at 31 December 2024. Changes in the fair value of financial instruments qualifying as hedges of future cash flows are recognised directly in equity.

	Group 2024			Parent company 2024	
	Average hedging exch. rate	Recognised in notional amount	Fair value	Recognised in notional amount	Fair value
DKKm					
Forward contracts					
CHF/DKK	8.03	45.2	0.2	45.2	0.2
GBP/DKK	8.33	48.6	(3.3)	48.6	(3.3)
PLN/DKK	1.59	18.8	(1.5)	18.8	(1.5)
USD/CAD	1.34	56.0	(3.5)	0.0	0.0
		168.6	(8.1)	112.6	(4.6)
Interest cap, EUR	2.5%	447.5	(4.7)	447.5	(4.7)
Energy contracts		25.6	7.7	23.7	7.5
		641.7	(5.1)	583.8	(1.8)
Expected maturity					
In 1 year or less			(0.4)		2.9
In 1 - 5 years			(4.7)		(4.7)
			(5.1)		(1.8)

Accounting policies

Derivative financial instruments

The group uses forward exchange contracts to limit its currency exposure and to a lesser extent also commodity swap contracts to limit its exposure to energy price fluctuations. 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 profit or loss 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 directly in equity 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 directly in equity 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 equity. The fair values of derivative financial instruments are computed on the basis of current market data and generally accepted valuation methods.

Notes

22 Financial instruments – continued

Interest rate risk non-current assets and liabilities DKKm	2024			
	Nominal value	Carrying amount	Interest rate	Interest rate risk
Group				
Credit institutions, floating rate	223.7	223.4	3.8%	Cash flow
Credit institutions, floating rate with cap	447.5	446.9	3.4%	Cash flow
Parent company				
Credit institutions, floating rate	223.7	223.4	3.8%	Cash flow
Credit institutions, floating rate with cap	447.5	446.9	3.4%	Cash flow
Receivables from subsidiaries				
Fixed rate	52.0	31.9	3.00%-8.00%	Fair value
Floating rate	463.4	449.0	4.07%-7.02%	Cash flow
Payables to subsidiaries				
Floating rate	39.5	39.5	6.69%	Cash flow

23 Related parties

Thornico Holding A/S, Havnegade 36, 5000 Odense C, Denmark is the ultimate majority owner. Hartmann Packaging 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 Hartmann Packaging A/S.

Subsidiaries consist of companies in which Hartmann Packaging A/S has a controlling interest, see note 12. Transactions with subsidiaries have been eliminated in the consolidated financial statements in accordance with the group's accounting policies.

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 5.

During the year, the Group acquired subsidiaries in China and Malaysia from the Thornico Group, through a tax-exempt group contribution. Refer to note 1. All other related-party transactions were carried out at arm's length.

24 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.

Statements

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Management statement

The board of directors and the executive board today considered and approved the annual report of Hartmann Packaging A/S for the financial year ended 31 December 2024.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2024 and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 January – 31 December 2024 in accordance with the Danish Financial Statements Act.

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, 26 March 2025

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 Hartmann Packaging A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Hartmann Packaging A/S for the financial year 1 January – 31 December 2024, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2024 and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 January – 31 December 2024 in accordance with 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.

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 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.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

Statement on the Management's review

Management is responsible for the Management's review.

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 the work we have performed, 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.

Copenhagen, 26 March 2025

EY Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28

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