

# Chr. Hansen Holding A/S full-year report

## Statement of results 2020/21

October 14, 2021 - announcement no. 10

### A year of transition

Statement by CEO Mauricio Graber: "Our performance of 7% organic growth and our EBIT margin b.s.i. of 27.7% both ended at the upper end of our initial outlook range for the full year. Free cash flow before acquisitions and special items ended at EUR 196 million and was higher than the full-year outlook, in part due to a positive impact from timing of payables.

It was a year of transition for Chr. Hansen as we executed on the changes we've made to our portfolio, i.e. the divestment of Natural Colors and the acquisitions of HSO Health Care, UAS Labs and Jennewein. The transactions have been successfully completed but not without challenges, especially relating to Jennewein, which fell short of expectations for the year in part due to the HMO market developing more slowly than anticipated.

The prolonged impact from the COVID-19 pandemic increased the complexity of transitioning Chr. Hansen to a fully-focused bioscience company. Limited customer access, delayed registration times, and general macroeconomic uncertainty restrained growth opportunities, and our Human Health business disappointed in the second half of the year due to the part of the business serving the traditional sales channels.

In light of the above it was positive to see the all-time-high product launch activity in Dairy, Animal Health, Bioprotection, and Fermented Plant Bases, as well as the new partnership with UPL in Plant Health, which will support growth in the coming years. In 2021/22, we will be focused on commercial execution and anchoring the new businesses, while making progress on our 2025 Strategy priorities. While 2021/22 will be a year with high macroeconomic uncertainty and continued COVID-19 related disruptions we expect organic growth of 5-8%, EBIT margin b.s.i. of 27-28%, and a free cash flow b.s.i. of EUR 140-170 million."

### 2020/21 in brief (continuing operations)

Organic growth was 7%, while revenue increased by 11% to EUR 1,077 million. Revenue was impacted positively by 11% from acquisitions and negatively by 7% due to currency effects. Revenue from acquisitions amounted to EUR 105 million.

- Food Cultures & Enzymes: 8% organic growth
- Health & Nutrition: 5% organic growth

EBIT before special items decreased by 9% to EUR 298 million. The EBIT margin before special items was 27.7%, compared to 33.7% in 2019/20. The decline was partly due to positive one-off effects last year and the recognition of the acquired businesses. Free cash flow before acquisitions and special items was EUR 196 million, compared to EUR 225 million in 2019/20. EBITDA from acquisitions amounted to EUR 17 million.

### Dividend

The successful divestment of Natural Colors reduced leverage from an elevated level of 3.1x to 2.3x net debt to EBITDA before special items during 2020/21. The Board of Directors proposes an ordinary dividend for 2020/21 of EUR 0.87 (DKK 6.54) per share, for a total of EUR 116 million. The proposed ordinary dividend is equivalent to the dividend paid out in 2021 and represents 58% of the profit for the year, and will keep Chr. Hansen at a financial leverage consistent with a solid investment-grade credit profile.

### Outlook for 2021/22

Organic revenue growth of 5-8%  
EBIT margin before special items of 27-28%  
Free cash flow before special items of EUR 140-170 million

### Q4 2020/21 in brief (continuing operations)

Organic growth was 6%, while revenue increased by 15% to EUR 293 million. Revenue was impacted positively by 12% from acquisitions and negatively by 3% due to currency effects. Revenue from acquisitions amounted to EUR 32 million.

- Food Cultures & Enzymes: 10% organic growth
- Health & Nutrition: -4% organic growth

EBIT before special items decreased by 14% to EUR 84 million. The EBIT margin before special items was 28.8%, compared to 38.4% in Q4 2019/20. The decline was partly due to positive one-off effects last year and recognition of the acquired businesses. Free cash flow before acquisitions and special items was EUR 76 million, compared to EUR 81 million in Q4 2019/20. EBITDA from acquisitions amounted to EUR 5 million.

### Long-term financial ambitions until 2024/25

The ambitions have been updated to reflect the divestment of Natural Colors and the acquisition of Jennewein.

- Mid- to high single-digit organic growth, averaged over the period
- Increase in EBIT margin before special items over the period
- Average growth in free cash flow before special items exceeding the average growth in EBIT before special items

The outlook for 2021/22 assumes constant currencies from the time of this announcement and for the remainder of the financial year. For further details on the outlook for 2021/22 and the long-term financial ambitions until 2024/25, please refer to page 9.

# Financial highlights and key figures

|  | Q4<br>2020/21 | Q4<br>2019/20 | Growth | YTD<br>2020/21 | YTD<br>2019/20 | Growth |
|--|---------------|---------------|--------|----------------|----------------|--------|
| <b>Income statement, EUR million, cont. operations</b>                 |               |               |        |                |                |        |
| Revenue  | 293.3         | 254.3         | 15%    | 1,077.4        | 970.0          | 11%    |
| Gross profit   | 169.4         | 156.7         | 8%     | 613.4          | 584.0          | 5%     |
| EBITDA before special items  | 111.8         | 121.0         | (8%)   | 399.3          | 400.6          | (0%)   |
| EBIT before special items  | 84.2          | 97.7          | (14%)  | 298.1          | 326.9          | (9%)   |
| Special items  | (0.1)         | (8.8)         | -      | (21.9)         | (13.9)         | -      |
| EBIT   | 84.1          | 88.9          | (5%)   | 276.2          | 313.0          | (12%)  |
| Net financial expenses   | (6.4)         | (4.3)         | 49%    | (22.5)         | (13.5)         | 67%    |
| Profit from continuing operations                                      | 67.0          | 67.6          | (1%)   | 198.7          | 231.6          | (14%)  |
| Profit from discontinued operations                                    | 2.2           | (1.4)         | -      | 646.5          | 13.4           | -      |
| Profit for the period, Group   | 69.2          | 66.2          |        | 845.2          | 245.0          | -      |
| <b>Cash flow, EUR million, Group</b>                                   |               |               |        |                |                |        |
| Cash flow from operating activities                                    | 135.0         | 142.1         | (5%)   | 310.8          | 364.6          | (15%)  |
| Cash flow from investing activities                                    | (58.6)        | (597.3)       | -      | 284.5          | (807.5)        | -      |
| Free cash flow   | 76.4          | (455.2)       | -      | 595.3          | (442.9)        | -      |
| Free cash flow before acquisitions and special items                   | 76.5          | 97.1          | (21%)  | 183.9          | 244.5          | (25%)  |
| Free cash flow before acquisitions and special items, cont. operations | 76.5          | 81.4          | (6%)   | 196.4          | 224.9          | (13%)  |
| <b>Balance sheet, EUR million, Group</b>                               |               |               |        |                |                |        |
| Total assets <sup>1)</sup>   |               |               |        | 3,114.2        | 2,853.6        |        |
| Invested capital <sup>1)</sup>   |               |               |        | 2,793.1        | 2,487.6        |        |
| Net working capital <sup>1)</sup>                                      |               |               |        | 190.1          | 208.1          |        |
| Equity   |               |               |        | 1,626.1        | 893.0          |        |
| Net interest-bearing debt  |               |               |        | 898.2          | 1,345.0        |        |
| <b>Key ratios</b>  |               |               |        |                |                |        |
| <b>Continuing operations</b>   |               |               |        |                |                |        |
| Organic growth <sup>2)</sup>   | 6%            | 9%            |        | 7%             | 6%             |        |
| Gross margin   | 57.8%         | 61.6%         |        | 56.9%          | 60.2%          |        |
| EBITDA margin before special items                                     | 38.1%         | 47.6%         |        | 37.1%          | 41.3%          |        |
| EBIT margin before special items                                       | 28.8%         | 38.4%         |        | 27.7%          | 33.7%          |        |
| EBIT margin  | 28.7%         | 35.0%         |        | 25.6%          | 32.3%          |        |
| ROIC excl. goodwill  | 25.8%         | 38.1%         |        | 24.8%          | 33.6%          |        |
| ROIC   | 12.0%         | 18.8%         |        | 11.6%          | 16.5%          |        |
| R&D  | 8.6%          | 6.7%          |        | 8.5%           | 8.0%           |        |
| Capital expenditures   | 20.0%         | 20.2%         |        | 14.5%          | 12.2%          |        |
| Earnings per share diluted, EUR  | 0.51          | 0.52          | (2%)   | 1.51           | 1.76           | (14%)  |
| <b>Group</b>   |               |               |        |                |                |        |
| Earnings per share diluted, EUR  | 0.53          | 0.51          |        | 6.41           | 1.86           |        |
| Net debt to EBITDA before special items                                |               |               |        | 2.3x           | 3.1x           |        |

1) The Natural Colors business was sold March 31, 2021. In 2019/20, total assets, invested capital and net working capital include assets and liabilities related to the Natural Colors business.

2) Organic growth: Increase in revenue adjusted for sales reduction, acquisitions and divestments, and measured in local currency.

**Market developments**

According to the Company's own estimates, the end markets for fermented milk declined globally by 2-3% in 2020/21 due to reduced production output and weaker demand in China and Latin America, compared to the same period last year.

The global production of cheese is estimated to have grown by around 1-2% in 2020/21, driven by North America and Europe which both benefited from the re-opening of the food service channel in the second half of the year.

Management estimates the overall market for Human Health to have grown by 3-5% during 2020/21. While online sales channels showed strong growth, the traditional sales channels continued to be impacted mainly by elevated inventory positions.

The market for microbial-based solutions for animals and plants developed favorably in 2020/21, supported by favorable commodity prices and an increased focus among farmers on reducing antibiotic usage in livestock production and finding alternatives to chemical pesticides.

**Revenue (cont. operations)**

Organic growth was 7%, while revenue increased by 11% to EUR 1,077 million. Revenue was impacted positively by 11% from acquisitions and negatively by 7% due to currency effects. The contribution from acquisitions was EUR 105 million.

Organic growth was primarily driven by price increases in local currencies incl. the use of EUR-based pricing in certain countries, while volume/mix growth was below historical levels in part due to COVID-19.

| <b>Revenue (cont. operations)</b> | <b>2020/21</b> |
|-----------------------------------|----------------|
| Organic growth (vol/mix)          | 3%             |
| Organic growth (price)            | 4%             |
| <b>Organic growth</b>             | <b>7%</b>      |
| Currencies                        | (7)%           |
| Acquisitions                      | 11%            |
| <b>EUR growth</b>                 | <b>11%</b>     |

**Revenue by business area (cont. operations)****Food Cultures & Enzymes**

Organic growth was 8%, while revenue increased by 1% to EUR 701 million. Revenue was impacted negatively by 7% due to currency effects. Organic growth comprised 3% from volume/mix and 5% from price increases in local currencies.

Organic growth was driven by cultures and enzymes for the cheese segment, which was supported by positive

developments in underlying production volumes and market penetration by previous product launches such as CHY-MAX<sup>®</sup> Supreme. NOLA<sup>®</sup> Fit for lactose-free dairy products also supported organic growth.

Cultures for fermented milk incl. probiotics was impacted negatively by the decline in end markets in China and LATAM, and reduced upselling activity due to COVID-19.

Bioprotection and Fermented Plant Bases delivered double-digit growth in 2020/21 and launched new products including the third generation of FRESHQ for fermented milk and white cheeses and a new range of texturizing cultures for different plant protein bases. The lighthouses accounted for around 8% of Food Cultures & Enzymes revenue in 2020/21.

**Health & Nutrition**

Organic growth was 5%, while revenue increased by 36% to EUR 377 million. Revenue was impacted positively by 37% from acquisitions and negatively by 6% due to currency effects. Health & Nutrition accounted for around 35% of Group revenue in 2020/21 compared to 29% last year.

Organic growth was driven by Animal Health and Plant Health, whereas Human Health declined.

Human Health experienced a significant drop in demand in the second half of 2020/21 from customers serving the traditional sales channels as end market growth for the segment did not pick up as expected. The decline was partly offset by very strong momentum in the acquired businesses (not included in organic growth) which benefitted from strong growth in the online markets.

Organic growth in Animal Health was driven by Cattle, Poultry & Swine supported by good uptake of GalliPro<sup>®</sup> FIT and the global roll-out of our silage product offering.

Organic growth in Plant Health was driven by sales of Quartzo<sup>®</sup> and Presence<sup>®</sup> in Latin America.

HMO revenue was lower than originally expected, but with good momentum in securing customer contracts and the business resolved outstanding patent litigation cases with favorable results.

**Revenue by region (cont. operations)****EMEA (Europe, the Middle East and Africa)**

Organic growth was 6%, while revenue increased by 5%. Revenue was impacted positively by 2% from acquisitions and negatively by 3% due to currency effects. Organic growth was driven by Food Cultures & Enzymes which delivered solid growth. Health & Nutrition declined due to weak consumer demand in the traditional sales channels of Human Health.

**North America**

Organic growth was 6%, while revenue increased by 16%. Revenue was impacted positively by 19% from acquisitions and negatively by 8% due to currency effects. Organic growth was driven by Food Cultures & Enzymes and Animal Health, while Human Health declined. This was partly offset by the acquired businesses (not included in organic growth).

**APAC (Asia-Pacific)**

Organic growth was negative by 3%, while revenue increased by 19%. Revenue was impacted positively by 22% from acquisitions. The decline was driven by lower production and weaker demand for yogurt in China, while Health & Nutrition delivered solid growth.

**LATAM (Latin America)**

Organic growth was 26%, while revenue increased by 8%. Revenue was impacted positively by 1% from acquisitions and negatively by 19% due to currency effects. Organic growth was driven by Food Cultures & Enzymes and Health & Nutrition. EUR-based pricing accounted for approximately half of the organic growth.

**Gross profit (cont. operations)**

Gross profit was EUR 613 million, up 5% on 2019/20. The gross margin decreased by 3.3 percentage points to 56.9%, due to a more than 3 percentage point negative impact from acquisitions. Production efficiencies were offset by a negative impact from currency, product mix and higher freight costs.

**Operating expenses (% of revenue, cont. operations)**

Operating expenses totaled EUR 315 million (29.3%), compared to EUR 257 million (26.5%) in 2019/20.

| EUR million                          | YTD<br>2020/21 | YTD<br>2019/20 |
|--------------------------------------|----------------|----------------|
| R&D expenses (P&L)                   | 90.1           | 76.2           |
| - Amortization                       | 7.6            | 6.9            |
| - Impairment                         | 2.0            | 3.1            |
| + Capitalization                     | 10.8           | 11.8           |
| <b>R&amp;D expenditures incurred</b> | <b>91.3</b>    | <b>78.0</b>    |

Total R&D expenditures amounted to EUR 91 million (8.5%), compared to EUR 78 million (8.0%) in 2019/20.

Sales & marketing expenses amounted to EUR 155 million (14.4%), compared to EUR 135 million (13.9%) in 2019/20. The increase in cost level from the acquisitions was partly offset by reduced travel expenses due to COVID-19 travel restrictions.

Administrative expenses amounted to EUR 73 million (6.8%), compared to EUR 53 million (5.5%) in 2019/20. The increase in cost level was primarily driven by acquisitions.

Net other operating income/expenses was an income of EUR 3 million, compared to EUR 8 million last year, as 2019/20 was impacted by the single-line consolidation of UAS Labs and a favorable ruling in a VAT dispute case.

**EBITDA before special items (cont. operations)**

EBITDA before special items amounted to EUR 399 million, compared to EUR 401 million in 2019/20. The impact from acquisitions was EUR 17 million, compared to EUR 4 million in 2019/20. The EBITDA margin before special items (incl. acquisitions) was 37.1%, down 4.2 percentage point from 2019/20.

The underlying EBITDA margin before special items and excluding acquisitions would have been 39.3%, compared to 41.0% in 2019/20. The decrease was mainly driven by investments into R&D activities and a negative currency impact.

**Operating profit (EBIT) before special items (cont. operations)**

EBIT before special items amounted to EUR 298 million, compared to EUR 327 million in 2019/20, a decrease of 9%. The EBIT margin before special items was 27.7%, down from 33.7% in 2019/20.

The underlying EBIT margin before special items (excl. acquisitions) would have been 31.4%, compared to 33.6% in 2019/20. The decrease was due to the lower EBITDA margin, and an increase in depreciation and amortization.

In Food Cultures & Enzymes, EBIT before special items amounted to EUR 224 million, compared to EUR 238 million in 2019/20. The EBIT margin before special items was 32.0%, down 2.3 percentage points from 34.3% last year, primarily due to product mix and a negative currency impact that offset production efficiencies.

In Health & Nutrition, EBIT before special items amounted to EUR 75 million, compared to EUR 89 million in 2019/20. The EBIT margin before special items was 19.8%, down 12.4 percentage points on 2019/20 mainly due to the acquisitions. Excluding the acquisitions, the underlying EBIT margin before special items for Health & Nutrition was 30.0% compared to 31.9%, mainly driven by a negative currency impact.

**Special items (cont. operations)**

Special items were an expense of EUR 22 million compared to an expense of EUR 14 million in 2019/20, and the increase in expenses was primarily driven by costs in relation to the carve-out process of Natural Colors and the acquisition of Jennewein.

## Operating profit (EBIT, cont. operations)

EBIT amounted to EUR 276 million, compared to EUR 313 million in 2019/20. The EBIT margin was 25.6%, compared to 32.3% in 2019/20. Adjusted for acquisitions, the EBIT margin would have been 29.1%.

## Net financials, share of JV and tax (cont. operations)

Net financial items amounted to EUR 23 million, compared to EUR 14 million in 2019/20. Net interest expenses were EUR 22 million (incl. EUR 3 million due to IFRS 16 Leases), up from EUR 13 million in 2019/20.

The net impact from exchange rate adjustments was negative at EUR 1 million, in line with 2019/20.

The Bacthera JV produced a EUR 7 million loss to Chr. Hansen, compared to a loss of EUR 4 million in 2019/20.

Income taxes amounted to EUR 48 million, equivalent to an effective tax rate of 19.6%, compared to EUR 64 million and 21.7%, respectively, in 2019/20. The lower tax rate was due to a non-recurring impact from acquisitions.

## Profit for the year from continuing operations

Profit from continuing operations for the year decreased to EUR 199 million from EUR 232 million in 2019/20.

## Profit from discontinued operations

Profit from the divested business of Natural Colors amounted to EUR 647 million, compared to EUR 13 million in 2019/20. The increase was due to the EUR 638 million gain on the divestment of Natural Colors.

## Profit for the year

Profit for the year amounted to EUR 845 million compared to EUR 245 million in 2019/20.

## Assets (Group)

At August 31, 2021, total assets amounted to EUR 3,114 million, compared to EUR 2,854 million a year earlier. The increase was mainly due to the acquisitions of HSO Health Care, UAS Labs and Jennewein, and investments in the microbial production platform, partly offset by the divestment of the Natural Colors business.

Total non-current assets amounted to EUR 2,685 million, compared to EUR 2,247 million at August 31, 2020. Goodwill and intangible assets increased by EUR 299 million, while property, plant and equipment increased by EUR 127 million.

Total current assets amounted to EUR 429 million, compared to EUR 405 million at August 31, 2020. Inventories increased by EUR 12 million, or 9%, and trade receivables increased by EUR 43 million, or 30%. Cash decreased by EUR 41 million to EUR 55 million. For more information, see note 2.1 in the Annual Report.

## Net working capital (Group)

Net working capital was EUR 190 million, compared to EUR 208 million in 2019/20 (of which EUR 166 million was from continuing operations). Net working capital amounted to 17.6% of revenue compared to 17.1% in 2019/20 for continuing operations. The change in net working capital for continuing operations was mainly driven by a EUR 43 million, or 30% increase in trade receivables, part of which was due to the acquisitions of UAS Labs and Jennewein. This was partly offset by higher trade payables, which were up by EUR 31 million, or 31%, while inventories increased by EUR 12 million, or 9%.

## Equity (Group)

Total equity amounted to EUR 1,626 million at August 31, 2021, compared to EUR 893 million a year earlier. Following the divestment of Natural Colors, Chr. Hansen paid out an extraordinary dividend of EUR 116 million, equal to a normalized ordinary dividend for 2019/20.

## Net debt (Group)

Net interest-bearing debt amounted to EUR 898 million, or 2.3x EBITDA before special items, compared to EUR 1,345 million, or 3.1x EBITDA before special items, at August 31, 2020.

## Return on invested capital (ROIC, cont. operations)

The return on invested capital excluding goodwill was 24.8%, compared to 33.6% in 2019/20. The decrease was driven by the acquisitions of UAS Labs and Jennewein. Invested capital excluding goodwill from continuing operations increased to EUR 1,303 million, compared to EUR 1,098 million at August 31, 2020.

The return on invested capital including goodwill was 11.6%, compared to 16.5% in 2019/20. Invested capital including goodwill from continuing operations increased to EUR 2,793 million, compared to EUR 2,347 million at August 31, 2020. For more information, see note 2.1 in the Annual Report.

## Cash flow (Group)

Cash flow from operating activities was EUR 311 million compared to EUR 365 million in 2019/20. The operating cash flow from continuing operations was EUR 328 million, which was in line with 2019/20 (EUR 330 million), as a lower contribution from the operating profit adjusted for non-cash items, higher interest paid and a negative impact from working capital was offset by lower taxes paid partly due to a non-recurring impact from acquisitions. Cash flow from discontinued operations was an outflow of EUR 17 million, compared to a positive contribution of EUR 35 million last year.

Cash flow used for operational investing activities was EUR 159 million (of which EUR 154 million, or 14% of revenue, was from continuing operations), compared to EUR 140 million in 2019/20 (of which EUR 119 million, or 12% of revenue, was from continuing operations). The

increase in spending was driven by the acquisition of the Kalundborg, Denmark site for HMO production, investments across the microbial platform and insourcing of packaging capacity for Human Health in North America.

Free cash flow before special items, acquisitions and divestments was EUR 184 million (of which EUR 196 million was from continuing operations, while discontinued operations resulted in an outflow of EUR 12 million), compared to EUR 245 million in 2019/20 (of which EUR 225 million was from continuing operations).

The free cash flow before special items, acquisitions and divestments of EUR 196 million from continuing operations was higher than the full-year outlook, mainly driven by the timing of certain payables.

Investments and loans to associates amounted to EUR 15 million compared to EUR 11 million in 2019/20, and represented investments in the Bacthera JV.

## Revenue (cont. operations)

Organic growth was 6%, while revenue increased by 15% to EUR 293 million. Revenue was impacted positively by 12% from acquisitions and negatively by 3% due to currency effects. The contribution from acquisitions reached EUR 32 million.

Organic growth was primarily driven by volume growth in Food Cultures & Enzymes and to a lesser extent by price increases in local currencies incl. the use of EUR-based pricing in certain countries.

| Revenue (cont. operations) | Q4<br>2020/21 |
|----------------------------|---------------|
| Organic growth (vol./mix)  | 4%            |
| Organic growth (price)     | 2%            |
| <b>Organic growth</b>      | <b>6%</b>     |
| Acquisitions               | 12%           |
| Currencies                 | (3%)          |
| <b>EUR growth</b>          | <b>15%</b>    |

## Revenue by business area (cont. operations)

### Food Cultures & Enzymes

Organic growth was 10%, while revenue increased by 7% to EUR 186 million. Revenue was impacted negatively by 3% due to currency effects. Organic growth comprised 8% from volume/mix and 2% from price increases in local currencies.

Organic growth was driven by volume growth across both the dairy and the meat segments, supported by positive developments in underlying production volumes in Cheese, penetration by previous product launches, enzymes for lactose-free dairy products, and a continued reduced negative impact from China.

Bioprotective cultures delivered double-digit growth, driven by meat and cheese. Fermented plant-based products delivered solid growth. Customer interest in both bioprotection and fermented plant bases remained strong.

### Health & Nutrition

Organic growth was negative by 4%, while revenue increased by 33% to EUR 107 million. Revenue was impacted positively by 39% from acquisitions and negatively by 2% due to currency effects.

Organic growth was driven by Animal Health and Plant Health, whereas Human Health declined.

Human Health experienced a significant drop in demand in Q4 2020/21 from customers serving the traditional sales channels. The decline was partly offset outside organic growth by good momentum in the acquired UAS Labs business, though at a lower level than during the

first nine months due to limited access to certain raw materials.

Organic growth in Animal Health was driven by Cattle, Poultry & Swine. Organic growth in Plant Health was driven by Quartzo® and Presence® in Latin America. In October 2021 Plant Health announced a new partnership with UPL Ltd., a global provider of sustainable agriculture products & solutions.

HMO delivered revenue in line with expectations and showed good progress in securing customer contracts and the business favorably resolved outstanding patent litigation cases.

## Revenue by region (cont. operations)

### EMEA (Europe, Middle East and Africa)

Organic growth was 11%, while revenue increased by 12%. Revenue was impacted positively by 4% from acquisitions and negatively by 3% due to currency effects.

Organic growth was driven by strong growth in Food Cultures & Enzymes, while Health & Nutrition declined due to weaker consumer demand in the traditional sales channels for Human Health, whereas Animal Health showed strong growth.

### North America

Organic growth was 4%, while revenue increased by 26%. Revenue was impacted positively by 25% from acquisitions and negatively by 3% due to currency effects. Organic growth was driven by strong growth in Food Cultures & Enzymes and Animal Health. Human Health declined as customers with large exposure to traditional sales channels reduced their orders to bring down elevated inventory levels and respond to reduced demand.

### APAC (Asia-Pacific)

Organic growth was negative by 10%, while revenue increased by 9%. Revenue was impacted positively by 19% from acquisitions. The negative organic growth was driven by Human and Animal Health which was up against a demanding comparable, while the decline in Food Cultures & Enzymes was lower than in the first nine months of 2020/21.

### LATAM (Latin America)

Organic growth was 15%, while revenue increased by 10%. Revenue was impacted positively by 1% from acquisitions and negatively by 6% due to currency effects. Organic growth was driven by Health & Nutrition, while the organic growth in Food Cultures & Enzymes was impacted by end-market decline and a reduced impact from EUR-based pricing compared to the first nine months of 2020/21.

# Q4 2020/21 results

## Gross profit (cont. operations)

Gross profit was EUR 169 million, up from EUR 157 million in Q4 2019/20. The gross margin decreased by 3.8 percentage points to 57.8%, due to a 4 percentage point negative impact from acquisitions. Production efficiencies were offset mainly by a negative impact from product mix.

## Operating expenses (% of revenue, cont. operations)

Operating expenses totaled EUR 85 million (29.0%), compared to EUR 59 million (23.2%) in Q4 2019/20. The increase was driven by acquisitions, increased activity due to the gradual re-opening following COVID-19, and the positive one-off impact last year from the single-line consolidation of UAS Labs and a favorable ruling in a VAT dispute case in Brazil.

## EBITDA before special items (cont. operations)

EBITDA before special items amounted to EUR 112 million, including a positive contribution from acquisitions of EUR 5 million, compared to EUR 121 million in 2019/20. The reported EBITDA margin before special items (incl. acquisitions) was 38.1%, down 9.5 percentage points from 2019/20, in part due to recognition of the acquired businesses.

The underlying EBITDA margin excluding the acquisitions, would have been 40.8%, compared to 46.5% in 2019/20. The decrease was mainly driven by the increased activity during Q4 in both Health & Nutrition and Food Cultures & Enzymes, and the favorable ruling in a VAT dispute last year.

## Operating profit (EBIT) before special items (cont. operations)

EBIT before special items amounted to EUR 84 million, compared to EUR 98 million in Q4 2019/20, a decrease of 14%. The EBIT margin before special items was 28.8%, down from 38.4% in Q4 2019/20, in part due to recognition of the acquired businesses.

The Q4 underlying EBIT margin excluding the acquisitions would have been 32.6% compared to 38.2% last year. The decrease was partly due to positive one-off effects last year and increased activity levels.

In Food Cultures & Enzymes, EBIT before special items amounted to EUR 61 million, compared to EUR 67 million in Q4 2019/20. The EBIT margin before special items was 33.0%, down 5.4 percentage points from Q4 2019/20. Production efficiencies and scalability benefits were more than offset by a return to more normal cost levels post COVID-19, a negative impact from product mix, higher scrap and an impairment loss. Excluding last year's positive one-off from a VAT dispute in Brazil, the margin decline would have been 4 percentage points.

In Health & Nutrition, EBIT before special items amounted to EUR 23 million, compared to EUR 31 million in Q4 2019/20. The EBIT margin before special items

was 21.6% in Q4 2020/21, compared to 38.3% last year and impacted by the acquired businesses. Excluding the acquisitions, the underlying EBIT margin before special items for Health & Nutrition was 32.1% compared to 37.5% last year, down 5.4 percentage points due to a return to more normal cost levels post COVID-19 and the negative volume growth.

## Special items (cont. operations)

Special items were nil, compared to EUR 9 million in Q4 2019/20.

## Operating profit (EBIT, cont. operations)

EBIT from continuing operations decreased by 5% to EUR 84 million, compared to EUR 89 million in Q4 2019/20. The EBIT margin was 28.7%, compared to 35.0% in Q4 2019/20.

## Net financials, share of JV and tax (cont. operations)

Net financial expenses amounted to EUR 6 million, compared to EUR 4 million in Q4 2019/20. The Bacthera JV produced a EUR 2 million loss to Chr. Hansen, compared to a loss of EUR 1 million in Q4 2019/20. Income taxes were EUR 9 million, compared to EUR 16 million in Q4 2019/20.

## Profit for the period from continuing operations

Profit for the period decreased by 1% to EUR 67 million, compared to EUR 68 million in Q4 2019/20.

## Profit from discontinued operations

The divested business of Natural Colors generated an income of EUR 2 million, compared to a loss of EUR 1 million in 2019/20. The income related to the gain on the divestment of Natural Colors.

## Profit for the period

Profit for the period increased by 5% to EUR 69 million from EUR 66 million in Q4 2019/20.

## Cash flow

Cash flow from continued operating activities was EUR 135 million, compared to EUR 124 million (EUR 142 million including discontinued operations) in Q4 2019/20. The improvement in continuing operations was related to a positive change in working capital, partly offset by higher taxes paid.

Cash flow used for continued operational investing activities was EUR 59 million, or 20.0% of revenue compared to EUR 51 million (EUR 60 million including discontinued activities) in Q4 2019/20. The spend was related to investments in the microbial platform incl. insourcing of packaging capacity for Human Health in North America.

Free cash flow before special items and acquisitions was EUR 77 million from continuing operations, compared to EUR 81 million in Q4 2019/20 (EUR 97 million including discontinued operations).

# Outlook for 2021/22 & long-term financial ambitions

## OUTLOOK 2021/22

### Assumptions

The outlook is based on the following assumptions:

- Constant currencies
- No acquisitions
- The current political and economic environment

Changes in the political and macroeconomic climate including continued COVID-19 related disruptions, development of raw material and other input costs might impact the outlook.

### Organic revenue growth

Considering the high macroeconomic uncertainty and continued COVID-19 related disruptions, we expect organic growth for 2021/22 in the range of 5-8%.

Food Cultures & Enzymes is expected to deliver solid mid-single-digit organic growth throughout the year, despite an insignificant contribution from EUR-based pricing.

Organic growth in Health & Nutrition is expected to be supported by the businesses acquired in 2020. Growth is expected to be volatile across quarters with Human Health impacted by the current challenges incl. limited access to specific raw materials in the first part of the year.

### EBIT margin before special items

EBIT margin before special items is expected to be 27-28% as cost synergies from the probiotics acquisitions and production efficiencies will be offset by continued ramp-up of activities post COVID-19, investments into the HMO business, and inflationary pressure on certain raw material and input costs.

### Free cash flow before special items

Free cash flow before special items is expected to be around EUR 140-170 million as improved operating profit is expected to be more than offset by a significant increase in taxes paid as 2020/21 was impacted by acquisitions. The free cash flow outlook assumes a CAPEX level in line with 2020/21.

### Sensitivity

Chr. Hansen is a global company serving more than 140 countries through subsidiaries in more than 30 countries.

The most significant currency exposure relates to USD, which accounts for around 35% of revenue, while exposure to other currencies is more modest. A 5% decrease in the EUR/USD exchange rate would impact revenue measured in EUR negatively by around EUR 20 million.

Organic revenue growth is sensitive to exchange rate fluctuations in currencies for which Chr. Hansen applies a EUR-based pricing model.

The EBIT margin is also sensitive to exchange rate fluctuations. Production in the US only partly offsets the impact on revenue from changes in the EUR/USD exchange rate. Therefore, the relative EBIT exposure is higher than the revenue exposure. A 5% decrease in the EUR/USD exchange rate would impact EBIT negatively by roughly two thirds of the revenue impact. The sensitivity also applies to the free cash flow.

The use of currency hedging of balance sheet exposures and future cash flows is described in note 4.3 to the Consolidated Financial Statements 2020/21.

## LONG-TERM FINANCIAL AMBITIONS

Chr. Hansen remains committed to delivering industry-leading profitable growth and a strong cash flow with focus on spending discipline and capital efficiency.

The financial ambitions have been updated to reflect the divestment of Natural Colors and the acquisition of Jennewein (HMO).

From 2020/21<sup>1</sup> to 2024/25, Chr. Hansen aims to deliver:

### Organic revenue growth

Mid- to high single-digit organic growth, averaged over the period. Unchanged from announcement of August 24, 2020.

### EBIT margin before special items

An increase in EBIT margin before special items over the period. The improvement is expected to be based on efficiency gains, scalability benefits and acquisition synergies that will be partly reinvested into the business (previously increase in EBIT margin before special items, before portfolio changes and currency impacts).

### Free cash flow before special items

Average growth in free cash flow before special items exceeding the average growth in EBIT before special items. The investment into HMO capacity will be phased in line with the development of the business (previously average growth in free cash flow before acquisitions and special items exceeding the average growth in absolute EBIT before acquisitions and special items).

### Assumptions

The financial ambition is based on constant currencies and does not take future acquisitions or divestments into account. The financial ambition is also based on the current political and economic environment and projections, and any changes may impact the ambitions.

<sup>1</sup>) 2020/21 free cash flow baseline adjusted for acquisition-related impact on taxes paid of approx. EUR 45 million.

## Additional information

### Long-term incentive program

Pursuant to the Company's Remuneration Policy, the Board of Directors has approved the annual grant of matching share rights to the Company's Executive Board and other members of the Corporate Leadership Team.

Under the program, the participants are required to acquire a number of existing shares in Chr. Hansen Holding A/S (investment shares) and retain ownership of such shares for a predefined holding period of three (3) years (the holding period). Upon expiration of the holding period and subject to fulfillment of certain predefined performance targets, the participants will be entitled to receive up to seven and a half (7.5) additional shares in Chr. Hansen Holding A/S (matching shares) per investment share against no consideration.

The defined performance targets are related to developments in organic growth, EBIT and Total Shareholder Return, all defined as the relative return compared to a predefined group of peer companies.

The total maximum number of matching shares which the participants will be eligible to receive based on the grants made is 57,000. The theoretical market value of the grants amounts to EUR 2.5 million based on the likely degree of achievement of the performance targets, i.e. 4.64 matching shares per investment share with three (3) years of estimated dividends of 1.5% per year deducted.

### Short-term incentive program

The Board of Directors has approved the annual short-term incentive program comprising of up to 160,000 restricted share units (RSUs) for around 170 key employees. Receipt of the RSUs is subject to specified KPIs and criteria supporting performance and retention, including financial performance indicators (organic growth, EBIT before special items, and free cash flow before acquisitions and special items). Upon grant, the RSUs will vest after a period of two (2) years after which participants may receive one (1) share in the Company per RSU.

The Board of Directors has authorized a pool of 10,000 RSUs to be applied for retention and/or performance-based incentives to selected employees in managerial positions and other key employees. RSUs granted under this pool are subject to two or three years' performance/retention vesting periods. The aggregate theoretical market value of the above grants is EUR 12.2 million, applying the principles described in the Group's annual report in note 5.1.

More information about management and Board of Directors' remuneration can be found in the Remuneration Report 2020/21.

### Conference call

Chr. Hansen will host a conference call on October 14, 2021 at 10:00 am CET. The conference call can be accessed via the Company's website, [www.chr-hansen.com](http://www.chr-hansen.com).

For further information, please contact:

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### FINANCIAL CALENDAR 2021/2022

|                   |                             |
|-------------------|-----------------------------|
| November 24, 2021 | Annual General Meeting 2021 |
| January 13, 2022  | Interim Report Q1 2021/22   |
| April 6, 2022     | Interim Report Q2 2021/22   |
| July 7, 2022      | Interim Report Q3 2021/22   |
| October 12, 2022  | Annual Report 2021/22       |
| November 23, 2022 | Annual General Meeting 2022 |

### Company information

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Tel. +45 45 74 74 74  
[www.chr-hansen.com](http://www.chr-hansen.com)  
Company reg. no.: 28318677

## **Forward-looking statements**

This report contains forward-looking statements that reflect management's current views with respect to certain future events and potential financial performance. Forward-looking statements are other than statements of historical facts. The words "believe," "expect," "anticipate," "intend," "estimate," "outlook," "will," "may," "continue," "should" and similar expressions identify forward-looking statements.

Forward-looking statements include statements regarding: objectives, goals, strategies, outlook and growth prospects; future plans, events or performance and potential for future growth; liquidity, capital resources and capital expenditures; economic outlook and industry trends; developments of the Company's markets; the impact of regulatory initiatives; and the strength of competitors. The forward-looking statements in this report are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, management's examination of historical operating trends, data contained in records and other data available from third parties.

Although the Company believes that these assumptions were reasonable when made, these assumptions are inherently subject to significant known and unknown risks, uncertainties, contingencies and other important factors which are difficult or impossible to predict and may be beyond our control. Such risks, uncertainties, contingencies and other important factors could cause the actual results of the Company or the industry to differ materially from those results expressed or implied in this report by such forward-looking statements.

The information, opinions and forward-looking statements contained in this report speak only as at the date of this report, and are subject to change without notice. The Company and its respective agents, employees or advisors do not intend to, and expressly disclaim any duty, undertaking or obligation to, make or disseminate any supplement, amendment, update or revision to any of the information, opinions or forward-looking statements contained in this report to reflect any change in events, conditions or circumstances beyond what is required by applicable law or applicable stock exchange rules and regulations.

## **About Chr. Hansen**

Chr. Hansen is a global, differentiated bioscience company that develops natural ingredient solutions for the food, nutritional, pharmaceutical and agricultural industries. At Chr. Hansen we are uniquely positioned to drive positive change through microbial solutions. We have worked for over 145 years to enable sustainable agriculture, cleaner labels and healthier living for more people around the world. Our microbial and fermentation technology platforms, including our broad and relevant collection of around 40,000 microbial strains, have game-changing potential. Matching customer needs and global trends we continue to unlock the power of good bacteria to respond to global challenges such as food waste, global health and the overuse of antibiotics and pesticides. As the world's most sustainable food ingredients company, we touch the lives of more than 1 billion people every day. Driven by our legacy of innovation and curiosity to pioneer science, our purpose – To grow a better world. Naturally. – is at the heart of everything we do.

# Statement of the Board of Directors and Executive Board

Today, the Board of Directors and Executive Board considered and approved the audited Consolidated Financial Statements in the Annual Report of Chr. Hansen Holding A/S for the financial year ended August 31, 2021.

The Board of Directors and Executive Board also approved this unaudited Statement of Results containing financial information for Q4 20/21 and condensed financial information for the financial year ended August 31, 2021.

The Consolidated Financial Statements in the Annual Report have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

We consider the accounting policies applied to be appropriate and the accounting estimates reasonable, and in our opinion the Consolidated Financial Statements included in the Annual Report give a true and fair view of the Group's assets, liabilities and financial position at August 31, 2021 and of the results of the Group's operations and cash flows.

This Statement of Results has been prepared in accordance with the accounting policies applied in the Consolidated Financial Statements for the financial year ended August 31, 2021 and further requirements in the Danish Financial Statements Act, and in our opinion the overall report of this Statement of Results is adequate.

We further consider that Management's Review in the preceding pages includes a true and fair account of the development and performance of the Group, the results for the year and the financial position, together with the description in the Annual Report of the principal risks and uncertainties that the Group faces in accordance with requirements in the Danish Financial Statements Act.

**Hørsholm, October 14, 2021**

## Executive Board

Mauricio Graber  
President and CEO

Lise Mortensen  
CFO

Thomas Schäfer  
CSO

## Board of Directors

Dominique Reiniche  
Chair

Jesper Brandgaard  
Vice Chair

Luis Cantarell

Lisbeth Grubov

Charlotte Hemmingsen

Lise Kaae

Heidi Kleinbach-Sauter

Kevin Lane

Per Poulsen

Kim Ib Sørensen

Lillie Li Valeur

Mark Wilson

# Income statement

| EUR million  | Q4<br>2020/21 | Q4<br>2019/20 | YTD<br>2020/21 | YTD<br>2019/20 |
|--|---------------|---------------|----------------|----------------|
| Revenue  | 293.3         | 254.3         | 1,077.4        | 970.0          |
| Cost of sales  | (123.9)       | (97.6)        | (464.0)        | (386.0)        |
| <b>Gross profit</b>                                    | <b>169.4</b>  | <b>156.7</b>  | <b>613.4</b>   | <b>584.0</b>   |
| Research and development expenses                      | (25.2)        | (18.4)        | (90.1)         | (76.2)         |
| Sales and marketing expenses                           | (42.6)        | (34.5)        | (154.8)        | (135.1)        |
| Administrative expenses                                | (18.4)        | (12.0)        | (73.1)         | (53.3)         |
| Other operating income                                 | (0.6)         | 5.9           | 3.1            | 7.7            |
| Other operating expenses                               | 1.6           | -             | (0.4)          | (0.2)          |
| <b>Operating profit before special items</b>           | <b>84.2</b>   | <b>97.7</b>   | <b>298.1</b>   | <b>326.9</b>   |
| Special items  | (0.1)         | (8.8)         | (21.9)         | (13.9)         |
| <b>Operating profit (EBIT)</b>                         | <b>84.1</b>   | <b>88.9</b>   | <b>276.2</b>   | <b>313.0</b>   |
| Net financial expenses                                 | (6.4)         | (4.3)         | (22.5)         | (13.5)         |
| Share of loss in joint ventures                        | (1.7)         | (0.8)         | (6.6)          | (3.9)          |
| <b>Profit before tax</b>                               | <b>76.0</b>   | <b>83.8</b>   | <b>247.1</b>   | <b>295.6</b>   |
| Income taxes   | (9.0)         | (16.2)        | (48.4)         | (64.0)         |
| <b>Profit from continuing operations</b>               | <b>67.0</b>   | <b>67.6</b>   | <b>198.7</b>   | <b>231.6</b>   |
| Profit from discontinued operations                    | 2.2           | (1.4)         | 646.5          | 13.4           |
| <b>Profit for the period</b>                           | <b>69.2</b>   | <b>66.2</b>   | <b>845.2</b>   | <b>245.0</b>   |
| <b>Earnings per share, EUR</b>                         |               |               |                |                |
| Earnings per share                                     | 0.53          | 0.51          | 6.42           | 1.86           |
| Earnings per share, diluted                            | 0.53          | 0.51          | 6.41           | 1.86           |
| Earnings per share from continuing operations          | 0.51          | 0.52          | 1.51           | 1.76           |
| Earnings per share from continuing operations, diluted | 0.51          | 0.52          | 1.51           | 1.76           |

# Statement of comprehensive income

| EUR million  | Q4<br>2020/21 | Q4<br>2019/20 | YTD<br>2020/21 | YTD<br>2019/20 |
|--|---------------|---------------|----------------|----------------|
| Profit for the period  | 69.2          | 66.2          | 845.2          | 245.0          |
| <b>Items that will not be reclassified subsequently to the income statement</b>                              |               |               |                |                |
| Remeasurements of defined benefits plans   | -             | (0.2)         | 0.6            | (0.2)          |
| <b>Items that will be reclassified subsequently to the income statement when specific conditions are met</b> |               |               |                |                |
| Exchange rate adjustments of foreign Group companies   | 8.6           | (16.5)        | 2.1            | (31.0)         |
| Reclassification of exchange rate adjustment reserve from sale of discontinued operations                    | -             | -             | 1.0            | -              |
| Fair value adjustments on cash flow hedges   | (0.5)         | (17.5)        | 3.1            | (18.0)         |
| Gains/losses on cash flow hedges reclassified to financial expenses  | -             | (0.7)         | -              | (0.7)          |
| Tax related to cash flow hedges  | 0.2           | 2.4           | (0.6)          | 2.7            |
| <b>Other comprehensive income for the period</b>   | <b>8.3</b>    | <b>(32.5)</b> | <b>6.2</b>     | <b>(47.2)</b>  |
| <b>Total comprehensive income for the period</b>   | <b>77.5</b>   | <b>33.7</b>   | <b>851.4</b>   | <b>197.8</b>   |
| Attributable to:   |               |               |                |                |
| Shareholders of Chr. Hansen Holding A/S  | 77.5          | 33.7          | 851.4          | 197.8          |

# Cash flow statement

| EUR million   | Q4<br>2020/21  | Q4<br>2019/20  | YTD<br>2020/21 | YTD<br>2019/20 |
|---|----------------|----------------|----------------|----------------|
| Operating profit from continuing operations                               | 84.1           | 88.9           | 276.2          | 313.0          |
| Non-cash adjustments  | 28.6           | 21.8           | 105.0          | 74.7           |
| Change in working capital   | 41.2           | 17.5           | (5.0)          | 16.2           |
| Interest paid, net  | (4.7)          | (4.2)          | (20.3)         | (13.4)         |
| Taxes paid  | (14.2)         | (0.1)          | (27.9)         | (60.7)         |
| Cash flow from operating activities - continuing operations               | 135.0          | 123.9          | 328.0          | 329.8          |
| Cash flow from operating activities - discontinued operations             | -              | 18.2           | (17.2)         | 34.8           |
| <b>Cash flow from operating activities</b>                                | <b>135.0</b>   | <b>142.1</b>   | <b>310.8</b>   | <b>364.6</b>   |
| Investments in intangible assets  | (7.2)          | (7.0)          | (20.2)         | (20.5)         |
| Investments in property, plant and equipment                              | (51.4)         | (44.3)         | (135.7)        | (98.3)         |
| Sale and lease back proceeds  | -              | -              | 2.4            | -              |
| Cash flow from operational investing activities - continuing operations   | (58.6)         | (51.3)         | (153.5)        | (118.8)        |
| Cash flow from operational investing activities - discontinued operations | -              | (8.2)          | (5.1)          | (20.9)         |
| Cash flow from operational investing activities                           | (58.6)         | (59.5)         | (158.6)        | (139.7)        |
| Acquisition of entities, net of cash acquired                             | -              | (537.8)        | (318.2)        | (657.2)        |
| Investments in joint ventures   | -              | -              | (7.4)          | (5.5)          |
| Loan to joint ventures  | -              | -              | (7.5)          | (5.1)          |
| Cash flow from investing activities - continuing operations               | (58.6)         | (589.1)        | (486.6)        | (786.6)        |
| Cash flow from investing activities - discontinued operations             | -              | (8.2)          | 771.1          | (20.9)         |
| <b>Cash flow from investing activities</b>                                | <b>(58.6)</b>  | <b>(597.3)</b> | <b>284.5</b>   | <b>(807.5)</b> |
| <b>Free cash flow</b>   | <b>76.4</b>    | <b>(455.2)</b> | <b>595.3</b>   | <b>(442.9)</b> |
| Borrowings  | 35.1           | 662.8          | 680.2          | 989.4          |
| Repayment of borrowings   | (134.3)        | (180.8)        | (1,212.6)      | (394.0)        |
| Purchase of treasury shares   | (3.9)          | -              | (10.4)         | -              |
| Dividends paid  | -              | -              | (115.8)        | (124.7)        |
| Cash flow from financing activities - continuing operations               | (103.1)        | 482.0          | (658.6)        | 470.7          |
| Cash flow from financing activities - discontinued operations             | -              | (10.0)         | 21.4           | (13.9)         |
| <b>Cash flow from financing activities</b>                                | <b>(103.1)</b> | <b>472.0</b>   | <b>(637.2)</b> | <b>456.8</b>   |
| <b>Net cash flow for the period</b>                                       | <b>(26.7)</b>  | <b>16.8</b>    | <b>(41.9)</b>  | <b>13.9</b>    |
| Cash and cash equivalents, beginning of period                            | 80.0           | 81.9           | 96.2           | 87.4           |
| Unrealized exchange gains/(losses) included in cash and cash equivalents  | 1.8            | (2.5)          | 0.8            | (5.1)          |
| Net cash flow for the period  | (26.7)         | 16.8           | (41.9)         | 13.9           |
| <b>Cash and cash equivalents, end of period</b>                           | <b>55.1</b>    | <b>96.2</b>    | <b>55.1</b>    | <b>96.2</b>    |

# Balance sheet

| EUR million                        | Aug 31,<br>2021 | Aug 31,<br>2020 |
|------------------------------------|-----------------|-----------------|
| <b>ASSETS</b>                      |                 |                 |
| <b>Non-current assets</b>          |                 |                 |
| Goodwill                           | 1,489.8         | 1,249.1         |
| Other intangible assets            | 379.5           | 321.7           |
| Property, plant and equipment      | 782.1           | 654.8           |
| Investments in joint ventures      | 9.7             | 8.8             |
| Receivables from joint ventures    | 12.9            | 5.1             |
| Deferred tax                       | 10.9            | 7.0             |
| <b>Total non-current assets</b>    | <b>2,684.9</b>  | <b>2,246.5</b>  |
| <b>Current assets</b>              |                 |                 |
| Inventories                        | 133.9           | 122.3           |
| Trade receivables                  | 188.3           | 145.1           |
| Tax receivables                    | 9.1             | 4.1             |
| Other receivables                  | 29.8            | 24.6            |
| Prepayments                        | 13.1            | 12.4            |
| Cash and cash equivalents          | 55.1            | 96.2            |
| <b>Total current assets</b>        | <b>429.3</b>    | <b>404.7</b>    |
| Assets classified as held for sale | -               | 202.4           |
| <b>Total assets</b>                | <b>3,114.2</b>  | <b>2,853.6</b>  |

**Balance sheet**

| EUR million  | Aug 31,<br>2021 | Aug 31,<br>2020 |
|--|-----------------|-----------------|
| <b>EQUITY AND LIABILITIES</b>                              |                 |                 |
| <b>Equity</b>  |                 |                 |
| Share capital  | 177.3           | 177.1           |
| Reserves   | 1,448.8         | 715.9           |
| <b>Total equity</b>  | <b>1,626.1</b>  | <b>893.0</b>    |
| <b>Non-current liabilities</b>                             |                 |                 |
| Employee benefit obligations                               | 7.2             | 6.6             |
| Deferred tax   | 169.6           | 133.3           |
| Provisions   | 4.3             | 3.5             |
| Borrowings   | 790.5           | 736.7           |
| Tax payables   | 12.0            | 12.0            |
| Deferred gain, sale and lease back                         | 46.6            | 43.4            |
| Other payables   | 6.1             | 7.8             |
| <b>Total non-current liabilities</b>                       | <b>1,036.3</b>  | <b>943.3</b>    |
| <b>Current liabilities</b>                                 |                 |                 |
| Borrowings   | 162.8           | 685.2           |
| Trade payables   | 132.1           | 101.2           |
| Tax payables   | 49.8            | 29.0            |
| Deferred gain, sale and lease back                         | 1.8             | 1.8             |
| Other payables   | 105.3           | 99.7            |
| <b>Total current liabilities</b>                           | <b>451.8</b>    | <b>916.9</b>    |
| <b>Total liabilities</b>                                   | <b>1,488.1</b>  | <b>1,860.2</b>  |
| Liabilities relating to assets classified as held for sale | -               | 100.4           |
| <b>Total equity and liabilities</b>                        | <b>3,114.2</b>  | <b>2,853.6</b>  |

# Statement of changes in equity

| EUR million  | Share capital | Currency translation | Cash flow hedges | Retained earnings | Total          |
|--|---------------|----------------------|------------------|-------------------|----------------|
| <b>2020/21</b>   |               |                      |                  |                   |                |
| Equity at September 1  | 177.1         | (76.6)               | (7.4)            | 799.9             | 893.0          |
| Total comprehensive income for the year, see statement of comprehensive income | 0.2           | 2.9                  | 2.5              | 845.8             | 851.4          |
| <b>Transactions with owners</b>  |               |                      |                  |                   |                |
| Purchase of treasury shares  | -             | -                    | -                | (10.4)            | (10.4)         |
| Share-based payment  | -             | -                    | -                | 6.8               | 6.8            |
| Tax related to share-based payment   | -             | -                    | -                | 1.1               | 1.1            |
| Dividend   | -             | -                    | -                | (115.8)           | (115.8)        |
| <b>Equity at August 31</b>   | <b>177.3</b>  | <b>(73.7)</b>        | <b>(4.9)</b>     | <b>1,527.4</b>    | <b>1,626.1</b> |

| EUR million   | Share capital | Currency translation | Cash flow hedges | Retained earnings | Total        |
|---|---------------|----------------------|------------------|-------------------|--------------|
| <b>2019/20</b>  |               |                      |                  |                   |              |
| Equity at September 1   | 176.8         | (45.3)               | (6.2)            | 671.9             | 797.2        |
| Total comprehensive income for the year, see statement of comprehensive income    | 0.3           | (31.3)               | (16.0)           | 244.8             | 197.8        |
| Transfer of cash flow hedge reserve to the initial carrying amount of hedge items | -             | -                    | 14.8             | 4.1               | 18.9         |
| <b>Transactions with owners</b>   |               |                      |                  |                   |              |
| Share-based payment   | -             | -                    | -                | 1.2               | 1.2          |
| Tax related to share-based payment  | -             | -                    | -                | 2.6               | 2.6          |
| Dividend  | -             | -                    | -                | (124.7)           | (124.7)      |
| <b>Equity at August 31</b>  | <b>177.1</b>  | <b>(76.6)</b>        | <b>(7.4)</b>     | <b>799.9</b>      | <b>893.0</b> |

# Accounting policies

## Accounting policies

This unaudited interim report has been prepared in accordance with IAS 34 and additional Danish regulations for the presentation of quarterly interim reports by listed companies. The interim report has been prepared in accordance with the accounting policies set out in the Annual Report for 2020/21.

## Significant accounting estimates and judgements

In preparing this interim report Management has made various accounting estimates and assumptions that may significantly influence the amounts recognized in the consolidated financial statement and related information at the reporting date. The accounting estimates and assumptions which Management considers to be material for the preparation and understanding of the interim report are stated in Note 1.2 in the Annual Report 2020/21 and relate to, e.g. income taxes and deferred tax, goodwill, other intangible assets, leases, inventories, acquisition of entities as well as discontinued operations.

# Quarterly key figures

| EUR million  | 2020/21 |        |        |         | 2019/20 |         |        |        |
|--|---------|--------|--------|---------|---------|---------|--------|--------|
|  | Q4      | Q3     | Q2     | Q1      | Q4      | Q3      | Q2     | Q1     |
| <b>Income statement, EUR million, cont. operations</b> |         |        |        |         |         |         |        |        |
| Revenue  | 293.3   | 280.6  | 260.0  | 243.5   | 254.3   | 256.1   | 239.6  | 220.0  |
| Gross profit   | 169.4   | 160.7  | 147.3  | 136.0   | 156.7   | 153.2   | 141.6  | 132.5  |
| EBITDA before special items                            | 111.8   | 106.6  | 93.1   | 87.8    | 121.0   | 105.7   | 93.8   | 80.1   |
| Amortization, depreciation and impairment              | (27.6)  | (24.2) | (23.0) | (26.4)  | (23.3)  | (17.4)  | (16.7) | (16.3) |
| EBIT before special items                              | 84.2    | 82.4   | 70.1   | 61.4    | 97.7    | 88.3    | 77.1   | 63.8   |
| EBIT   | 84.1    | 71.2   | 65.9   | 55.0    | 88.9    | 85.4    | 75.7   | 63.0   |
| Net financial items <sup>1)</sup>                      | (8.1)   | (6.9)  | (6.0)  | (8.1)   | (5.1)   | (2.7)   | (5.3)  | (4.3)  |
| Profit before tax                                      | 76.0    | 64.3   | 59.9   | 46.9    | 83.8    | 82.7    | 70.4   | 58.7   |
| Income taxes   | (9.0)   | (14.8) | (13.8) | (10.8)  | (16.2)  | (19.1)  | (15.6) | (13.1) |
| Profit from continuing operations                      | 67.0    | 49.5   | 46.1   | 36.1    | 67.6    | 63.6    | 54.8   | 45.6   |
| Profit from discontinued operations                    | 2.2     | 632.1  | 6.9    | 5.3     | (1.4)   | 6.4     | 4.1    | 4.3    |
| Profit for the period                                  | 69.2    | 681.6  | 53.0   | 41.4    | 66.2    | 70.0    | 58.9   | 49.9   |
| <b>Cash flow, EUR million, Group</b>                   |         |        |        |         |         |         |        |        |
| Cash flow from operating activities                    | 135.0   | 88.6   | 56.1   | 31.1    | 142.1   | 128.5   | 72.1   | 21.9   |
| Cash flow from investing activities                    | (58.6)  | 749.5  | (28.2) | (378.2) | (597.3) | (144.5) | (31.2) | (34.5) |
| Free cash flow   | 76.4    | 838.1  | 27.9   | (347.1) | (455.2) | (16.0)  | 40.9   | (12.6) |
| Free cash flow before acquisitions and special items   | 76.5    | 84.9   | 37.2   | (14.7)  | 97.1    | 106.3   | 47.4   | (6.3)  |
| <b>Key ratios</b>                                      |         |        |        |         |         |         |        |        |
| <b>Continuing operations</b>                           |         |        |        |         |         |         |        |        |
| Organic growth   | 6.0%    | 4.0%   | 10%    | 10%     | 9%      | 9%      | 6%     | 2%     |
| Gross margin   | 57.8%   | 57.3%  | 56.7%  | 55.9%   | 61.6%   | 59.8%   | 59.1%  | 60.2%  |
| EBITDA margin before special items                     | 38.1%   | 38.0%  | 35.8%  | 36.1%   | 47.6%   | 41.3%   | 39.1%  | 36.4%  |
| EBIT margin before special items                       | 28.8%   | 29.3%  | 27.0%  | 25.2%   | 38.4%   | 34.5%   | 32.2%  | 29.0%  |
| EBIT margin  | 28.7%   | 25.4%  | 25.3%  | 22.6%   | 35.0%   | 33.3%   | 31.6%  | 28.6%  |
| ROIC excl. goodwill                                    | 24.8%   | 23.7%  | 23.1%  | 20.6%   | 33.6%   | 34.0%   | 32.1%  | 29.4%  |
| R&D  | 8.6%    | 8.2%   | 8.5%   | 8.6%    | 6.7%    | 8.0%    | 8.4%   | 9.3%   |
| Capital expenditures                                   | 20.0%   | 7.9%   | 7.9%   | 22.4%   | 20.2%   | 9.0%    | 8.9%   | 10.5%  |
| <b>Group</b>   |         |        |        |         |         |         |        |        |
| EPS, diluted   | 0.53    | 5.16   | 0.41   | 0.31    | 0.51    | 0.53    | 0.45   | 0.38   |
| Net debt to EBITDA                                     | 2.3x    | 2.3x   | 3.7x   | 3.8x    | 3.1x    | 2.1x    | 2.1x   | 1.9x   |

1) Including share of loss of joint ventures

# Quarterly key figures

(continued)

| EUR million                        | 2020/21 |         |         |         | 2019/20 |        |        |        |
|------------------------------------|---------|---------|---------|---------|---------|--------|--------|--------|
|                                    | Q4      | Q3      | Q2      | Q1      | Q4      | Q3     | Q2     | Q1     |
| <b>Food Cultures &amp; Enzymes</b> |         |         |         |         |         |        |        |        |
| <b>Income statement</b>            |         |         |         |         |         |        |        |        |
| Revenue                            | 185.9   | 180.6   | 168.7   | 165.3   | 173.3   | 181.2  | 172.5  | 166.1  |
| Amort., depr. and impair.          | (14.9)  | (12.0)  | (12.4)  | (14.4)  | (12.4)  | (12.2) | (11.5) | (11.3) |
| EBIT                               | 61.4    | 59.6    | 52.2    | 50.8    | 66.7    | 62.3   | 55.6   | 53.2   |
| <b>Key ratios</b>                  |         |         |         |         |         |        |        |        |
| EUR growth                         | 7%      | 0%      | (2%)    | 0%      | (3%)    | 3%     | 4%     | 3%     |
| Organic growth                     | 10%     | 5%      | 8%      | 8%      | 5%      | 8%     | 5%     | 4%     |
| EBIT margin                        | 33.0%   | 33.0%   | 31.0%   | 30.7%   | 38.4%   | 34.4%  | 32.2%  | 32.1%  |
| Invested capital excl. goodwill    | 653.3   | 655.4   | 654.3   | 616.5   | 599.4   | 610.6  | 608.6  | 604.1  |
| ROIC excl. goodwill                | 35.8%   | 34.6%   | 32.9%   | 33.4%   | 41.1%   | 38.9%  | 37.1%  | 36.7%  |
| <b>Health &amp; Nutrition</b>      |         |         |         |         |         |        |        |        |
| <b>Income statement</b>            |         |         |         |         |         |        |        |        |
| Revenue                            | 107.4   | 100.0   | 91.3    | 78.2    | 81.0    | 74.9   | 67.1   | 53.9   |
| Amort., depr. and impair.          | (12.7)  | (12.2)  | (10.6)  | (12.0)  | (10.9)  | (5.2)  | (5.2)  | (5.0)  |
| EBIT                               | 23.2    | 22.8    | 17.9    | 10.6    | 31.0    | 26.0   | 21.5   | 10.6   |
| <b>Key ratios</b>                  |         |         |         |         |         |        |        |        |
| EUR growth                         | 33%     | 34%     | 36%     | 45%     | 15%     | 12%    | 7%     | (3%)   |
| Organic growth                     | (4%)    | 0%      | 14%     | 15%     | 18%     | 12%    | 8%     | (4%)   |
| EBIT margin                        | 21.6%   | 22.7%   | 19.6%   | 13.6%   | 38.3%   | 34.7%  | 32.1%  | 19.6%  |
| Invested capital excl. goodwill    | 645.3   | 642.4   | 631.3   | 674.9   | 498.1   | 340.7  | 302.0  | 281.7  |
| ROIC excl. goodwill                | 13.0%   | 12.0%   | 10.1%   | 7.2%    | 22.6%   | 24.3%  | 21.5%  | 14.7%  |
| <b>Continuing operations</b>       |         |         |         |         |         |        |        |        |
| <b>Income statement</b>            |         |         |         |         |         |        |        |        |
| Revenue                            | 293.3   | 280.6   | 260.0   | 243.5   | 254.3   | 256.1  | 239.6  | 220.0  |
| Amort., depr. and impair.          | (27.6)  | (24.2)  | (23.0)  | (26.4)  | (23.3)  | (17.4) | (16.7) | (16.3) |
| EBIT                               | 84.2    | 82.4    | 70.1    | 61.4    | 97.7    | 88.3   | 77.1   | 63.8   |
| <b>Key ratios</b>                  |         |         |         |         |         |        |        |        |
| EUR growth                         | 15%     | 10%     | 9%      | 11%     | 2%      | 5%     | 5%     | 2%     |
| Organic growth                     | 6%      | 4%      | 10%     | 10%     | 9%      | 9%     | 6%     | 2%     |
| EBIT margin                        | 28.8%   | 29.3%   | 27.0%   | 25.2%   | 38.4%   | 34.5%  | 32.2%  | 29.0%  |
| Invested capital excl. goodwill    | 1,303.3 | 1,310.1 | 1,285.6 | 1,291.4 | 1,097.5 | 951.3  | 910.6  | 885.8  |
| ROIC excl. goodwill                | 24.8%   | 23.7%   | 22.1%   | 20.6%   | 33.6%   | 34.0%  | 32.1%  | 29.4%  |

# Reconciliation of underlying margins

| EUR million   | Q4<br>2020/21 | Q4<br>2019/20 | YTD<br>2020/21 | YTD<br>2019/20 |
|---|---------------|---------------|----------------|----------------|
| <b>Revenue</b>  |               |               |                |                |
| Group   | 293.3         | 308.2         | 1,207.9        | 1,189.1        |
| Discontinued operations   | -             | (53.9)        | (130.5)        | (219.1)        |
| Acquisitions  | (32.4)        | (2.8)         | (105.0)        | (2.8)          |
| <b>Adjusted revenue, continuing operations <sup>1)</sup></b>  | <b>260.9</b>  | <b>251.5</b>  | <b>972.4</b>   | <b>967.2</b>   |
| <b>EBITDA before special items</b>  |               |               |                |                |
| Group   | 111.8         | 131.7         | 420.6          | 439.4          |
| Discontinued operations   | -             | (10.7)        | (21.3)         | (38.8)         |
| Acquisitions  | (5.4)         | (4.0)         | (17.3)         | (4.0)          |
| <b>Adjusted EBITDA before special items, continuing operations <sup>1)</sup></b>                      | <b>106.4</b>  | <b>117.0</b>  | <b>382.0</b>   | <b>396.6</b>   |
| <b>Amortization, depreciation and impairment losses</b>   |               |               |                |                |
| Group   | (27.6)        | (26.0)        | (101.2)        | (83.9)         |
| Discontinued operations   | -             | 2.7           | -              | 10.2           |
| Acquisitions, amortization  | 4.9           | 2.0           | 18.8           | 2.0            |
| Acquisitions, depreciation  | 1.4           | 0.3           | 5.5            | 0.3            |
| <b>Adjusted amortization, depreciation and impairment losses, continuing operations <sup>1)</sup></b> | <b>(21.3)</b> | <b>(21.0)</b> | <b>(76.9)</b>  | <b>(71.4)</b>  |
| <b>Operating profit before special items (EBIT before special items)</b>                              |               |               |                |                |
| Group   | 84.2          | 105.7         | 319.4          | 355.5          |
| Discontinued operations   | -             | (8.0)         | (21.3)         | (28.6)         |
| Acquisitions  | 0.9           | (1.7)         | 7.0            | (1.7)          |
| <b>Adjusted EBIT before special items, continuing operations <sup>1)</sup></b>                        | <b>85.1</b>   | <b>96.0</b>   | <b>305.1</b>   | <b>325.2</b>   |
| <b>Continuing operations</b>  |               |               |                |                |
| Underlying EBITDA margin before special items <sup>1)</sup>   | 40.8%         | 46.5%         | 39.3%          | 41.0%          |
| Underlying EBIT margin before special items <sup>1)</sup>   | 32.6%         | 38.2%         | 31.4%          | 33.6%          |
| Reported EBITDA margin before special items   | 38.1%         | 47.6%         | 37.1%          | 41.3%          |
| Reported EBIT margin before special items   | 28.8%         | 38.4%         | 27.7%          | 33.7%          |

1) Excluding impact from acquisitions; HSO Health Care, UAS Labs and Jennewein.

# Segment information

| EUR million                                      | Food<br>Cultures &<br>Enzymes | Health &<br>Nutrition | Not<br>allocated | Continuing<br>operations |
|--|-------------------------------|-----------------------|------------------|--------------------------|
| <b>Q4 2020/21</b>                                |                               |                       |                  |                          |
| <b>Income statement</b>                          |                               |                       |                  |                          |
| Revenue  | 185.9                         | 107.4                 | -                | 293.3                    |
| EUR growth                                       | 7%                            | 33%                   | -                | 15%                      |
| Organic growth                                   | 10%                           | (4%)                  | -                | 6%                       |
| EBITDA before special items                      | 76.3                          | 35.9                  | (0.4)            | 111.8                    |
| EBITDA margin before special items               | 41.0%                         | 33.4%                 | -                | 38.1%                    |
| Amortization, depreciation and impairment losses | (14.9)                        | (12.7)                | -                | (27.6)                   |
| EBIT before special items                        | 61.4                          | 23.2                  | (0.4)            | 84.2                     |
| EBIT margin before special items                 | 33.0%                         | 21.6%                 | -                | 28.8%                    |
| Share of loss in joint ventures                  | -                             | (1.7)                 | -                | (1.7)                    |
| Special items and net financial expenses         | -                             | -                     | (6.5)            | (6.5)                    |
| <b>Profit before tax</b>                         | <b>61.4</b>                   | <b>21.5</b>           | <b>(6.5)</b>     | <b>76.0</b>              |

| EUR million                                      | Food<br>Cultures &<br>Enzymes | Health &<br>Nutrition | Not<br>allocated | Continuing<br>operations |
|--|-------------------------------|-----------------------|------------------|--------------------------|
| <b>YTD 2020/21</b>                               |                               |                       |                  |                          |
| <b>Income statement</b>                          |                               |                       |                  |                          |
| Revenue  | 700.5                         | 376.9                 | -                | 1,077.4                  |
| EUR growth                                       | 1%                            | 36%                   | -                | 11%                      |
| Organic growth                                   | 8%                            | 5%                    | -                | 7%                       |
| EBITDA before special items                      | 277.7                         | 122.0                 | (0.4)            | 399.3                    |
| EBITDA margin before special items               | 39.6%                         | 32.4%                 | -                | 37.1%                    |
| Amortization, depreciation and impairment losses | (53.7)                        | (47.5)                | -                | (101.2)                  |
| EBIT before special items                        | 224.0                         | 74.5                  | (0.4)            | 298.1                    |
| EBIT margin before special items                 | 32.0%                         | 19.8%                 | -                | 27.7%                    |
| Share of loss in joint ventures                  | -                             | (6.6)                 | -                | (6.6)                    |
| Special items and net financial expenses         | -                             | -                     | (44.4)           | (44.4)                   |
| <b>Profit before tax</b>                         | <b>224.0</b>                  | <b>67.9</b>           | <b>(44.8)</b>    | <b>247.1</b>             |

# Segment information

(continued)

| EUR million                                      | Food<br>Cultures &<br>Enzymes | Health &<br>Nutrition | Not<br>allocated | Continuing<br>operations |
|--|-------------------------------|-----------------------|------------------|--------------------------|
| <b>Q4 2019/20</b>                                |                               |                       |                  |                          |
| <b>Income statement</b>                          |                               |                       |                  |                          |
| Revenue  | 173.3                         | 81.0                  | -                | 254.3                    |
| EUR growth                                       | (3%)                          | 15%                   | -                | 2%                       |
| Organic growth                                   | 5%                            | 18%                   | -                | 9%                       |
| EBITDA before special items                      | 79.1                          | 41.9                  | -                | 121.0                    |
| EBITDA margin before special items               | 45.6%                         | 51.7%                 | -                | 47.6%                    |
| Amortization, depreciation and impairment losses | (12.4)                        | (10.9)                | -                | (23.3)                   |
| EBIT before special items                        | 66.7                          | 31.0                  | -                | 97.7                     |
| EBIT margin before special items                 | 38.4%                         | 38.3%                 | -                | 38.4%                    |
| Share of loss in joint ventures                  | -                             | (0.7)                 | -                | (0.7)                    |
| Special items and net financial expenses         | -                             | -                     | (13.2)           | (13.2)                   |
| <b>Profit before tax</b>                         | <b>66.7</b>                   | <b>30.3</b>           | <b>(13.2)</b>    | <b>83.8</b>              |

| EUR million                                      | Food<br>Cultures &<br>Enzymes | Health &<br>Nutrition | Not<br>allocated | Continuing<br>operations |
|--|-------------------------------|-----------------------|------------------|--------------------------|
| <b>YTD 2019/20</b>                               |                               |                       |                  |                          |
| <b>Income statement</b>                          |                               |                       |                  |                          |
| Revenue  | 693.1                         | 276.9                 | -                | 970.0                    |
| EUR growth                                       | 2%                            | 9%                    | -                | 3%                       |
| Organic growth                                   | 5%                            | 9%                    | -                | 6%                       |
| EBITDA before special items                      | 285.2                         | 115.4                 | -                | 400.6                    |
| EBITDA margin before special items               | 41.1%                         | 41.7%                 | -                | 41.3%                    |
| Amortization, depreciation and impairment losses | (47.4)                        | (26.3)                | -                | (73.7)                   |
| EBIT before special items                        | 237.8                         | 89.1                  | -                | 326.9                    |
| EBIT margin before special items                 | 34.3%                         | 32.2%                 | -                | 33.7%                    |
| Share of loss in joint ventures                  | -                             | (3.9)                 | -                | (3.9)                    |
| Special items and net financial expenses         | -                             | -                     | (27.4)           | (27.4)                   |
| <b>Profit before tax</b>                         | <b>237.8</b>                  | <b>85.2</b>           | <b>(27.4)</b>    | <b>295.6</b>             |

# Segment information

(continued)

| EUR million   | Food<br>Cultures &<br>Enzymes | Health &<br>Nutrition | Not<br>allocated | Continuing<br>operations | Dis-<br>continued<br>operations | Group          |
|---|-------------------------------|-----------------------|------------------|--------------------------|---------------------------------|----------------|
| <b>Aug 31, 2021</b>   |                               |                       |                  |                          |                                 |                |
| <b>Assets</b>   |                               |                       |                  |                          |                                 |                |
| Goodwill  | 522.9                         | 966.9                 | -                | 1,489.8                  | -                               | 1,489.8        |
| Other intangible assets   | 92.1                          | 287.4                 | -                | 379.5                    | -                               | 379.5          |
| Property, plant and equipment   | 470.0                         | 312.1                 | -                | 782.1                    | -                               | 782.1          |
| Other non-current assets  | -                             | -                     | 33.5             | 33.5                     | -                               | 33.5           |
| <b>Total non-current assets</b>   | <b>1,085.0</b>                | <b>1,566.4</b>        | <b>33.5</b>      | <b>2,684.9</b>           | <b>-</b>                        | <b>2,684.9</b> |
| Inventories   | 83.2                          | 50.7                  | -                | 133.9                    | -                               | 133.9          |
| Trade receivables <sup>1)</sup>   | 110.9                         | 72.7                  | 4.7              | 188.3                    | -                               | 188.3          |
| Other assets  | -                             | -                     | 107.1            | 107.1                    | -                               | 107.1          |
| <b>Total current assets</b>   | <b>194.1</b>                  | <b>123.4</b>          | <b>111.8</b>     | <b>429.3</b>             | <b>-</b>                        | <b>429.3</b>   |
| <b>Total assets</b>   | <b>1,279.1</b>                | <b>1,689.8</b>        | <b>145.3</b>     | <b>3,114.2</b>           | <b>-</b>                        | <b>3,114.2</b> |
| <b>Liabilities</b>  |                               |                       |                  |                          |                                 |                |
| Trade payables  | 75.3                          | 56.8                  | -                | 132.1                    | -                               | 132.1          |
| Deferred gain, sale and lease back  | 27.6                          | 20.8                  | -                | 48.4                     | -                               | 48.4           |
| Other liabilities   | -                             | -                     | 1,307.6          | 1,307.6                  | -                               | 1,307.6        |
| <b>Total liabilities</b>  | <b>102.9</b>                  | <b>77.6</b>           | <b>1,307.6</b>   | <b>1,488.1</b>           | <b>-</b>                        | <b>1,488.1</b> |
| <b>Net working capital</b>  | <b>118.8</b>                  | <b>66.6</b>           | <b>4.7</b>       | <b>190.1</b>             | <b>-</b>                        | <b>190.1</b>   |
| <b>Invested capital excluding goodwill</b>                                | <b>653.3</b>                  | <b>645.3</b>          | <b>4.7</b>       | <b>1,303.3</b>           | <b>-</b>                        | <b>1,303.3</b> |
| <b>ROIC excluding goodwill</b>  | <b>35.8%</b>                  | <b>13.0%</b>          | <b>-</b>         | <b>24.8%</b>             | <b>-</b>                        | <b>24.8%</b>   |
| Additions to non-current assets excluding joint ventures and deferred tax | 85.6                          | 420.0                 | -                | 505.6                    | 5.1                             | 510.7          |

1) Trade receivables disclosed as not allocated are related to the divested Natural Colors business but were not transferred as part of the divestment.

# Segment information

(continued)

| EUR million   | Food<br>Cultures &<br>Enzymes | Health &<br>Nutrition | Not<br>allocated | Continuing<br>operations | Dis-<br>continued<br>operations | Group          |
|---|-------------------------------|-----------------------|------------------|--------------------------|---------------------------------|----------------|
| <b>Aug 31, 2020</b>   |                               |                       |                  |                          |                                 |                |
| <b>Assets</b>   |                               |                       |                  |                          |                                 |                |
| Goodwill  | 523.7                         | 725.4                 | -                | 1,249.1                  | -                               | 1,249.1        |
| Other intangible assets   | 102.2                         | 219.5                 | -                | 321.7                    | 17.8                            | 339.5          |
| Property, plant and equipment   | 428.6                         | 226.2                 | -                | 654.8                    | 86.2                            | 741.0          |
| Other non-current assets  | -                             | -                     | 20.9             | 20.9                     | -                               | 20.9           |
| <b>Total non-current assets</b>   | <b>1,054.5</b>                | <b>1,171.1</b>        | <b>20.9</b>      | <b>2,246.5</b>           | <b>104.0</b>                    | <b>2,350.5</b> |
| Inventories   | 82.4                          | 39.9                  | -                | 122.3                    | 58.3                            | 180.6          |
| Trade receivables   | 93.8                          | 51.3                  | -                | 145.1                    | 31.4                            | 176.5          |
| Other assets  | -                             | -                     | 137.3            | 137.3                    | 8.7                             | 146.0          |
| <b>Total current assets</b>   | <b>176.2</b>                  | <b>91.2</b>           | <b>137.3</b>     | <b>404.7</b>             | <b>98.4</b>                     | <b>503.1</b>   |
| <b>Total assets</b>   | <b>1,230.7</b>                | <b>1,262.3</b>        | <b>158.2</b>     | <b>2,651.2</b>           | <b>202.4</b>                    | <b>2,853.6</b> |
| <b>Liabilities</b>  |                               |                       |                  |                          |                                 |                |
| Trade payables  | 73.2                          | 28.0                  | -                | 101.2                    | 47.8                            | 149.0          |
| Deferred gain, sale and lease back  | 34.4                          | 10.8                  | -                | 45.2                     | 4.9                             | 50.1           |
| Other liabilities   | -                             | -                     | 1,713.8          | 1,713.8                  | 47.7                            | 1,761.5        |
| <b>Total liabilities</b>  | <b>107.6</b>                  | <b>38.8</b>           | <b>1,713.8</b>   | <b>1,860.2</b>           | <b>100.4</b>                    | <b>1,960.6</b> |
| <b>Net working capital</b>  | <b>103.0</b>                  | <b>63.2</b>           | <b>-</b>         | <b>166.2</b>             | <b>41.9</b>                     | <b>208.1</b>   |
| <b>Invested capital excluding goodwill</b>                                | <b>599.4</b>                  | <b>498.1</b>          | <b>-</b>         | <b>1,097.5</b>           | <b>141.0</b>                    | <b>1,238.5</b> |
| <b>ROIC excluding goodwill</b>  | <b>41.1%</b>                  | <b>22.6%</b>          | <b>-</b>         | <b>33.6%</b>             | <b>22.0%</b>                    | <b>32.2%</b>   |
| Additions to non-current assets excluding joint ventures and deferred tax | 75.8                          | 726.1                 | -                | 801.9                    | 20.9                            | 822.8          |

# Segment information

(continued)

## Geographic allocation

| EUR million       | EMEA  | North America | LATAM | APAC  | Continuing operations |
|-------------------|-------|---------------|-------|-------|-----------------------|
| <b>Q4 2020/21</b> |       |               |       |       |                       |
| Revenue           | 116.5 | 95.3          | 33.7  | 47.8  | 293.3                 |
| EUR growth        | 12%   | 26%           | 10%   | 9%    | 15%                   |
| Organic growth    | 11%   | 4%            | 15%   | (10%) | 6%                    |

| EUR million  | EMEA    | North America | LATAM | APAC  | Continuing operations |
|--|---------|---------------|-------|-------|-----------------------|
| <b>YTD 2020/21</b>   |         |               |       |       |                       |
| Revenue  | 420.2   | 332.9         | 129.3 | 195.0 | 1,077.4               |
| EUR growth   | 5%      | 16%           | 8%    | 19%   | 11%                   |
| Organic growth   | 6%      | 6%            | 26%   | (3%)  | 7%                    |
| Non-current assets excluding joint ventures and deferred tax | 2,322.1 | 289.9         | 21.5  | 17.9  | 2,651.4               |

| EUR million       | EMEA  | North America | LATAM | APAC | Continuing operations |
|-------------------|-------|---------------|-------|------|-----------------------|
| <b>Q4 2019/20</b> |       |               |       |      |                       |
| Revenue           | 103.8 | 75.9          | 30.7  | 43.9 | 254.3                 |
| EUR growth        | 0%    | (1%)          | 10%   | 8%   | 2%                    |
| Organic growth    | 3%    | 1%            | 47%   | 10%  | 9%                    |

| EUR million  | EMEA    | North America | LATAM | APAC  | Continuing operations |
|--|---------|---------------|-------|-------|-----------------------|
| <b>YTD 2019/20</b>   |         |               |       |       |                       |
| Revenue  | 399.8   | 286.1         | 119.6 | 164.5 | 970.0                 |
| EUR growth   | 1%      | 6%            | 3%    | 5%    | 3%                    |
| Organic growth   | 3%      | 4%            | 24%   | 6%    | 6%                    |
| Non-current assets excluding joint ventures and deferred tax | 1,923.6 | 266.4         | 19.1  | 16.5  | 2,225.6               |

| EUR million  | 2020/21      |
|--|--------------|
| <b>Purchase consideration</b>                        |              |
| Cash paid  | 320.0        |
| <b>Fair value of total consideration</b>             | <b>320.0</b> |
| <b>Fair value of net assets acquired</b>             |              |
| Customer relationships                               | 38.4         |
| Technology   | 43.1         |
| Property, plant and equipment including lease assets | 11.3         |
| Net working capital                                  | 7.4          |
| Other receivables and payables, net                  | (2.7)        |
| Lease liabilities                                    | (3.4)        |
| Deferred tax liabilities, net                        | (14.8)       |
| Cash and cash equivalents                            | 2.5          |
| <b>Net identifiable assets acquired</b>              | <b>81.8</b>  |
| Goodwill from acquisition                            | 238.2        |
| <b>Fair value of total consideration</b>             | <b>320.0</b> |
| Of which cash and cash equivalents                   | 2.5          |
| <b>Paid acquisition cost, net</b>                    | <b>317.5</b> |

### Acquisitions during 2020/21

Acquired business was recognized in the consolidated financial statements from the time of the acquisition. The purchase price allocation was prepared in accordance with IFRS by fair value assessment of identifiable assets and liabilities at the acquisition date.

The following valuation techniques were applied in the fair value assessment of significant net assets acquired:

- *Property*, plant and equipment; were assessed for fair value by applying replacement cost approach.
- *Technology*; was assessed applying relief from royalty method.
- *Customer relationships*; were assessed using a multi-period excess earnings model approach as the valuation methodology.

### Jennewein Biotechnologie GmbH

On October 9, 2020, Chr. Hansen acquired full ownership and control of the Jennewein Biotechnologie GmbH (subsequently renamed Chr. Hansen HMO GmbH). The acquisition of the German-based B2B company expands Chr. Hansen's microbial and fermentation technology platforms by adding the emerging and exciting, high-growth business area of human milk oligosaccharides. Jennewein is recognized as a global leader in the HMO market with six commercialized HMOs, a strong product pipeline, a global customer base and a strong IP portfolio of more than 200 patents granted in key markets.

Chr. Hansen obtains access to intangible assets comprising customer relationships, patents and technology. The acquisition was conducted as a share deal. Goodwill relates to expected commercial and operational synergies from significant potentials and know-how with respect to production, innovation and commercialization accumulated by the workforce in Jennewein.

Jennewein Biotechnologie GmbH has been recognized in the consolidated financial statements from the time of the acquisition. A preliminary purchase price allocation has been conducted in accordance with IFRS by fair value assessment of identifiable assets and liabilities at the acquisition date in the opening balance sheet.

Transaction costs related to the acquisition of Jennewein amount to EUR 5.1 million, of which EUR 4 million was recognized in the income statement as special items in 2020/21 (EUR 1.1 million in 2019/20).

### Earnings impact

Revenue and EBIT comprise EUR 19 million and negative EUR 18 million, respectively, reported by Jennewein since the date of acquisition. On a pro forma basis, if the acquisition had been effective from September 1, 2020, Jennewein would have contributed an estimated EUR 21 million to revenue and negative EUR 18 million to EBIT.

# Discontinued operations

| EUR million   | Q4<br>2020/21 | Q4<br>2019/20 | YTD<br>2020/21 | YTD<br>2019/20 |
|---|---------------|---------------|----------------|----------------|
| Revenue   | -             | 53.9          | 130.5          | 219.1          |
| <b>Operating profit before special items</b>                | -             | <b>8.0</b>    | <b>21.3</b>    | <b>28.6</b>    |
| Special items   | -             | (5.7)         | (9.8)          | (5.7)          |
| <b>Operating profit (EBIT)</b>                              | -             | <b>2.3</b>    | <b>11.5</b>    | <b>22.9</b>    |
| Financial items, net  | -             | (0.4)         | (0.1)          | (0.6)          |
| <b>Profit before tax</b>                                    | -             | <b>1.9</b>    | <b>11.4</b>    | <b>22.3</b>    |
| Income taxes  | -             | (3.3)         | (2.6)          | (8.9)          |
| <b>Profit after income tax from discontinued operations</b> | -             | <b>(1.4)</b>  | <b>8.8</b>     | <b>13.4</b>    |
| Gain on sale of discontinued operations after tax           | 2.2           | -             | 637.7          | -              |
| <b>Profit from discontinued operations</b>                  | <b>2.2</b>    | <b>(1.4)</b>  | <b>646.5</b>   | <b>13.4</b>    |
| <b>Earnings per share, EUR</b>                              |               |               |                |                |
| Earnings per share from discontinued operations             | 0.02          | (0.01)        | 4.91           | 0.10           |
| Earnings per share from discontinued operations, diluted    | 0.02          | (0.01)        | 4.90           | 0.10           |

## Discontinued operations

A strategic review exploring strategic options for the future of the Natural Colors business was initiated in July 2020. The requirements for the business to be presented as discontinued operations were met at the end of the financial year 2019/20.

On September 26 2020, Chr. Hansen signed an agreement to sell the Natural Colors business to the private equity fund, EQT, and the divestment was completed on March 31, 2021. The result of the Natural Colors business is recognized under discontinued operations at a profit of EUR 646.5 million (2019/20 EUR 13.4 million). Profit from discontinued operations include gains on the sale of discontinued operations after tax of EUR 637.7 million. See details in the table below. Transaction costs related to the divestment of EUR 9.8 million are recognized in special items.

Cash flow from investing activities from discontinued operations include cash consideration from the divestment of the Natural Colors business of EUR 776 million. The cash consideration does not include deferred payment of the selling price and divested cash and cash equivalents.

## Details on the sale of discontinued operations

| EUR million  | Q4<br>2020/21 | Q4<br>2019/20 | YTD<br>2020/21 | YTD<br>2019/20 |
|--|---------------|---------------|----------------|----------------|
| Consideration received                                   | -             | -             | 800.1          | -              |
| Deferred payment   | -             | -             | 0.5            | -              |
| <b>Sales price for discontinued operations</b>           | -             | -             | <b>800.6</b>   | -              |
| Carrying amount of net assets sold                       | 0.8           | -             | (153.3)        | -              |
| Reclassification of foreign currency translation reserve | -             | -             | (1.0)          | -              |
| Income taxes on gain                                     | 1.4           | -             | (8.6)          | -              |
| <b>Gain on sale of discontinued operations after tax</b> | <b>2.2</b>    | -             | <b>637.7</b>   | -              |

# Discontinued operations

(continued)

**Carrying amount of net assets sold**

| EUR million                               | <b>Mar 31,<br/>2021</b> |  |
|---|-------------------------|--|
| <b>Assets</b>                             |                         |  |
| Other intangible assets                   | 17.1                    |  |
| Property, plant and equipment             | 68.5                    |  |
| Deferred tax and tax receivables          | 0.5                     |  |
| Inventories                               | 52.2                    |  |
| Trade receivables                         | 52.7                    |  |
| Other receivables and prepayments         | 7.0                     |  |
| Cash and cash equivalents                 | 23.9                    |  |
| <b>Total</b>                              | <b>221.9</b>            |  |
| <b>Liabilities</b>                        |                         |  |
| Provisions                                | 0.6                     |  |
| Deferred tax and tax payables             | 7.8                     |  |
| Borrowings                                | 23.9                    |  |
| Trade payables                            | 23.2                    |  |
| Other payables                            | 13.1                    |  |
| <b>Total</b>                              | <b>68.6</b>             |  |
| <b>Carrying amount of net assets sold</b> | <b>153.3</b>            |  |

**Net assets classified as held for sale**

| EUR million   | <b>Aug 31,<br/>2021</b> | <b>Aug 31,<br/>2020</b> |
|---|-------------------------|-------------------------|
| <b>Assets classified as held for sale</b>                         |                         |                         |
| Other intangible assets   | -                       | 17.8                    |
| Property, plant and equipment                                     | -                       | 86.2                    |
| Deferred tax and tax receivables                                  | -                       | 2.4                     |
| Inventories   | -                       | 58.3                    |
| Trade receivables   | -                       | 31.4                    |
| Other receivables and prepayments                                 | -                       | 6.3                     |
| <b>Total</b>  | <b>-</b>                | <b>202.4</b>            |
| <b>Liabilities relating to assets classified as held for sale</b> |                         |                         |
| Provisions  | -                       | 2.2                     |
| Deferred tax  | -                       | 6.2                     |
| Borrowings  | -                       | 19.3                    |
| Trade payables  | -                       | 47.8                    |
| Tax payables  | -                       | 4.5                     |
| Other payables  | -                       | 20.4                    |
| <b>Total</b>  | <b>-</b>                | <b>100.4</b>            |
| <b>Net assets classified as held for sale<sup>1)</sup></b>        | <b>-</b>                | <b>102.0</b>            |

1) Net assets classified as held for sale relates to the Natural Colors business divested on March 31, 2021.