



ANNUAL REPORT

2019/2020

“ 2019/2020 has been an exceptionally turbulent year for Harboes Bryggeri A/S, marked by great challenges and with unsatisfactory results. Over the past months, we have organised and executed a wide range of initiatives across the group, the aims of which are to achieve cost savings, enhance efficiency and improve performance in 2020/2021. We have received great support from our employees – and are pleased to see that we have maintained and developed the good partnership with our customers.

This is the foundation for us to deliver the desired results – and we are positive when it comes to the impact of our joint efforts over the coming years.

Søren Malling
CEO

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MASSIVE CHALLENGES PUT A SQUEEZE ON EARNINGS

RESTRUCTURING AND EFFICIENCY ENHANCEMENTS PROVIDE THE BASIS FOR A POSITIVE OUTLOOK FOR 2020/2021

VWe are looking back at a very turbulent year for Harboe, marked by great business and management challenges and with unsatisfactory results. There are several explanations for this – but let us start by establishing that we on the Board of Directors take our responsibility very seriously, and we have addressed the challenges we face as quickly and efficiently as has been possible.

Among the key challenges affecting the company as a whole and the financial performance are the management changes implemented during the year. In the course of autumn 2019, disagreement arose among members of management on how to implement our strategy. This caused concern and uncertainty – both internally and in relation to our customers – and we had to respond. Consequently, in December,

the Board of Directors decided to appoint a new Board of Executives to maintain momentum in our strategic initiatives – and in February 2020, the Board of Executives was strengthened further by the appointment of a new CFO.

We want to emphasise that our strategy remains unchanged. Our focus is still on creating growth and delivering substantially improved earnings. Northern European markets are our core business, based on good customer relations – relations we want to maintain and develop. Our core business accounts for a substantial proportion of our revenue and earnings and contributes to value-creating product development and efficient capacity utilisation. Our position in these markets is strong and one we wish to maintain – but given the maturity of these markets and developments in demand, the growth potential is moderate.

So, we are looking especially at the growth potential of international markets outside Northern Europe. We offer a wide range of attractive products and brands that have won recognition in a number of international markets in which demand for imported brands at competitive prices is growing. But cultivating new markets and brands is very resource-intensive, and, regrettably, earnings in this part of our business have failed to meet expectations.

We need our approach to these markets to be based even more on qualification of market potential, anchoring of customer relations and value-chain efficiency. To this end, we have restructured our sales and marketing organisation, intensifying our focus on developing our key accounts – and linking marketing activities directly to sales of prioritised products and brands in partnership with our customers and

distributors. This will also reduce our total marketing costs, and in the final months of the financial year, we have seen positive results from this approach.

Our Ingredients activities also represent an interesting growth potential. After several years of investment and development activities in close partnership with customers, we are now seeing the results with sales of a number of new ingredients to several of our major food industry customers. This helps to drive revenue growth of 12% in the Ingredients business. We expect this development to generate more business in the next financial year and deliver additional growth and a significant earnings boost.

Our underlying business is solid, with an attractive potential – but we also have to acknowledge that our sensitivity has been too great when we have encountered bumps on the road and

markets have performed unexpectedly. To address this issue, we have launched a series of organisational restructuring and efficiency enhancement initiatives across the group to reduce costs and create a more robust foundation for developments over the coming years. Management and organisational changes, restructuring, efficiency enhancement costs and impairment losses alone detract DKK 30 million from the net profit/(loss) for the year.

Market challenges, especially in international markets, for instance in relation to COVID-19, further detract from results. But other underlying operations have delivered reasonable results. Throughout the year, our full focus has been on maintaining a positive cash flow, and the group is still well-consolidated and able to support continued investment and business development. This year, we have once again devoted significant efforts to boosting and integrating our corporate social responsibility initiatives in the business in order to further underpin our focus on value creation in all parts of the company.

This means that we are entering 2020/2021 in the expectation that the initiatives we have implemented and are

working with in the organisation and the business will provide the foundation for higher activity levels and substantially improved results in the coming year.

We on the Board of Directors will support and facilitate the massive work undertaken by the Board of Executives and the rest of the organisation. The Board of Directors is to act as an important sparring partner to the Board of Executives, and we want to bring new, strong competencies to the Board of Directors to enable us to realise our strategy and deliver the positive results deserved by our employees, customers and, not least, our shareholders.

Bernhard Giese
Chairman of the Board of Directors



COMPREHENSIVE EFFORTS TO PAVE THE WAY FOR NEW GROWTH AND IMPROVED EARNINGS

VWe on the new Board of Executives have been working intensely over the past few months to organise and execute the initiatives necessary to bring the company back on an even keel. We have been focusing on many aspects of procurement and production to identify process and efficiency optimisation opportunities. We have analysed efficiency, quality and value in our approach to individual markets to qualify further potential – but also to identify activities where earnings are not commensurate with the resources invested in the short or longer term.

These efforts have crystallised into the launch of a number of adjustments and restructuring initiatives across the group. We have adjusted our development activities and now focus on the projects closest to commercialisation

and not requiring large new investments. We have restructured our international sales and marketing organisation and tailored our marketing activities accordingly.

We have centralised our international customer services and are updating commercial terms and conditions to further strengthen the framework for partnership with customers.

We are also reviewing and optimising our product portfolio to focus efforts on the products and brands offering the greatest potential in terms of volume, earnings and production efficiency.

We are in full swing streamlining processes and procedures in production and inventory management to further reduce manual processes and optimise resource and task planning. In that context, engaging managers and

employees has been a priority through allocation of responsibility and establishment of autonomous groups, delivering in individual focus areas. This has been well received and helps to increase motivation in everyday work.

Alongside the many initiatives, we have been working intensely to expand and streamline our financial management and reporting across the group to enable regular monitoring of the results of our efforts – while at the same time increasing the transparency of value creation throughout the value chain.

As part of the adjustments made, we have chosen to let some employees go. But we have also welcomed new employees and have added resources to activities that will help to give new momentum to our international activities. In our internal communications, we have endeavoured to promote

understanding for the initiatives implemented – also in light of the fact that this has been a turbulent year for everyone in our organisation.

In that context, we are very pleased with the great and positive support from the entire organisation. This has been a precondition for our achievements so far – and will be key in ensuring a successful outcome of the continuing initiatives in the coming years.

We can already see how the efforts are bringing new and positive momentum to our business, and we expect the results to be evident already in the next financial year.

We are looking forward to delivering on these expectations in continued good and value-creating partnership with customers and business partners.



We focus on all aspects of the value chain to improve efficiency and strengthen earnings over the coming years

From left to right: Michael Møller Jensen CFO, Søren Malling CEO, Martin Schade COO

FINANCIAL PERFORMANCE

HIGHLIGHTS OF THE YEAR

Revenue growth – but results are impacted by business challenges, management changes and organisational adjustments

Total revenue grew by 3%, driven by positive growth in both business units. Earnings were adversely affected by market challenges in a number of international markets, and the COVID-19 outbreak in the final months of the financial year and loss from the Estonian activities also detracted from results.

In addition, organisational changes, restructuring, efficiency enhancement costs and impairment losses detract DKK 30 million from the net profit/(loss) for the year. Cash flows from operating activities were positive and better than last year, driven by continued working capital optimisation initiatives. The efficiency and cost savings programme launched, along with strategic initiatives, show positive results in the final months of the financial year.

OUTLOOK 2019/2020

	Forventninger til 2019/2020	Outlook performance October 2019	Outlook performance April 2020	Updated Realised 2019/2020
EBITDA	DKK 105-115 million	DKK 70-80 million	DKK 64-68 million	DKK 69.9 million
Profit/(loss) before tax	DKK 5-15 million	Loss of DKK 20-30 million	Loss of DKK 40-44 million	Loss of DKK 41.7 million

Interest-bearing debt

167%

Cash flows from operating activities

152%

Solvency ratio

55%

FINANCIAL PERFORMANCE

FOLLOW-UP ON OUTLOOK

EBITDA for 2019/2020 slightly beat the most recently announced outlook, while profit/(loss) before tax was in line with the most recently announced outlook.

Results are unsatisfactory, and during the year Harboe has launched a range of strategic initiatives to achieve further streamlining and cost savings. The implementation of the strategy focuses on generating revenue growth and substantially improved earnings in the coming financial year.

IN LINE WITH EXPECTATIONS

- Continued intense competition and price pressures.
- Positive revenue growth in European markets, primarily driven by growth in Germany and Russia.
- Revenue growth in Ingredients driven by higher activity levels and successful launch of a number of new ingredients products to major food industry customers.

NOT IN LINE WITH EXPECTATIONS

- Lower revenue in other international markets outside Europe, mainly as a result of distribution challenges in South America and challenging market conditions in a number of markets.
- Negative impact of the COVID-19 outbreak, resulting in lockdown of cross-border trade and negative revenue impacts in a number of international markets in the final quarter of the financial year.
- Extraordinary expenses related to management change and organisational restructuring.
- Development cost impairment related to postponement of an Ingredients development project.
- Increased impairment of inventories and trade receivables due to adjustments in strategy implementation.
- Loss from and further restructuring of the group's Estonian activities.

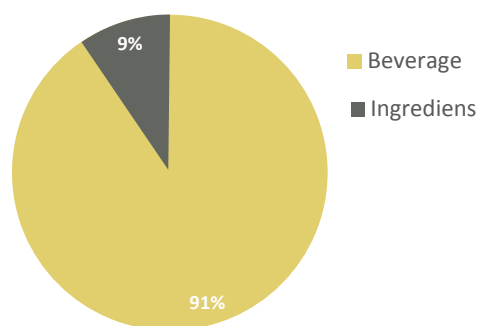
OUTLOOK FOR 2020/2021

- EBITDA in the range of DKK 105-120 million.
- Profit before tax in the range of DKK 0-15 million.

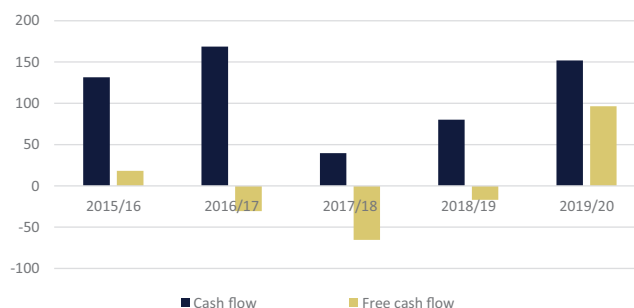
ASSUMPTIONS

- Continued intense competition and price pressures.
- Considerable uncertainty about the impact and duration of COVID-19, adversely affecting activities in the early months of the financial year. The duration in the export market, in particular, is subject to considerable uncertainty and risk.
- Positive impact of efficiency initiatives and cost savings.
- Positive developments in both business units with growing activity and improved earnings.
- The Estonian activities will, as a minimum, break even.

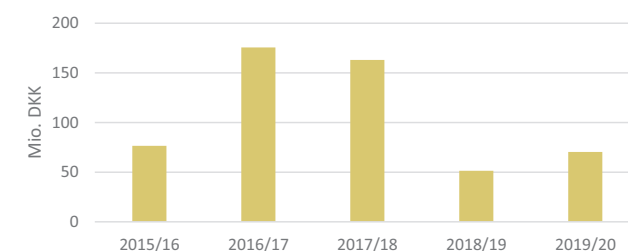
REVENUE 2019/2020



CASH FLOWS



INVESTMENTS



FINANCIAL HIGHLIGHTS

DKKm	2019/2020	2018/2019	2017/2018	2016/2017	2015/2016
FINANCIAL HIGHLIGHTS					
EARNINGS					
Revenue	1,414	1,370	1,338	1,431	1,377
EBITDA	70	106	105	141	152
Operating profit/(loss) (EBIT)	(36)	(5)	10	50	61
Net financials	(6)	(5)	(6)	(5)	(10)
Profit/(loss) before tax	(42)	(10)	5	45	51
Net profit/(loss) for the year	(33)	(13)	0	32	35
BALANCE SHEET					
Total assets	1,220	1,284	1,304	1,357	1,299
Equity	674	708	751	759	737
Net interest-bearing debt	120	212	185	136	121
INVESTMENTS ETC.					
Investments in intangible assets	5	4	2	1	1
Investments in property, plant and equipment	65	48	161	109	76
Depreciation, amortisation, impairment losses and write-downs	106	111	95	91	91
CASH FLOWS					
Cash flows from operating activities	152	80	40	169	131
Cash flows from investing activities	(60)	(40)	(80)	(174)	(94)
Cash flows from financing activities	5	(57)	(25)	(25)	(20)
Changes in cash and cash equivalents	97	(17)	(65)	(31)	18
EMPLOYEES					
Average number of full-time employees	603	594	581	595	588

REVENUE

DKK 1,414 million

EBITDA

DKK 70 million

CASH FLOWS FROM OPERATING ACTIVITIES

DKK 152 million

INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT

DKK 65 million

FINANCIAL HIGHLIGHTS, CONTINUED

DKKm	2019/2020	2018/2019	2017/2018	2016/2017	2015/2016
RATIOS in %					
Profit margin	(2.6)	(0.4)	0.8	3.5	4.4
Solvency ratio	55.2	55.1	57.6	55.9	56.7
EBITDA margin	4.9	7.7	7.9	9.8	11.1
Financial gearing	17.9	29.9	24.7	17.9	16.4
Acid test ratio	141.1	128.3	134.0	137.9	175.5
Return on invested capital (ROIC)	(3.2)	(0.7)	0.1	3.7	4.6
SHARE-RELATED RATIOS					
Earnings per DKK 10 share, DKK (EPS)	(7.5)	(2.9)	0.1	6.9	7.6
Cash flow per DKK 10 share, DKK (CFPS)	35.1	17.8	8.7	37.0	28.8
Equity value per DKK 10 share, DKK	159.5	167.6	164.4	166.2	161.4
Share price, end of year, DKK	51.0	86.6	84.6	132.5	114.0
Price/earnings ratio, DKK	(6.8)	(30.2)	1650.8	19.2	15.0
Dividend per DKK 10 share, DKK	0.0	0.0	1.0	2.0	2.0

DEFINITIONS OF FINANCIAL HIGHLIGHTS

The financial highlights have been defined and calculated in accordance with the current version of 'Recommendations and Ratios' issued by the Danish Finance Society (Finansforeningen), the specific definitions being:

Investments:	The year's additions of intangible assets and property, plant and equipment, excl. property, plant and equipment under construction and spare parts
Gross margin:	Gross profit/(loss) in per cent of revenue
Profit margin:	Operating profit/(loss) (EBIT) in per cent of revenue
EBITDA margin:	Earnings before interest, tax, depreciation and amortisation in per cent of revenue
Return on net assets:	Operating profit/(loss) (EBIT) in per cent of average operating assets
Operating assets:	Balance sheet total at the end of the year less financial assets and cash
Return on invested capital:	Operating profit/(loss) (EBIT) less tax thereon in per cent of average invested capital (equity + minority interests + net interest-bearing debt + provisions - financial assets)
Net interest-bearing debt:	Interest-bearing liabilities less interest-bearing assets, including cash and cash equivalents
Net interest-bearing debt:	Mortgage debt and debt to credit institutions less cash and cash equivalents
Return on equity:	Net profit/(loss) for the year in per cent of average equity
Solvency ratio:	Equity at the end of the year in per cent of the balance sheet total at the end of the year
Financial gearing:	Net interest-bearing debt at the end of the year in per cent of equity at the end of the year
Earnings per share (EPS):	Net profit/(loss) for the year in relation to the average number of shares
Cash flow per share:	Cash flows from operating activities in relation to the average number of shares
Price/earnings ratio:	Share price at the end of the year in relation to earnings per share
Current ratio:	Current assets in per cent of current liabilities

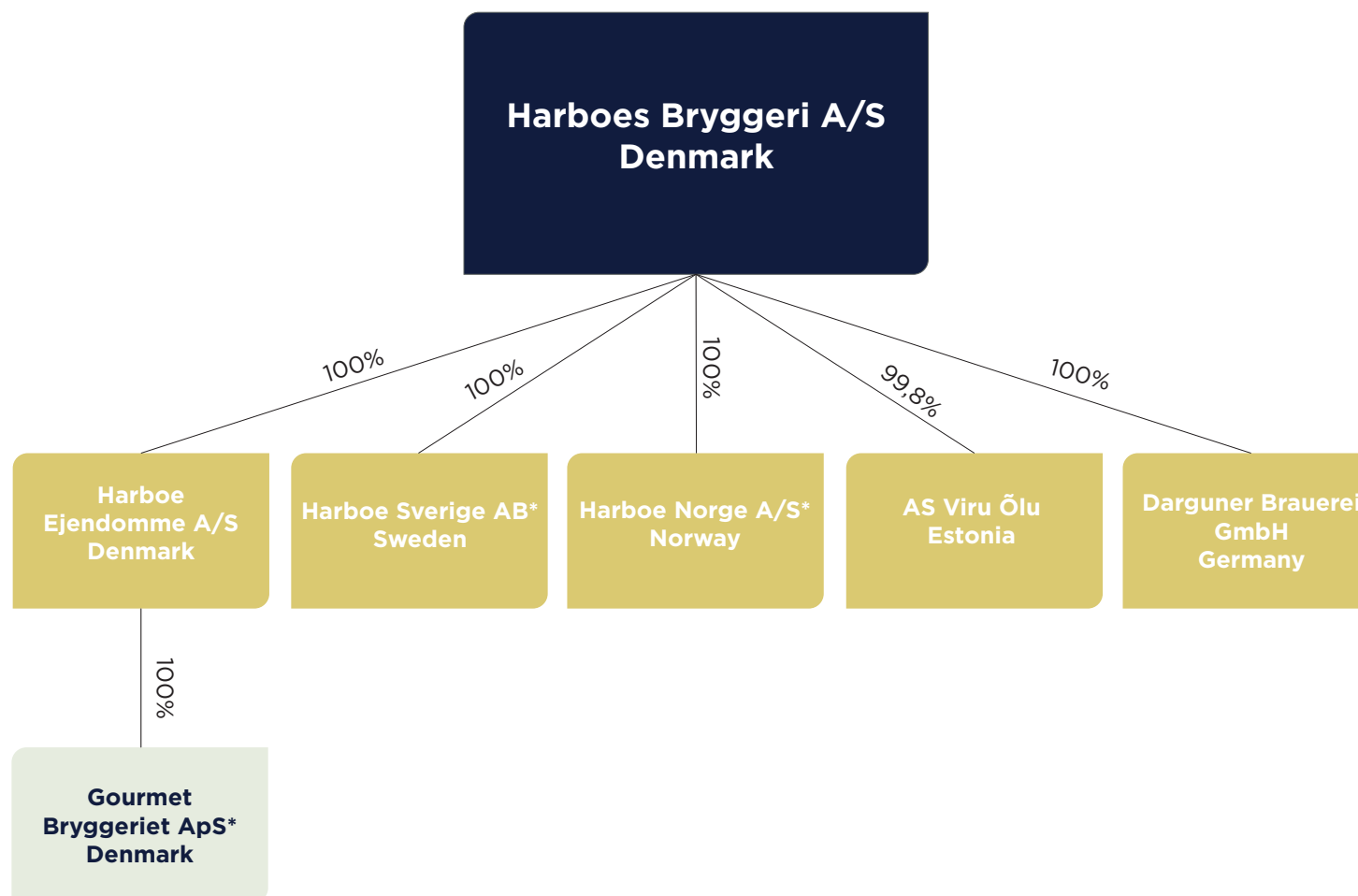
GROUP CHART

CORE BUSINESS

Harboes Bryggeri A/S is listed on the stock exchange and is the parent of the Harboe group.

The group's core business is brewery activities, comprising the production and sale of beer, soft drinks, malt beverages and malt wort products (Ingredients).

* Without activity



HARBOE'S PATH TO VALUE CREATION



Harboe develops, produces and markets beverages and malt-based food ingredients. Our products create positive experiences for consumers, and our brands communicate our history, traditions and Nordic roots. We are innovative, and contribute to the continual development of food and beverage products that meet customer requirements for quality, freshness and sustainability.

Harboes Bryggeri A/S is listed on Nasdaq Copenhagen, and the Harboe family have been co-owners and led the company since 1883. The sixth

generation of the family is currently responsible for operational management and has a controlling interest among the company's shareholders. Our company is based on strong values, which serve as the foundation for everything we do. We are passionate about our work, and always strive to create the best results – with respect for each other and for our surroundings. We see profits as a means towards new objectives, and not as an end in themselves. We take a long-term view, and will continue to make a difference for our customers, employees, shareholders and society around us.

“ VISION

We care and we are passionate about creating the best products for our customers. With agility, innovation and accountability, we create sustainable values

HARBOE'S PRODUCTS AND BRANDS



BEER AND CRAFT BEERS

Harboe boasts a strong portfolio of products that are marketed internationally, both under the group's own brands and as private-label products.

Marketing is conducted in close partnership with Harboe's retail customers and distributors to build product knowledge, recognition and value through targeted sales promotional activities.

Harboe is seeing stable growth in demand for beer and craft beers, mainly driven by an ever-growing interest in speciality beer and beer with varying alcohol content.



In many of the group's markets, Harboe's beer is marketed under the group's own brands and as private-label products.



ENERGY DRINKS

X-Ray is Harboe's own energy drink brand. This category continues to grow, and X-Ray is marketed mainly in Europe and a number of African markets.



HARBOE'S PRODUCTS AND BRANDS

NON-ALCOHOLIC PRODUCTS

Non-alcoholic beverages, including soft drinks, continue to be a growing category, and especially products with lower sugar content, organic beverages and other speciality products are performing well.



MALT-BASED INGREDIENTS

Harboe is a leading European producer of malt extract, and the portfolio has been continuously expanded to include a number of product variants, developed and targeted at an ever-growing demand for sustainable, high-quality ingredients.



STRATEGY

Harboe's overall strategy is to generate growth and strengthen earnings in close partnership with customers, based on consumer demand and needs.

The focus of the strategy is to develop the group's two business units within Beverages and Ingredients, respectively, and the strategy is based on five strategic resources and focus areas:

CUSTOMERS AND MARKETS

Consolidate the position in Northern European core markets

Focus efforts in prioritised international markets with a strategically selected product range

Expand activities in malt-based food ingredients in Europe

Focus on development and maintenance of close and value-creating customer relations

STRATEGIC PRIORITIES

Growth and higher earnings in Northern European core markets

Targeting and streamlining of efforts in selected international markets

Growth and expansion of customer relations, focusing on existing malt-based ingredients

TALENT

Be an attractive workplace with a dynamic and motivating working environment

Retain and develop talented and experienced employees

Attract new talent to bring in knowledge and fresh ideas

Focus on responsibility, performance, partnership and high job satisfaction

STRATEGIC PRIORITIES

Constantly high employee satisfaction

Low absence due to illness and action to address the cause of negative trends

Organisational diversity and diversity at management levels

INNOVATION AND DEVELOPMENT

Targeted investments in products, product range development, packaging and manufacturing processes, based on demand and consumer trends

Development and market testing in close partnership with customers in Northern European core markets

Focus on value creation, efficient resource utilisation and sustainability

STRATEGIC PRIORITIES

Expand partnership with customers on the development and adjustment of products, concepts and packaging

Active incorporation of trends such as ecology into the product range

Regular product deletion to maintain a contemporary portfolio

EFFICIENCY AND SUSTAINABILITY

Ongoing optimisation throughout the value chain from the supply chain and production processes to logistics, control and quality systems

Prioritised investments in production technology and efficient resource utilisation to support sustainable production

Positive presence and engagement in local communities

Focus on efficiency, security and corporate social responsibility

STRATEGIC PRIORITIES

Increased digitalisation and value chain optimisation

Reduction of energy consumption, carbon and other emissions and consumption reduction investments

Supply chain sustainability targets

See also the CSR report on page 46

FINANCIAL INDEPENDENCE

Solid capital structure and financial flexibility to ensure ongoing strategic investments, change preparedness and shareholder value creation

Focus on cash flows and return on invested capital

Minimisation of commercial, operational and financial risks

STRATEGIC PRIORITIES

Revenue growth and long-term EBITDA margin of 10%

Stable high conversion from EBITDA to cash flows from operating activities and free cash flow

ROIC target: 6%

STRATEGY

CUSTOMERS AND MARKETS

Harboe produces and markets beverages in the categories of beer, soft drinks, energy drinks and non-alcoholic malt drinks. The group's key markets are mature Northern European markets, and its customers are primarily major retail players.



Harboe's activities in its core markets are rooted in well-established and often long-standing customer relations. Product mix, product launches, sales concepts, packaging etc. are planned in close partnership with customers, based on the ongoing development in demand and consumer trends. Harboe's strategy is to generate growth and mutual value creation through continued development and strengthening of customer relations and by acting as a strong, long-term business partner, offering high quality, flexibility, reliable deliveries and an attractive and contemporary product range.

In international markets in recent years, Harboe has marketed its products in a broad range of growth markets and market segments in Europe, the Middle East, Asia, Africa and the Americas. Over the coming years, the group will concentrate and prioritise its efforts based on the customer relations and

markets offering the greatest potential for building critical mass – also in terms of production efficiency and logistics. The close partnership with customers and distributors who are familiar with local markets and demand patterns is key in creating actual niche positions for Harboe's imported products in competition with both local and other international competitors. Relations with major and long-term customers also help to reduce the risk exposure. So, just like in the Northern European markets, Harboe will focus on maintaining and developing value-creating customer relations and will prioritise the product range offered and the market approach based on these relations.

TARGETED PRODUCTS WITHIN MALT-BASED INGREDIENTS

Harboe's activities within malt-based ingredients focus on selected segments in the food industry, in particular bakeries and confectionary businesses. The main product is Harboe's own malt extract, which contributes flavour, colour, texture and crispness to bread. Harboe's malt extract is marketed with a variety of targeted applications and is sold to the European food industry, including the largest bakeries in Europe.

Harboe's ingredients activities are based on a close partnership with customers on

the continued processing and development of malt-based ingredients. Harboe holds a strong competitive position in this field. Continued growth in European food production and growing demand for more natural and clean products provide an attractive potential. Consequently, Harboe's strategy is to maintain and further develop its market position through the development of targeted solutions in close partnership with customers.

TALENT

Being able to attract and retain the knowledge and competencies to execute Harboe's strategy in ever-changing markets is key to the group's success. Being an attractive and dynamic workplace is Harboe's aspiration, rooted in the vision and values created through six generations in a family-owned and managed company. The group wishes to generate a high level of motivation among its employees, focus on results, strong partnership and high job satisfaction. Internal communications and systematic sharing of experience are prioritised focus areas. At the same time, Harboe focuses on maintaining and developing efficient management and quality assurance systems to ensure ongoing follow-up and reporting, efficient risk management and compliance with the



requirements and expectations of customers, suppliers, employees, regulators and other key stakeholders.

INNOVATION AND DEVELOPMENT

Continued innovation and development of products, packaging and production methods will be key factors in continued growth and value creation. So, it is a significant strategic priority for Harboe, through a close partnership with its customers, to be able to offer a product range that is aligned with developments in demand, market trends and consumer preferences. Harboe does not aspire to be a front-runner in innovation, but the group wishes to be able to comply, quickly and efficiently, with developments in demand through competitive products.



Harboe is in ongoing dialogue with its customers and distributors on market developments to identify future development opportunities and product range and product mix adjustments. This partnership provides an efficient starting point, especially in Northern European markets, for the launch of new products and concepts that can be tested in selected markets. The experience gained in this regard can form the basis of product launches in other markets outside Northern Europe.

STRATEGY

EFFICIENCY AND SUSTAINABILITY

Harboe systematically seeks to identify opportunities for efficiency improvements across the company and in all parts of the value chain. This also provides an opportunity for reducing the group's carbon footprint, and environmental and resource use considerations form part of all investment decisions made. Based on ever-increasing production complexity and growing requirements for sustainable operations, Harboe regularly assesses opportunities for investment in new technologies, production equipment, IT solutions and other initiatives that may help optimise the value chain from supply chain and production to logistics, financial reporting and the group's control and quality systems. So, over the coming years, Harboe will retain its focus on value-creating investments to ensure ever more efficient, flexible and sustainable operations.



In 2020, Harboe signed up to the UN Global Compact, and when conducting its activities Harboe keeps the UN Sustainable Development Goals (SDGs) in mind. As part of its corporate social

responsibility efforts, Harboe also prioritises being an active part of the local communities in which the group operates. To this end, the group supports sports, cultural and charitable activities that may help create an attractive community for living and doing business. In future, Harboe will continue to provide knowledge and resources to promote local community development.

FINANCIAL INDEPENDENCE

The group's growth is expected to be moderate over the coming years. Developments will be based on growing revenue in Northern European markets and within malt-based ingredients. Revenue in international markets is expected to drop slightly as part of increased targeting of activities – but on the other hand, the risk exposure will be lower and overall earnings will improve. The aim is to be able to raise long-term EBITDA margins to a stable level of more than 10%. As earnings are optimised, the aim is to raise the return on invested capital to above 6%. Harboe is continuously focusing on optimising its cash flow and ensuring an effective



balance between working capital and liquidity that provides the necessary flexibility in operations and financial independence.

The group's objectives as regards its capital structure have been determined based on a desire to maintain a high level of financial resources and flexible liquidity at all times to enable investments in continued organic growth.

Harboe wants to ensure long-term value creation for its shareholders by gradually strengthening the company's market value in step with the development of the group's activities. With regard to Harboe's dividend policy, the aim is for this to be supplemented by regular distribution of dividends and possibly further share buy-backs, taking into account the group's liquidity and financial targets.



FUTURE TRENDS

When it comes to what we eat and drink, requirements are constantly evolving, and expectations of how we as a company use our resources and impact our surroundings are high. Health, sustainability and responsibility are increasingly part of consumers' purchase decisions in line with quality and freshness. We work closely with our customers to meet their expectations in this regard. For instance, we organise workshops to discuss future needs and new opportunities for creating even better products and solutions.

FINANCIAL REPORT

The group's business growth

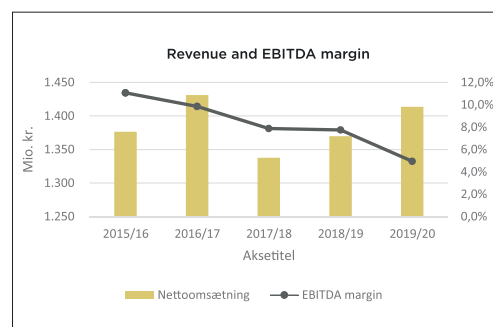
Consolidated revenue totalled DKK 1,414 million in the 2019/2020 financial year against DKK 1,370 million the year before, representing a 3% increase.

	Sales (thl/tonnes)		Revenue (DKKm)	
Beverages	4,692	-2%	1,283	2%
Ingredients	15,403	9%	131	12%
Total			1,414	3%

Broken down by segments, revenue from beer and soft drinks, including malt beverages, increased by 2% – despite a 2% decline in volume in the Beverages segment. The primary drivers of revenue growth were positive developments in the German core market and in Russia. Moreover, European markets have generally shown a positive trend despite the lockdown of cross-border trade in the wake of the COVID-19 outbreak. Revenue in other international markets outside Europe declined, mainly as a result of distribution challenges in South America, challenging market conditions in a number of markets and the fallout from COVID-19 in the final months of the financial year.

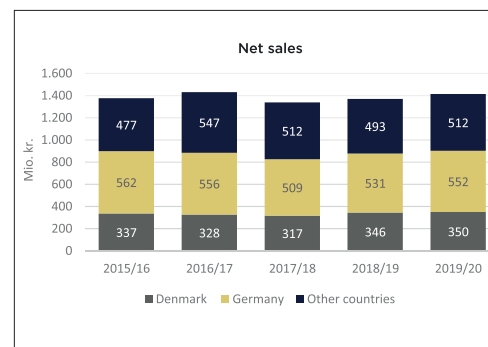
In the Ingredients segment, sales of malt wort products rose by 9%, while revenue jumped by 12%, driven by higher activity levels and a successful launch of a range of new ingredients products for major food industry customers.

Read more about developments in the various business units in the relevant sections of this report.



EARNINGS

Earnings before depreciation, amortisation, net financials and tax (EBITDA) amount to DKK 69.9 million against DKK 106.1 million in 2018/2019. This is slightly higher than the most recently announced outlook for EBITDA in the range of DKK 64-68 million, communicated in company announcement no. 14 on 27 April. The EBITDA margin stood at 4.9%.



Declining revenue in South America and challenging market conditions in a number of other markets, for instance Africa, detracted from earnings, and the COVID-19 outbreak in the final months of the financial year caused a substantial reduction in sales in a number of international markets during the period – especially in Asian markets, the first to be hit by the outbreak.

Harboe's Estonian activities also have a negative impact on results by DKK 8.3 million at EBITDA level, and these activities have been further restructured and adjusted to ensure, as a minimum, that they break even in the coming financial year.

The management changes and subsequent organisational adjustments implemented during the financial year have resulted in one-off costs in the range of DKK 11 million.

As part of the group's strategy, more sales and marketing resources have

been allocated to building own brands, both in core markets and internationally. While the strategy remains the same, the changed implementation of the strategy is expected to result in more efficient use of resources, and the impact is already materialising towards the end of the financial year.

A number of adjustments have been made during the financial year – both in terms of the product range and customers' commercial terms and conditions etc. In this context, impairment losses and one-off costs totalling about DKK 15 million have been realised.

Adjusted for one-off costs, EBITDA would have been DKK 96 million against DKK 106 million in 2018/2019.

As part of an analysis of the activities of Harboe's Ingredients business and in view of uncertain market conditions, the Board of Directors decided to postpone the continuation of one of the development projects of the Ingredients business and write down the value of development costs corresponding to DKK 3 million and inventories of DKK 2 million related to this. The project in question has shown positive results with new, innovative projects ready for sale, but full commercialisation of the products would require new major investments. Depreciation and amortisation of intangible assets and property, plant and equipment in the amount of DKK 106 million have been recognised in operat-

FINANCIAL REPORT

ing profit, compared to DKK 111 million in the prior-year period.

Operating profit/(loss) (EBIT) was DKK -36.2 million against DKK -5.0 million last year.

Financial items amounted to an expense of DKK 5.5 million in the financial year, compared to an expense of DKK 5.3 million last year.

Profit/(loss) before tax was a loss of DKK 41.7 million against a loss of DKK 10.3 million the previous year. This is in line with the most recently announced outlook of a loss in the range of DKK 40-44 million.

Net profit/(loss) for the year 2019/2020 was a loss of DKK 32.7 million against a loss of DKK 12.9 million the previous year.

EQUITY

As at 30 April 2020, equity amounted to DKK 673.8 million, compared to DKK 707.8 million the year before.

Equity was affected by the results for the year, foreign currency translation adjustments in respect of foreign subsidiaries, adjustment of other investments and securities. The company's holding of Class B treasury shares totals 1,777,342 shares, corresponding to DKK 90.6 million stated at the market price as at 30 April 2020.

The shareholder information section describes Harboe's dividend policy and the authorisation granted by the general meeting to acquire treasury shares.

INVESTMENTS

Investments in intangible assets and property, plant and equipment during the financial year amounted to DKK 39.2 million, compared to DKK 51.5 million last year. Investments were primarily made in optimisation of existing production plant. These include investments in an energy-saving heat-recovery system.

In addition, the group invested in assets held under finance leases totalling DKK 31.4 million for additional storage capacity and equipment.

The investment strategy for the coming years will focus on ongoing improvements, energy optimisation and efficiency improvements, as well as investments supporting commercially-based development activities.

LIQUIDITY

Harboe has an ongoing focus on the continued optimisation of its working capital through procurement and trade payables management etc., and has, for instance, supply chain finance agreements with major customers. Cash flows from operating activities were positive at DKK 151.8 million, compared to DKK 80.3 million in the prior-year period.

Free cash flow – changes in cash and cash equivalents – amounted to DKK 96.4 million, compared to DKK -16.8 million in the prior-year period.

CASH RESOURCES

The group's cash resources are composed of cash and committed, undrawn credit facilities and amounted to DKK 145.9 million as at 30 April 2020. To this should be added the holding of Class B treasury shares amounting to DKK 90.6 million stated at the market price as at 30 April 2020. As at 30 April 2020, the group's interest-bearing debt amounted to DKK 166.8 million, compared to DKK 227.2 million at the end of the previous year.

NET INTEREST-BEARING DEBT

Adjusted for cash deposits etc. of DKK 46 million, the group's net interest-bearing debt amounted to DKK 120 million as at 30 April 2020, down from DKK 212 million at the end of the previous year.

EVENTS OCCURRING AFTER THE END OF THE FINANCIAL YEAR

From the balance sheet date to this date, no events have occurred which materially affect the assessment of the annual report.

OUTLOOK 2020/2021

Market conditions are expected to remain challenging with intense competition and price pressures. Harboe will focus on maintaining its position as an

attractive and flexible supplier and strategic business partner to major retail customers in Northern European markets, based on a targeted and dynamic product range.

Revenue in international markets outside Northern Europe is expected to drop slightly as part of increased targeting of activities – but the risk exposure will be lower and overall earnings will improve. The restructuring of the sales and marketing activities is expected to be finalised and will provide the basis for positive growth in activities through a targeted market approach with selected brands and sales-supporting marketing measures in close partnership with customers.

In the coming financial year, the activities of Harboe Ingredients are expected to show a positive trend, with continued growth in sales of malt extract and improved earnings relative to 2019/2020. The outlook is based on the positive trend in the partnership with customers in 2019/2020, which is expected to provide the basis for growing business volumes and sales of more and new applications. Ongoing customer-tailored development activities and testing will be continued in close partnership with customers, focusing on continued identification of applications and integration of new ingredients.

FINANCIAL REPORT

The impact of restructuring and efficiency initiatives completed and initiated is expected to help reduce total costs and have a positive impact on EBITDA.

Naturally, COVID-19 affects the group's activities at the beginning of 2020/2021, resulting in higher-than-normal uncertainty in earnings expectations. Cross-border trade has been at a virtual standstill in the first two months of the financial year, and sales to several international markets have been substantially lower than normal.

Things are looking up as the geographical trajectory of the pandemic changes, with increasing sales in some of our export markets that have been severely affected, while other markets are impacted by slowdowns, the time frame and scope of which are subject to considerable risk.

Overall, Harboe expects positive revenue growth and EBITDA in the range of DKK 105-120 million.

The outlook is sensitive to the fierce competition and the pressure on prices, changes in raw material prices and the annual renegotiation of large contracts, and developments in certain international markets with unstable market conditions may also affect the outlook.

Depreciation of plant and production equipment is expected to amount to about DKK 100 million.

The group expects profit before tax to be in the range DKK 0-15 million.



HARBOE BEVERAGES



HARBOE BEVERAGES IN BRIEF

The production and marketing of beverages is Harboe's core business. Harboe's beverages are largely marketed as private-label products for major retail customers in Northern European markets – and as private-label products and under the group's own brands in selected markets in Europe, the Middle East, Asia, Africa and the Americas. Harboe's private-label activities are based on close and often long-standing

partnerships with retail customers. Product range, packaging and concepts are developed in close dialogue with customers to meet the ongoing development in demand and consumption patterns. Harboe has built a solid position in Northern European markets, where the group is recognised for its ability to provide an attractive range of beverages in large volumes. Harboe maintains this position by providing customers with high-quality products,

reliable deliveries and a flexible response to fluctuations in demand. In international markets, Harboe partners with a number of international distributors which market the group's beverages under large private-label contracts. Harboe also markets a focused range of products under the group's own brands in selected growth markets in close partnership with major retail customers and local distributors.

BUSINESS DEVELOPMENT HIGHLIGHTS IN 2019/2020

- Activities in Northern European core markets showed a positive trend, with an overall increase in sales despite the lockdown of cross-border trade due to COVID-19.
- Revenue declined in international markets outside Northern Europe. The decline was driven, inter alia, by distribution challenges in South America, challenging market conditions in a number of markets and the fallout from COVID-19 in the final months of the year.
- Restructuring of the international sales and marketing organisation, a more focused approach to international markets and continued expansion of relations with major customers and distributors are expected to help generate growth and positive results in 2020/2021.

HARBOE BEVERAGES

Harboe's products under the group's own brands are marketed mainly to higher-end segments in markets with growing demand for imported brands. The group is gaining recognition for its wide and diverse range of high-quality products. Credibility, international quality certifications and the company's long history are also key competitive elements.

Harboe's products in the beer category are marketed as Bear Beer, Darguner, Harboe and Puls, among others, and its speciality products are marketed under the GB brand. Harboe also markets a range of soft drinks and energy drinks such as the X-Ray energy drink, juice variants under the Pure brand, the Ego organic soft drink range and Eagle, which is a tonic range, marketed as a drink mixer. The portfolio also comprises a number of other non-alcoholic products and malt beverages, marketed, for example, as Hyper Malt and Caribia.

MARKET CONDITIONS AND COMPETITION

The activities of Harboe Beverages focus on the group's key mature markets in Northern Europe and selected growth markets in the Middle East, Africa, Asia and the Americas, and European markets outside Northern Europe.

NORTHERN EUROPEAN PRIVATE-LABEL MARKETS

The private-label market has seen

ongoing consolidation in recent years, especially among discount chains, which continue to increase their relative share of the total retail trade. Throughout most of Europe, the total value of this segment is declining, while the middle and premium segments are growing.

Over the past decade, total beer sales have been falling in Europe. Yet there has been a gradual increase in value in the beer market in recent years, driven by increasing sales of, for example, speciality beer and non-alcoholic beer, largely marketed in the middle and premium segments. Soft drink sales continue to show a positive trend. Growth in soft drink sales is driven primarily by continued product development within this segment, including energy drinks, and the demand for juices, cordials and sugar-free soft drinks is still increasing. Sparkling water, flavoured mineral water and vitamin drinks also contribute to the growth in this segment.

The Northern European beverage market is affected by seasonal fluctuations, and the weather during the summer months has a significant impact on total demand.

INTERNATIONAL MARKETS OUTSIDE NORTHERN EUROPE

The market approach in international markets is prioritised, based on customer relations and markets offering a potential for building actual niche positions. There is considerable competition in all

markets, but economic growth and growing purchasing power also drive an increasing demand for drinks products. Ongoing market growth and maturation are seen in the markets, supporting rising demand for beer, soft drinks, energy drinks and non-alcoholic beverages. A general trend is seen across markets, with an increasing interest in and demand for speciality products such as craft beer, non-alcoholic drinks and beverages with natural and sustainable profiles. Harboe prioritises the product range marketed internationally based on demand qualification, volume and production efficiency. The competitors are local, regional and international breweries.

STRATEGY AND BUSINESS MODEL

Business activities in Northern European core markets focus on establishing and maintaining close partnerships with customers and long-term contracts, ensuring that the collaboration can be regularly expanded through ongoing dialogue on the continued development of the product range, packaging and sales concepts. This contributes to quality and value development in the segment, improves sales and drives further demand among consumers.

Fierce competition puts earnings margins under pressure. This limits the opportunities for effectively implementing price increases as prices of raw materials and consumables etc. impact production costs. Harboe therefore

constantly focuses on increasing the product value and prioritising the product mix to ensure the optimum balance between earnings and capacity utilisation in relation to the other business activities of the group.

Private-label activities account for a significant portion of group revenue and are expected to continue making an important contribution to the group's total earnings. These activities also serve as a platform for dynamic developments and market testing of new products and concepts that can drive sales and further increase earnings. The documented results are also systematically applied to ensure that proven products and sales concepts can be brought into play outside Northern Europe.

Harboe's growth strategy for international markets outside Northern Europe focuses on stable growth markets in which economic and demographic developments support growing purchasing power and demand for high-quality products. In international markets, Harboe's own brands are typically marketed in higher-end segments, targeted at a rapidly growing segment of middle-class consumers who are increasingly demanding imported brands at attractive prices.

The strategy is designed to develop activities through close and long-standing relations with customers and

HARBOE BEVERAGES

distributors, rooted in close partnership targeting the product range to expand the position.

In the past financial year, the international sales and marketing organisation has been restructured to create a more efficient and targeted approach to selected key markets with increased focus on the development of key accounts and direct sales-supporting marketing. These measures will also reduce overall marketing costs.

Harboe's international activities are expected to make an increasing contribution to growth and EBITDA over the coming years. The international focus

also helps to smooth some of the effects of seasonal fluctuations.

STRATEGIC MEASURES AND PERFORMANCE IN 2019/2020

Overall, activities in the Northern European markets performed well compared with last year, based on good partnership with major retail customers. Developments should be seen in the context of the very long, hot summer of 2018, driving increased revenue in 2018/2019. Revenue was negatively impacted by the COVID-19 outbreak in the final months of the financial year, which led to lockdown of cross-border trade. On the other hand, this was offset by increased sales to several major retail

customers, driven by growing demand in both Denmark and Germany during the same period. But the large-scale social restrictions implemented in both Denmark and Germany in the wake of COVID-19 have caused consumption patterns to change, affecting the product mix sold. In the Swedish market, Harboe managed to maintain revenue, driven by several new customers and increased activity with existing customers, which offset the effect of changes in the retail structure in Sweden. The close partnership with customers on new products and response to consumer trends showed a positive development. Towards the end of the financial year, Harboe launched

the Eagle tonic range in the Danish market. This range was well received and forms part of both marketing campaigns and the permanent product range of our customers. To meet growing demand for craft beer and non-alcoholic beer, Harboe has also relaunched new variants under the GB brand, including a non-alcoholic Brown Ale. The Ego organic soft drink range has also seen increased interest with growing sales during the year. Moreover, the financial year has seen a general increase in demand for variants of light soft drinks. Outside Northern European markets, Harboe is working with a number of international partners on large



WHO BROUGHT THE BEAR?

THE ORIGINAL DANISH BEAR

HARBOE BEVERAGES

private-label contracts. Although some of these agreements were impacted by market challenges from COVID-19, among other factors, activities performed well, with growing revenue.

Sales of Harboe's own products in international markets outside Northern Europe declined compared with last year. The decline was caused, among other things, by challenging distribution conditions in a number of South American markets, where a major distributor unexpectedly terminated the partnership. An agreement has been entered into with a new distributor in this region, but this agreement has not been

able to make up for the lost revenue from the first half. Also, the COVID-19 outbreak in the final months of the financial year led to substantial reductions in sales in a number of international markets – especially in Asian markets where the outbreak struck first.

Several markets in Africa have also seen challenging market conditions, for instance as a result of social unrest, trade restrictions and currency restrictions. Harboe continuously assesses its activities and risk exposure in these markets and works to expand its activities in cooperation with local and international distributors, focusing on more stable

growth markets on the African continent. On the other hand, revenue showed a positive trend in Russia, the Middle East and the rest of Europe, driven both by new customers and growing activity with existing customers and distributors. Still, this was not enough to offset the overall decline in revenue relative to last year.

As part of the implementation of the group's strategic initiatives, the international sales and marketing organisation was restructured in the second half to increase earnings and improve efficiency of the international activities. These efforts paid off in the final months of the financial year, and the activities are

expected to show a positive trend and help to improve earnings in 2020/2021.

SPECIAL RISKS AND PRIORITIES IN 2019/2020

In the Northern European core markets, Harboe keeps an ongoing focus on the intense competition from national, regional and international competitors. In close partnership with customers, Harboe is working to adapt its product mix and introduce new, innovative products that are designed to accommodate market trends and drive new demand, ensuring that Harboe may maintain its position in these markets. Harboe's activities in international



WHO BROUGHT THE BEAR?

THE ORIGINAL DANISH BEAR

HARBOE BEVERAGES

markets are exposed to risks, as political conditions are less stable and general business conditions can be affected by various forms of political unrest and lack of government control. As part of its efforts to reduce this exposure, Harboe has been focusing on further prioritisation of more stable markets and long-term customer relations. Focus has also been on streamlining customer services, further developing contract formats and updating policies and processes relating to the handling of international customer relations.

During the financial year, Harboe also ensured close follow-up and continuously adjusted its efforts in regions in Africa, among other places, which have been affected by unrest and/or political interventions that have impacted the market situation. Changes in specific operating and debtor risks are assessed, and the management of these risks is regularly reported to the Board of Directors. Harboe seeks to safeguard the company against bad debts by taking out credit insurance and open letters of credit where possible.

The production, distribution and delivery of agreed deliveries on time and good customer service in general are critical factors for customer satisfaction and for maintaining long-term customer relations. To this end, Harboe has a special focus on ensuring optimum efficiency throughout

the value chain. During the financial year, Harboe continued working to strengthen the management coordination of the operating processes between the various links in the entire delivery system, which has resulted in a further improvement in lead times for customers.

Harboe continuously seeks to optimise the use of capital in the group, for example by negotiating terms in contracts concluded with partners at all levels of the value chain. To counter the risk of increased tie-up of capital, Harboe's strategic focus is on optimising group cash flows, including by entering supply chain finance agreements and securing current liquidity by credit facilities and own flexible financial resources.

OUTLOOK AND STRATEGIC FOCUS AREAS IN 2020/2021

Harboe will focus on maintaining its solid position in the Northern European markets. The decline in demand for beer is expected to continue, but the category of speciality beer, soft drinks and other non-alcoholic beverages is expected to develop positively. As usual, however, the weather during the high season across the first two quarters of the financial year will have an impact on total demand and sales.

We still expect the fierce competition to continue putting pressure on the earnings potential, and the price



BEER ON TIME


Demand for beverages, especially in Northern Europe, depends on the weather in the summer months, and a long, hot summer can cause sales of beer and soft drinks to rise sharply. It is key to our customers that we are always able to provide the products and volumes demanded by consumers. This requires great flexibility both in terms of production and logistics, and we strive to always give our customers the best customer experience.

So, we were proud recipients of the 'Best Service Level 2019' supplier award from Dansk Supermarked in 2019 in recognition of our efforts.

sensitivity as regards the core raw materials of the group may affect results.

Activities in international markets outside Northern Europe are expected to show a positive trend, based on further prioritisation and development of customer and distributor relations. A targeted market approach with selected brands and sales-supporting marketing activities and cultivation and expansion of the position in priority markets is expected to provide the basis for higher earnings in the coming financial year.

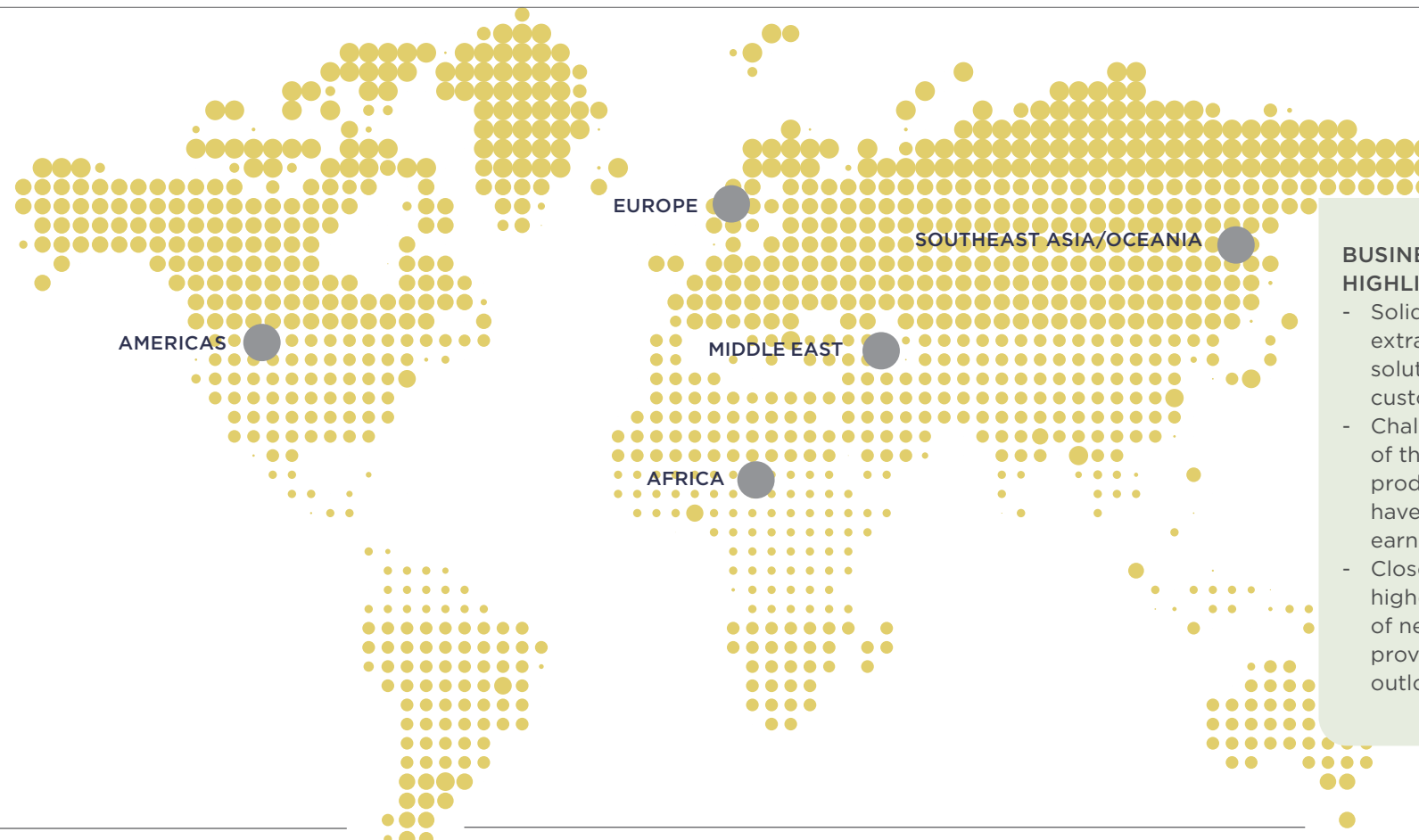
Harboe expects market conditions to remain challenging, but expects that for the coming year, the group's offering to customers and business partners of quality and reliability of deliveries will help to increase the momentum of activities. Harboe will continue to seek to prioritise the allocation of capacity to large volumes and maximum value. The emphasis will be on long-term strategic partnerships with customers that can provide the basis for continued value development in the product range and packaging, in order to boost sales and contribute to increased earnings.



RESPONSIBILITY AND JOB SATISFACTION

We are dedicated to creating a dynamic working environment where commitment, responsibility and ambition go hand in hand with good partnership and high job satisfaction. When everyone gives it their all, value is created. That is why we seek to facilitate the sharing of experience and knowledge across the group's international activities – and we prioritise ongoing training of our employees to ensure that their competencies can pave the way for more responsibility and new, exciting tasks.

HARBOE INGREDIENTS



BUSINESS DEVELOPMENT HIGHLIGHTS IN 2019/2020

- Solid growth in sales of malt extract, driven by targeted solutions for major food industry customers.
- Challenges posed by the quality of the raw materials offered cause production costs to increase and have a negative impact on earnings.
- Close partnerships with customers, higher level of activity and launch of new solutions and applications provide the basis for a positive outlook for 2020/2021.

HARBOE INGREDIENTS IN BRIEF

Harboe Ingredients is a leading European producer of malt extract, marketing a broad and sophisticated range of product variants under the group's own Barlex brand.

Malt extract is used as a natural ingredient in the production of many different foods, including bread, cereal and

chocolate. Malt extract contributes natural properties such as colour and sweetness and can replace sugar, caramel and a number of artificial additives. Customers are mainly European food companies, including a substantial portion of Europe's largest bakeries. Harboe works closely with customers and provides advice on how to use malt-based ingredients to

enhance product quality, flavour and shelf life.

Harboe's strategy is to expand its activities and consolidate its market position through ongoing development of product variants and identification of new applications.

Harboe Ingredients is a leading supplier

of malt-based ingredients to the European food industry.

Activities are underpinned by the generally growing demand for food and an increasing focus in the food industry on developing healthier and more natural food products at competitive prices. Food safety and quality are key

HARBOE INGREDIENTS

factors – also in view of ever-tighter international regulation of food.

Competitors are mainly major European malt houses, supplying malt to the brewery industry, among others. The major players typically hold a leading market share in their local markets and also operate internationally to a greater or lesser extent. Harboe's wide product range extensively caters to a premium food industry segment, and based on close and long-standing partnerships with customers, Harboe has carved out a strong competitive position for itself.

In close partnership with customers, Harboe seeks to maintain and expand its market position, using targeted solutions to help provide ever-better food products.

STRATEGY AND BUSINESS MODEL

It is the primary objective of Harboe Ingredients' business model to ensure optimum utilisation of the group's technology and competencies when utilising the market opportunities within malt extract. There is still potential for growth and earnings in this business unit.

Based on its in-depth knowledge of customers in the international food industry, their needs and production processes, Harboe is systematically developing its business activities and individual customer relations through

sales and advice on the implementation of product applications adding value to the production of food and drinks.

Over recent years, product development activities have led to the development and launch of a number of new malt-based ingredients that have been well received by customers.

In recent years, Harboe has also invested significant resources in the development and process optimisation of malt extract and currently offers an efficient range of ingredients standardised for and targeted at selected segments in the food and beverage industry.

Development activities take place in

close partnership with existing and new customers and include development workshops, recipe development and testing.

Harboe Ingredients is to make an increasingly positive contribution to the group's growth and earnings.

STRATEGIC MEASURES AND PERFORMANCE IN 2019/2020

Sales in Ingredients rose by 9%, driven by generally higher demand and good partnership with existing customers on the integration of new ingredients.

So, after multi-year testing in partnership with a number of major customers,

several of Harboe's malt-based ingredients have been fully integrated into a number of food products during the financial year, and the positive results are expected to provide the basis for further expansion of the partnerships over the coming year.

Revenue from Harboe's clear malt extract, used primarily in the production of non-alcoholic beverages, also showed a positive trend, and Harboe has signed agreements with a number of customers on continued strategic partnerships.

In recent years, as part of the strategic development work, Harboe has been working to develop products that meet



HARBOE INGREDIENTS

the ever-growing demand for clean label products, i.e. products with few and natural ingredients and without use of artificial additives, but still retaining quality and shelf life.

Several of Harboe's new products were finalised during the financial year after multi-year testing in partnership with customers and are now being incorporated into the products of several of these food companies.

Over the coming year, Harboe will focus its efforts on continued expansion of existing customer relations and the ongoing work of identifying new applications for malt-based ingredients in partnership with customers.

These partnerships are expected to generate new business opportunities, higher levels of activity and improved earnings in the coming financial year.

SPECIAL RISKS AND PRIORITIES IN 2019/2020

Harboe's malt extract activities are exposed to the usual market risks of competition, changes in raw material prices etc. In addition, market developments may affect expected sales.

During the financial year, Harboe faced challenges involving the quality of raw materials due to the very hot summer of 2018.

This caused production costs to rise, and

as the higher costs could not be passed on to sales prices, they had a negative impact on earnings. Harboe has been seeking to optimise production processes and quality controls to reduce this impact – also in case of similar challenges in future.

It is crucial that new products and applications comply with the specific functionality requirements in order to be included in customers' production processes. So also in the past year, Harboe has been focusing on close dialogue and on providing professional advice to customers and on ensuring quality, momentum and ongoing control in the testing performed.

OUTLOOK AND STRATEGIC FOCUS AREAS IN 2020/2021

Harboe Ingredients' activities are expected to show a positive trend in the coming financial year. Sales of malt extract are expected to continue growing, and earnings are expected to improve compared with 2019/2020.

The outlook is based on the positive trend in the partnership with customers in 2019/2020, which is expected to provide the basis for growing business volumes and sales of more and new applications.

Ongoing development activities and testing will be continued in close partnership with customers, focusing on continued identification of applications and integration of new ingredients.



ADD MORE FLAVOUR TO THE CAKE

Malt extract is a natural product, which can be used in bread, sweets, cereals and beverages to add flavour and colour. Malt extract can replace sugar, caramel and artificial additives. We continuously work with our customers on testing new applications for malt extract to add new value to finished products. We are currently testing a new way to use our traditional malt extract, which has proved to be able to enhance and prolong the flavour of cocoa in cakes, chocolate and chocolate milk, among other things.

RISKS, FINANCIAL REPORTING AND CONTROLS

Harboe is constantly analysing and considering the business and financial risks affecting the company's development and results.

The Board of Directors is generally responsible for the risk assessment, risk management and internal controls of the group in connection with the financial reporting. During the year, the focus has been on controls and supply chain follow-up, continued optimisation of business processes, infrastructure and processes as well on IT systems supporting ongoing control and reporting across the group.

Harboe's Board of Directors has established an audit committee of at least two members, at least one of whom has special competencies in accounting and financial management. The chairman of the audit committee is appointed by the Board of Directors.

The audit committee is responsible for laying down policies and procedures and for the continuous monitoring of the internal control systems. The annual tasks and areas of responsibility of the committee have been defined in close collaboration with the company's external auditors. Prior to the adoption of the annual report, the committee considers the reporting with the company's external auditors and subsequently reports to the rest of the Board of Directors on accounting policies, significant accounting estimates, transactions

with related parties, uncertainties and risks.

The framework for the ongoing risk assessment is laid down by the Board of Directors. The Board of Executives has the day-to-day responsibility for monitoring, follow-up, control and reporting. A standardised programme with minimum requirements for documentation and follow-up has been established with a view to reducing recorded reporting risks. Reporting and follow-up for the individual units and business areas form part of the reporting to the Board of Directors. The ongoing monitoring and controls are carried out both in the individual business units by specialised control functions and at group level.



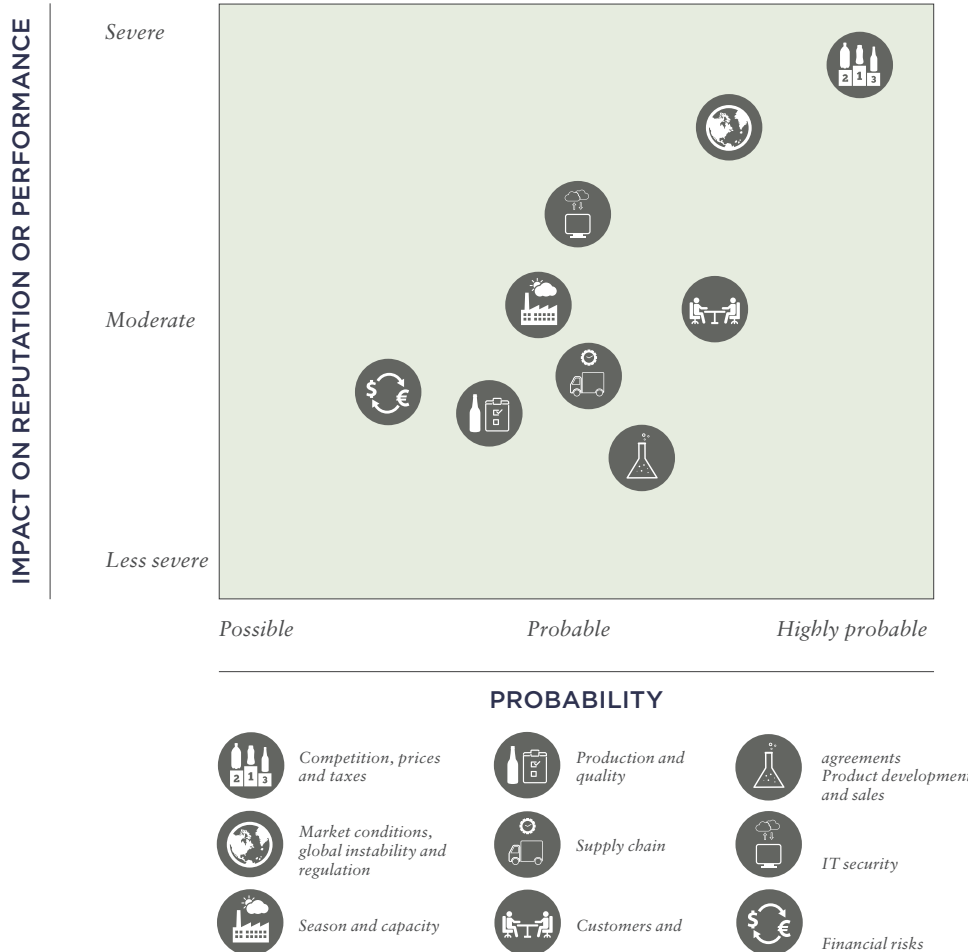
Risk management model

IMPORTANT BUSINESS RISKS

Below follows an outline of the most important risks to which Harboe is exposed in its business activities. The overview reflects the most significant risks in terms of probability and potential

impact within a period of 3-5 years. The review of the individual business activities contains a detailed description of the current risk exposure, the risk management and the risk expectations for the coming year.



THE HARBOE RISK LANDSCAPE



RISKS, FINANCIAL REPORTING AND CONTROLS

RISKS	RISK-MINIMISING MEASURES
<div data-bbox="120 341 315 536" data-label="Image"> </div> <p data-bbox="365 363 808 387">COMPETITION, PRICES AND TAXES</p> <p data-bbox="365 427 1240 616">In all the group's markets, the beer and soft drinks segments are characterised by intense competition, leading to pressure on prices. Harboe is therefore sensitive to market fluctuations in the prices of raw materials and consumables, as increasing production costs cannot simply be added to the sales prices. This is particularly true as regards the group's private-label agreements, which have modest earnings margins.</p> <p data-bbox="365 652 1211 775">Harboe's beer and soft drinks are, to a varying extent, subject to sales taxes in the group's markets, and marked changes in these taxes may affect Harboe's earnings and, ultimately, the sales of the group's products.</p>	<p data-bbox="1267 427 2130 616">To counter such fluctuations as much as possible, Harboe is systematically seeking to conclude long-term contracts with suppliers and regularly analyses the scope for additional efficiency improvements in production. Harboe also has a strategic focus on strengthening sales of its own brands and speciality products in higher-end segments, which offer higher earnings margins and thus less sensitivity.</p> <p data-bbox="1267 652 2123 743">Consequently, it is assessed regularly how Harboe can counter this risk in the best possible way through diversification of the group's product strategy and development activities.</p>
<div data-bbox="120 793 315 987" data-label="Image"> </div> <p data-bbox="365 815 1171 839">MARKET CONDITIONS, GLOBAL INSTABILITY AND REGULATION</p> <p data-bbox="365 879 1232 1034">As the group's activities outside of the EU-regulated markets in Europe grow, the group is increasingly being exposed to risks related to changing political and regulatory regimes and business practices, which may affect trading conditions and approvals, import regulation, financial transactions, logistics etc.</p> <p data-bbox="365 1102 1245 1193">The COVID-19 pandemic has impacted market conditions and demand in a number of fields and caused uncertainty about the impact on performance – both in the short and long term.</p>	<p data-bbox="1267 879 2136 1193">Therefore, Harboe continuously weighs these risks against specific market opportunities and develops activities in close partnership with experienced distributors and business partners with local knowledge. Harboe also seeks to continuously strengthen its internal communication and business processes in relation to the handling of the group's contract formats, business practices and ethical standards to ensure that the employees involved in business relations within sales, marketing, procurement etc. are given the best possible conditions and guidance on how to handle deviations from normal standards, including the risk of corruption.</p> <p data-bbox="1267 1230 2136 1418">Harboe is committed to ensuring the health and safety of its employees in the current situation. At the same time, a series of production adjustments have been made and a number of cost savings initiatives have been implemented to minimise the financial impact of the crisis. Find more information about specific measures and consequences under the individual business units.</p>




RISKS, FINANCIAL REPORTING AND CONTROLS

RISKS	RISK-MINIMISING MEASURES
 <p>SEASON AND CAPACITY</p> <p>Sales of beer and soft drinks are characterised by seasonal and weather-dependent fluctuations. Summer is normally the peak season in the Northern European markets, when demand is very high, but a cold and wet summer can change this picture considerably and thus significantly affect the group's operating profit. Fluctuations in demand require highly flexible capacity utilisation.</p>	<p>The group seeks to meet this requirement by continually streamlining capacity, and optimisation of production processes and coordination between the group's production units are a strategic focus area. At the same time, growth in activities in markets outside Northern Europe is helping to reduce the relative exposure to seasonal fluctuations.</p>
 <p>PRODUCTION AND QUALITY</p> <p>Harboe's production of beverages is exposed to risks of errors or accidents happening which may affect the quality of the end product. This may result in losses because products must be rejected or recalled from the market, negatively impacting the group's reputation.</p> <p>The requirements for efficiency and speed of the production and delivery systems intensify in step with the group's continued geographical expansion.</p>	<p>To minimise the risk of this happening, Harboe is working systematically on the quality assurance of its production processes. Consequently, all the group's production facilities are certified in accordance with international quality standards and apply established operating and maintenance procedures. Furthermore, Harboe's production facilities are subject to regular unannounced inspections initiated by customers.</p> <p>In order to optimise the group's operating processes, Harboe has a constant focus on strengthening the coherence and coordination of the individual parts of the value chain. In addition, Harboe invests in quality improvements and optimisation of its production facilities and processes on an ongoing basis, with a view to complying with new requirements and living up to expectations for quality and hygiene at all times.</p>


RISKS, FINANCIAL REPORTING AND CONTROLS

RISKS	RISK-MINIMISING MEASURES
<div data-bbox="125 343 318 539" data-label="Image"> </div> <p data-bbox="365 363 555 387">SUPPLY CHAIN</p> <p data-bbox="365 427 1234 550">It is crucial that the raw materials and consumables which Harboe uses for its products meet the highest food safety and quality standards. At the same time, Harboe is dependent on the raw materials and consumables being delivered on time and in the agreed quantities.</p> <p data-bbox="365 590 1234 678">Supplier compliance with international corporate governance and accountability standards in relation to the societies and environments in which they operate may also impact Harboe's reputation and business.</p>	<p data-bbox="1267 427 2130 678">Most of Harboe's suppliers are based in Europe and thus subject to a standardised legal framework in accordance with European standards. The partnership with suppliers is often based on long-term relations based on terms and conditions which are adjusted and renegotiated for one to two years at a time. Harboe evaluates the quality and reliability of deliveries from its suppliers at regular intervals and also conducts unannounced inspections. For all core raw materials, Harboe has two suppliers to ensure the highest possible reliability of delivery.</p> <p data-bbox="1267 718 2130 968">During the financial year, Harboe sent out questionnaires to all of its suppliers to verify that they and their respective sub-suppliers comply with a number of standard requirements for business practices and key issues of human rights, labour rights, environment and anti-corruption. These questionnaires were part of a systematic follow-up on the group's supply chain. This initiative is a key element of the group's corporate social responsibility programme and a material focus area in strategic risk management.</p>

RISKS, FINANCIAL REPORTING AND CONTROLS

RISKS		RISK-MINIMISING MEASURES
	CUSTOMERS AND AGREEMENTS	
	<p>Harboe's sales are to a large extent effected through agreements with major retail customers and large distributors. Therefore, Harboe's revenue is dependent on maintaining these collaboration agreements.</p> <p>All deliveries entail a debtor risk, which increases concurrently with the continued internationalisation of the group and the establishment of new customer relations.</p> <p>In recent years, there has been increasing pressure for extended credits, especially from major retail customers.</p>	<p>The company focuses on cultivating and further developing its partnerships and on ensuring that product offerings, prices and capacity are in line with customer demand and expectations at all times, based on fundamental principles of competition.</p> <p>Harboe seeks to safeguard the company against bad debts through ongoing assessment of the need to take out credit insurance and open letters of credit where appropriate and possible.</p> <p>To counter the risk of increased tie-up of capital, Harboe's focus is on optimising group cash flows, including by entering supply chain finance agreements and securing current liquidity by credit facilities and the group's own flexible financial resources.</p>
	PRODUCT DEVELOPMENT AND SALES	
	<p>The successful introduction of new products is an important precondition for Harboe's continued growth. It is therefore decisive that the market comes to accept the new products and that the products meet or can help drive demand in the markets.</p>	<p>Harboe's product development strategy is therefore based on a close and ongoing dialogue with customers, detailed market analyses combined with the targeted exploitation of new production technologies, and innovative product and packaging design.</p>
	IT SECURITY	
	<p>Harboe's operations, reporting and control systems are largely driven by IT systems and depend on a high level of IT security. System breakdowns or faults, or unauthorised access to the group's IT systems, therefore represent a significant risk to the group's activities.</p>	<p>Harboe has established procedures to ensure high security and protect against breakdowns and loss of data in daily operations, and general defence against cybercrime.</p>

RISKS, FINANCIAL REPORTING AND CONTROLS

	RISKS	RISK-MINIMISING MEASURES
	<p>FINANCIAL RISKS</p> <p>Harboe's solid capital structure limits the risk associated with changes in market interest rates. At the end of the financial year, the company's net interest-bearing debt amounted to DKK 120 million, down from DKK 212 million last year.</p> <p>As Harboe's sales and purchases in foreign currencies in respect of most of the group's activities are still denominated in EUR, currency risks for the group are seen as limited.</p>	<p>In step with the continued growth in the group's international activities, Harboe will regularly assess the need for currency hedging.</p> <p>The financial risks to which Harboe is exposed are described in more detail in the notes to the consolidated financial statements, which also include sensitivity analyses in connection with such financial risks.</p>

<https://harboes.gcs-web.com/static-files/245ded3c-dbe9-49d4-ad5f-4ba1fa218662>

CORPORATE GOVERNANCE

SUSTAINABLE MANAGEMENT AND VALUES

Harboe's Board of Directors places considerable emphasis on ensuring that the fundamental values which have been created and developed by the Harboe family-owned business through six generations are combined in the best possible way with efficient and dynamic business management, the primary objective being to create value for the company's shareholders, employees and customers. The Board of Directors and the Board of Executives are working to ensure that the management and control systems of the group are efficient and in line with relevant standards.

BOARD COMMITTEES

The Board of Directors has established two board committees to assist the Board of Directors – an audit committee and a remuneration committee.

The audit committee has three members, at least one of whom has special competencies in accounting and financial management. In 2019/2020, the audit committee held two meetings. Focus at these meetings was, for example, on monitoring and reporting to the Board of Directors about significant accounting policies, significant accounting estimates, related party transactions and uncertainties about risks, including in relation to the outlook

for the current financial year. Other committee focus areas include monitoring of the financial reporting process and internal control and risk management systems, including review of the group's financial and business risk management.

The remuneration committee has two members, at least one of whom is also a member of the audit committee. In 2019/2020, the remuneration committee held one meeting. The committee focused particularly on preparing proposals for a new remuneration policy and proposals for remuneration of the Board of Directors and the Board of Executives in accordance with the remuneration policy.

RECOMMENDATIONS ON CORPORATE GOVERNANCE

Most of Harboe's management is carried out in accordance with the current recommendations on corporate governance.

A full review of the individual recommendations is available at the group's website: <https://harboes.gcs-web.com/static-files/245ded3c-dbe9-49d4-ad5f-4ba-1fa218662>

COMMUNICATION AND INTERACTION BY THE COMPANY WITH ITS INVESTORS AND OTHER STAKEHOLDERS

Harboe places emphasis on the compa-

THE BOARD OF DIRECTORS' WORK IN THE 2019/2020 FINANCIAL YEAR

In the 2019/2020 financial year, Harboe's Board of Directors held eight board meetings as part of the follow-up on ordinary activities and outlook, strategy, risks, financial matters and reporting and auditing. Agenda topics included the following:

STRATEGY

- Follow-up on performance and implementation of strategic initiatives
- Review and discussion of sales and marketing, product development, innovation, quality and other strategic initiatives
- Discussion of liquidity and capital structure to ensure continued flexibility in strategy implementation

MANAGEMENT AND ORGANISATION

- Review and discussion of the group's management structure to provide an optimum framework for value creation, continuity and continued sustainable development and growth
- Planning and implementation of organisational and management changes
- Recruitment, talent development and retention of talented employees

RISKS AND CORPORATE GOVERNANCE

- Review, discussion of and follow-up on the group's risk policies, exposure and resources and reporting of these matters in 2019/2020
- Discussion of future board composition

FINANCIAL MATTERS AND AUDITING

- Review, discussion and follow-up on regular financial reporting
- Regular discussions of developments in the group's Estonian business unit, review of solution scenarios and decisions about the future
- Regular discussions of how to address market challenges, sales and marketing, costs and cost savings etc.

CORPORATE GOVERNANCE

ny's shareholders being able to monitor the company's development. The group's website provides easy access to current information about the company's strategy, policies, business and results. The group management wants to maintain open communications with the share market and communicates regularly about the company's developments.

Harboe has laid down a policy for relations with the company's investors, and, as part of the company's general corporate social responsibility activities, Harboe also seeks to maintain a good relationship with other key stakeholders.

Harboe only publishes interim and annual reports. Among other things, the Board of Directors believes that seasonal fluctuations, which often affect the group across quarters, may impact the quarterly reporting in such a way as to provide a misleading impression of the group's results. However, Harboe is committed to keeping the market well informed of the group's development and results and will therefore communicate on significant events whenever relevant between the formal interim and annual reporting.

In the planning of its general meetings, Harboe seeks to promote active ownership, and shareholders may consider each individual item on the agenda. Harboe has formulated formal contingency procedures which ensure that the shareholders get the opportunity to

decide on a potential takeover bid at a general meeting. In the event of a takeover bid, Harboe's Board of Directors will endeavour to assess the significance of the bid for all the company's shareholders and for the company in general.

TASKS AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The Board of Directors organises its tasks in accordance with the recommendations and updates the company's strategy once a year as well as evaluates the company's capital and share structures. These considerations and evaluations are described in the group's annual report.

As part of the group's development and the internationalisation of the group's activities, the Board of Directors focuses on the continued adjustment of the management organisation within the strategic focus areas – also with a view to longer-term management of the group.

Harboe has implemented a policy of corporate social responsibility and reports on corporate social responsibility in its annual report in accordance with section 99 a of the Danish Financial Statements Act (Årsregnskabsloven). The Board of Directors is chaired by the Chairman of the Board and has appointed a Vice Chairman, who will assume the responsibilities of the Chairman in the event of the Chairman's absence, and

who will act as effective sparring partner for the Chairman.

COMPOSITION AND ORGANISATION OF THE BOARD OF DIRECTORS

In the process of identifying new candidates for the Board of Directors, emphasis is placed on adding relevant competencies within international strategic management, product innovation, global sales and marketing and financial and accounting insights to Harboe's management. The members of the Board of Directors and their competencies are described in more detail in the company's annual report and on the website.

In the opinion of the Board of Directors, Harboe's organisation and management follow the recommendation on diversity and equal opportunities for both genders. These considerations are addressed in the company's HR strategy and in the group's policy on ensuring diversity at all levels. Harboe's diversity policy is published on the group's website. Harboe also reports on diversity in its annual report in accordance with section 99 b of the Danish Financial Statements Act.

The Chairmanship of the Board of Directors is in charge of selecting and nominating new candidates for the Board of Directors and subsequently recommending candidates for the approval of the entire Board of Directors. In this process, emphasis is placed on the Board of Directors being composed such

that its members match each other in the best possible way in terms of experience, age, gender etc. – and taking into account the need for renewal and diversity – in order to ensure a competent and versatile contribution to Harboe's management.

The description of members of the Board of Directors who are up for election has been prepared in accordance with the recommendations on corporate governance and is enclosed with the notice convening the general meeting.

The company's CEO was elected to the Board of Directors before being appointed CEO. He will not run for the Board of Directors at the next general meeting. As part of management changes in December 2019, the Board of Directors elected former Harboe CEO Bernhard Giese Chairman. Bernhard Giese resigned as CEO on 30 August 2019. The Board of Directors is working to identify new candidates for the Board of Directors who can contribute relevant international experience and expertise to the brewery to help realise the company's strategy and objectives in future.

Members of the Board of Directors are elected for one-year terms. Harboe has been owned and managed by the Harboe family through six generations. It is important to the family and the Board of Directors to ensure that the family's values are maintained and continued in the next generation – combined with effective

CORPORATE GOVERNANCE

business management in order to create value for all shareholders.

Therefore, the Board of Directors elected by the general meeting currently consists of two non-independent members of the family, one external member who has served on the Board of Directors for more than 12 years and one external independent member. This also means that the board committees do not have a majority of independent members.

The Chairmanship of the Board of Directors regularly assesses the contribution and ability of each member to effectively perform their board responsibilities. None of the members of the Board of Directors hold a large number of other executive functions.

Harboe otherwise complies with the recommendations on the number of other executive functions and the information provided thereon.

On the group's website, Harboe has posted information about board committees in accordance with the recommendations.

An audit committee has been established to assist the Board of Directors in fulfilling its responsibilities. The committee chairman is not also Chairman of the Board of Directors.

The work of the audit committee takes place in close collaboration between the members of the committee and the

company's external auditors and thus draws on a broad range of financial and accounting competencies.

The audit committee has otherwise planned its work in accordance with the recommendations.

The Board of Directors has not set up a nomination committee, but regularly assesses the need for a nomination committee. However, the company's management competencies, resources and needs in the short and long term are regularly discussed by the entire Board of Directors.

The Board of Directors has established a remuneration committee, which, prior to the general meeting in 2020, will recommend a remuneration policy to the Board of Directors for approval by the Board of Directors, with a view to approval by the general meeting. In continuation thereof, Harboe will prepare an annual remuneration report in 2021.

In the opinion of the Board of Directors, there is no need for a formal evaluation procedure for the Board of Directors and the Board of Executives.

The Chairmanship of the Board of Directors ensures that meetings are characterised by constructive dialogue, that individual members contribute in line with their competencies and that committees, work structure and materials are appropriate. Furthermore, the Chairmanship annually

evaluates the Board of Directors' work and the individual members' contribution to this work.

At regular intervals, the Board of Directors evaluates management's work and performance in connection with the financial and business reporting, based on the objectives and expectations formulated at the beginning of the year. In the opinion of the Board of Directors, there is no need for a formal procedure for the evaluation of the cooperation between the Chairman of the Board of Directors and the CEO. The Chairmanship and the CEO have an ongoing dialogue, the results of which form part of the reporting at the board meetings.

REMUNERATION OF MANAGEMENT

In accordance with the formal requirements, Harboe will submit a remuneration policy for approval at the general meeting in 2020 and prepare an annual remuneration report, starting in 2021.

Harboe's Board of Directors generally emphasises that the company should offer competitive terms of employment to the members of the Board of Executives and the rest of the management and regularly assesses elements which can help motivate and retain skilled and performance-oriented managers.

The Board of Directors has decided not to introduce share-related incentive schemes for the time being. The group's key managers are covered by a perfor-

mance-related bonus programme. The most important elements of severance programmes for the Board of Executives are disclosed in the annual report. In accordance with the recommendations, the value of these programmes does not exceed two years of remuneration.

Remuneration of the Board of Directors is approved at the annual general meeting.

FINANCIAL REPORTING, RISK MANAGEMENT AND AUDITS

Harboe analyses and considers the business and financial risks affecting the company's development and results at regular intervals and at least once a year. The risks and the handling thereof are described in the company's annual report.

Harboe strives to create as much transparency as possible in all management and decision-making processes across the group through its reporting and control systems. No whistleblower scheme has been established at present, but the Board of Directors regularly assesses the need for a whistleblower scheme. Harboe's Board of Directors and audit committee have an ongoing dialogue with the company auditors, and the relations have been structured in accordance with the recommendations.

CORPORATE GOVERNANCE

BOARD MEETINGS IN THE 2019/2020 FINANCIAL YEAR

Member of the Board of Directors committee	Board meetings	Meetings of the audit committee	Meetings of the remuneration
Bernhard Griese Chairman of the Board of Directors Member of the audit committee Member of the remuneration committee	X X X X X X X X	X X	X
Mads Ole Krage Vice Chairman of the Board of Directors Chairman of the remuneration committee Member of the audit committee	X X X X X X X X	X X	X
Søren Malling Member of the Board of Directors	X X X X X X X X		
Poul Calmer Møller Member of the Board of Directors Chairman of the audit committee	X X X X X X X X	X X	
Jens Bjarne Søndergaard Jensen Member of the Board of Directors, elected by the employees	X X X X X X X X		
Søren Stampe Chairman of the Board of Directors Chairman of the audit committee	X X X X ● ● ● ●	● ●	
<p>X = Attended the meeting</p> <p>● = Not a member of the Board of Directors</p>			



SHAREHOLDER INFORMATION

IR POLICY

With its IR policy, Harboes Bryggeri A/S aims to communicate openly with the company's shareholders and other stakeholders with a view to providing a basis for the pricing of the company's share which best reflects the value of the company and its potential.

Harboe's communication centres on the company's interim reports and annual report in Danish and English, the annual general meeting, meetings with stakeholders and the company website at www.harboe.com.

Harboe communicates its shareholder information electronically via the Investor-Portal, which offers shareholders quick and easy access to relevant information about the company.

Shareholders, analysts and other stakeholders are welcome to contact Harboe's IR contact, and the company is always pleased to receive suggestions as to the further development of its investor relations.

IR contact:
Michael Møller Jensen, CFO
Tel.: +45 58 16 88 88
Email: mmj@harboes.dk

VALUE CREATION FOR SHAREHOLDERS

Harboe's dividend policy is based on a desire to create sustainable and long-term value for its shareholders. This policy has resulted in ongoing dividend payments,

which – over the past five years – amounted to a total returns to shareholders of DKK 42 million. The company has a portfolio of 1,777,342 Class B treasury shares, corresponding to 29.62%. No treasury shares were acquired during the financial year.

The most recent share buy-back was in accordance with an authorisation granted by the general meeting, most recently renewed on 27 August 2015. The Board of Directors was authorised to acquire treasury shares with a nominal value of up to 50% of the share capital at a price corresponding to the market price plus/minus 10%. This authorisation is valid until the company's annual general meeting in 2020.

Acquisition of treasury shares is a part of the group's dividend policy. Acquisitions are made, inter alia, to strengthen the group's capital base and ensure flexibility in strategic planning should Harboe want to enter into strategic partnerships or make acquisitions as part of the continued development of its activities.

THE 2020 GENERAL MEETING

During the 2019/2020 financial year, Harboe established a remuneration committee to assist the Board of Directors and, at the upcoming annual general meeting, will submit a proposal for a new remuneration policy for approval by the general meeting. The Board of Directors will also present the terms of reference of the audit and remuneration committees and their work during the financial year.

The Board of Directors recommends to the general meeting on 20 August 2020 that no dividend be paid for the 2019/2020 financial year.

OWNERSHIP

At the end of the financial year, Harboes Bryggeri A/S had 4,955 registered shareholders. The registered shareholders represent DKK 58.4 million of the total share capital, corresponding to 97.3%.

As at 30 April 2020, the following shareholders have registered a shareholding exceeding 5% of the share capital or the voting rights in accordance with section 39 of the Danish Capital Markets Act (Lov om kapitalmarkeder):

Kirsten and Bernhard Griesse
Spegerborgvej 4, 4230 Skælskør, DK
Equity investment: 5.6%, voting share: 2.86%

Vibeke Harboe Malling
Spegerborgvej 12, 4230 Skælskør, DK
Equity investment: 3.40%, voting share: 16.88%

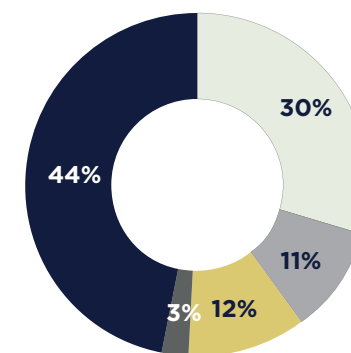
Karina Harboe Laursen
Køyersvej 14, 2930 Klampenborg, DK
Equity investment: 3.45%, voting share: 16.90%

Pernille Harboe Obling
Spegerborgvej 14, 4230 Skælskør, DK
Equity investment: 3.45%, voting share: 16.90%

As at 30 April 2020, members of the Board of Directors and the Board of Executives held a total of 345,882 shares.

Members of the Board of Directors and the Board of Executives and the company's executive officers are registered as insiders, and their trading in the company's shares must be reported. According to Harboe's internal rules, insiders must not engage in trading of the company's shares for a period of 30 days prior to the publication of preliminary announcements of financial statements and under due compliance with the general rules of the Market Abuse Regulation.

SHAREHOLDER STRUCTURE



- Harboes Bryggeri A/S
- A shareholders
- Foreign shareholders
- Not named
- Danish shareholders

SHAREHOLDER INFORMATION

THE HARBOE SHARE

Harboes Bryggeri A/S has a share capital of DKK 60,000,000, corresponding to 6,000,000 shares of DKK 10 each. The shares are divided into 640,000 Class A shares with a combined nominal value of DKK 6,400,000 and 5,360,000 Class B shares with a combined nominal value of DKK 53,600,000.

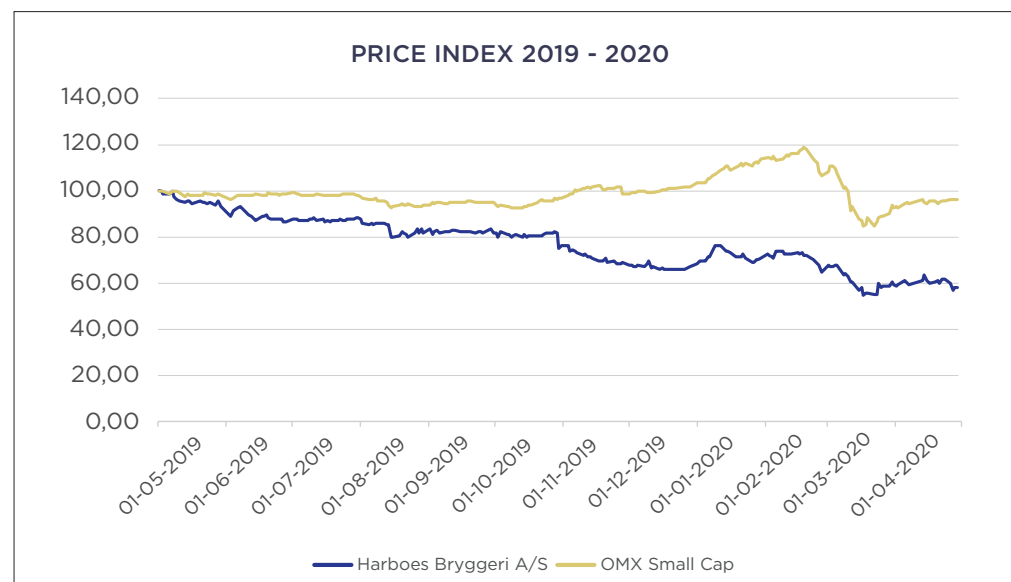
In connection with votes at the company's general meetings, each Class A share of DKK 10 carries ten votes, while each Class B share of DKK 10 carries one vote.

Only the company's Class B shares are listed on NASDAQ OMX Copenhagen. Trading for the period amounted to DKK 82.7 million, corresponding to average trading per day of DKK 0.3 million.

The Harboe share dropped from 86.6 at the beginning of the financial year to a price of 51.0 as at 30 April 2020, equivalent to a fall of 41%. By way of comparison, the Danish small cap index shed 4% during the same period.

IMPORTANT CONTRACTS OR CHANGES IN CONTROL

It is part of Harboe's business model and strategy that contracts with customers are, as a general rule, long-term. None of these contracts contain clauses that allow for termination if control of the company changes. A longer period of notice of six months in addition to a maximum of 24 months has been agreed for a few executives in the event of dismissal in connection with a change in the control in the company.



FINANCIAL CALENDAR 2020/2021

20 August 2020
16 December 2020
24 June 2021

Annual general meeting
Interim report, H1 2020/2021
Annual report 2020/2021

SHARE-RELATED RATIOS

Per share – DKK	2019/2020	2018/2019	2017/2018	2016/2017	2015/2016
Share price, end of year	51.0	86.6	84.6	132.5	114.0
Market value (DKKm)	306.0	519.6	507.6	795.6	684.0
Dividend per share (DKK)	0.00*	0.00	1.00	2.00	2.00
Dividend (DKKm)	0.0	0.0	6.0	12.0	12.0
Treasury shares (no.)	1,777,342	1,777,342	1,434,403	1,434,403	1,434,403

*Proposed dividend

COMPANY ANNOUNCEMENTS

During the period from 1 May 2019 to 30 April 2020, the company submitted the following announcements to NASDAQ OMX Copenhagen, which may be found at the company's website, www.harboe.com

11 June 2019	Harboes Bryggeri A/S records impairment loss on its activities in Estonia – the outlook for the 2018/2019 financial year is adjusted 19 June 2019
25 June 2019	Announcement of annual general meeting
25 June 2019	Annual report 2018/2019
22 July 2019	Management reshuffle at Harboes Bryggeri A/S
9 August 2019	Notice of annual general meeting of Harboes Bryggeri A/S with complete agenda
21 August 2019	Annual general meeting – candidates for the Board of Directors
21 August 2019	Proceedings of general meeting
31 October 2019	Board of Directors of Harboes Bryggeri A/S
12 December 2019	Harboes Bryggeri adjusts its outlook for the 2019/2020 financial year
12 December 2019	Management changes at Harboes Bryggeri A/S
30 January 2020	Interim report 2019/2020
15 April 2020	Harboes Bryggeri A/S restructures its international sales and marketing activities, implements efficiency improvements and strengthens management
27 April 2020	Financial calendar 2020/2021
	Harboes Bryggeri A/S – Adjustment of outlook for the 2019/2020 financial year

MANAGEMENT'S STATEMENT

Today, the Board of Directors and Board of Executives have considered and approved the annual report of Harboes Bryggeri A/S for the financial year 1 May 2019 to 30 April 2020.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

We believe that the consolidated financial statements and financial statements give a true and fair view of the group's and the company's assets and liabilities and financial position as at 30 April 2020 as well as of the results of their operations and cash flows for the financial year 1 May 2019 to 30 April 2020.

We believe that the management's review gives a fair review of the development in the group's and the company's activities and financial affairs, their results for the year and the company's financial position and the general financial position of the companies comprised by the consolidated financial statements as well as a description of the most important risks and uncertainty factors to which the group and the company are exposed.

The annual report is submitted for adoption by the annual general meeting.

Skælskør, 25 June 2020.

BOARD OF EXECUTIVES

Søren Malling
CEO

Martin Schade
COO

Michael Møller Jensen
CFO

BOARD OF DIRECTORS

Bernhard Griese
Chairman

Mads Ole Krage
Vice-chairman

Søren Malling

Poul Calmer Møller

Jens Bjarne Søndergaard Jensen
Staff representative

ANNUAL REPORT

2019/2020



HARBOES BRYGGERI A/S • SPEGERBORGVEJ 34 • 4230 SKAELSKOER, DENMARK