



KGL. HOFLEVERANDØR

Harboe

HARBOES BRYGGERI

ANNUAL REPORT 2021–2022

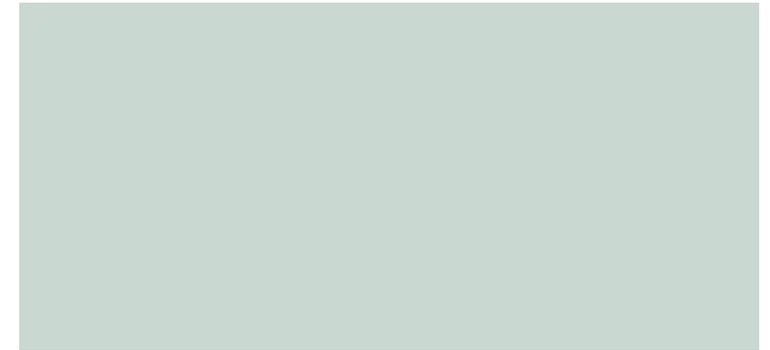
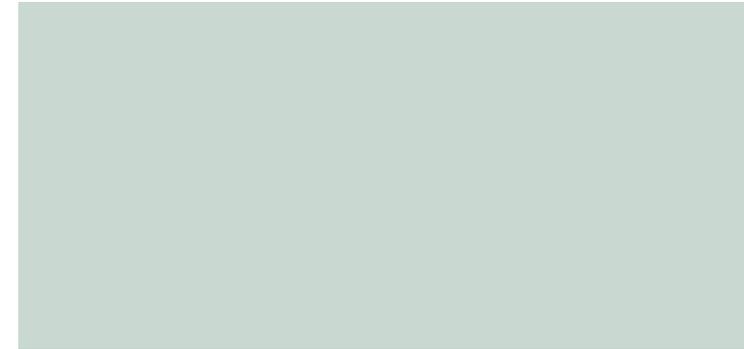
ANNUAL REPORT 2021–2022

The year in brief

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We have sought to act as efficiently as possible under the extremely challenging market conditions in 2021/2022, but fierce competition on volumes and markedly rising input prices negatively affected earnings and resulted in an unsatisfactory result for the year. Internally, we have worked purposefully to formulate an updated strategy for the group which will strengthen our commercial innovation and focus on consumers so that we meet and drive demand further. Over the coming years, we expect strategic initiatives to strengthen our competitiveness and the robustness of our business model, and we have a clear ambition to deliver growth and improved earnings as the initiatives take effect.

Søren Malling
CEO

UPDATED STRATEGY TO STRENGTHEN OUR COMPETITIVENESS

The extremely challenging market conditions in the financial year 2021/22 made the sensitivity of our business model very clear. It also emphasised the importance of the process we initiated during the year with a view to adjusting and updating Harboe's strategic priorities so that in the future we will be better equipped for the continued development of our markets. Over the coming years, we will work purposefully to implement the strategic initiatives associated with this, and we expect that these initiatives will gradually contribute to creating growth and increasing earnings.

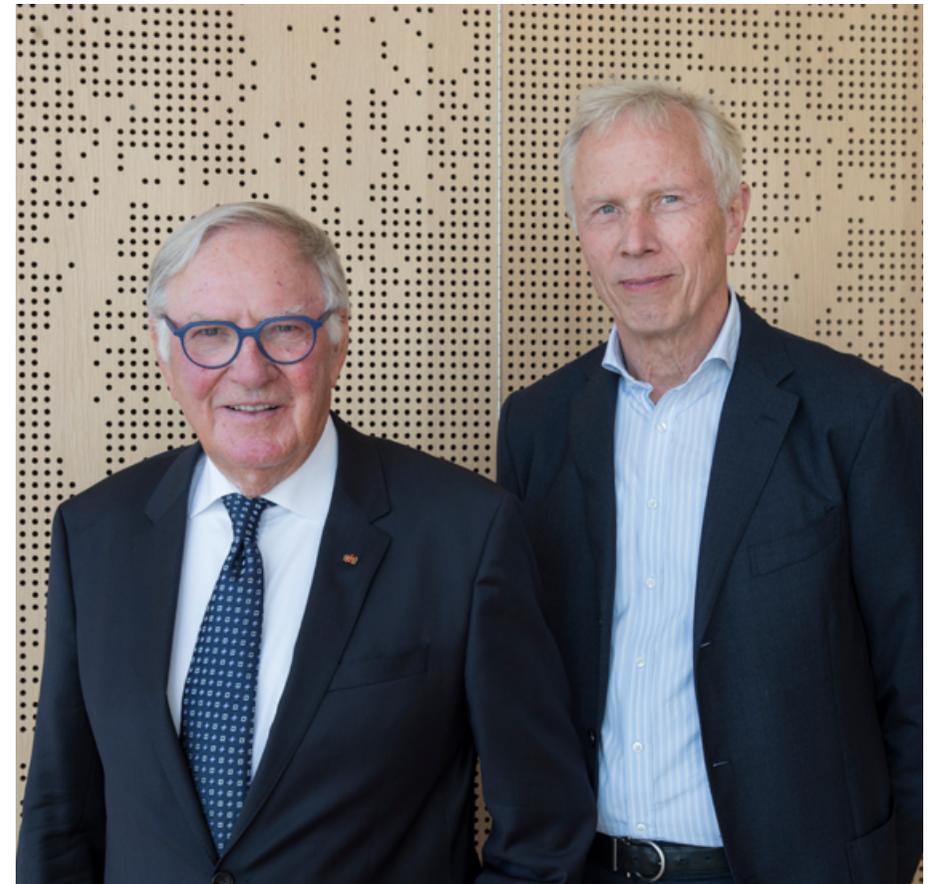
Increased focus on consumers

In Denmark, since the early eighties when i.a. Netto launched a budget grocery store chain, Harboe has been targeting partnerships with few large retail chains. For many years, this business

model created a solid foundation for both growth and earnings, and Harboe developed into Denmark's 3rd largest brewery.

Today, however, we are also experiencing a need to focus more directly on consumers so that we can better utilise our position of strength to create more value for the benefit of consumers, customers and Harboe shareholders.

Among the strategic priorities is therefore an increased effort in commercial innovation, where we want to get better at following consumer trends so that we can continue to deliver good products at a good price in the future – and in the long run also outside the lower price segment.



Create renewed interest in Harboe in Denmark

In Denmark, we will continue to prioritise an agile approach with smart business acumen in order to be the leading actor in the lower price segment, together with our customers. All of course based on a platform that prioritises sustainability. At the same time, we will work to expand the collaboration with existing and new customers.

We feel proud about the Harboe brand and for having been "The People's Brewery" since 1883. We want to strengthen that narrative towards consumers with clear, consumer-oriented communication. The first concrete results of the initiatives launched are already manifesting with the new packaging design, which has been brought to market during the early summer – and which will gradually be launched for our entire



We focus on strengthening our strategic positions in the largest export markets, and we work both broadly and opportunistically to identify interesting, new sales opportunities.

range. We expect the new packaging – and a continuously more proactive communication with consumers – to create renewed interest in our strategic Harboe brand.

Fill our large capacity in Germany

In the German market, Harboe, through its subsidiary Darguner Brauerei, is one of the largest breweries in the state of Mecklenburg-Western Pomerania. Here, we are primarily a private-label supplier to some of Germany's leading retail chains. We benefit from our significant capacity, which we are working to utilise even more efficiently by creating new business with customers who demand large volumes. Although we are only present with our own brands to a limited extent, we are working to optimise that part of the business as well, e.g. by updating the visual expression and positioning of our own brands, to further exploit our strong position in the local area.

Develop the position in international markets

International markets are important to Harboe because we can sell many of our own brands at prices that are often more attractive than in the domestic markets. We are therefore focusing on strengthening our strategic positions in the largest export markets and working both broadly and opportunistically to identify new, interesting sales opportunities, including larger private-label agreements, where this can help increase volume and create value.

Unlock the potential of the ingredient business

We see a continued attractive potential in our ingredient business and in creating the optimal framework for utilising this through a strengthened, independent management focus. We will use our unique competences and technologies to optimise the sales of our ingredients to both existing and new customers in the food industry and thus meet the ever-increasing demand for more sustainable foods.

Strengthened organisation

In connection with the adjustment of the strategy, we have also strengthened the organisation and added new relevant competences in the consumer- and customer-oriented functions. The management team has also been strengthened and now consists of four people, including a Chief Commercial Officer, who has overall responsibility for sales.

The board of directors has also been strengthened with relevant commercial competences through two new external and independent members, elected at the 2021 annual general meeting.

Improve competitiveness

Our competitiveness is largely determined by the strength of our commercial platform and the efficiency of our supply chain. The latter is also essential for us to live up to our ambitions for sustainability. The adjustments we make are all aimed at improving Harboe's long-term

competitiveness and strengthening the resilience of our business model. We have a strong financial situation enabling us to invest in the future.

Therefore, we have positive expectations for the coming years, and we welcome the great daily commitment from our loyal organisation and strong management team.

Bernhard Griese
Chairman of
of the board

Claus Bayer
Deputy chairman
of the board

CHALLENGING YEAR IMPACTS EARNINGS

- but progress in initiatives to create new growth and increased resilience

The financial year 2021/22 proved to be significantly more challenging than we expected at the start of the year. The first half of the year developed positively with satisfactory results, i.e. because the organisational adjustments and cost savings that we implemented in early 2021 took effect. In the second half of the year, however, major challenges arose with bottlenecks and markedly rising freight rates in the global supply chains, as well as a significantly intensified competitive situation in the domestic markets. This gave rise to lost volumes in both domestic and export markets, and the simultaneous, significant price increases in energy, raw materials and packaging had a negative effect on earnings and resulted in an unsatisfactory result for the whole year.

Very difficult market conditions

We have, of course, focused on acting as efficiently as possible under the given market conditions, including by implementing price

increases to address commodity price increases and general price inflation across markets. In the latter part of the financial year, we extended part of our customer agreements in the Danish and German markets at higher prices. However, already concluded and long-term customer agreements have made rapid adjustment difficult, and the rise in input prices at short notice therefore had a severe impact on earnings in the financial year 2021/2022. We place considerable emphasis on securing our deliveries to our customers, and we expect to continue to do so under the very unusual circumstances.

The war in Ukraine intensified the negative trends – both in supply chains and commodity prices. As a result of the war, we have ceased our activities in Russia and lost turnover in both Ukraine and Belarus. At the same time, we must expect the consequences of the war to also affect activities and input prices in both the beverage and ingredient business in the coming financial year.



Revitalisation of Harboe in Denmark

Despite the market challenges, we have also worked to create the framework for a revitalisation of our Harboe brand so that we further utilise our significant position of strength in Denmark. The new packaging design is the first visible expression of our ambition to move closer to consumers, where, in line with our strategy, we will intensify our focus on consumer trends and



As a result of the war in Ukraine, we have ceased our business in Russia and lost turnover in both Ukraine and Belarus.

commercial innovation that meets and can drive demand further. In the spring of 2022, we launched the new designs for our beer and, at the same time, also launched two new types of beer – an IPA and a Blanche – which are now on the shelves for our customers. During the summer of 2022, we will also launch our soft drinks in the new designs – and in the coming years we will support the narrative of Harboe as the people's brewery through further consumer-oriented communication and continued innovation.

New business in Germany

In Germany, we have focused on reducing our dependence on large individual customers and creating new business with customers who demand large volumes so that we make the best possible use of our capacity. At the end of the financial year, we entered into a new large private-label agreement with an existing customer, that will make a positive contribution



Our updated strategy includes a number of investments in both marketing and updating of our Skælskør production facilities so that we create the optimal framework for growth and, at the same time, meet the requirements for sustainability throughout our value chain.

to both turnover and earnings in the coming year. At the same time, we have upgraded the visual expression of our Darguner brand, which we market in the local area. It is our expectation that the commercial effort will gradually help restore growth in the German market.

Continued focus on international markets

We continue to see attractive potential in the international markets, where we can sell our own brands at higher prices than in domestic markets. The activities in these markets were also affected by the restrictions in supply- and logistics chains and markedly rising freight rates, which have resulted in lost turnover; however, the conclusion of new private-label business in the second half of the year compensates for the decline in volume. During the financial year, we also worked to reduce the complexity and risk of these activities and have, among other things, raised the limit for minimum orders. We will continue to focus on expanding our export activities – both with our own brands and with private-label business, where this makes sense. We therefore also expect that, in step with a gradual normalisation of market conditions, we will be able to create new momentum.

Stable development in the ingredient business

The ingredient business was volume-wise affected by the unstable market conditions to a lesser extent and developed on a par with

expectations, driven by an optimised sales mix, among other things. However, we are also feeling the effect of significantly rising input prices here and are constantly working to implement price increases for customers, and this will also be crucial for the development in the coming year. We are experiencing continued good demand for ingredients that meet the requirements for sustainability and clean labels, and with the organisation of the business as an independent business unit, we are giving renewed focus to realising this potential effectively through further expansion of cooperation with customers and strengthening our product mix.

Focus on efficiency and cost

On the internal lines, we are continuing to focus intensively on creating additional cost savings, efficiency and optimisations in both supply chains and production. During the financial year, we launched a project to lay the groundwork for an update of our ERP system in order to further streamline processes and ensure an internal setup that can support the expected growth. As the system is a cloud-based solution, the costs for this must be expensed via operations, and to ensure transparency, in the future we will show them as a special item in the accounts.

Investments in the future

Our updated strategy includes a number of investments in both marketing and updating of our Skælskør production facilities so that we create the optimal framework for growth and, at

the same time, meet the requirements for sustainability throughout our value chain. These investments will affect our accounts in the coming years – but we expect a gradually increasing positive return on them. And in line with the realisation of results, we will continue to invest in new growth and improved earnings.

Sustainability in focus

Sustainability is an integral part of our business model and is factored into every investment decision we make. It is therefore also a key element in our strategy – and we can feel that it also matters to our customers, to consumers and not least to our employees.

Shared culture, values and team spirit

The communication of our strategy internally has established a clear, common direction and awareness of our goals and how we should achieve them – and we will continue to work purposefully to support our common culture, values and team spirit across the organisation. This will be crucial to our success. Therefore, we would also like to sign off by thanking our employees for their great commitment and efforts to create the best possible results.

Søren Malling
CEO

Michael Møller Jensen
CFO

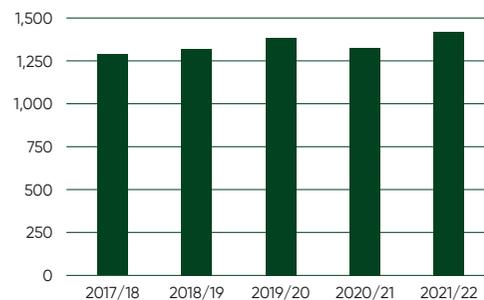
Martin Schade
COO

FINANCIAL RESULTS

Highlights of the year

Harboe's 2021/2022 results were in line with the most recently announced expectations. The results were negatively impacted by extremely challenging market conditions, with significant price increases for raw materials, transport and energy – and intensified competition in the domestic markets as well as restrictions on logistics capacity and lost volume due to price increases mean that growth did not keep up with our expectations at the beginning of the financial year. The Group delivered progress in activities and earnings in the first half year, but the second half year was significantly effected by the above factors.

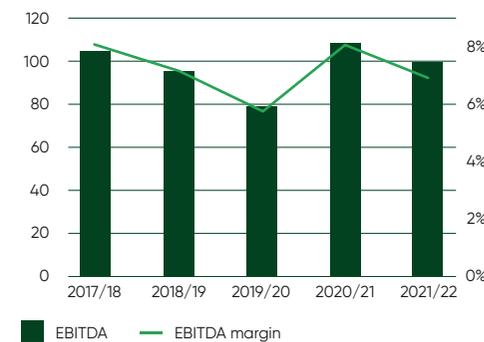
Net turnover, DKKm



Net turnover in 2021/2022 was DKK 1,419m. This corresponds to an increase of 7%.

Turnover in Beverages increased by 8%, primarily due to higher turnover in export markets, while turnover in Ingredients decreased by 3%.

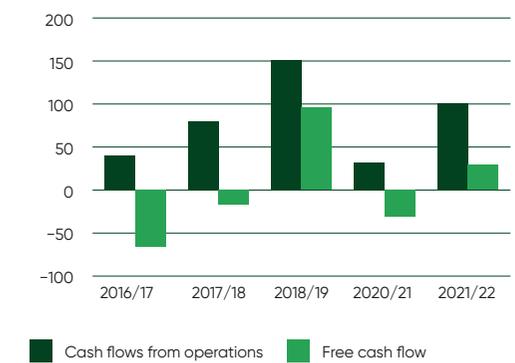
EBITDA, DKKm and EBITDA margin



EBITDA amounted to DKK 98.9m in 2021/2022 compared to DKK 107.8m in 2020/2021. The decline in earnings was driven by lost volumes due to price competition in domestic markets as well as significant increases in all input prices. EBITDA margin was 7.0%.

EBITDA in Beverages fell from DKK 125m to DKK 117m in 2021/2022. In Ingredients, EBITDA was unchanged at DKK 11m.

Cash flows, DKKm



Cash flows from operations were positive by DKK 100m compared DKK 21m in 2020/2021.

RESULTS AND EXPECTATIONS

| | Expectations for 2021/2022 | Adjustment of expectations 21 January 2022 | Clarification of expectations 10 March 2022 | Realised profits 2021/2022 |
|--|----------------------------|--|---|----------------------------|
| EBITDA | 115–125 DKKm | 83–103 DKKm | 83–100 DKKm | 98.9 DKKm |
| Profit before tax from continuing operations | 10–20 DKKm | –20–0 DKKm | –20 to –5 DKKm | –7.0 DKKm |
| Profits from discontinued operations | 3–5 DKKm | 3–5 DKKm | 3–5 DKKm | 4,3 DKKm |



As expected

- Continued intense competition and pressure on prices, especially in Danish and German retail.
- Positive development in the underlying activities especially volume increase on exports.
- Investments in strengthened supply chain and efficiency improvements.
- Commodity price increases with effect from Q2.
- Divestment of the last part of the activities in Estonia



Not as expected

- Lower-than-expected turnover in main markets in Denmark and Germany as a result of a massive supply of competing branded products over Christmas and continuing into 2022.
- Decline in export activities due to implemented sales price increases, continued significant challenges with limited freight capacity and sharply rising freight prices as well as scarcity of raw materials, which has led to capacity constraints and lost turnover.
- Earlier and greater-than-expected effect of price increases on energy and other input factors further amplified by the war in Ukraine.



Assumptions

- Continued intense competition and price pressure.
- Implementation of necessary price increases.
- Positive development in both business areas with increasing sales
- Continued investment in efficiency measures and cost savings.
- Remaining uncertainty by the effect of price developments on raw materials and freight rates, as well as the supply of these.
- Uncertainty about continued gas supply to own production and supply chains

Expectations for 2022/2023

| | |
|--------------------------------------|----------------|
| EBITDA | 63–103 DKKm |
| Pre-tax profits | –30 – +10 DKKm |
| Profits from discontinued operations | 0 |



The expectation span for 2022/2023 is unusually large reflecting the particular uncertain market conditions including the continued effect of the war in Ukraine, raw material price development and the timing and volume impact of price negotiation with customers

KEY FIGURES AND RATIOS

| in DKK thousands | 2021/22 | 2020/21 | 2019/20 | 2018/19 | 2017/18 |
|--|-----------|--------------|-----------------|-----------------|------------|
| Shareholdings | | | | | |
| Net turnover | 1,419,353 | 1,328,184 | 1,379,873 | 1,323,659 | 1,288,318 |
| EBITDA | 98,876 | 107,786 | 78,193 | 96,207 | 104,767 |
| Primary operations/EBIT | (796) | 10,026 | (26,663) | (2,231) | 13,409 |
| Financial items, net | (6,161) | (6,783) | (5,429) | (5,313) | (5,633) |
| Pre-tax profits | (6,957) | 3,243 | (32,092) | (7,544) | 7,776 |
| Year's profit or loss from continuing activities | (4,227) | 1,659 | (23,068) | (10,121) | 3,505 |
| Profits from discontinued operations | 4,288 | 3,573 | (9,591) | (2,796) | (3,271) |
| Profits for the year | 61 | 5,232 | (32,659) | (12,917) | 234 |
| Balance | | | | | |
| Total assets | 1,143,022 | 1,141,069 | 1,219,805 | 1,283,456 | 1,304,309 |
| Equity | 680,903 | 679,792 | 673,760 | 707,784 | 750,908 |
| Net interest-bearing debt | 82,930 | 135,761 | 120,414 | 211,629 | 185,211 |
| Cash flows | | | | | |
| Cash flows from operations | 100,134 | 21,402 | 151,452 | 80,260 | 39,572 |
| Cash flows from investment | (47,119) | (36,256) | (60,379) | (40,136) | (79,585) |
| Cash flows from financing | (23,384) | (14,179) | 5,329 | (56,895) | (25,430) |
| Change in cash and cash equivalents | 29,631 | (29,033) | 96,402 | (16,771) | (65,443) |
| Investments | | | | | |
| Intangible assets | 1,219 | 756 | 5,311 | 3,805 | 2,161 |
| Tangible assets | 49,244 | 35,997 | 65,283 | 47,656 | 160,797 |
| Depreciation, amortisation and write-downs | 99,672 | 97,760 | 104,856 | 98,438 | 91,358 |
| Key ratios (%) | | | | | |
| EBITDA margin | 7.0 | 8.1 | 5.7 | 7.3 | 8.1 |
| Operating margin | -0.1 | 0.8 | -1.9 | -0.2 | 1.0 |
| Solvency ratio | 59.6 | 59.6 | 55.2 | 55.1 | 57.6 |
| Financial gearing | 12.2 | 20.0 | 17.9 | 29.9 | 24.7 |
| Classification in order of liquidity | 165.9 | 161.0 | 141.1 | 128.3 | 134.0 |
| Net interest-bearing debt / EBITDA | 0.8 | 1.3 | 1.5 | 2.2 | 1.8 |
| ROIC | -0.1 | 0.9 | -2.3 | -0.3 | 0.1 |

| in DKK thousands | 2021/22 | 2020/21 | 2019/20 | 2018/19 | 2017/18 |
|---|---------|---------|---------|---------|----------|
| Income statement | | | | | |
| Profit per share | 0,01 | 1,23 | -7,35 | -2,87 | 0,06 |
| Cash flow per share | 23,71 | 5,07 | 34,98 | 17,83 | 8,67 |
| Equity value per share | 161,23 | 160,98 | 159,56 | 167,6 | 164,46 |
| Price/earnings per share | 9,385 | 59,98 | - | - | 1.508,79 |
| Stock price, end of year | 77,80 | 74,00 | 51,00 | 86,60 | 84,60 |
| Dividend per share | 0 | 0 | 0 | 0 | 1 |
| Non-financial ratios | | | | | |
| Employees | | | | | |
| Number of full-time employees | 504 | 517 | 560 | - | - |
| Sickness absence, % | 6,4 | 5,7 | 7,1 | - | - |
| Women, % | 19 | 17 | 19 | - | - |
| Women at management level, % | 29 | 19 | 27 | - | - |
| Climate and environment | | | | | |
| Total energy consumption, GWh | 95,2 | 95,4 | 101,2 | - | - |
| CO ₂ from production, million kg | 14,9 | 16,0 | 17,0 | - | - |
| Total water consumption, million litres | 1.428 | 1.421 | 1.500 | - | - |
| Relative production figures | | | | | |
| Energy consumption, kWh/hl | 16,9 | 16,9 | 16,9 | - | - |
| CO ₂ from production, Kh/hl | 2,7 | 2,8 | 2,8 | - | - |
| Water consumption, hl/hl | 253 | 253 | 250 | - | - |

Key figures and ratios are defined and calculated in accordance with CFA Society Denmark's (Finansforeningen) current version of "Recommendations & Key Ratios".

OUR BUSINESS

Harboe in brief

Harboes Bryggeri A/S is Denmark's 3rd largest brewery and, with our German subsidiary – Darguner Brauerei GmbH – we produce and market our beverages and malt-based ingredients in a large number of markets worldwide.

Harboes Bryggeri A/S is listed on Nasdaq Copenhagen, and the Harboe family has co-owned and managed the company since 1883.

Today, the family's fifth and sixth generations are part of senior management and have a decisive influence among the company's nearly 5,000 shareholders.

Our company is based on strong values, which are the starting point for everything we do.

We are anchored locally and are active in the local communities of which we are a part. The local anchoring has secured the basis for being able to recruit skilled and highly motivated employees who help to ensure a good and stable workplace.



CASE: Family activities and a festive occasion for the town

Harboe was present when the first and largest pumpkin festival of the year took place during the children's autumn holiday in 2021 in Skælskør. Many of Harboe's employees live in Skælskør and the surrounding area, so when they first thought of establishing a family event for the whole town, Harboe was immediately ready to contribute.

The pumpkin festival was a success with great participation throughout the week, where the whole family had the opportunity to participate in a wide range of activities, including carving and decorating pumpkins,

gastronomy with tastings as well as lots of entertainment. The whole town was decorated with beautifully carved pumpkins and offered plenty of opportunities to taste exciting dishes containing pumpkin and drink cold soft drinks and draft beer from Harboe.

For Harboe, it is important to be an active part of the local community and contribute to the town being an attractive place to live and do business. This means that, in 2022, Harboe will also line up with lots of drinks and fun activities when the pumpkin festival kicks off again in week 42 (week commencing 17 October).



Business model



Resources

PEOPLE AND KNOWLEDGE

Harboe's development is driven by skilled, committed and loyal employees who translate their experience and knowledge into high-quality products. Harboe's values and history are an important part of the company's culture and create a strong foundation for continued development.

INNOVATION AND TECHNOLOGY

Innovation and efficient use of new technologies are essential elements of Harboe's business model and a crucial factor for continued growth and value creation.

FINANCIAL CAPACITY

Harboe is well consolidated and continuously generates a positive cash flow from operations. This provides the flexibility needed to fund continued development and strategic initiatives.



Raw materials and suppliers

We source our raw materials from local and international suppliers who can meet our requirements for quality, reliability of supply and sustainability on competitive terms. Our co-operation with suppliers is often long-standing and based on mutual value and development.

We ensure responsible procurement through continuous development of our procurement procedures, careful selection, close cooperation and ongoing supervision of our suppliers. Our suppliers undertake to follow our Code of Conduct and ethical guidelines.

Breweries

Our breweries in Denmark and Germany produce beverages and ingredients for all our markets. We continuously invest in the development and application of new technology that can ensure continued high quality, efficient production and a flexible capacity that supports our business development.

We take a focused approach to our work with quality and energy management and set goals for the efficient use of raw materials and other resources. We focus on minimising waste and emissions. We work systematically with work environment management, focusing on safety, health, job satisfaction and skills development.

Clients

Our customers are supermarket chains and other retail companies as well as food and beverage companies. Internationally, we also work with local and international distributors. We focus on developing our co-operation with customers in order to meet the ongoing development in consumer demand and expectations.

We work to develop products that are in line with demand trends. We focus on food safety and compliance with current regulations and standards through systematic supplier- and quality management.

Consumers

Our products are consumed by millions of consumers in all our markets. We emphasise giving consumers a positive experience and enjoyment from our products and continuously invest in development that meets the demands for quality, functionality, content and values.

We emphasise the health of consumers and the impact of products on the surrounding environment. We focus on the development of increasingly sustainable products and packaging, and through effective labelling, we want to give consumers the best conditions for choosing their products.



Value creation

EMPLOYEES

As a company, Harboe creates jobs and a high level of employee satisfaction as well as developing talent across the group's activities.

SHAREHOLDERS

It is Harboe's ambition to create a stable and attractive return for its shareholders.

COMMUNITY

Harboe wants to make a positive contribution to the sustainable development of the community and plays an active role in creating drive and activity in the local communities in which the group operates.

THE PEOPLE'S BREWERY

Harboe's strategy towards 2027/2028

Harboe's overall goal is to create long-term value for its shareholders, customers and consumers, as well as the communities of which it is a part. In 2021/2022, Harboe has prepared an updated strategy for the group with a focus on getting closer to consumers, restoring growth, strengthening the group's foundation and increasing earnings.

Our financial goal is to ensure annual turnover growth towards 2027/2028 driven by an annual average growth in volume of 3 - 5% and an EBITDA margin of 10% in 2027/2028. We expect the growth strategy to include annual investments in efficiency improvements and upgrades of our production and supply chain. The goal is for ROIC to be above 8% by 2027/2028.



Harboe

FOLKETS BRYGGERI

**WE BREW TO
TO BRING PEOPLE TOGETHER**



CASE: Better information to limit food waste

It is estimated that 10% of all food waste is due to confusion related to the importance of date marking on food and beverages. Many consumers are not aware of the difference between "use by" and "best before". This means that a lot of food ends up in the bin unnecessarily because consumers think that the product cannot be consumed after the "best before" date. As part of a larger campaign against food waste, Harboe has therefore expanded and further clarified the information in the shelf life description on its Harboe beer with "BEST BEFORE – OFTEN GOOD AFTER".



BEDST FØR
OFTE GOD EFTER

Harboe's strategy towards 2027/2028

Strategic focus areas and goals

Focus areas for 2022/2023



Closer to consumers

We want to strengthen the narrative of Harboe in Denmark and establish a closer relationship with consumers so that they can understand what we stand for.

We will strengthen our efforts with communication and innovation based on consumer needs and create clear consumer preferences for Harboe's products and brands.

We will strengthen our marketing competences and invest in building insight into consumer needs, purchasing behaviour and category trends.

We want to ensure sustainable growth initiatives and take responsibility for our impact on society around us. Sustainability requirements will be integrated into all business decisions – from product and packaging development to resource consumption and CO2 emissions.

Strengthening marketing organisation and competences with a focus on category trends and consumer behaviour.

Launch of new packaging designs and initial initiatives for consumer communication with a focus on the Harboe brand.

Focus on developing innovation pipeline.

Investments in solutions that support sustainable products and packaging.



Restore growth

We will maintain and expand our well-established position in Denmark. We will be the preferred choice in the lower price segment. We will also create increased value through continued innovation and based on consumer demand and expectations for quality and sustainability. We must strengthen our brand and visual identity with clear presentation of our values.

In Germany, we must efficiently utilise our large capacity and create new business with customers who demand large volumes as well as support our own brands in our local area.

In the export markets, we will create growth in priority markets, where consumers choose our own brands and products. We will continue to enter into larger private-label agreements where this provides the opportunity to increase volume and create value.

We will realise a continued potential in our ingredient business through our unique competences and technologies that can contribute to the development of increasingly sustainable foods, in line with consumer demand and increasing demands for food quality.

Strengthen communication about Harboe to key stakeholders.

Launch of new products that meet consumer trends.

Establishment of new major customer agreements and support own brands in our German local area.

Systematic development of market positions for own brands based on demand.

Pursue opportunities to enter into relevant private-label contracts, where this supports efforts in international focus markets.

Continued focus on developing customer relationships and product mix within ingredients, as well as optimising solutions that support sustainability and quality.



Strengthen the foundation

We must streamline and secure the future of our supply chains so that we can deliver competitive, high-quality products at all times, on time and with the best service. This should help reduce our unit costs and increase the robustness of our business. Every investment will be based on our ambition to support sustainability.

We must strengthen our organisation and leadership so that everyone is aware of their roles and responsibilities and able to carry out their work with pride, ambition and the right competences. Our values must be animated and alive across the organisation.

Investments in production efficiency and improved resource utilisation.

Continued focus on streamlining processes and ensuring an internal setup that supports the expected growth.

Focus on internal communication that supports efforts in strategic priorities and strengthens employee satisfaction and commitment.



CASE: New Harboe design emphasises the vision

As part of our updated strategy, we have focused on strengthening the narrative of Harboe in Denmark and establishing a closer relationship with consumers so that they understand what we stand for. We have formulated a simple vision for our company:

We brew to bring people together

In fact, we have been doing this every single day for six generations – since 1883.

Community is the very essence of everything we do. This applies internally, where everyone makes an important contribution and success is created through a joint effort.

The same is true when it comes to our products, where high quality brings people together around good experiences.

On weekday evenings and at parties. On a bench or in the castle. When we relax in the sun or cheer in front of the big screen. At your local pub or out in the big, wide world.

With our new Harboe designs, which we have been launching in 2022, we highlight history, vision and values in the best possible way.

For us, it is important that Harboe is not for the few – but for all of us. That's why we are proud to call ourselves The People's Brewery – so we never forget who we are here for.



SUSTAINABILITY

As an international brewing company, we are aware of the imprint our company leaves on its surroundings and the stakeholders we are in contact with. This makes it crucial to us that Harboes' growth and development takes place on a sustainable basis and in accordance with current regulations and standards for good ethical behaviour and social responsibility.

Our policy for sustainable social responsibility and diversity is based on the principles of the UN Global Compact, and we focus on selected UN Sustainable Development Goals (SDGs), where with our company we have a responsibility and ability to contribute to a positive development. Our strategic goals for sustainability are based on four focus areas and associated goals.

 [See the full Sustainability Report here](#)



Our updated strategy includes investments in both marketing and expansion of our production facilities in Skælskør so that we create the optimal framework for growth and, at the same time, meet the requirements for sustainability throughout our value chain.



ENVIRONMENT AND CLIMATE

Main areas:

- CO₂ emissions
- Water and wastewater
- Circular economy



PEOPLE

Main areas:

- Job creation and social inclusion
- Health and safety
- Job satisfaction



CONSUMER

Main areas:

- Food safety and quality
- Health
- Food waste



BUSINESS ETHICS

Main areas:

- Culture and business
- Sustainable procurement
- Local anchoring





Environment and Climate

Objectives

- Reduction of CO₂ emissions, energy consumption and water consumption
- Optimising our use of raw materials, water and energy
- Reduce wastewater, both produced and discharged
- Optimise our utilisation of by-products from production through circular initiatives
- Focus on sustainable packaging

Initiatives and results for 2021/22

- Establishment of energy management team in Skælskør with the primary purpose of creating systems and processes that will continuously reduce resource and energy consumption
- Analysed consumption of water, electricity and gas in Skælskør with the help of newly installed measuring equipment
- Renovated water supply in Skælskør
- Renovated air conditioning in the brewery in Dargun
- Modernisation of light sources in Dargun
- Introduced solutions with recycled material in trays and foils

Status



Main activities for 2022/23

- Establish the framework for analysis of water consumption in Skælskør (step 1)
- Replace oil heating boiler in Dargun with more environmentally friendly heating source
- System for calculating scope 3 emissions, cf. GHG Protocol
- Initiate process for setting Net Zero objectives, cf. the Net Zero Standard
- Continuously increase the proportion of recycled or recyclable materials in packaging



People

- Maintain job satisfaction
- Increase employee competences
- Reduce sickness absence and work-related injuries
- Ensure a skilled workforce and diversity

- Job satisfaction survey conducted in both Skælskør and Dargun
- Two-year health programme launched in Dargun with a focus on diet and exercise
- Workshops every quarter for team leaders in Dargun



- Continued focus on reducing and maintaining low sickness absence and conducting care interviews in the event of longer absence
- Optimisation of onboarding
- Further training of employees in collaboration with local educational institutions in Skælskør and Dargun
- Interdisciplinary security group focusing on "best practice sharing"
- Personal development
- Leadership development programme
- Increase the level of psychological security from medium to high in Harboe
- Reduce occupational accidents annually by 10% and have no occupational accidents by 2030



Consumer

- Increase the level of information by labelling all beers and soft drinks in relation to health and sustainability
- Reduce food waste

- Introduced new soft drink in the Harboe range without sugar which tastes of blueberries
- Increase the level of information for pregnant women as well as warning not to drive under the influence of alcohol and information about proper handling of packaging.
- Stop food waste – label suitable products with "Best before, often good after"



- Reduce material consumption in packaging
- Continued focus on the development of soft drinks with reduced calories and non-alcoholic beer
- Reduction of calories in soft drinks, cf. the Food Partnership, of which Harboe is a partner
- Introduce more products in the water range



Business ethics

- Remain in compliance with applicable laws and requirements
- Work actively with the Code of Conduct for employees and suppliers
- Support a well-functioning and inspiring community and be a visible and active partner
- Support the local community through sponsorships for sports, culture and education in the local area

- All employees in Skælskør have received training in relation to Harboe's Code of Conduct for employees
- All suppliers have received Harboe's Code of Conduct for suppliers
- First round questionnaires sent out to suppliers for evaluation of their sustainability level
- Establishment of whistleblower scheme
- Adapted visitor guidelines for better use of Harboe's Visitors' Centre
- COP report to UN Global Compact



- Work actively to increase the level of sustainability of the suppliers that have been evaluated
- Send out second round of questionnaires to additional suppliers to evaluate their level of sustainability
- Supported via our procurement policy
- Anti-corruption guidelines
- Participate in local events
- Identify local clubs or initiatives to support along with employees



Objective met



Objective met in part



Objective not met

FINANCIAL STATEMENT

TURNOVER

In 2021/22, the group's turnover increased by 7% to DKK 1,419m compared to DKK 1,328m the year before. The year has been a special one in many ways, with both positive elements and significant challenges.

As COVID-19 released its hold on the populations in the respective markets, sales normalised and grew again, but the repercussions on the global transport situation and the pressure on supply chains put a damper on growth throughout the year. The latter, of course, was further exacerbated towards the end of the financial year with the war in Ukraine.

The Beverage segment delivered an overall volume increase of 2%, while the turnover increase was 8%. The increased volume was driven by a 50% increase in the export markets, while the domestic markets in the Nordic countries and Germany saw a minor decline measured by volume.

This market shift in the sales mix contributed to raising the group's average sales price, but in Q4 in particular, an early price increase effect was also realised in sales prices, necessitated by the sharply rising raw material prices.

In addition to the normalisation after COVID-19, the progress of the export markets was also driven by both new private-label agreements and the introduction of the group's own brands in new markets and wider distribution in existing export markets.

In the German market, the group is primarily a private-label supplier, and the categories delivered to have generally been declining in the market in 2021/22, which has reduced the group's sales in the German market compared to last year. At the end of the financial year, the group has entered into a larger, new private-label agreement, which will have a positive effect on total volumes in 2022/23.

In both the German and Danish markets, there has been intense price competition during the financial year, especially around Christmas, which reduced Harboe's sales volume. Excluding this, sales in the Danish market have developed in line with expectations.

The ingredients segment saw volume declines in the first quarters of the year due to the expiration of a contract with a major customer at the

transition to the calendar year 2021. After this, the volume development has stabilised so that the total volume decline for the year was 8%. A better sales mix and necessary sales price increases mean that turnover has only decreased by 3%.

A significant focus area at the end of 2021/22 and going into the coming financial year is ensuring sufficient sales price increases to meet significantly higher cost price levels across virtually all input elements.

EARNINGS

Earnings before interest, taxes, depreciation and amortisation (EBITDA) amounts to DKK 98.9m compared to DKK 107.8m last year. This is in line with the most recently announced expectations, which were communicated in company announcement no. 13 on 21 January 2022. EBITDA margin was 7.0% compared to 8.1% last year. The reduction in EBITDA can be fully attributed to volumes lost due to price competition in the domestic markets as well as the further drastic cost price increases realised in the wake of the war in Ukraine.

| MDKK | Q1 | Q2 | Q3 | Q4 | Total |
|---|-----|------|-----|-----|-------|
| Group | | | | | |
| Net turnover | 380 | 366 | 299 | 374 | 1,419 |
| Turnover development compared to 2020/21 | 12% | 3% | 2% | 11% | 7% |
| Beverages | | | | | |
| Net turnover | 352 | 337 | 268 | 344 | 1,300 |
| Turnover development compared to 2020/21 | 13% | 5% | 1% | 11% | 8% |
| Volume development in relation to 2020/21 | 4% | 0% | -3% | 4% | 2% |
| Ingredients | | | | | |
| Net turnover | 29 | 30 | 31 | 29 | 119 |
| Turnover development compared to 2020/21 | -2% | -16% | 4% | 5% | -3% |
| Volume development in relation to 2020/21 | -8% | -18% | -1% | -3% | -8% |

The Group delivered progress in activities and earnings in the first half year, but the second half year was significantly effected by the other factors.

The group's sales and distribution costs have increased by DKK 37.7m. Of this, the increase in distribution costs amounts to DKK 30.2m, partly due to the increased export volume, but the continuously high and rising freight rates throughout the year are also reflected. The other increase of DKK 7.5m in sales and marketing costs have been applied to strengthening the commercial organisation as well as to forward-looking and value-creating activities to strengthen the group's own brands, innovation and greater orientation towards market- and consumer insights.

As part of the strategy process implemented in the 2021/22 financial year, it has been a focus point to create the organisational foundation for implementing the strategy, which has contributed to increasing the group's administrative costs from DKK 57.6m last year to DKK 60.2m in 2021/22.

In comparison with the last financial year, it is noted that in 2020/21, the group sold two detached houses with a profit of DKK 3m, which was recognised under other operating income. Depreciation of intangible and tangible assets is included in the operating profit of DKK 99.7m compared DKK 97.8m last year. Included in the depreciation in 2021/22 is a write-down of DKK 3.7m on a trademark which the group has used i.a. in the sale of products to the Russian market.

This brand has been written down to DKK 0. Operating profit (EBIT) amounts to DKK -0.8m compared to DKK 10.0m last year.

In the financial year, financial items amounted to a cost of DKK 6.2m compared to a cost of DKK 6.8m last year.

The profits or loss before tax from continuing activities was a loss of DKK 7.0m compared to a profit of DKK 3.2m the year before. This is in line with the most recently announced expectations of a loss in the range of DKK -5 to -20m.

Following the winding up of the group's activities in Estonia in 2020/21, the group, as expected, finally divested the group's real estate in the Estonian subsidiary in 2021/22. In this connection, a profit of DKK 4.7m was realised which, less operating costs during the winding up period, resulted in a total impact on earnings from discontinued operations of DKK 4.3m compared to DKK 3.6m last year, when the divestment of the subsidiary's operating assets was included as the main income.

2021/22 profits for the year after tax amount to a profit of DKK 0.1m compared to last year's profits of DKK 5.2m.

EQUITY

As at 30 April 2022, equity amounted to DKK 680.9m compared to DKK 679.8m the year before. Equity has been affected by the profits for the year, exchange rate adjustments for foreign

subsidiaries and adjustments to other investments and securities.

The company has a total holding of 1,777,342 own B shares, corresponding to DKK 138.3m calculated at the share price as at 30 April 2022. The section on shareholder relations contains a more detailed description of Harboe's dividend policy and general meeting authorisation for the purchase of treasury shares.



We are working to revitalise our Harboe brand so that we can further utilise our significant position of strength in Denmark. The new packaging design is the first visible expression of our ambition to move closer to consumers and, in line with our strategy, intensify our focus on consumer trends and commercial innovation.



CASE: Harboe's new soft drink gets off to a fantastic start

In the summer of 2021, Harboe launched a new soft drink variant, Blå Bær Brus 0% sukker ("Blue Berry Sparkle 0% sugar"), which immediately caught the eye of consumers. Within a few months, the soft drink had risen to third place among our best-selling soft drinks, surpassed only by Harboe Cola Classic and Harboe Cola 0% sugar. The demand for sugar-free beverages is still growing, and we are ready to meet the needs of consumers for beverages that can be consumed with a clear conscience.



INVESTMENTS

Investments in intangible and tangible assets during the financial year amounted to DKK 50.7m compared to DKK 46.2m last year. The investments are primarily made for ongoing optimisation of existing production facilities, including with a focus on energy savings as well as safety and efficiency in operations. In addition, investments made in production equipment that enables a wider product range within the growing category of non-alcoholic beers are included.

The investment strategy for the coming years will be focused on continuous improvements as well as investments that support commercially based development activities. In addition, major investments are expected to be made in the group's production facilities within the next three to five years, with a view to renewal, efficiency improvements and modernisation to strengthen the preconditions for driving ambitious growth.

LIQUIDITY

The group's free cash flow – changes in cash and cash equivalents – amounted to DKK 29.6m compared to a negative DKK 29.0m in the same period last year.

The change compared to last year comes mainly from cash flows from operations, which were positive by DKK 103.4m compared to DKK 21.4m last year. Harboe has an ongoing focus on continued optimisation of working capital through management of procurement and supplier debt and, among other things, has

supply chain financing agreements with major customers. In what is now an extended period of negative interest rates, the group has used both these and other options for optimisation in order not to pay interest on excess liquidity. This has affected the shifts through 2020/21 and 2021/22, but the balance as at 30 April 2022 reflects the group's current liquidity situation.

Due to new EU rules, some of the group's customers have chosen to phase out their supply chain financing solution, which will create an increased liquidity burden for the group in the coming financial year of approx. DKK 30m.

CASH RESOURCES

Contingency liquidity for the group is composed of cash and cash equivalents and pledged, unutilised credit facilities and, as at 30 April 2022, amounted to DKK 146.1m. In addition to this, the holding of own B shares corresponds to DKK 138.3m calculated at the share price as at 30 April, 2022

INTEREST-BEARING DEBT

As at 30 April 2022, the group's interest-bearing debt amounted to DKK 129.0m compared to DKK 152.4m at the end of last year.

Adjusted for cash and cash equivalents of DKK 46.1m, compared to DKK 16.6m at the end of the last financial year, the group's net interest-bearing debt as at 30 April 2022 was DKK 82.9m compared to DKK 135.8m at the end of the year before.



EVENTS AFTER THE BALANCE SHEET DATE

From the balance sheet date and until today, no circumstances have occurred that significantly affect the assessment of the annual report.

EXPECTATIONS FOR 2022/23

At the start of 2022/23, the commercial situation continues to appear challenging. Cost prices of raw materials, packaging materials, energy and distribution remain at greatly elevated levels, and ongoing negotiations are underway to achieve necessary corresponding increases in sales prices among customers as well as other commercial activities to mitigate these increases.

Following the war in Ukraine, there is a risk of a complete or partial cessation of gas supplies. The group has taken the necessary steps to be able to produce without gas. However, a transition to oil will entail significant additional costs, which in the specific situation must be passed on to customers and consumers.

If suppliers of Harboe Group have not taken similar measures, a cessation of gas supplies could thus indirectly entail a risk of production stoppages.

In addition, the supply chains of a number of input resources, including freight capacity, are still under pressure, which could lead to delays

and lost turnover. However, Harboe is in active and ongoing dialogue with suppliers to ensure the greatest possible reliability of supply.

COVID-19 has been shown to lead to significant fluctuations in activity in affected markets, and with the risk of additional waves of infection, this may affect activity relative to expectations.

This is considered to be the single largest commercial risks that may currently affect expectations for 2022/23.

In the commercial areas in general, it is expected that through 2021/22, these will initiate initiatives to strengthen the group's own brands through increased innovation, updated visuals and increased marketing efforts which will create renewed growth, especially in the Danish market. In the German market, increasing sales are expected due to a large, new private-label agreement.

The export markets are also expected to deliver further progress in 2022/23, but here the cost price increases and continued high distribution costs are expected to put a particular damper on volume growth.

The activities in Harboe Ingredients are expected to deliver a volume increase in the coming financial year and the cost increases will also drive a sales price increase.

Internally, focus in the coming year – in addition to navigating stressed supply chains as best possible – will be on maintaining a high reliability of supply, continuing the clear focus on optimisation and long-term efficiency improvement. Overall, Harboe expects a positive development in turnover and an EBITDA between DKK 63–103m.

Expectations come with significantly greater uncertainty than usual and are very sensitive to the development in cost prices as well as the speed with which these can be passed on to customers and the market in general. Both ongoing and regular annual renegotiations of major contracts with customers are of great importance for the earnings trend in 2022/2023.

Write-downs on plant and production equipment are expected to amount to around DKK 86–92m. The group expects profits before tax from continuing activities in the range of DKK -30m to DKK 10m.

The final formal winding up of the group's subsidiary in Estonia is not expected to have a significant impact on earnings, and thus no impact on earnings from discontinued operations is expected.

DISCLAIMER

The annual report contains statements about the future, including expectations about future developments in earnings. Such statements are associated with risks and uncertainty regarding a number of factors, many of which are beyond the control of Harboe Group. This may cause the actual profits to differ materially from the expectations stated in the annual report.

Factors that may affect expectations include general economic and business conditions,

commodity price developments, new levies and regulation, political and geopolitical conditions, epidemic developments, demand, exchange rate fluctuations and competitive conditions.

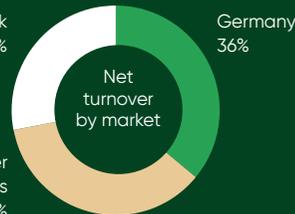
The annual report is published in Danish. An English summary will also be published. In case of discrepancies between the Danish and the English text, the Danish text shall prevail.



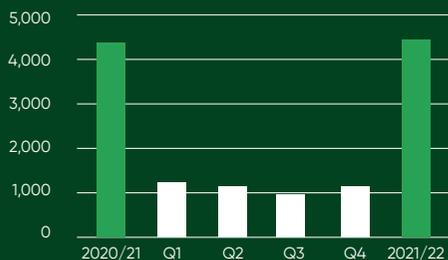
HARBOE BEVERAGES



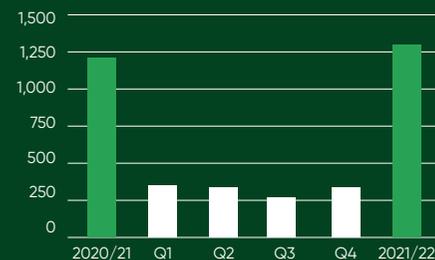
| | 2021/2022 | 2020/2021 | | |
|--|-----------|-----------|-----------------|-----|
| Sales (hl) | 4,419 | 4,351 | Denmark | 28% |
| Net turnover | 1,300 | 1,205 | Germany | 36% |
| Total expenditure | (1,183) | (1,080) | Other countries | 36% |
| EBITDA | 117 | 125 | | |
| Depreciation, amortisation and write-downs | (75) | (74) | | |
| Primary result (EBIT) | 42 | 51 | | |



Sales, hl.

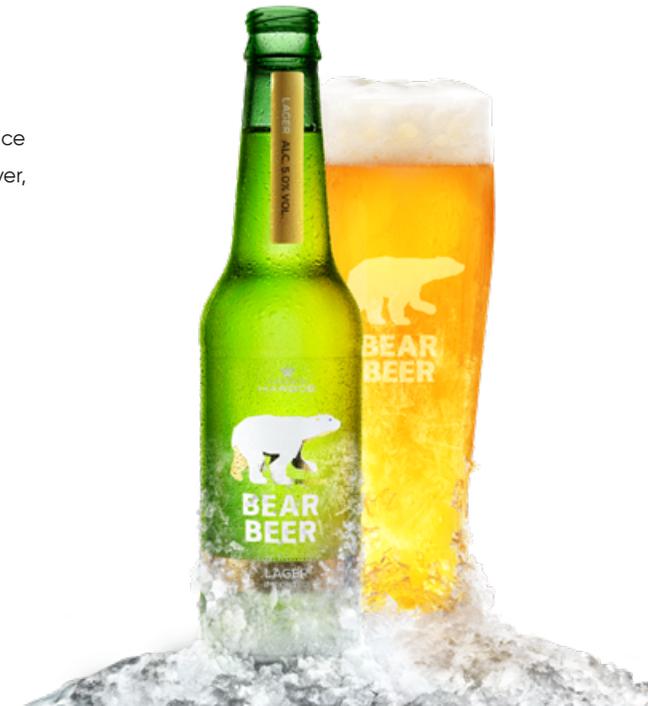


Net turnover, DKKm



HIGHLIGHTS AND BUSINESS DEVELOPMENT IN 2021/22

- Turnover from activities in Denmark developed positively, although not to the level expected, partly due to a massive range of competing products at very low prices in the period around Christmas and going into the new calendar year.
- Earnings in Beverages were under massive pressure as a result of sharply rising energy and commodity prices, and there has been intensive focus on implementing necessary sales price increases – an effort that will continue into the new financial year.
- In Germany, similarly increasing competition as well as a general decline in sales of private-label products contributed to a declining turnover.
- Export activities developed positively, but sharply rising freight prices, supply chain constraints as well as the introduction of price increases resulted in loss of business. However, new private-label agreements, a wider distribution in existing markets and the introduction of own brands in new markets more than match the lost turnover.



Harboe Beverages in brief

The production and marketing of beverages is Harboe's core business. Harboe's beverages are widely marketed to large retail customers in the Northern European markets, to cross-border shopping and to selected markets in Europe, the Middle East, Asia, Africa and the Americas. Harboe only has limited on trade activities, as this has been strategically deselected, due in part to the high marketing costs associated with presence in these markets, which are characterised by massive exposure and intense competition from leading international brands.

In Denmark and in the international markets, products are primarily marketed under own brands, while in Germany and through selected international distributors, products are primarily marketed under private labels.

Harboe's collaboration with customers in the retail trade is continuously developed so that the range, packaging and concepts meet development in demand and consumption patterns. Harboe has a well-established position in Denmark, where the group is recognised for high quality, reliability of supply and flexibility in the face of fluctuations in demand.

Internationally, Harboe markets a focused range of products under its own brands in selected markets in close collaboration with local distributors and retail customers. Harboe's products under its own brands are mainly marketed in slightly higher price segments in

markets with increasing demand for imported branded products. The group is recognised for its international quality certifications, credibility and Nordic legacy.

Market conditions and competition

The activities of Harboe Beverages are focused on the group's mature main markets in Denmark and Germany, as well as selected markets in Europe, the Middle East, Africa, Asia and the Americas.

The Northern European markets

The retail trade has undergone ongoing consolidation in recent years – especially among budget chains, which continue to increase their relative share of total retail trade. In most of Europe, the total value of the private-label segment is declining, while the middle and premium segments are growing.

Total beer consumption has been declining in Europe over the past 10 years. However, in recent years there has been a gradual increase in the value of the beer market, which has been driven by increasing sales of e.g. speciality beers and non-alcoholic beers, which are widely marketed in the middle and premium segments.

Sales of soft drinks are growing. Growth is primarily being driven by continued product development within the segment, including in i.a. energy drinks, and an increasing demand for sugar-free soft drinks, sparkling water, flavoured spring water and vitamin drinks is contributing to growth in the segment.

The Northern European beverage market is characterised by seasonal fluctuations, and the summer weather has a significant impact on overall demand. Competitors include both large Danish and international producers as well as a large number of smaller breweries. There is intense price pressure in all categories.

International markets outside Northern Europe

Market access in the international markets is based on collaboration with distributors and customers in markets where there is potential for reasonable earnings margins and the opportunity to establish actual niche positions.



We welcome a general trend across our markets of increasing demand for speciality products such as craft beer, non-alcoholic beverages and beverages with natural and sustainable profiles.





CASE: Danish consumers prefer Harboe's Apollinaris

Harboe's Apollinaris is the preferred water product in the Danish consumer's shopping basket.

Over the past year, the Apollinaris series, which includes both classic sparkling water and several flavours of sparkling water, has developed better than the general market for water and thus gained market share in both value and volume over competing products. With this, Harboe's share of the Danish market for sparkling water has increased from 23% to 24% measured by total volume – and this is despite the fact that Harboe's products are only distributed in about half of the Danish retail trade.



There is significant competition in all markets, but economic growth and increasing purchasing power are also driving increasing consumption of beverages.

At the same time, there is ongoing growth and maturation of the markets, which supports an increasing demand for beer, soft drinks, energy drinks and non-alcoholic beverages.

There is a general trend of increasing demand for speciality products such as craft beer, non-alcoholic beverages and beverages with natural and sustainable profiles. Harboe prioritises the product range that is marketed internationally based on a qualification of demand, volume and production efficiency. Competitors are local, regional and international breweries.

Strategy and business model

In the Northern European core markets, Harboe focuses on maintaining cooperation with customers and long-term contracts, where cooperation can be continuously expanded through the development of product ranges, packaging and sales concepts based on consumer demand.

In Denmark, the majority of sales come from own brands, where the wide range is primarily marketed in the lower price segment, while special products such as organic soft drinks, juices and speciality beers are priced slightly higher. Harboe's goal is to further expand its well-established position in the lower price

segment. At the same time, there is a focus on creating increased value through continued innovation and ensuring that Harboe has something to offer into new trends based on consumer demand and expectations for quality and sustainability.

The story of Harboe in Denmark must be strengthened through i.a. a new visual identity that clearly emphasises the group's values, and in the coming years, investments will be made into strengthening the group's competences and building insight into consumer needs, shopping behaviour and category trends.

The private-label activities, which are primarily operated out of Germany, continue to make up a significant part of the group's turnover. Here, work has been centred around expanding the sales channels with a focus on sales of large volumes that can efficiently utilise capacity, reduce dependence on individual customers and increase earnings.

In the international markets outside Northern Europe, Harboe focuses on creating growth, where economic and demographic developments support increasing purchasing power and demand. In these markets, Harboe's products are typically marketed in slightly higher price segments, targeting a rapidly growing segment of middle-class consumers who demand imported branded goods at attractive prices. The activities are developed

Beer

The demand for beer is particularly being driven by an increasing interest in speciality beers and beers with different alcohol contents. In large parts of the group's markets, Harboe's beer is marketed under its own brands.



NON-ALCOHOLIC DRINKS

Non-alcoholic beverages, including soft drinks, are a category that is in continuous growth, and water with different flavours in particular, as well as organic beverages and other special products, are developing positively.



and targeted to demand and development trends in the individual markets in close collaboration with distributors and customers.

Initiatives and results in 2021/2022

In Denmark, activities developed positively with increasing turnover, but in the second half of the year, competition intensified significantly with a massive range of competing products at very low prices, which resulted in significantly lower volumes than expected.

A significant focus area has been to create the framework for a revitalisation of the Harboe brand with a view to further utilising the group's significant position of strength in the Danish market. Among other things, this is being expressed through new packaging designs and an intensified focus on consumer trends and commercial innovation. In the spring of 2022, Harboe launched the new packaging designs for its beers and, alongside these, also two new types of beer – an IPA and a Blanche.

During the summer of 2022, Harboe's soft drinks will also be launched in the new designs, and the activities will be supported with further consumer-oriented communication and continued innovation.

In Germany, increasing competition as well as a general decline in sales of private-label products contributed to declining turnover.

Turnover from export activities increased but not at the high growth rate expected. This was partly driven by a renewed impact of COVID-19 but also, to a large extent, by continued limitations in the general logistics capacity, certain commodity restrictions and ongoing price negotiations derived from the massively rising cost prices.

In export markets, Harboe's products are marketed primarily under own brands and in higher price segments but also through relevant private-label contracts, which can support the group's capacity utilisation. During the financial year, this private-label business helped compensate for the decline in volume, which in isolation was related to the discontinued operations in the Russian market.

In addition to a continued focus on creating growth in the Beverage business, efforts to ensure sales price increases that are sufficient to compensate for the sharp and continuing cost increases have been a significant focus area. This will continue into the 2022/23 financial year.



CASE: Harboe wins international medals for beer

Bear Beer and Mecklenburger are Harboe's leading brands in the international markets, and Harboe markets a wide range of varieties under the two brands. In addition to classic lager, light beer and non-alcoholic beer, they also include IPA and several types of wheat beer, weissbeer and stronger beers.

At acclaimed international beer conference the International Beer Challenge, in 2021 Harboe took home a number of prestigious awards ahead of some of the world's largest beer producers. Bear Beer Wheat thus won a gold medal as the best wheat beer, and there were silver and bronze medals for Bear Beer Lager, Bear Beer Dark Lager and Bear Beer IPA. Mecklenburger also took home medals – a silver medal for both Mecklenburger Pilsner and Weissbeer and a bronze medal for Mecklenburger IPA and Dunkles Weissbeer.

The judging panel consists of more than 70 representatives of the retail trade, importers, brewmasters and taste experts from around the world. The products are tested by

monitored blind tasting, and the task is to identify the best-produced and most interesting beers in the category that deserve to be drunk.



Risk factors and priorities for 2021/2022

In the Northern European core markets, Harboe continuously focuses on the intense competition from both domestic and international competitors. Harboe constantly works to adapt product mixes and introduce new, innovative products that can meet market trends and drive new demand so that Harboe can successfully maintain its position in these markets.

Harboe's activities in the international markets are also exposed to risks where political conditions are less stable and where business conditions may be affected by various forms of unrest and lack of public control. Harboe focuses on prioritising efforts towards more stable markets and long-term relationships with distributors and customers and continuously assesses the risk exposure in relation to the earnings potential. There is an ongoing focus on efficiency improvements in customer service,

further developing contract formats and updating policies and processes around handling international customer relationships.

Price development of i.a. raw materials, consumables, and freight and the introduction of new or increased levies can significantly affect earnings, and during the financial year there have been significant price increases for raw materials, freight and energy. Harboe seeks to enter into long-term agreements on raw materials to

counteract larger fluctuations, but overall these factors pose a significant risk of affecting earnings, as the competitive situation does not always allow increased costs to be transferred to sales prices. These factors significantly affected Harboe's results in the second half of 2021/2022.

Harboe is constantly focusing on implementing efficiencies in operations and increasing turnover from its own brands and products, where earnings margins are greater, and it is expected that the group will be able to restore earnings as market conditions normalise.

Assessment of the development in specific operating and debtor risks, as well as the handling of these, is reported to the board of directors on an ongoing basis, and Harboe seeks to hedge against losses on debtors by taking out credit insurance and entering into letter of credit agreements where possible.

Production, distribution, delivery of agreed deliveries on time and good customer service in general are critical factors for customer satisfaction and the maintenance of long-term customer relationships. Harboe therefore places a special focus on ensuring optimal efficiency throughout the value chain. During the financial year, work was carried out in relation to a number of efficiency measures to strengthen productivity with a focus on e.g. internal logistics and additional quality assurance.



Expectations and focus areas in 2022/2023

In Denmark, Harboe will focus on maintaining and expanding its well-established position and at the same time strengthening its exposure to consumers in the retail trade. Demand in the beer market is expected to continue to decline, but the categories for speciality beers, soft drinks and other non-alcoholic beverages is expected to develop positively. In the coming year, Harboe will intensify its efforts to sustain the value of the Harboe brand and its positioning in the Danish market.

The weather in the peak season over the first two quarters of the financial year will, as usual, impact total demand and sales. Continued intense competition is expected, which will put earnings under pressure, just as price developments in raw materials, materials, energy, etc. may affect profits.

In Germany, there will be continued focus on the development of new sales channels that can take larger volumes, as well as the marketing of products that meet the demand for e.g. organic drinks and non-alcoholic beers. Both are part of a targeted sales effort towards new and existing customers, which will help increase sales volume, reduce dependence on individual customers and strengthen overall earnings.

In the international markets outside Northern Europe, in line with a gradual normalisation of markets and freight prices, we expect to be able to increase growth in the coming year through continued development of relations with distributors and customers. However, it is possible that continued cost price increases as well as continued high distribution costs will put a damper on volume growth. In the coming financial year, a targeted market approach with selected brands and sales-supporting marketing as well as expansion of the position in priority markets is expected to create a basis for improved earnings.

//

We will meet significant new trends based on consumer demand and expectations for quality and sustainability, and in the coming years, we will strengthen the group's competences and build insight into consumer needs, purchasing behaviour and category trends.



Market conditions are expected to remain challenging, but Harboe expects the group's offering to customers and partners in terms of quality and reliability of supply to help restore momentum in activities in the coming year.

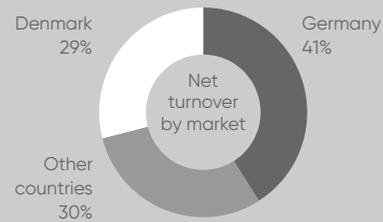
Harboe will continue to prioritise capacity utilisation for large volumes and maximum value. There will be a focus on establishing closer relationships with consumers, strengthening existing market positions and continued value development in product range and packaging in order to stimulate sales and help increase both turnover and earnings.

An important prerequisite for the realisation of results in the coming financial year is the implementation of necessary further increases in sales prices.

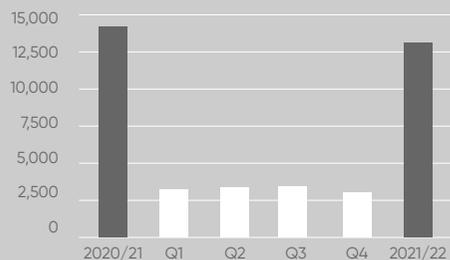
HARBOE INGREDIENTS



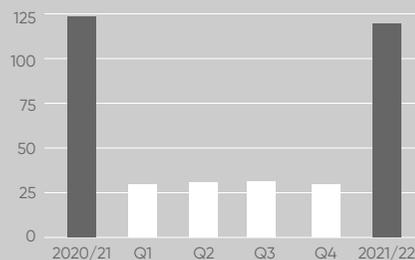
| | 2021/2022 | 2020/2021 |
|--|-----------|-----------|
| Sales (tonnes) | 13,176 | 14,335 |
| Net turnover | 119 | 123 |
| Total expenditure | (108) | (112) |
| EBITDA | 11 | 11 |
| Depreciation, amortisation and write-downs | (14) | (14) |
| Primary result (EBIT) | (3) | (3) |



Sales, tonnes



Net turnover, DKKm



Highlights and business development in 2021/22

- Turnover was slightly lower than last year, mainly due to the loss of a significant South American customer towards the end of the last financial year.
- The average sales price per kilo has increased over the past year, primarily as a result of an optimised sales mix and by the need to cover cost increases
- During the year, the business has focused on building new business, and in the second half of the year, Ingredients again delivered turnover growth.



Harboe Ingredients in brief

Harboe is one of Europe's leading producers of malt extract and markets a targeted palette of product variants under the group's own brand, Barlex.

Malt extract is used as a natural ingredient in the production of a wide variety of foods, including bread, breakfast products and chocolate.

Malt extract contributes natural properties such as colour and sweetness, which can replace i.a. sugar, caramel and a number of artificial additives and meet a growing demand for e.g. sustainability and clean labels for ingredients in food and beverages.

The customers are primarily European food companies, including a large proportion of Europe's largest bakery companies. In addition, Harboe exports its ingredients to a wide range of countries in the Americas, the Middle East and Southeast Asia.



We use our extensive knowledge of products and production processes in the food industry to advise on the implementation of new product applications that can add value in the production of food and beverages and meet the growing consumer demand for healthy and sustainable foods.

Harboe works closely with customers and advises on how the malt-based ingredients can be used to increase the quality, taste and shelf life of products.

Market conditions and competition

Harboe's activities in ingredients are supported by a generally increasing demand for food and an increasing focus in the food industry on developing healthier and more natural foods at competitive prices. Food safety and quality are paramount, also in relation to increasingly strict international regulation in the food sector.

The competitors are primarily major European malt houses which i.a. supply the brewing industry with malt. The largest actors typically have a leading market share in their local markets and also operate internationally to a greater or lesser extent. Harboe's product range addresses e.g. an international premium segment in the food industry, and a close collaboration with customers has given Harboe a well-established position among the competition.

Strategy and business model

Harboe Ingredients' business model is based on ensuring optimal use of the group's technology and competences in the utilisation of market opportunities within malt extract. In recent years, Harboe has invested in development and process optimisation within malt extract and today has a targeted and standardised range of ingredients.

Based on knowledge of customers and production processes in the food industry, Harboe is working to expand its position through sales and consulting on the implementation of product applications that can add value in the production of food and beverages and meet growing consumer demand for healthy and sustainable foods. The collaboration with existing and new customers includes i.a. the holding of development seminars, recipe development and joint test processes.

Harboe Ingredients holds further potential for growth and earnings, which is sought realised through our unique competences and technologies, and contributes to the development of increasingly sustainable foods in line with consumer demand and increasing demands for food quality.

Initiatives and results in 2021/2022

Ingredients' turnover was slightly lower than last year, mainly due to the loss of a, by volume, significant South American customer at the end of the last financial year. During the year, the business has focused on building new business, and in the second half of the year, Ingredients again delivered growth. Progress is primarily to be found in the German market.

The ingredients segment has generally – and in comparison with the beverage segment – been found to be volume-wise less affected by COVID-19 as well as fluctuations in supply and demand patterns. The segment therefore continued to deliver a stable earnings trend on a par with expectations for 2021/22.



CASE: Sustainable supplier management

Supplier management is an important part of our quality assurance, and we regularly evaluate our suppliers using i.a. questionnaires in order to ensure food safety and the prevention of irregularities. In 2021, we prepared a Code of Conduct for suppliers, which was sent out to all our suppliers of raw materials and packaging materials.

When suppliers sign this Code of Conduct, they confirm compliance with the 10 principles of the UN Global Compact on human rights, workers' rights, the environment and anti-corruption. In addition to this, they confirm that sustainability constitutes a part of their own supplier management. It is our goal that 80% of all suppliers of raw materials and packaging materials must have signed our Code of Conduct for suppliers by the end of 2022, and that all suppliers have signed by the end of 2023. Alternatively, they must present and comply with their own Code of Conduct, which is at least at the same high level as Harboe's Code of Conduct.

There is continued high demand for ingredients that meet sustainability and clean label requirements for food, and Harboe has continued to work closely with customers to develop and implement new uses for the malt-based ingredients. Several of these products are being incorporated and continue to be rolled out in production by a number of customers and are expected to drive a continued stable and positive sales development. At the same time, an improved product mix and a targeted focus on product and cost optimisation as well as reduction of fixed costs have contributed to ensuring improved earnings per kilo and an improved overall result.

Risk factors and priorities for 2021/2022

In the past year, Harboe has worked to optimise and streamline production processes and quality controls in order to increase resilience to fluctuations in raw material prices and quality.

It is crucial that new products and applications meet the specific functionality requirements in order to be part of the customers' production process. In the past year, Harboe has therefore also focused on the close dialogue with, and advising of, customers, as well as ensuring quality, progress and ongoing control for the test processes carried out.

Expectations for 2022/2023

Harboe's activities within malt extract are exposed to the usual market risks of competition, development in raw material prices, etc., just as market developments can affect expected sales. Furthermore the development in raw material prices etc. drives a need for additional sales price increases.

In the coming year, Harboe will focus its efforts on the continued development of existing customer relationships and the further work of identifying new uses for malt-based ingredients in collaboration with customers. At the same time, Harboe will intensify its sales efforts towards new

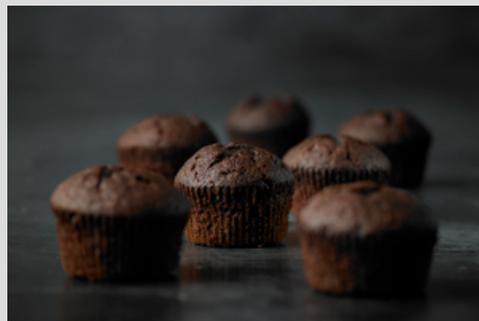
segments, which are expected to be able to contribute to restoring growth in the business during the financial year.

Increasing turnover and overall improved earnings are expected in 2022/2023.

Harboe is one of Europe's leading producers of malt extract, and the portfolio has been continuously expanded with a number of product variants, which have been developed and targeted towards meeting an ever-increasing demand for sustainable ingredients with good quality and nutritional properties.



Harboe's malt extract adds sweetness and crispiness to bread and cakes.



If you replace glucose syrup with malt extract, you can reduce the sugar content by almost 2/3.



Malt extract meets an increasing demand for "clean label" foods



RISK FACTORS, FINANCIAL REPORTING AND CONTROL

Harboe continuously analyses and considers the business and financial risks that impact the company's development and results. The board of directors is overall responsible for the group's risk assessment, risk management and the internal control environment in connection with the financial reporting.

During the year, focus has been on controls and follow-up with the group's supply chain, continued optimisation of business procedures, infrastructure and processes, as well as IT systems that support ongoing control and reporting across the group.

Harboe's board of directors has appointed an audit committee, which consists of the entire board of directors elected by the annual general meeting. At least one member has special competences in accounting and financial management. The chairman of the audit committee is appointed by the board of directors.

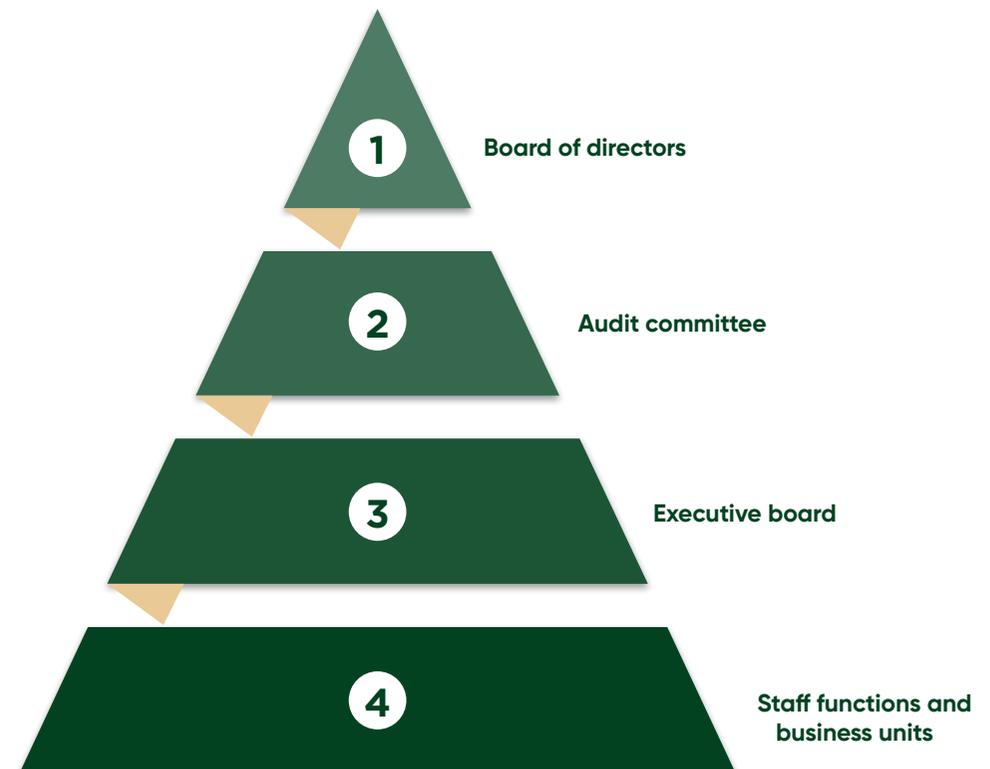
The audit committee is responsible for establishing policies, procedures and ongoing monitoring

of internal control systems. The committee has specified annual tasks and responsibilities in consultation with the company's external auditor. Prior to the approval of the annual report, the committee reviews the reporting with the company's external auditor, with particular focus on accounting policies, significant accounting estimates, transactions with related parties, uncertainties and risks.

The framework for the ongoing risk assessment is defined by the board of directors. The executive board holds day-to-day responsibility for monitoring, follow-up, control and reporting. A standardised programme has been established with minimum requirements for documentation and follow-up in order to reduce registered reporting risks.

Reporting and follow-up for the individual units and business areas take place as part of the reporting to the board of directors. The ongoing monitoring and control is carried out both decentrally by specialised control functions in the individual business units and at the group level management.

Management model for risk



Significant business risks

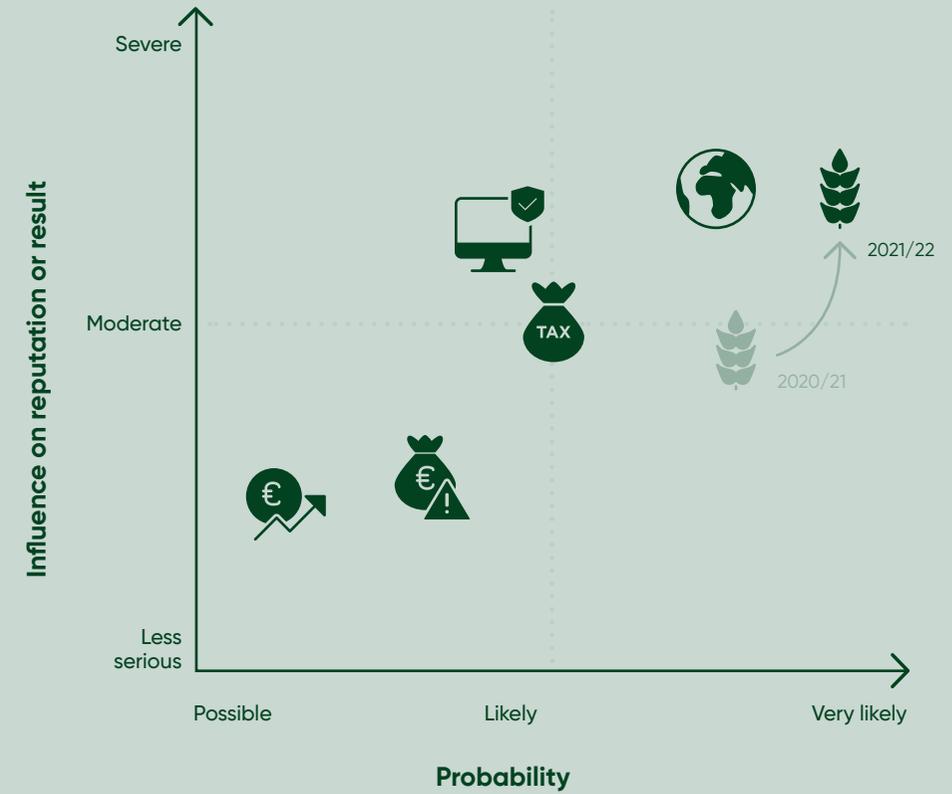
The above overview reflects the most significant current risk factors that are included in the group's ongoing risk management.

In the review of individual business activities, the current risk exposure, risk management and expectations for the coming year's risk factors are explained in more detail.

In the 2021/2022 financial year, there has been particular focus on managing increased risks associated with raw material availability, development in commodity prices as well as bottlenecks and price increases in supply chains, all of which have been affected by challenging market conditions in continuation of the global development of COVID-19. At the same time, the risk assessment of IT security has been raised and is now one of the most significant risk factors.



Harboe's risk landscape



-  Market conditions and customers
-  Levies
-  Raw materials and supply
-  Liquidity and interest rate risk
-  IT security
-  Financial risks

Risk conditions

| Risks | Preventive measures |
|--|--|
|  <p>Market conditions and customers</p> <p>The market for beer and soft drinks across all the group's markets is characterised by intense competition, and customers are most often large supermarket chains with considerable bargaining power. This entails a risk of dependence on individual customers and pressure on earnings.</p> <p>In the Northern European markets, Harboe is also affected by the seasons, where the quality of the summer weather in particular has a significant impact on turnover. At the same time, Harboe is exposed to market developments in the international markets, including the risk of changing political and regulatory regimes and business practices that may affect trading conditions, approvals, import regulation, logistics, etc.</p> | <ul style="list-style-type: none"> • Harboe seeks to strengthen sales of its own brands and products in higher price segments, where earnings margins are better and sensitivity is thus lower, which is especially possible in the international markets. • Seasonal fluctuations are sought to be addressed through e.g. optimisation of production processes and coordination between the group's production units. At the same time, growth in activities in markets outside Northern Europe must help to reduce the relative exposure to seasonal fluctuations. • Harboe continuously weighs risks in relation to specific market opportunities and potential customers and develops activities in close collaboration with experienced and locally known distributors. Harboe focuses on ensuring the handling of business procedures re. contract formats, business practices and ethical standards, so that employees dealing with business relationships receive the best possible conditions and guidance on how to handle situations that deviate from normal standards, including the risk of corruption. |
|  <p>Levies</p> <p>Harboe's beer and soft drinks are subject to sales taxes to varying degrees in the group's markets, and significant changes in these may affect Harboe's earnings and, ultimately, sales of the group's products. At the same time, Harboe is exposed to the risk of new levies, including environmental taxes, which can affect both turnover and earnings.</p> | <ul style="list-style-type: none"> • Harboe works with both short- and long-term energy management with a focus on both resource use and energy consumption in order to ensure ongoing optimisations, which will reduce Harboe's overall environmental impact and thereby minimise the cost of current and expected future environmental levies. |
|  <p>Raw materials and supply</p> <p>Harboe is sensitive to market fluctuations in the prices of raw materials and consumables because increased production costs cannot be immediately transferred to sales prices. This is especially the case for the group's long-term private-label contracts as well as for products subject to particularly strong competition.</p> <p>Due to the war in Ukraine, there is a risk of a complete or partial cessation of gas supplies, which could affect own production and the group's supply chains. If the suppliers of the Harboe Group have not taken measures to counter such a risk, a cessation of gas supplies could thus indirectly entail a risk of production stoppages.</p> <p>At the same time, the group depends on the reliability and quality of raw material supply, just as Harboe depends on raw materials and materials being delivered on time and in the agreed quantities. Suppliers' compliance with international standards of good corporate governance and accountability in relation to their environment may also affect Harboe's reputation and business. Harboe is also affected by ongoing developments in regulation, industry standards and demand in relation to sustainability in the use of raw materials and consumables, which may lead to increased costs and the need for changed production forms.</p> | <ul style="list-style-type: none"> • The supplier collaboration is often based on long-term relationships based on terms that are adjusted and renegotiated for 1–3 years at a time. The majority of Harboe's suppliers are based in Europe and thus subject to a uniform regulatory framework in accordance with European standards. Harboe continuously evaluates the quality and reliability of supply of individual suppliers, just as unannounced inspection visits are carried out. In 2021/2022, there has been particular focus on managing increased risks in continuation of the continued development in COVID-19, which has given rise to limited availability of important raw materials, significant increases in raw material prices as well as bottlenecks and price increases in supply chains. • Harboe has taken the necessary steps to be able to produce without gas. However, a transition to oil will entail significant additional costs, which in the specific situation must be passed on to customers and consumers. Harboe is also in active and ongoing dialogue with suppliers to ensure the greatest possible reliability of supply. • Harboe systematically follows up on the group's supply chains, which commit to complying with the group's Code of Conduct and a number of standard requirements regarding their business practices and key issues in human rights, labour rights, the environment and anti-corruption. This effort is a key element in the group's work with corporate social responsibility and a significant focus area in strategic risk management. • Harboe continuously monitors developments in new requirements and expectations for sustainability and assesses investment needs and necessary adjustments as part of the group's strategy follow-up. |



Financial risks

For the majority of the group's activities, Harboe's sales and purchases in foreign currency continue to be made in EUR, where the currency risk is considered to be limited. However, the geographical spread of Harboe's markets means that there is a derivative commercial pricing risk in the event of significant currency price fluctuations in individual markets.

Harboe is also exposed to increased credit risk on individual customers, especially in international markets.

- In line with the continued growth of the group's international activities, Harboe will continuously assess the need for currency hedging.
- Harboe performs credit assessments of customers through both internal procedures and external partners.
- Harboe seeks to hedge against losses on customers through ongoing assessment of the need to take out credit insurance and enter into letter of credit agreements, where appropriate and possible.



Liquidity and interest rate risks

Harboe focuses on optimising cash flows and ensuring an efficient balancing of working capital and liquidity. This has ensured that the group has continued flexibility in operations and the financial independence and freedom to carry out ongoing strategic investments.

Harboe's solid capital structure limits the risk associated with the development of market interest rates.

- Ongoing focus on optimising working capital.
- Harboe's financial risks are described in more detail in the notes to the consolidated financial statements, where sensitivity analyses are presented in connection with these.



IT security

Harboe's operations, reporting and control systems are largely driven by IT systems and dependent on a high level of IT security. Breakdowns of systems, errors or unauthorised access to the group's IT systems therefore constitute significant and increasing risks to the group's activities.

- Harboe has established procedures to ensure a high level of security and safeguard against crashes and loss of data in day-to-day operations, as well as general defence against cybercrime.
- In 2021/2022, Harboe raised the risk assessment of the group's IT security, and a number of initiatives were launched during the financial year to further secure IT systems in both production and administration and to generally upgrade the group's preparedness to handle risks.



CASE: Education increases motivation

At Harboe, it is important to us that all employees enjoy and feel motivated in their work. This depends, among other things, on employees possessing the necessary competences to carry out the tasks which they are responsible for. Therefore, we have implemented a programme for our production staff, where each individual has their competences and motivation evaluated and, based on the results, undergoes a tailor-made training programme for them.

We can see that both managers and employees are happy with the model, and this is an important step in

ensuring continued high job satisfaction and retention of our employees.

In 2021/2022, we have worked with online training a lot because the restrictions during the pandemic limited the opportunities for physical training. The online training made it possible for us to easily reach many employees at the same time – and we will take this with us when we plan our training activities in the future. However, this does not replace the physical training, which allows for training in real situations and includes an important social element that creates value for employees.



CORPORATE GOVERNANCE



Sustainable management and values

Harboe's board of directors attaches great importance to the fundamental values created and developed at Harboe over six generations as a family-run business being combined in the best possible way with effective business management, with the primary purpose of creating value for the company's shareholders, employees and customers. Both the board of

directors and executive management focus on ensuring that the group's management and control systems are efficient and in line with relevant standards.

Recommendations for good corporate governance

Harboe's management is for the most part carried out in accordance with the current



CASE: Harboe's cola wins blind taste test among experts

In 2021, Dagbladet Politiken asked two test judges to blind taste six colas, where they assessed taste, aroma and appearance. One judge was Associate Professor of Food Science Michael René from Copenhagen Professional School, who blogs about food and food chemistry, and the other was Frederik Kreutzer, who works at RareWine Invest and is an experienced wine taster and taste tester of food.

In the test, Harboe's cola scored the highest among the tested products with 5 out of 6 possible stars. Among the things noted about Harboe's cola was that it "smells completely different from the others. My first

association is cinnamon and cardamom – that is, Christmas spices along with the kola nut. I suspect this is a luxury product. It's exciting because it has a completely different complexity compared to the others."



recommendations for good corporate governance. The complete review of the individual recommendations can be found on the group's website.

Management committee

The board of directors has appointed three management committees, which work under the board of directors – an audit committee, a nomination committee and a remuneration

committee. In accordance with the company's remuneration policy, a remuneration report has been prepared for 2021/2022.

[See the full Corporate Governance Statement](#)

The board of directors

Meetings in 2021/2022

| | Meeting attendance |
|-----------------------------|--------------------|
| Bernhard Griese (Chairman) | ● ● ● ● ● ● |
| Claus Bayer (Vice-Chairman) | ● ● ● ● ● ● |
| Sabine Disse | ● ● ● ● ● ● |
| Bettina Köhlert | ● ● ● ● ● ● |
| Ruth Schade | ● ● ● ● ● ● |
| Jakob Skovgaard | ● ● ● ● ● ● |
| Jens Bjarne S. Jensen | ● ● ● ● ● ● |

Audit committee

| | Meeting attendance |
|------------------------|--------------------|
| Ruth Schade (Chairman) | ● ● ● ● |
| Claus Bayer | ● ● ● ● |
| Sabine Disse | ● ● ● ● |
| Bettina Köhlert | ● ● ● ● |
| Jakob Skovgaard | ● ● ● ● |
| Bernhard Griese | ● ● ● ● |

Items addressed

The board of directors held six meetings during the financial year, including x strategy seminars. In addition to the permanent items on the agenda, during the financial year the board of directors addressed, among other things, the following topics:

- Strategy for the group, including strategy for sales and marketing, future geographical and customer exposure and focus, value addition and product and brand strategy
- Challenges presented by significant price increases for raw materials, energy and transport, as well as implementation of necessary price increases as a result of these.
- Efficiency improvements in production and supply chain
- Long-term investment proposals
- Strengthening of organisation and management
- In connection with the implementation of the annual evaluation of the board of directors and the executive board, it was decided to support the board material with short monthly update meetings as well as a number of measures to further strengthen the board material.

The audit committee has held four ordinary meetings in connection with the quarterly reporting. The audit is present at at least two of the audit committee's annual meetings. The meetings concern, among other things:

- Accounting policies, accounting estimates, transactions with related parties and uncertainties about risks
- The financial reporting process
- Internal controls and risk management systems
- Collaboration with the audit and review of audit plan.

Documents

- [Corporate Governance Statement](#)
- [Sustainability and Diversity Policy](#)
- [Tax Policy](#)
- [Data Ethics Policy](#)

- [Terms of reference](#)

Nomination committee

Meetings in 2021/2022

| | Meeting attendance |
|----------------------------|--------------------|
| Bettina Køhlert (Chairman) | ● ● ● ● |
| Claus Bayer | ● ● ● ● |
| Jakob Skovgaard | ● ● ● ● |
| Ruth Schade | ● ● ● ● |
| Bernhard Griese | ● ● ● ● |

Remuneration committee

Meeting attendance

| | |
|------------------------|-------|
| Claus Bayer (Chairman) | ● ● ● |
| Bernhard Griese | ● ● ● |
| Ruth Schade | ● ● ● |

Items addressed

The nomination committee has held four meetings with a primary focus on developing the group's management competences and organisational adjustments. Among other things, the committee has discussed:

- The composition of the executive board and future competence needs, as well as the group's organisational structure in continuation of the ongoing strategy process.
- Organisation and implementation of evaluation of the board of directors and the executive board.

The remuneration committee has held three meetings with a focus on e.g. the following topics:

- Preparation of remuneration report
- Ad hoc meetings with the executive board on the hiring of key employees

Documents

[Terms of reference](#)

[Terms of reference](#)

[Remuneration policy](#)

[Remuneration report](#)

SHAREHOLDER RELATIONS

Harboes Bryggeri wants to communicate openly and proactively with its investors and other stakeholders, taking into account current regulations.

Harboe will provide timely and relevant information in order to provide stakeholders with the best possible insight into the company's strategy, development and results, and thus contribute to a fair pricing of the company's share so that it best reflects the company's value and potential.

The communication takes place through the publication of company announcements, annual and interim reports as well as interim statements, which are published to the market via Nasdaq GlobeNewswire and on Harboe's website and investor portal. Interested parties can subscribe to announcements and other information about the company via the website.

Harboe holds an annual general meeting and also regularly participates in meetings with investors and other stakeholders.

For a period of three weeks before the publication of planned financial reports, Harboe does not comment on financial targets or expectations, nor does the company participate in meetings with investors and other stakeholders.

During the year, Harboe held meetings with investors and other stakeholders. Shareholders, analysts and other interested parties are welcome to contact Harboe's IR contact, and the company welcomes proposals for the further development of Harboe's investor relations.

[🔗 Harboe Investor Relations](#)



Value creation for shareholders

Harboe's dividend policy is based on a desire to create sustainable and long-term value for shareholders. The policy is implemented through the payment of dividends, taking into account the company's earnings, liquidity and financial objectives.

The board of directors recommends to the annual general meeting on 19 August 2022 that no dividend be paid for the 2021/2022 financial year.

The company has total holdings of 1,777,342 treasury B shares, corresponding to 29.62%. No treasury shares were purchased during the

financial year. The authorisation to purchase treasury shares was renewed on 20 August 2020. The authorisation gives the board of directors the ability to purchase treasury shares up to 50% of the share capital at a price corresponding to the share price plus/minus 10%. The authorisation is valid until the company's annual general meeting in 2025.

In previous years, acquisition of treasury shares has taken place, e.g. with a view to strengthening the group's capital base and ensuring flexibility in strategic preparedness, should Harboe, as part of the continued development of its activities, find it relevant to enter into strategic partnerships or make acquisitions.

| Per share/DKK | 2021/22 | 2020/21 | 2019/20 | 2018/19 | 2017/18 |
|---------------------------------|-----------|-----------|-----------|-----------|-----------|
| Share price, end of year | 77.8 | 74.0 | 51.0 | 86.6 | 84.6 |
| Market value, end of year, DKKm | 466.8 | 444.0 | 306.0 | 519.6 | 507.6 |
| Dividend per share | 0.0* | 0.0 | 0.0 | 0.0 | 1.0 |
| Total dividend, DKKm | 0.0* | 0.0 | 0.0 | 0.0 | 6.0 |
| Holding of treasury shares | 1,777,342 | 1,777,342 | 1,777,342 | 1,777,342 | 1,434,403 |

* Proposed dividend

Ownership

At the end of the financial year, Harboes Bryggeri A/S had 5,285 registered shareholders. The registered shareholders represent DKK 58.2m of the total share capital, corresponding to 97.0%.

Pursuant to section 29 of the Securities Trading Act, as at 30 April 2022, the following shareholders have stated to have a shareholding exceeding 5% of the share capital:

Kirsten and Bernhard Griese

Spegerborgvej 4, DK-4230 Skælskør
Capital share: 6.05%, voting share: 5.17%

Vibeke Harboe Malling

Spegerborgvej 14, DK-4230 Skælskør
Capital share: 3.40%, voting share: 16.88%

Pernille Harboe Obling

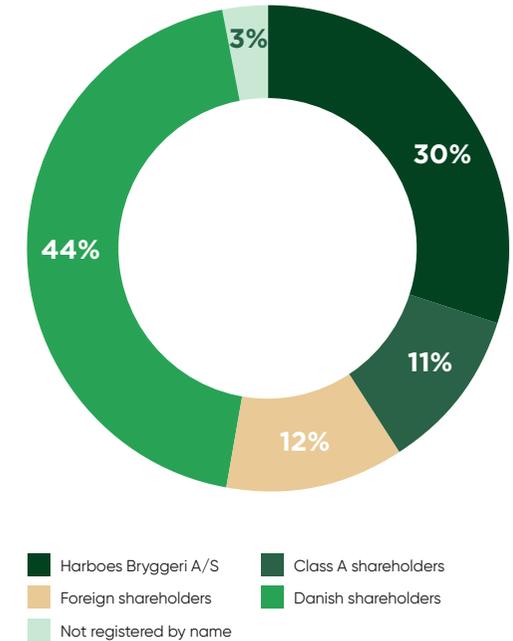
Spegerborgvej 16, DK-4230 Skælskør
Capital share: 3.45%, voting share: 16.90%

Karina Harboe Laursen

Køyersvej 14, DK-2930 Klampenborg
Capital share: 3.45%, voting share: 16.90%

As at 30 April 2022, members of the board of directors and the executive board held a total of 386,912 shares.

Distribution of shareholders



Members of the board of directors and the executive board, as well as the company's other key employees, are registered as insiders, and their share trading is subject to a reporting obligation. According to Harboe's internal rules, insiders may not trade for a period of 30 days leading up to the publication of financial statements, and insiders are also subject to the generally applicable rules of the Market Abuse Regulation.

The share

The share capital in Harboes Bryggeri A/S amounts to DKK 60,000,000, corresponding to 6,000,000 shares at DKK 10 each. The shares are distributed with 640,000 class A shares, corresponding to a nominal value of DKK 6,400,000, and 5,360,000 class B shares, corresponding to a nominal value of DKK 53,600,000.

When voting at the company's general meeting, each class A share of DKK 10 gives 10 votes and each class B share of DKK 10 gives 1 vote.

Only the company's class B shares are listed on NASDAQ OMX Copenhagen. During the period, trading totalling a market value of DKK 134.0m has been done, corresponding to an average turnover per day of DKK 0.5m.

| | Class A shares | Class B shares |
|-------------------------|----------------|----------------|
| Number of shares | 640,000 | 5,360,000 |
| Nominal value per share | DKK 10 | DKK 10 |
| Nominal value in total | DKK 6,400,000 | DKK 53,600,000 |
| Votes per share | 10 | 1 |

Harboe shares rose from 74.0 at the beginning of the financial year to a price of 77.8 per share as at 30 April 2022. This corresponds to an increase of 5.1%. In comparison, the Danish small cap index rose by 14.8% in the same period.

Significant contracts or change in control

It is part of Harboe's business model and strategy that, as a general rule, long-term contracts are

established with major customers. None of these contracts contain clauses on the possibility of termination in the event that control of the company changes.

The ordinary notice period for directors of the company on the part of Harboe may not exceed 24 months. In the event that control of the company changes, the notice period can be extended by six months.

Financial calendar for 2022/2023

Ordinary general meeting

19 August 2022

Interim statement, Q1 2022/2023

29 September 2022

Interim report, H1 2022/23

8 December 2022

Interim statement, Q3 2022/2023

9 March 2023

Annual report 2022/2023

22 June 2023

Price index 2021–2022



Harboes Bryggeri A/S

Nasdaq OMX Small Cap



HARBOE'S BOARD OF DIRECTORS



Bernhard Griese (1941)

Chairman of the board

Dependent member of the board since 1986. Elected in 2010, 2014, 2015, 2016, 2017, 2018, 2019 and 2020. The election period expires in 2022.

Bernhard Griese is a qualified electrical engineer and was first employed at Harboes Brewery in 1973. In the following years, he worked in all areas of the company. He joined the Executive Committee in 1981 and was made CEO in 1986 – a position he held until 2019.

Bernhard Griese's broad production and management experience, combined with a strong focus on innovation, is a significant asset to the board of directors and has been a driving force in the group's targeted approach to new growth markets, ongoing efficiency improvements, production upgrades and development of new products and brands.

Member of the audit committee, the nomination committee and the remuneration committee.

Holdings of Harboe shares: 363,222 pcs.

Board positions

Visbjerggården A/S (Chairman)
Keldernæs A/S
Danfrugt Skælskør A/S (Chairman)
Bernd Griese Holding ApS

Executive positions

Keldernæs A/S
Bernd Griese Holding ApS
Agrar Holding ApS
Agrar Produktion Niendorf GmbH, Germany



Claus Christian Bayer (1957)

Deputy chairman of the board

Independent member of the board since 2020. Re-elected in 2021. The election period expires in 2022.

Claus Bayer has an Academy Profession degree in Financial Management from Niels Brock Copenhagen Business College and an MBA from Harvard Business School. Claus Bayer has run an independent consulting business within the field of corporate finance since 2012, assisting with corporate transactions, valuations and ownership restructuring.

From 2007 to 2012, he was employed as deputy director and Head of M&A at Royal Unibrew, where he was heavily involved in the company's successful turnaround.

Claus Bayer's knowledge of the brewing industry and experience with turnarounds, restructuring and strategy work are important contributions to the work of the board.

Chairman of the remuneration committee.
Member of the audit committee and the nomination committee.

Holdings of Harboe shares: 10,000 pcs.

Other management positions

CEO, Pinehill ApS

Board positions

Tømmerhandler Johannes Fogs Fond (Foundation)



Sabine These (1976)

German citizen

Independent member of the board since 2021. The election period expires in 2022.

Sabine These holds an MSc in Business Administration from Friedrich-Alexander Universität and completed Cambridge University's General Management Programme. Since 2020, Sabine These has been the CFO of Intersnack in Germany, a subsidiary of Intersnack Group which produces and markets snack products throughout Europe. From 2013 to 2018 she was CFO of the snack nuts business in Germany, and from 2018 to 2020, she played a key role in the financial planning and roll-out of a common ERP system for the Intersnack Group.

From 2008 to 2013, she was CFO of the international brewing company under the Warsteiner Group, one of Europe's largest privately owned breweries in Germany. In relation to this, she held a number of management and board positions in Warsteiner's subsidiaries worldwide.

Sabine Disse has significant insight into the German market for FMCG in the food and beverage sector, as well as broad international experience from the industry. In addition, her strong financial background as CFO and as a member of management of the companies she has worked for is a valuable addition to Harboe's board of directors.

Member of the audit committee.

Other management positions

CFO, Intersnack Germany



Bettina Køhlert (1964)

Dependent member of the board since 2020. (Provided advisory services to Harboes Bryggeri A/S within the past 5 years). Re-elected in 2021. The election period expires in 2022.

Bettina Køhlert holds a cand.scient.soc (business economics/public relations) from Roskilde University and completed CBS Executive's board training.

For a number of years, Bettina Køhlert has been operating a consulting business focused on financial communication and investor relations and has advised a wide range of listed companies on their investor communication and in connection with a large number of corporate trades and financial transactions.

Bettina Køhlert has previously been employed by the ISS Group's listed parent company and served as the employee-elected member of ISS' board of directors. Bettina Køhlert's experience with financial communication and compliance in listed companies is an important contribution to the work of the board of directors.

Chairwoman of the nomination committee.
Member of the audit committee.

Holdings of Harboe shares: 1,402 pcs.

Other management positions

Director/partner of Guidance ApS



Ruth Schade (1951)

Dependent member of the board since 2020.
(Former Group Chief Executive of Harboes Bryggeri A/S).
Re-elected in 2021. The election period expires in 2022.

Ruth Schade originally qualified as a school teacher and holds a Bachelor's degree in Economics. She has completed a diploma in business administration, sustainability and the UN's Sustainable Development Goals, as well as CBS Executive's board training.

Ruth Schade has been employed with Harboes Bryggeri since 1980 and has held a number of managerial positions, most recently as Group CEO until April 2020. Ruth Schade has been involved in all parts of Harboe's commercial and strategic development and, prior to her resignation, was the driving force in the formulation of a new CSR strategy.

Ruth Schade's experience and significant insight into the group ensures continuity, as well as being an important contribution to the work of the board of directors.

Chairwoman of the audit committee.
Member of the nomination committee and the remuneration committee.

Holdings of Harboe shares: 5,440 shares.

Board positions

Danfrugt Skælskør A/S
Visbjerggården A/S
Keldernæs A/S



Jakob Skovgaard (1974)

Independent member of the board since 2021. The election period expires in 2022.

Jakob Skovgaard holds an MSc in Engineering from the Technical University of Denmark and completed INSEAD's Executive Board Programme. Since 2020, Jakob Skovgaard has run an independent consulting business dealing with e.g. strategy, marketing and digital transformation. From 2004 to 2017, he was employed by Arla Foods, where he worked on international strategy development, and has since been given global responsibility for growth and sales of the group's cheese category. In 2017, Jakob Skovgaard joined Danish Crown Foods, where he became the managing director of the group's activities in Denmark. Jakob Skovgaard's extensive knowledge of global sales and marketing, consumer trends and innovation, as well as experience with the Danish retail market, business development and digital transformation will be a valuable contribution to Harboe's board of directors.

Member of the audit committee and the nomination committee.

Holdings of Harboe shares: 4,487 pcs.

Other management positions

CEO, Skovgaard Mgt.

Board positions

Trivision A/S



Jens Bjarne Søndergaard Jensen (1955)

Elected by the employees of Harboes Bryggeri A/S.
Re-elected in 2008, 2012 and 2018. The election period expires in 2022.

Jens Bjarne Søndergaard Jensen is a forklift operator and has been employed by Harboes Bryggeri since 1983. For a number of years, he has been elected from among the employees as a union representative.

Holdings of Harboe shares: 111 pcs.

STATEMENT BY THE EXECUTIVE BOARD AND THE BOARD OF DIRECTORS ON THE ANNUAL REPORT

On this day, the board of directors and the executive board have reviewed and approved the annual report for the financial year 1 May 2021–30 April 2022 for Harboes Bryggeri A/S.

The annual report is presented in accordance with International Financial Reporting Standards as approved by the EU as well as further requirements in the Danish Financial Statements Act.

It is our opinion that the consolidated financial statements and the annual financial statements offer a true and fair account of the group's and the company's assets, liabilities and financial position as at 30 April 2022, as well as of the result of the group's and the company's activities and cash flows for the financial year 1 May 2021–30 April 2022.

In our opinion, the management commentary

offers a true and fair account of the development in the group's and the company's activities and financial conditions, the year's results, the company's financial position and the financial position as a whole for the companies covered by the consolidated financial statements, as well as a description of significant risks and uncertainties which the group and the company face.

It is our opinion that the annual report for the financial year 1 May 2021–30 April 2022 with the file name HarboesBryggeri-2022-04-30-da.zip has, in all material respects, been prepared in accordance with the ESEF Regulation.

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

Skælskør, 17 June 2022.

Executive board

Søren Malling
CEO

Martin Schade
COO

Michael Møller Jensen
CFO

The board of directors

Bernhard Griese
Chair

Claus Bayer
Deputy chair

Bettina Köhlert

Ruth Schade

Sabine Disse

Jakob Skovgaard

Jens Bjarne Søndergaard Jensen
Elected by employees

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Harboes Bryggeri A/S

Audit opinion

We have audited the consolidated financial statements and the annual financial statements of Harboes Bryggeri A/S for the financial year 01.05.2021–30.04.2022, including the income statement, comprehensive income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including applied accounting practices, for both the group as the company. The consolidated financial statements and the annual financial statements have been prepared in accordance with International Financial Reporting Standards as approved by the EU and additional requirements in the Danish Financial Statements Act.

It is our view that the consolidated financial statements and the annual financial statements offer a true and fair account of the group's and the company's assets, liabilities and financial position as at 30.04.2022, as well as the result of the group's and the company's activities and cash flows for the financial year

01.05.2021–30.04.2022, in accordance with International Financial Reporting Standards as approved by the EU as well as additional requirements in the Danish Financial Statements Act.

Our audit opinion is consistent with our audit report to the audit committee and the board of directors.

Basis for audit opinion

We have conducted our audit in accordance with international auditing standards as well as in accordance with the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are described in the "Auditors' responsibility for auditing the consolidated financial statements and the annual financial statements" section of the auditors' report.

It is our opinion that the audit evidence we have obtained is sufficient and appropriate as a basis for our audit opinion.

Independence

We are independent of the group and the company in accordance with the International

Ethics Standards Board for Accountants' international guidelines for auditors' ethical conduct (IESBA Code) and the additional ethical requirements that apply in Denmark, just as we have fulfilled our other ethical obligations in accordance with these requirements and the IESBA Code.

To the best of our knowledge, no prohibited non-audit services have been performed, cf. Article 5(1) of Regulation (EU) No 537/2014.

Election

We were first elected as auditor for Harboes Bryggeri A/S on 21.08.2018 for the financial year 01.05.2018–30.04.2019. We have been re-elected annually by resolution of the general meeting for a total consecutive term of office of 4 years up to and including the financial year 01.05.2021–30.04.2022.

Key factors in the audit

Key factors in the audit are the factors that, in our professional assessment, were most significant in our audit of the consolidated financial statements and the annual financial statements.

These matters were addressed as part of our audit of the consolidated financial statements and the annual financial statements as a whole, and the formulation of our opinion thereon. We express no separate opinion on these matters.

Valuation of inventories

As at 30.04.2022, inventories in the group amount to DKK 164,926 thousands (144,726 thousands as at 30.04.2021), of which 69,663 thousands (DKK 71,491 thousands as at 30.04.2021) are finished goods, cf. note 18. We have assessed that the measurement of cost prices in the finished goods inventory is a key factor in the audit, as the calculation of the cost price is associated with estimates in relation to the calculation of the production price and which production costs can be attributed to the cost price of the finished goods. The measurement of cost prices of finished goods has a significant influence on the value of the group's inventories and consumption of goods.

The matter has been addressed as follows in the audit

Our audit procedures have included an assessment of the controls designed and implemented by management for the calculation and recognition of cost prices, including the calculation of indirect production costs for the inventory, in accordance with the company's accounting policies. Furthermore, we have randomly tested the correctness of the cost prices used on the finished goods inventory. These actions have included a challenge to management's assumptions and estimates, including an assessment of underlying data and systems. We have also checked the link to underlying production calculations.

Valuation of the group's non-current assets

As at 30.04.2022, the group's non-current assets amount to DKK 653,619 thousands (706,954 thousands as at 30.04.2021). We have assessed that the measurement of the group's non-current assets constitutes a key factor in the audit, as the results of recent years show that there are indications of a need for impairment.

Management has prepared an impairment test of the non-current assets for each segment. The impairment test has been based on a calculation of the discounted value of the assets' future expected cash flows for each segment. The impairment test has been based on significant estimates, including management's expectations of future cash flows, growth rates and discount factors.

We refer to this in Note 2 to the consolidated financial statements on significant accounting estimates, assumptions and uncertainties, from which it appears that management has concluded that there is no basis for impairment of the non-current assets.

The matter has been addressed as follows in the audit

Our audit procedures have included a review and assessment of management's impairment model for each segment, including whether the model adequately supports an impairment test of the group's non-current assets for each segment. We have assessed whether the most important assumptions used are reasonable and what uncertainties are associated with them. We have ensured that management's assessments are based on management-approved budgets, including whether the strategy and budget basis support the assumptions used.

We have assessed the discounted cash flows, including the growth rates applied by management and the discount factor used in comparison with historical data, the implemented initiatives to increase the group's net turnover and improvement in profitability. We have also assessed the basis for the sensitivity analyses performed.

We have read Note 2 to the consolidated financial statements on significant accounting estimates, assumptions and uncertainties and assessed whether the impairment test performed

for each segment and the key assumptions applied have been described in an appropriate manner.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the annual financial statements does not include the management commentary, and we express no firm opinion on the management commentary.

In connection with our audit of the consolidated financial statements and the annual financial statements, it is our responsibility to read the management commentary and, in this connection, consider whether the management commentary is significantly inconsistent with the consolidated financial statements or the financial statements or our knowledge obtained in the audit or otherwise appears to contain material misstatement.

Our responsibility is also to consider whether the management commentary contains the information required under the Danish Financial Statements Act.

Based on the work performed, it is our opinion that the management commentary is consistent with the consolidated financial statements and the annual financial statements and has been

prepared in accordance with the requirements of the Danish Financial Statements Act. We have not found any material misstatement in the management commentary.

Management's responsibility for the consolidated financial statements and the annual financial statements

Management is responsible for the preparation of consolidated financial statements and annual financial statements that offer a true and fair account in accordance with International Financial Reporting Standards as approved by the EU as well as additional requirements in the Danish Financial Statements Act. Management is also responsible for such internal controls as it deems necessary to prepare consolidated financial statements and the annual financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the consolidated financial statements and the annual financial statements, management is responsible for assessing the group's and the company's ability to operate as a going concern, disclosing matters relating to continuing being a going concern where relevant and preparing the consolidated financial statements and annual financial statements on the basis of the going concern principles, unless management either intends to liquidate the group and the company, cease operations or has no realistic alternative other than to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the annual financial statements

Our aim is to obtain reasonable assurance that the consolidated financial statements and the annual financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report with an opinion. A great degree of assurance is a high level of certainty, but not a guarantee, that an audit performed in accordance with international standards on auditing as well as additional requirements applicable in Denmark will always uncover material misstatement where such exists. Misstatement can arise as a result of fraud or error and can be considered material if it can reasonably be assumed that, individually or collectively, misstatements influence the financial decisions that users of the financial statements make on the basis of the consolidated financial statements and the annual financial statements.

As part of an audit performed in accordance with international standards on auditing, as well as additional requirements applicable in Denmark, we conduct professional assessments and maintain professional scepticism during the audit. In addition:

- We identify and assess the risk of material misstatement in the consolidated financial statements and annual financial statements, whether due to fraud or error, design and perform audit procedures in response to these risks and obtain audit evidence that is

adequate and appropriate to provide a basis for our audit opinion. The risk of not detecting material misstatement caused by fraud is higher than for material misstatement caused by error, as fraud may include conspiracy, forgery, deliberate omission, misrepresentation or breach of internal controls.

- We gain an understanding of the internal controls relevant to the audit in order to be able to perform audit procedures that are appropriate in the circumstances, but not to be able to express an opinion on the effectiveness of the group's and the company's internal controls.
- We decide whether the accounting policies applied by management are appropriate, as well as whether the accounting estimates and related information prepared by management are reasonable.
- We conclude whether management's preparation of the consolidated financial statements and the annual financial statements on the basis of the accounting principle of going concern is appropriate, and whether there is significant uncertainty associated with events or circumstances that may create significant doubts about the group's and company's ability to operate as a going concern. If we conclude that there is significant uncertainty, we must in our audit report draw attention to information about this in the consolidated financial statements and the

annual financial statements or, if such information is not sufficient, modify our audit opinion. Our audit opinion is based on the audit evidence obtained up to the date of our audit opinion. However, future events or conditions may mean that the group and the company can no longer continue to operate as a going concern.

- We take a position on the overall presentation, structure and content of the consolidated financial statements and the annual financial statements, including the note information, and whether the consolidated financial statements and the financial statements reflect the underlying transactions and events in a way that provides a true and fair account.
- We obtain sufficient and appropriate audit evidence about the financial information for the companies or business activities in the group to express an opinion on the consolidated financial statements. We are responsible for leading, supervising and performing the group audit. We alone are responsible for our auditors' opinion.

We communicate with senior management about, among other things, the planned scope and timing of the audit, as well as significant audit observations, including any significant deficiencies in internal controls that we identify during the audit.

We also issue a statement to senior management stating that we have complied with

relevant ethical requirements regarding independence and inform management of any relationships and other matters that may reasonably affect our independence and, where applicable, related safety measures.

Based on the matters communicated to senior management, we determine which matters were most significant in the audit of the consolidated financial statements and the annual financial statements and are thus key issues in the audit. We describe these matters in our audit opinion, unless law or other regulation precludes the matter from being published, or in the extremely rare cases where we determine that the matter should not be communicated in our audit opinion because the negative consequences thereof could reasonably be expected to outweigh the benefits to the public interest of such communications.

Declaration of compliance with the ESEF Regulation

As part of the audit of the consolidated financial statements and the annual financial statements of Harboes Bryggeri A/S, we have performed actions with a view to expressing an audit opinion as to whether the annual report for the financial year 1 May 2021–30 April 2022, with the file name HarboesBryggeri-2022-04-30-da.zip, has been prepared in all material respects in accordance with the EU Commission Delegated Regulation 2019/815 on the European Single Electronic Format (ESEF Regulation), which

contains requirements for the preparation of an annual report in XHTML format and iXBRL tagging of the consolidated financial statement's main statements.

Management is responsible for preparing an annual report that complies with the ESEF Regulation, including:

- Preparation of the annual report in XHTML format,
- Selection and application of appropriate iXBRL tags, including extensions to the ESEF taxonomy and anchoring of these to elements of the taxonomy for financial information that requires attention, with the exercise of discretion where necessary,
- Ensuring consistency between iXBRL-tagged data and the human-readable consolidated financial statements, and
- For the internal controls that management deems necessary to prepare an annual report that complies with the ESEF Regulation.

Our responsibility is, based on the evidence obtained, to ensure a high degree of certainty regarding whether the annual report has been prepared in all material respects in accordance with the ESEF Regulation and to express an audit opinion.

The nature, scope and timing of the selected

actions depend on the auditor's professional judgment, including the assessment of the risk of significant deviation from the requirements in the ESEF Regulation, whether due to fraud or error. These actions include:

- Verifying that the annual report has been prepared in XHTML format,
- Gaining an understanding of the company's process for iXBRL tagging and of the internal controls regarding the tagging process,
- Assessment of the completeness of the iXBRL tagging of the consolidated financial statements,
- Assessing whether the use of iXBRL elements from the ESEF taxonomy and the company's creation of extensions to the taxonomy is appropriate when relevant elements of the ESEF taxonomy have not been identified,
- Assessment of the anchoring of extensions to elements of the ESEF taxonomy, and
- Reconciliation of iXBRL-tagged data with the audited consolidated financial statements.

It is our opinion that the annual report for the financial year 1 May 2021–30 April 2022 with the file name HarboesBryggeri-2022-04-30-da.zip has, in all material respects, been prepared in accordance with the ESEF Regulation.

Slagelse, 17 June, 2022

Beierholm

Statsautoriseret Revisionspartnerselskab
CRN (CVR) 32 89 54 68

Jens Jørgen Bay Simonsen
State-authorized public accountant
MNE no. mne11503

Christian Buchwald Nielsen
State-authorized public accountant
MNE no. mne44106



CONSOLIDATED FINANCIAL STATEMENTS 2021-2022

Income statement

1 May, 2021 – 30 April, 2022

| DKK THOUSANDS | Note | 2021/22 | 2020/21 |
|--|------|----------------|----------------|
| Net turnover | 3,4 | 1,419,353 | 1,328,184 |
| Production costs | 5 | (1,161,534) | (1,100,075) |
| Gross profit | | 257,819 | 228,109 |
| Other operating income | 9 | 10,802 | 13,323 |
| Sales and distribution costs | | (202,934) | (165,277) |
| Administrative expenses | | (60,161) | (57,658) |
| Other operating costs | | (6,322) | (8,471) |
| Operating profit (EBIT) | | (796) | 10,026 |
| Financial income | 10 | 206 | 138 |
| Financial costs | 11 | (6,367) | (6,921) |
| Profit before tax from continuing operations | | (6,957) | 3,243 |
| Tax of the year's result | 12 | 2,730 | (1,584) |
| Year's profit or loss from continuing activities | | (4,227) | 1,659 |
| Profits from discontinued operations | 13 | 4,288 | 3,573 |
| Profits for the year, continuing and discontinuing activities | | 61 | 5,232 |

Other Total Income

1 May, 2021 – 30 April, 2022

| DKK THOUSANDS | Note | 2021/22 | 2020/21 |
|---|------|--------------|--------------|
| Exchange rate adjustments relating to foreign companies | | 207 | (1,227) |
| Fair value adjustment of other securities | | 797 | 2,342 |
| Tax on other total income | 12 | 46 | (315) |
| Other total income | | 1,050 | 800 |
| Total income | | 1,111 | 6,032 |
| Distribution of the result for the year: | | | |
| The parent company's shareholders | | 35 | 5,210 |
| Minority interests | | 26 | 22 |
| Distribution of total income: | | | |
| The parent company's shareholders | | 1,085 | 6,010 |
| Minority interests | | 26 | 22 |
| Profit per share (EPS): | | | |
| Continuing activities (DKK) | 21 | (1.00) | 0.39 |
| Continuing and discontinued activities (DKK) | | 0.01 | 1.24 |

Balance

Assets as of 30 April

| DKK THOUSANDS | Note | 2021/22 | 2020/21 |
|----------------------------------|------|------------------|------------------|
| Intangible assets | 14 | 6,218 | 13,421 |
| Tangible assets | 15 | 613,578 | 653,042 |
| Investment properties | 16 | 31,460 | 34,606 |
| Other investments and securities | 17 | 2,363 | 5,885 |
| Non-current assets | | 653,619 | 706,954 |
| Inventories | 18 | 164,926 | 144,726 |
| Receivables | 19 | 271,883 | 264,396 |
| Accruals and deferred income | 20 | 6,504 | 8,351 |
| Cash and cash equivalents | 29 | 46,090 | 16,642 |
| Current assets | | 489,403 | 434,115 |
| Assets | | 1,143,022 | 1,141,069 |

Liabilities as at 30 April

| DKK THOUSANDS | Note | 2021/22 | 2020/21 |
|--|------|------------------|------------------|
| Share capital | | 60,000 | 60,000 |
| Other reserves | | (225) | (1,275) |
| Transferred total income | | 621,128 | 621,067 |
| Equity | 21 | 680,903 | 679,792 |
| Minority shareholders | | (40) | (14) |
| Equity belonging to the parent company's shareholders | | 680,863 | 679,778 |
| Mortgage debt | 22 | 70,318 | 86,301 |
| Recognised leasing obligations | 23 | 33,029 | 39,907 |
| Deferred tax liabilities | 24 | 46,453 | 44,629 |
| Deferred recognition of income | 25 | 17,372 | 20,850 |
| Long-term liabilities | | 167,172 | 191,687 |
| Mortgage debt | 22 | 15,990 | 16,199 |
| Recognised leasing obligations | 23 | 9,683 | 9,996 |
| Trade payables | | 158,597 | 117,908 |
| Deferred recognition of income | 25 | 2,869 | 3,443 |
| Other debt and other liabilities | 26 | 107,808 | 122,044 |
| Short-term liabilities | | 294,947 | 269,590 |
| Commitments | | 462,119 | 461,277 |
| Liabilities | | 1,143,022 | 1,141,069 |

Cash Flow Statement

1 May, 2021 – 30 April, 2022

| DKK THOUSANDS | Note | 2021/22 | 2020/21 |
|--|------|-----------------|-----------------|
| Operating profit | | (796) | 10,026 |
| Depreciation, amortisation and write-downs | 8 | 99,812 | 97,760 |
| Income-recognised investment grants | 25 | (4,053) | (4,457) |
| Change in working capital | 27 | 16,680 | (71,190) |
| Discontinuing activity | 13 | 5,569 | 4,128 |
| Cash flows from primary operations | | 117,212 | 36,267 |
| Financial income | 10 | 206 | 138 |
| Financial costs | 11 | (5,359) | (6,921) |
| Corporate tax paid | | (11,925) | (8,074) |
| Cash flows from operations | | 100,134 | 21,410 |
| Purchase of intangible assets | 14 | (1,219) | (756) |
| Purchase of tangible assets | 15 | (49,452) | (45,400) |
| Sale of tangible assets | 15 | 208 | 9,544 |
| Sale of financial assets | 17 | 3,312 | 0 |
| Dividends received from financial assets | | 32 | 0 |
| Change in financial assets | | 0 | 356 |
| Cash flows relating to investments | | (47,119) | (36,256) |
| Repayments on debt to mortgage-credit institutions | 22 | (16,193) | (16,697) |
| Incurrence of lease liabilities | 23 | 2,721 | 12,867 |
| Instalments on recognised leasing obligations | 23 | (9,912) | (10,349) |
| Cash flows related to financing | | (23,384) | (14,179) |
| Change in cash and cash equivalents | | 29,631 | (29,025) |
| Cash and cash equivalents 01-05 | | 16,642 | 45,943 |
| Price adjustment, beginning of the year | | (183) | (276) |
| Cash and cash equivalents 30.04 | 29 | 46,090 | 16,642 |

Statement of Changes in Equity

1 May, 2021 – 30 April, 2022

| DKK THOUSANDS | Share capital | Reserve for exchange rate adjustment | Value adjustment of other equity investments and securities | Other reserves in total | Transferred total income | Total equity | Equity belonging to holders with minority interests | Equity belonging to the parent company's shareholders |
|--|---------------|--------------------------------------|---|-------------------------|--------------------------|----------------|---|---|
| Equity 01.05.2022 | 60,000 | (923) | (352) | (1,275) | 621,067 | 679,792 | (14) | 679,778 |
| Profits for the year | 0 | 0 | 0 | 0 | 61 | 61 | (26) | 35 |
| Other total income | 0 | 207 | 843 | 1,050 | 0 | 1,050 | (0) | 1,050 |
| Total income for the financial year | 0 | 207 | 843 | 1,050 | 61 | 1,111 | (26) | 1,085 |
| Equity 30.04.2022 | 60,000 | (716) | 491 | (225) | 621,128 | 680,903 | (40) | 680,863 |
| Equity 01.05.2021 | 60,000 | 304 | (2,379) | (2,075) | 615,835 | 673,760 | (8) | 673,768 |
| Profits for the year | 0 | 0 | 0 | 0 | 5,232 | 5,232 | (22) | 5,210 |
| Other total income | 0 | (1,227) | 2,027 | 800 | 0 | 800 | 0 | 800 |
| Total income for the financial year | 0 | (1,227) | 2,027 | 800 | 5,232 | 6,032 | (22) | 6,010 |
| Equity 30-04-2021 | 60,000 | (923) | (352) | (1,275) | 621,067 | 679,792 | (14) | 679,778 |

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