HARTMANN

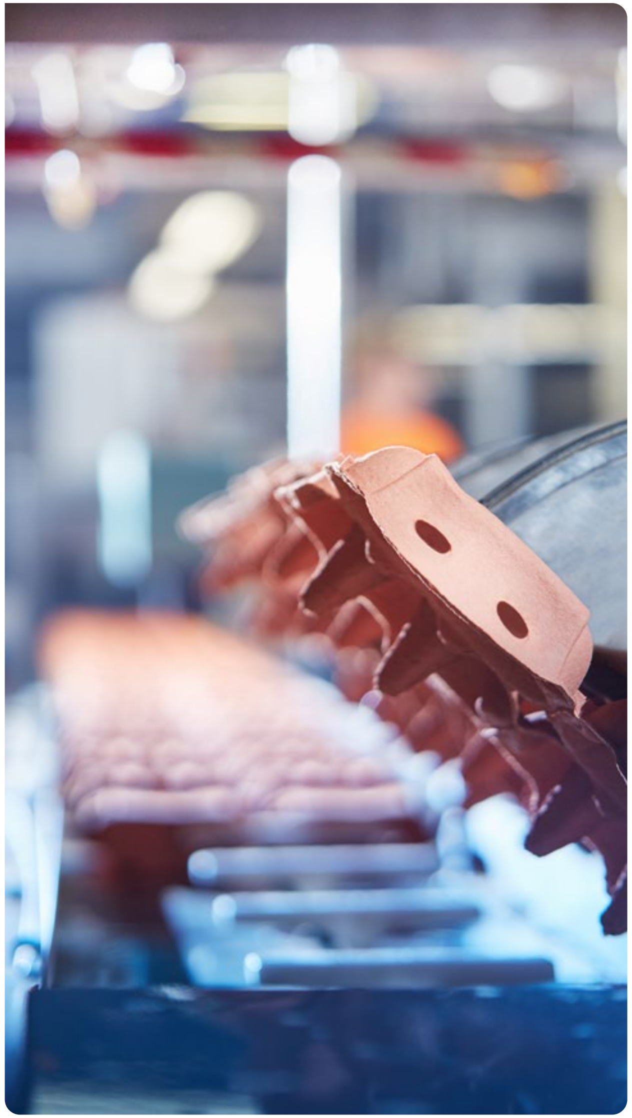
PACK & PERFORM

Interim report Q1 2020

Contents

Management report

Financial statements



QI 2020 highlights

Hartmann grew its core business and significantly lifted revenue and earnings in QI 2020 on the back of strong volume growth and additional capacity utilisation and production efficiency improvements. The capacity expansion programme continues, and Hartmann is forecasting revenue of DKK 2.4-2.6 billion, a profit margin of 12-15% and investments of about DKK 400 million for 2020.

Revenue

DKK 663 million

DKK 596 million in QI 2019

Profit margin

18.0%

10.2% in QI 2019

Investments

DKK 58 million

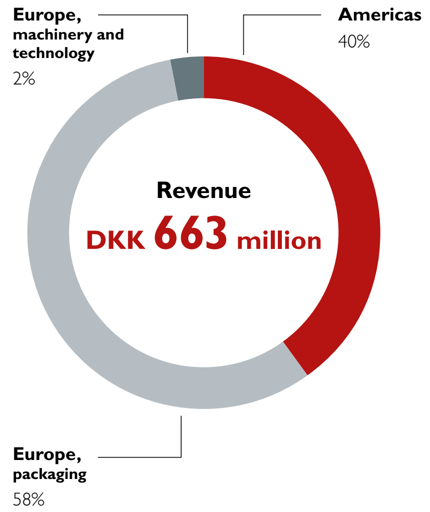
DKK 39 million in QI 2019

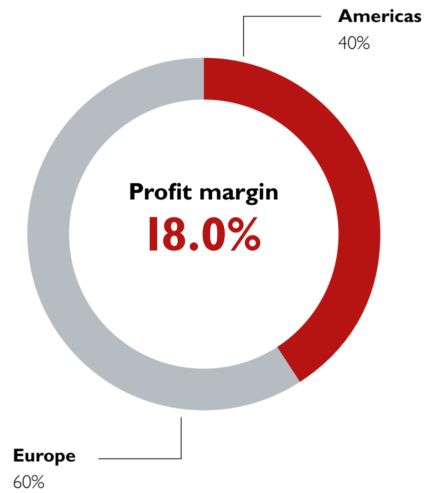
Revenue was up by 11% on the back of significant growth in the European core business, a strong performance from the business in the Americas and an improved contribution from sales of machinery and technology. Building on the ongoing expansion of production capacity, the strong volume growth recorded in QI was driven by intensified sales and marketing efforts and resulted in high capacity utilisation across the group's markets.

Supported by strong volume growth, Hartmann successfully increased capacity utilisation and production efficiency at its factories and generated a record-breaking operating profit of DKK 119 million for QI 2020. The QI performance also benefited from improved raw materials prices.

In pursuance of its 'Think ahead' strategy, the group continued its capacity expansion programme in QI 2020, focusing primarily on expansion planned at the factories in Europe and the USA and the establishment of a new factory in northern Brazil. In addition, Hartmann signed a conditional agreement to acquire India-based Mohan Fibre. The acquisition is still expected to be approved in mid-2020.

> We successfully maintained momentum in the first quarter of 2020 and generated significant growth in packaging sales through intensified sales efforts and high utilisation of our entire production capacity following an expansion investment forming part of our 'Think ahead' strategy. We anticipate a strong 2020 performance, although the COVID-19 outbreak is causing poor visibility and significant operating risks.





Key figures and financial ratios for the group

DKKm	Q1 2020	Q1 2020 excl. IAS 29	Q1 2019	Q1 2019 excl. IAS 29	FY 2019	FY 2019 excl. IAS 29
Comprehensive income						
Revenue	663	663	596	599	2,356	2,361
Operating profit	116	119	58	61	250	262
Special items	(5)	(5)	0	0	0	0
Operating profit after special items	112	115	58	61	250	262
Financial income and expenses, net	(32)	(30)	(7)	(7)	(35)	(38)
Profit before tax	80	84	52	54	215	225
Profit for the period	58	63	37	41	167	185
Comprehensive income	(8)	(9)	51	49	180	170
Cash flows						
Operating activities	88	88	56	56	296	296
Investing activities	(58)	(58)	(39)	(39)	(197)	(197)
Financing activities	(16)	(16)	(2)	(2)	(92)	(92)
Total	14	14	16	16	7	7
Balance sheet						
Assets	2,054	2,012	1,975	1,941	2,042	2,002
Investments in property, plant and equipment	57	57	38	38	193	196
Net working capital	346	345	304	304	323	322
Invested capital	1,472	1,423	1,434	1,397	1,502	1,455
Net interest-bearing debt (NIBD)	607	607	640	640	634	634
NIBD excl. lease liabilities	532	532	563	563	556	556
Equity	872	838	816	791	879	847

DKKm	Q1 2020	Q1 2020 excl. IAS 29	Q1 2019	Q1 2019 excl. IAS 29	FY 2019	FY 2019 excl. IAS 29
Financial ratios, %						
Profit margin	17.5	18.0	9.8	10.2	10.6	11.1
Return on invested capital (ROIC), rolling 12 months	20.6	22.0	13.6	14.7	16.9	18.2
Return on equity, rolling 12 months	22.4	25.7	10.5	11.8	20.5	23.5
Equity ratio	42.4	41.6	41.3	40.7	43.1	42.3
Gearing	69.6	72.4	78.4	80.9	72.1	74.8
Share-based financial ratios						
No. of shares (excl. treasury shares)	6,915,090	6,915,090	6,915,090	6,915,090	6,915,090	6,915,090
Earnings per share, DKK (EPS)	8.3	9.1	5.3	6.0	24.2	26.8
Cash flows per share, DKK	12.7	12.7	8.1	8.1	42.8	42.8
Book value per share, DKK	126.0	121.1	118.0	114.3	127.1	122.4
Share price, DKK	288	288	290	290	304.0	304.0
Share price/book value per share	2.3	2.4	2.5	2.5	2.4	2.5
Share price/earnings (P/E), rolling 12 months	10.6	9.6	25.2	23.1	12.6	11.3
Market capitalisation, DKKm	2,020.3	2,020.3	2,034.4	2,034.4	2,132.6	2,132.6

For definitions of financial ratios, see page 82 in the annual report for 2019. For purposes of this report, operating profit and profit margin are stated before special items, and operating profit, profit margin and return on invested capital are stated and commented on before restatement for hyperinflation.

In order to provide a more accurate view of Hartmann's underlying operations and performance, selected accounting figures in this interim report are presented before restatement for hyperinflation (IAS 29). Read more on page 10.

Developments in QI 2020

Supported by strong volume and revenue growth in its core business, Hartmann recorded its highest quarterly operating profit ever in QI 2020. The performance was driven by the capacity expansion programme implemented over the past few years combined with strong and well-coordinated sales and production efforts across the group's markets, where demand for sustainable moulded-fibre packaging remained strong among existing and new customers alike. Hartmann Technology also contributed to the improved performance.

The core business momentum witnessed in recent quarters accelerated further in QI 2020. In addition, the QI performance was moderately supported by increased demand for eggs and egg packaging from mid-March, driven by shifts in consumption patterns in several markets in the wake of the global COVID-19 outbreak. Operations were stable and capacity utilisation remained high in the first quarter. However, the COVID-19 outbreak and the political measures taken to contain the virus are causing limited visibility and an increased risk of non-delivery of raw materials, temporary fluctuations in raw materials prices, potential production and logistics interruptions and adverse economic implications and currency fluctuations that may impact consumption patterns and results across Hartmann's markets.

Capacity expansion in Europe and at the US factory and the work to establish a new factory in Brazil progressed as planned, and the new capacity is still expected to commence operations in the second half of 2020.

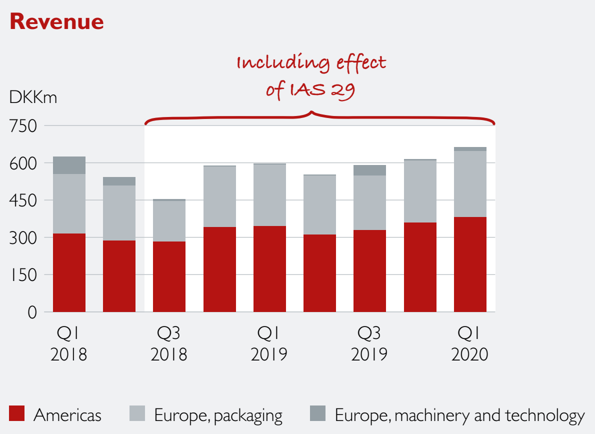
Revenue

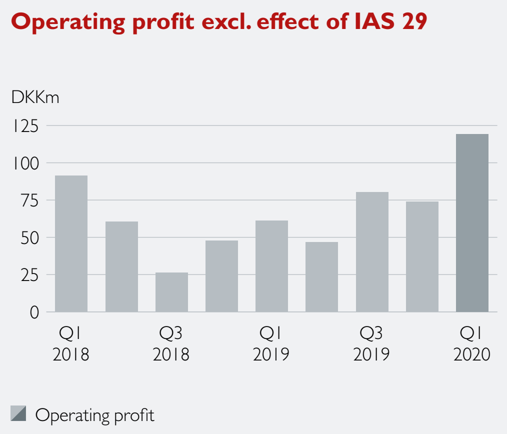
Hartmann grew total revenue after restatement for hyperinflation to DKK 663 million (2019: DKK 596 million) in QI 2020, supported by core business volume growth across the group's markets. The positive trend in the core business was accompanied by higher sales in Hartmann Technology.

Currency movements reduced revenue by a net DKK 34 million in the first quarter. Movements in the Argentine peso (ARS) reduced revenue by DKK 30 million, of which DKK 2 million was attributable to restatement for hyperinflation. The moderate negative impact of restatement for hyperinflation was offset by the effects of price adjustments in Argentina, and overall group revenue before restatement for hyperinflation was up to DKK 663 million in QI (2019: DKK 599 million), see the section on hyperinflation on page 10.

Europe

In the European business, Hartmann successfully utilised the expanded production capacity, growing volumes and improving the product mix in the core business through strong sales and market-





Developments in QI 2020

ing efforts. This combined to drive overall QI revenue to DKK 398 million (2019: DKK 349 million). Hartmann Technology reported revenue up to DKK 16 million from DKK 4 million in QI 2019.

Americas
The business in the Americas grew overall QI revenue to DKK 264 million (2019: DKK 248 million) after restatement for hyperinflation. The favourable performance was based on the production capacity added in recent years and driven by intensified sales and marketing efforts. Hartmann maintained stable operations and significantly grew volumes in both North and South America. Revenue growth was achieved amid significant currency headwinds in Argentina and Brazil and a deterioration of macroeconomic conditions in Argentina that has continued into the second quarter.

Before restatement for hyperinflation, revenue was up to DKK 265 million (2019: DKK 250 million) in QI 2020.

Operating profit
Operating profit before restatement for hyperinflation was up to DKK 119 million for QI 2020 (2019: DKK 61 million), for a profit margin of 18.0% (2019: 10.2%). The strong performance was driven mainly by buoyant volume growth laying the groundwork for improved capacity utilisation and production efficiency throughout Hartmann's production network. Hartmann Technology was another factor behind the improvement.

In the first quarter of 2020, currency fluctuations reduced operating profit before restatement for hyperinflation by a net DKK 3 million. Movements in ARS reduced operating profit by DKK 8 million.

After restatement for hyperinflation, QI 2020 operating profit was up to DKK 116 million (2019: DKK 58 million), for a profit margin of 17.5% (2019: 9.8%).

Europe
The European business reported operating profit of DKK 75 million for QI 2020 (2019: DKK 34 million), taking the profit margin to 18.9% (2019: 9.7%). Earnings growth was driven by high utilisation of Hartmann's expanded production capacity, strong volume growth and an improved product mix in the core business. Earnings were further supported by an improvement in raw materials prices from the high levels prevailing in QI 2019 and an increased contribution from Hartmann Technology.

Americas
The American business grew operating profit to DKK 51 million before restatement for hyperinflation in QI (2019: DKK 34 million), for a profit margin of 19.1% (2019: 13.5%). This favourable performance was attributable to volume growth, high utilisation of the expanded production capacity and targeted efforts to improve production efficiency across the group's markets in North and South America. The strong earnings growth was achieved amid significant adverse currency effects impacting the South American business and challenging macroeconomic conditions in Argentina.

After restatement for hyperinflation, operating profit from the Americas was up to DKK 48 million (2019: DKK 31 million), for a profit margin of 18.0% (2019: 12.6%).

Corporate functions
Costs related to corporate functions were unchanged at DKK 7 million in the first quarter of 2020 (2019: DKK 7 million).

Special items
Special items amounted to a net expense of DKK 5 million for QI 2020 (2019: DKK 0 million) and were attributable to the conditional agreement to acquire India's Mohan Fibre.

Financial income and expenses
Impacted by significant adverse foreign exchange adjustments of the financing of the group's activities in Brazil, financial income and expenses were a net expense of DKK 32 million for QI 2020 (2019: net expense of DKK 7 million).

Profit for the period
The profit before tax for QI 2020 was DKK 80 million (2019: DKK 52 million).

Tax on the profit for the period was an expense of DKK 23 million (2019: expense of DKK 15 million), giving an effective tax rate of 28% (2019: 29%). The effective tax rate before restatement for hyperinflation was 25% (2019: 24%).

The profit after tax for QI 2020 was DKK 58 million (2019: DKK 37 million).

Comprehensive income
Impacted by significant negative foreign exchange adjustments of subsidiaries, comprehensive income was negative at DKK 8 million in QI 2020 (2019: positive at DKK 51 million).

Cash flows
Cash flows from operating activities grew to a net inflow of DKK 88 million in QI 2020 (2019: net inflow of DKK 56 million), supported by higher operating profits but adversely affected by working capital changes due to the higher activity level, including higher trade receivables.

Developments in QI 2020

Hartmann increased cash flows to investing activities to a net outflow of DKK 58 million (2019: net outflow of DKK 39 million) in QI, reflecting the ongoing expansion of the group's production capacity.

Cash flows from operating and investing activities came to a net inflow of DKK 30 million (2019: net inflow of DKK 18 million).

Impacted by repayment of long-term debt, cash flows from financing activities were a net outflow of DKK 16 million for QI 2020 (2019: net outflow of DKK 2 million).

Funding
Net interest-bearing debt at 31 March 2020 was DKK 607 million (2019: DKK 640 million).

Financial resources, comprising cash and undrawn loan and overdraft facilities, amounted to DKK 418 million at 31 March 2020 (2019: DKK 387 million). Hartmann's loans are subject to standard financial covenants.

ROIC
The return on invested capital was 22.0% (2019: 14.7%) before restatement for hyperinflation and 20.6% (2019: 13.6%) after restatement for hyperinflation.

Equity
Equity at 31 March 2020 stood at DKK 872 million (2019: DKK 816 million), for an equity ratio of 42.4% (2019: 41.3%). The financial gearing ratio at 31 March 2020 was 69.6% (2019: 78.4%).

Events after the balance sheet date
On 30 April, Hartmann upgraded its 2020 profit margin guidance from 10-12% to 12-15% before restatement for hyperinflation and special items.

On 1 May, Hartmann announced that Danny Fleischer had replaced Andy Hansen as employee representative on the Board of Directors.

On 7 May, the Danish Utility Regulator approved the agreement concluded by Hartmann and Tønder Fjernvarmeselskab in November 2019 settling their dispute going back to 2008 concerning the principles for pricing district heating supplied by Hartmann's combined heat and power plant. The settlement is still expected to have a positive cash flow effect, but will not affect the group's 2020 profit.

Outlook

Hartmann maintains its 2020 guidance of revenue of DKK 2.4-2.6 billion after restatement for hyperinflation, a profit margin of 12-15% before restatement for hyperinflation and special items, and investments of about DKK 400 million.

Revenue is still expected to be favourably affected by volume growth, a slight increase in sales of machinery and technology and a modest contribution from the acquired Indian activities that are still expected to become a part of the group in mid-2020.

On 30 April, Hartmann lifted and widened its profit margin guidance range from 10-12% to 12-15% before restatement for hyperinflation and special items. The adjustment was made based on the core business progress in the first quarter and the beginning of the second quarter and the reduced visibility and increased operational risk caused by the global COVID-19 outbreak.

The group's investment guidance is stated inclusive of the conditional acquisition of India's Mohan Fibre for DKK 119 million. The acquisition gave rise to negative special items in the amount of DKK 5 million in the first quarter and is still expected to entail moderate special items for 2020 as a whole following the expected completion of the transaction.

Guidance

	2020
Revenue	DKK 2.4-2.6 billion
Profit margin*	12-15%
Investments	DKK ~400 million

* Before restatement for hyperinflation and special items

Assumptions

Our guidance is based on the exchange rates prevailing at the date of release of this interim report and does not factor in any acquisitions. Due to seasonal fluctuations in Hartmann's packaging sales, revenue and operating profit in the core business are generally higher in Q1 and Q4 than in Q2 and Q3.

COVID-19

The global outbreak of COVID-19 and the political measures taken to contain the virus are causing temporary shifts in consumption patterns, limited visibility and a changed and heightened risk exposure. Hartmann continually monitors developments and has established procedures to protect its employees and maintain stable operations at its factories with a view to keeping up deliveries to its customers, who are seeing increased demand for eggs from the retail industry amid the ongoing crisis. The temporary increase in demand is predominantly due to the fact that more meals are eaten at home, which has driven sales of eggs to the food service and catering industries down and sales of shell eggs to the retail industry up.

The Q1 performance benefited mildly from increased demand for eggs and egg packaging from mid-March, and this trend has continued into the second quarter. While the temporary shift in consumption patterns is expected to contribute favourably to Hartmann's overall packaging sales in 2020, estimating the duration and scope of this effect at individual market level is difficult.

The COVID-19 outbreak has significantly reduced visibility and is expected to entail severe economic implications and currency fluctuations in several of Hartmann's markets. The South American business, in particular, is expected to be hard hit. The situation also entails an increased risk of temporary production interruptions at one or more of Hartmann's factories caused by the potential spread of COVID-19, political decisions dictating a full or partial shut-down of production activities, non-delivery of raw materials required for Hartmann's production and potential interruption of deliveries to customers. Moreover, Hartmann anticipates fluctuations in raw materials prices in the upcoming period as a result of changes in global supply chains and production patterns.

Forward-looking statements

The forward-looking statements in this interim report reflect Hartmann's current expectations for future events and financial results. Such statements are inherently subject to uncertainty, and actual results may therefore differ from expectations. Factors which may cause the actual results to deviate from expectations include general economic developments and developments in the financial markets, changes or amendments to legislation and regulation in Hartmann's markets, changes in demand for products, competition and the prices of raw materials. See also the risk management section in this interim report and note 31 to the financial statements in the annual report for 2019.

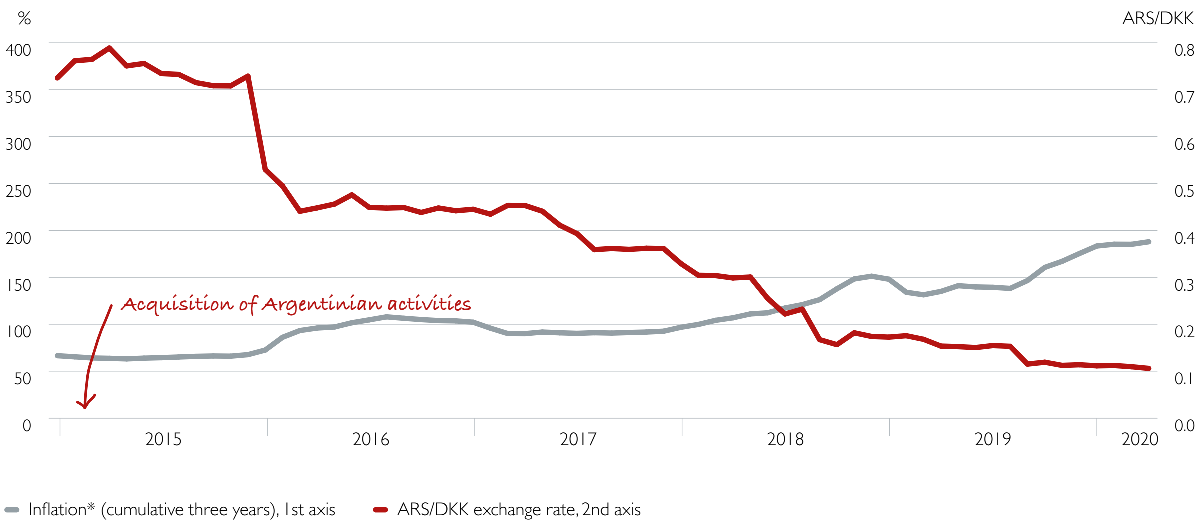
Risk management

	Description	Mitigating action
Fire	The production of egg and fruit packaging is based on paper-based moulded fibre dried at high temperatures, and Hartmann's single most significant risk is the total loss of a factory from fire. Re-establishing the facilities would be very time consuming and involve the risk of both business interruption and loss of market share as the reliability of supply is crucial to Hartmann's customers.	Hartmann continuously monitors and reviews fire conditions at its factories and invests in physical separation of equipment, high-efficiency sprinkler and alarm systems, adequate water supply and other fire protection equipment as well as in the training and education of local fire brigades among our employees. The internal steering committee conducts regular factory visits and organises visits by external experts. In addition, Hartmann has taken out an all risk insurance policy for all production facilities covering fire damage, consequential loss and other incidents. In addition to strengthening the group's supply capacity, the spreading of production across 12 factories also helps to reduce the total financial impact in case of a factory fire.
Raw materials	Fluctuations in the purchase price of recycled paper and energy (electricity and gas) may have a significant impact on the group's financial results with intense competition in the group's markets making it difficult to adjust selling prices in an effort to mitigate increases in raw materials prices. 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.	Hartmann works actively to enhance the efficiency of production at individual factories and optimise distribution to the group's customers in an effort to reduce its exposure to fluctuations in the prices of recycled paper and energy. These measures include efforts to reduce the volume of energy consumed during the manufacturing process, reduce waste in production and optimise allocation between the group's factories, taking into account customer demand and locations. Hartmann has contracted with several suppliers of recycled paper, energy and other raw materials with a view to mitigating the risk of non-delivery. Recycled paper systems and supply vary considerably across the group's markets, and long-term fixed-price agreements for recycled paper are generally impossible to obtain. In some markets, Hartmann regularly signs fixed-price agreements, typically for six or 12 months, for a substantial part of the group's energy consumption. The group continuously assesses and pursues opportunities of using alternative raw materials.
Disease outbreaks among hens	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.	The geographical scope of Hartmann's production with factories located in Europe and North and South America 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.
Politics and macroeconomics	While the consumption of eggs and fruit has historically been resilient to slowdowns in economic growth, political and macroeconomic uncertainties may cause significant shifts in Hartmann's sales across product categories. Moreover, trade barriers and significant currency fluctuations may affect the competitive strength of some factories and the group's financial results.	Hartmann monitors its markets carefully in order to be able to respond quickly to negative trends by, for instance, changing the allocation of the group's production between factories and adjusting the product offering in the markets concerned. Any negative trade barrier impacts are mitigated by Hartmann's geographical diversification and sales to local markets.
Environment	Violations of environmental legislation, rules or thresholds in connection with, for instance, wastewater discharge, CO_2 emissions, waste disposal or inadvertent chemical spills may lead to business interruption, fines or other sanctions and harm Hartmann's reputation and internal and external stakeholder relationships.	Hartmann monitors environmental risks at local and central level with a view to preventing, mitigating or minimising the group's environmental footprint. To that end, Hartmann continually invests in new production technology, optimisation of existing equipment and processes and systematic waste reduction. With a view to ensuring a structured and efficient approach to environmentally sound and energy-efficient production, a number of Hartmann's production facilities are certified to the ISO 14001 (environmental management) and ISO 50001 (energy management) standards.

Reference is made to page 8 in this interim report for a description of potential effects of COVID-19 and to the risk management section and note 31 in the annual report for 2019 for a full description of Hartmann's risk management approach.

Hyperinflation in Argentina

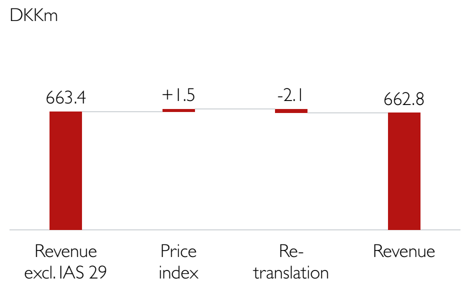
Inflation and exchange rate developments in Argentina



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

DKKm	**Excl. IAS 29**	***Price index***	***Re-translation***	***Total adjustment***	**2020 to date**
Revenue	663.4	*1.5*	*(2.1)*	*(0.6)*	662.8
Operating profit before depreciation	152.8	*(1.0)*	*(0.6)*	*(1.6)*	151.2
Operating profit	114.7	*(2.8)*	*(0.4)*	*(3.2)*	111.5
Financial items, net	(30.4)	*(1.2)*	*0.1*	*(1.1)*	(31.5)

Effect of restating year-to-date revenue



The total effect on Q1 2020 revenue of restating for hyperinflation under IAS 29 is a combination of restating for price index developments and the effect of using the exchange rate at the balance sheet date for purposes of translating from the Argentine peso into Danish kroner.

The price index rose by 8% during the first three months of the year, boosting revenue by DKK 1.5 million. However, the increase was offset by a decline in the ARS/DKK cross rate from 0.1114 at the beginning of the year to 0.1059 at 31 March 2020 reducing revenue by DKK 2.1 million as a result of the practice of using the exchange rate at the balance sheet date for currency translation purposes.

Revenue was DKK 662.8 million after a net negative impact of restating for hyperinflation of DKK 0.6 million.

For more information about hyperinflation, see page 21 and note 34 in the annual report for 2019.

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

Management statement

Today, the board of directors and the executive board have discussed and approved the interim report of Brødrene Hartmann A/S for the three months ended 31 March 2020.

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

In our opinion, the interim financial statements give a true and fair view of the group's assets, liabilities and financial position at 31 March 2020 and of the results of the group's operations and cash flows for the three months ended 31 March 2020.

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

Gentofte, 13 May 2020

Executive board:

Torben Rosenkrantz-Theil
CEO

Flemming Lorents Steen
CFO

Board of directors:

Jan Klarskov Henriksen
Chairman

Steen Parsholt
Vice chairman

Danny Fleischer

Jan Madsen

Karen Angelo Hækkerup

Marianne Schelde

Palle Skade Andersen

Financial statements

Statement of comprehensive income

DKKm **Group**	**Q1 2020**	**Q1 2019**	**FY 2019**
Revenue	662.8	596.3	2,356.4
Production costs	(425.0)	(420.5)	(1,653.2)
Gross profit	**237.8**	**175.8**	**703.2**
Selling and distribution costs	(94.1)	(92.9)	(350.5)
Administrative expenses	(27.5)	(24.5)	(102.5)
Operating profit before special items	**116.2**	**58.4**	**250.2**
Special items	(4.7)	0.0	0.0
Operating profit	**111.5**	**58.4**	**250.2**
Financial income	3.1	2.1	10.5
Financial expenses	(34.6)	(8.6)	(45.4)
Profit before tax	**80.0**	**51.9**	**215.3**
Tax on profit for the period	(22.5)	(15.1)	(48.1)
PROFIT FOR THE PERIOD	**57.5**	**36.8**	**167.2**
Earnings per share, DKK	8.3	5.3	24.2
Diluted earnings per share, DKK	8.3	5.3	24.2

DKKm **Group**	**Q1 2020**	**Q1 2019**	**FY 2019**
Profit for the period	**57.5**	**36.8**	**167.2**
Items that cannot be reclassified to profit or loss:			
Actuarial gains/(losses) on defined benefit plans	0.0	0.0	(3.4)
Tax	0.0	0.0	0.9
Items that can be reclassified to profit or loss:			
Foreign exchange adjustment of foreign subsidiaries	(63.5)	5.4	(18.8)
Hyperinflation restatement of non-monetary balance sheet items, beginning of period	7.9	9.0	34.3
Value adjustment of hedging instruments:			
Recognised in other comprehensive income	(16.0)	(2.6)	(6.2)
Transferred to revenue	2.5	2.0	5.5
Transferred to production costs	1.1	0.2	0.5
Transferred to financial income and expenses	(0.2)	0.4	0.1
Tax	3.1	(0.1)	(0.2)
Other comprehensive income after tax	**(65.1)**	**14.3**	**12.7**
COMPREHENSIVE INCOME	**(7.6)**	**51.1**	**179.9**

Statement of cash flows

DKKm **Group**	**Q1 2020**	**Q1 2019**	**FY 2019**
Operating profit before special items	116.2	58.4	250.2
Depreciation and amortisation	35.0	32.8	141.0
Adjustment for other non-cash items	1.4	1.8	6.7
Change in working capital etc.	(42.2)	(18.5)	(47.6)
Special items paid	(4.7)	0.0	0.0
Cash generated from operations	**105.7**	**74.5**	**350.3**
Interest received	0.2	0.2	1.3
Interest paid	(4.2)	(3.9)	(22.4)
Net income tax paid	(13.7)	(14.8)	(33.1)
Cash flows from operating activities	**88.0**	**56.0**	**296.1**
Acquisition of intangible assets	(1.0)	(0.7)	(1.1)
Acquisition of property, plant and equipment	(57.0)	(37.8)	(195.9)
Disposal of property, plant and equipment	0.1	0.0	0.5
Cash flows from investing activities	**(57.9)**	**(38.5)**	**(196.5)**
Cash flows from operating and investing activities	**30.1**	**17.5**	**99.6**
Raising of non-current debt	0.0	0.0	652.1
Repayment of non-current debt	(16.0)	(1.9)	(678.6)
Dividend paid	0.0	0.0	(65.7)
Cash flows from financing activities	**(16.0)**	**(1.9)**	**(92.2)**
TOTAL CASH FLOWS	**14.1**	**15.6**	**7.4**
Cash and cash equivalents at 1 January	45.6	39.3	39.3
Foreign exchange adjustment	(0.9)	1.4	(1.1)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**58.8**	**56.3**	**45.6**

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

DKKm **Group**	**Q1 2020**	**Q1 2019**	**FY 2019**
Recognition of cash and cash equivalents at end of period:			
Cash	79.4	63.3	84.7
Overdraft facilities	(20.6)	(7.0)	(39.1)
Cash and cash equivalents at end of period	**58.8**	**56.3**	**45.6**

Balance sheet

Assets

DKKm **Group**	**31 March 2020**	**31 March 2019**	**31 Dec. 2019**
Goodwill	52.2	64.6	63.0
Other intangible assets	26.4	33.9	29.5
Intangible assets	**78.6**	**98.5**	**92.5**
Land and buildings	290.9	296.5	306.1
Plant and machinery	588.7	586.7	633.3
Other fixtures and fittings, tools and equipment	14.1	14.2	14.2
Plant under construction	127.1	93.0	93.1
Property, plant and equipment	**1,020.8**	**990.4**	**1,046.7**
Leased land and buildings	69.9	69.7	72.3
Other leased assets	3.4	6.4	3.7
Lease assets	**73.3**	**76.1**	**76.0**
Investments in associates	3.0	3.0	3.0
Deferred tax	41.6	47.2	40.6
Other non-current assets	**44.6**	**50.2**	**43.6**
Non-current assets	**1,217.3**	**1,215.2**	**1,258.8**
Inventories	218.7	206.2	211.1
Trade receivables	401.1	373.6	369.0
Income tax	6.5	9.1	4.4
Other receivables	98.5	85.5	97.3
Prepayments	32.4	21.6	16.8
Cash	79.4	63.3	84.7
Current assets	**836.6**	**759.3**	**783.3**
ASSETS	**2,053.9**	**1,974.5**	**2,042.1**

Equity and liabilities

DKKm **Group**	**31 March 2020**	**31 March 2019**	**31 Dec. 2019**
Share capital	140.3	140.3	140.3
Hedging reserve	(13.6)	(3.9)	(4.1)
Translation reserve	(219.0)	(164.5)	(163.4)
Retained earnings	963.9	778.5	906.4
Proposed dividend	0.0	65.7	0.0
Equity	**871.6**	**816.1**	**879.2**
Deferred tax	16.4	21.9	18.3
Pension obligations	31.2	31.0	32.2
Credit institutions	590.7	0.0	601.9
Lease liabilities	66.2	68.7	68.5
Government grants	2.2	3.5	2.7
Other payables	12.4	0.0	7.3
Non-current liabilities	**719.1**	**125.1**	**730.9**
Credit institutions	0.0	619.2	0.0
Lease liabilities	8.7	7.8	8.8
Government grants	0.9	1.1	1.0
Overdraft facilities	20.6	7.0	39.1
Prepayments from customers	24.7	21.0	35.5
Trade payables	200.0	189.7	163.2
Payables to associates	5.3	8.0	5.5
Income tax	27.9	15.3	18.9
Provisions	0.2	0.5	0.2
Other payables	174.9	163.7	159.8
Current liabilities	**463.2**	**1,033.3**	**432.0**
Liabilities	**1,182.3**	**1,158.4**	**1,162.9**
EQUITY AND LIABILITIES	**2,053.9**	**1,974.5**	**2,042.1**

Statement of changes in equity

Group	2020						2019					
DKKm	Share capital	Hedging reserve	Translation reserve*	Retained earnings	Proposed dividend	Total equity	Share capital	Hedging reserve	Translation reserve	Retained earnings	Proposed dividend	Total equity
Equity at 1 January	**140.3**	**(4.1)**	**(163.4)**	**906.4**	**0.0**	**879.2**	**140.3**	**(3.8)**	**(178.9)**	**741.7**	**65.7**	**765.0**
Profit for the period	-	-	-	57.5	-	57.5	-	-	-	36.8	-	36.8
Other comprehensive income												
Items that can be reclassified to profit or loss												
Foreign exchange adjustment of foreign subsidiaries	-	-	(63.5)	-	-	(63.5)	-	-	5.4	-	-	5.4
Hyperinflation restatement of non-monetary balance sheet items	-	-	7.9	-	-	7.9	-	-	9.0	-	-	9.0
Value adjustment of hedging instruments:												
Recognised in other comprehensive income	-	(16.0)	-	-	-	(16.0)	-	(2.6)	-	-	-	(2.6)
Transferred to revenue	-	2.5	-	-	-	2.5	-	2.0	-	-	-	2.0
Transferred to production costs	-	1.1	-	-	-	1.1	-	0.2	-	-	-	0.2
Transferred to financial income and expenses	-	(0.2)	-	-	-	(0.2)	-	0.4	-	-	-	0.4
Tax	-	3.1	-	-	-	3.1	-	(0.1)	-	-	-	(0.1)
Other comprehensive income	**0.0**	**(9.5)**	**(55.6)**	**0.0**	**0.0**	**(65.1)**	**0.0**	**(0.1)**	**14.4**	**0.0**	**0.0**	**14.3**
Total comprehensive income	**0.0**	**(9.5)**	**(55.6)**	**0.0**	**0.0**	**(7.6)**	**0.0**	**(0.1)**	**14.4**	**36.8**	**0.0**	**51.1**
Transactions with owners												
Dividend paid	-	-	-	-	0.0	0.0	-	-	-	-	0.0	0.0
Total changes in equity	**0.0**	**(9.5)**	**(55.6)**	**57.5**	**0.0**	**(7.6)**	**0.0**	**(0.1)**	**14.4**	**36.8**	**0.0**	**51.1**
Equity at 31 March	**140.3**	**(13.6)**	**(219.0)**	**963.9**	**0.0**	**871.6**	**140.3**	**(3.9)**	**(164.5)**	**778.5**	**65.7**	**816.1**

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

Notes

01 Accounting policies

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

The accounting policies applied in the interim financial statements are consistent with the accounting policies applied in the consolidated financial statements for 2019. The accounting policies are described in note 1 to the financial statements in the annual report for 2019, to which reference is made.

New financial reporting standards and interpretations in 2020
Hartmann has implemented all new and revised financial reporting standards and interpretations adopted by the EU that are effective for financial years beginning on 1 January 2020.

Implementation of the changes has not entailed changes to the accounting policies.

02 Significant accounting estimates and judgments

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

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

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

Reference is made to note 3 to the financial statements in the annual report for 2019 for a full description of significant accounting estimates, assumptions and uncertainties.

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

In autumn 2019, the Brazilian tax authorities raised a claim of BRL 56 million, corresponding to DKK 93 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. Based on judicial practice and statements from its legal and financial advisers, Hartmann is of the opinion that the company's products are not liable to IPI tax and accordingly considers the claim to be unjustified. Hartmann therefore disputes the claim. Hartmann does not expect the claim to materially affect the company's financial position, results of operations or cash flows. There has been no development in the case in Q1 2020.

Notes

03 Segment information

Activities	Q1 2020			Q1 2019		
	Europe	Americas	Total reporting segments	Europe	Americas	Total reporting segments
External revenue						
Moulded-fibre packaging	382.0	265.0	647.0	344.5	250.4	594.9
Machinery and technology	16.4	-	16.4	4.0	-	4.0
Revenue	**398.4**	**265.0**	**663.4**	**348.5**	**250.4**	**598.9**
Hyperinflation restatement of revenue	-	(0.6)	(0.6)	-	(2.6)	(2.6)
Revenue as per statement of comprehensive income	**398.4**	**264.4**	**662.8**	**348.5**	**247.8**	**596.3**
Operating profit before special items	75.4	50.7	126.1	34.0	33.9	67.9
Other segment information						
Depreciation and amortisation	17.5	14.8		15.5	14.7	
Investments in intangible assets and property plant and equipment	37.6	22.7		25.9	13.6	
Net working capital	360.0	80.9		208.4	95.3	
Invested capital	892.1	657.9		681.6	728.8	
Segment assets	1,211.6	807.8	2,019.4	1,006.3	881.1	1,887.4

Reconciliation	Q1 2020	Q1 2019
Performance targets		
Operating profit before special items for reporting segments	126.1	67.9
Hyperinflation restatement of operating profit before special items	(3.2)	(2.8)
Non-allocated corporate functions	(7.2)	(7.2)
Eliminations	0.5	0.5
Operating profit before special items as per statement of comprehensive income	**116.2**	**58.4**
Special items	(4.7)	0.0
Operating profit as per statement of comprehensive income	**111.5**	**58.4**
Financial income	3.1	2.1
Financial expenses	(34.6)	(8.6)
Profit before tax as per statement of comprehensive income	**80.0**	**51.9**
Assets		
Assets for reporting segments	2,019.4	1,887.4
Hyperinflation restatement of non-monetary balance sheet items	48.5	36.3
Non-allocated assets	193.2	132.1
Eliminations	(207.2)	(81.3)
Assets as per balance sheet	**2,053.9**	**1,974.5**

Notes

03 Segment information – continued

Accounting policies

The reporting of business segments is in accordance with the internal reporting to the executive board and the board of directors. The executive board and the board of directors constitute Hartmann's chief operating decision maker.

Hartmann's activities are segmented on the basis of the geographical location of the reporting units.

No operating segments have been aggregated to represent the reporting segments.

With the exception that the restatements made in pursuance of IAS 29 are not included in the management reporting, the internal management reporting is consistent with the group's accounting policies. The effects of restating for hyperinflation are shown as separate reconciling items in this note.

Business decisions on resource allocation and performance evaluation for each of the segments are made on the basis of the operating profits of the individual segments before special items. Decisions relating to financing and taxation are made on the basis of information regarding Hartmann as a whole and are not allocated to the reporting segments. Intra-segmental transactions are priced on an arm's length basis.

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

The reporting segments are:

- **Europe** – comprising production and sales of moulded-fibre packaging. The products are manufactured at factories in Europe (including Israel) and are primarily sold to egg producers, egg packing businesses, retail chains and buyers of industrial packaging. The segment also comprises sales of machinery and technology to manufacturers of moulded-fibre packaging in selected markets.

- **Americas** – comprising production and sales of moulded-fibre packaging. The products are primarily manufactured at the North and South American factories and sold to egg and fruit producers, egg and fruit packing businesses and retail chains.

04 Financial income and expenses

	Q1 2020	Q1 2019
Other interest income	0.2	0.2
Interest income from financial assets not measured at fair value through profit or loss	**0.2**	**0.2**
Foreign exchange gains	2.5	1.6
Gain on net monetary position on hyperinflation restatement	0.0	0.1
Derivative financial instruments	0.4	0.2
Financial income	**3.1**	**2.1**
Interest expenses, credit institutions	2.6	2.2
Interest expenses, lease liabilities	0.6	0.7
Other expenses	1.0	1.0
Interest expenses from financial liabilities not measured at fair value through profit or loss	**4.2**	**3.9**
Foreign exchange losses	29.1	4.1
Loss on net monetary position on hyperinflation restatement	1.1	0.0
Derivative financial instruments	0.2	0.6
Financial expenses	**34.6**	**8.6**
Financial income and (expenses)	**(31.5)**	**(6.5)**

Accounting policies

Financial income and expenses

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

Notes

05 Financial instrument categories

Financial instrument categories

DKKm	31 March 2020 Carrying amount	31 March 2020 Fair value	31 March 2019 Carrying amount	31 March 2019 Fair value	31 December 2019 Carrying amount	31 December 2019 Fair value
Derivative financial instruments to hedge future cash flows	1.7	1.7	0.7	0.7	2.0	2.0
Financial assets used as hedging instruments	**1.7**	**1.7**	**0.7**	**0.7**	**2.0**	**2.0**
Trade receivables	401.1	401.1	373.6	373.6	369.0	369.0
Other receivables	103.3	103.3	94.0	94.0	99.7	99.7
Cash	79.4	79.4	63.3	63.3	84.7	84.7
Loans and receivables	**583.8**	**583.8**	**530.9**	**530.9**	**553.4**	**553.4**
Derivative financial instruments to hedge future cash flows	19.4	19.4	5.8	5.8	7.2	7.2
Financial liabilities used as hedging instruments	**19.4**	**19.4**	**5.8**	**5.8**	**7.2**	**7.2**
Credit institutions	611.3	612.5	626.2	626.4	641.0	642.2
Lease liabilities	74.9	82.4	76.6	89.0	77.3	85.2
Other liabilities	388.6	388.6	370.8	370.8	347.6	347.6
Financial liabilities measured at amortised cost	**1,074.8**	**1,083.5**	**1,073.6**	**1,086.2**	**1,065.9**	**1,075.0**

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

06 Events after the balance sheet date

On 30 April, Hartmann upgraded its 2020 profit margin guidance from 10-12% to 12-15% before restatement for hyperinflation and special items.

On 1 May, Hartmann announced that Danny Fleischer had replaced Andy Hansen as employee representative on the Board of Directors.

On 7 May, the Danish Utility Regulator approved the agreement concluded by Hartmann and Tønder Fjernvarmeselskab in November 2019 settling their dispute going back to 2008 concerning the principles for pricing district heating supplied by Hartmann's combined heat and power plant. The settlement is still expected to have a positive cash flow effect, but will not affect the group's 2020 profit.

Hartmann at a glance

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

Sustainability
Sustainability and protection of the environment are integral components of Hartmann's business model and strategy. All Hartmann's products are based on recycled paper, which is a renewable and biodegradable resource. Working closely with our customers to accommodate demand for sustainable products in the retail industry, Hartmann was the first manufacturer to offer both FSC-certified and CO_2-neutral retail packaging.

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

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

Production
Hartmann's production platform consists of 12 factories in Europe, Israel and North and South America. Our deep technology know-how and extensive experience in manufacturing moulded-fibre packaging empower us to develop and maintain our production platform. Each year, the group's 2,000 employees manufacture billions of moulded-fibre packaging units and machinery and technology for the manufacturing of packaging.

The Hartmann share
Hartmann's shares have been listed on Nasdaq Copenhagen since 1982. We have one class of shares, and each share carries one vote. Financial reports and company announcements may be obtained by subscribing to Hartmann's news service at investor.hartmann-packaging.com.

Financial calendar 2020

19 August 2020	Interim report Q2 2020
18 November 2020	Interim report Q3 2020

This interim report was released in Danish and English through Nasdaq Copenhagen as company announcement no. 12/2020. In case of discrepancies between the two versions, or in case of doubt, the Danish version prevails.

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