Q4 2021/22 AIDE MEMOIRE

This memoire sets forth public information previously provided by Chr. Hansen. The information provided below may prove helpful in estimating the financial performance for Q4 2021/22. Please note that the items listed below are not exhaustive and that other factors may affect the comparisons versus last year.

FY22 guidance (Company Announcement Q3 FY22, p. 10):

• “For 2021/22, the outlook for organic growth is narrowed from 7-11% to 8-10%. For the final quarter of the year, an increased impact from pricing initiatives is expected, while volumes will be impacted, among others, by lower activity in Russia and expected timing of orders.”

• “EBIT margin b.s.i. is expected to be 26-27%. The EBIT margin before special items for 2021/22 is impacted by the accelerated inflationary environment which is only partly offset by adjustments in sales prices, and actions to protect against supply chain disruptions. The donation of profit from continued operations during the conflict in Chr. Hansen LLC, Russia will have a limited negative impact on the EBIT margin b.s.i. for 2021/22.”

• “Free cash flow before special items is expected at around EUR 140-170 million. The free cash flow outlook assumes a CAPEX level in line with 2020/21.”

FX sensitivities (Company Announcement Q3 FY22, p. 10):

• “The most significant currency exposure relates to USD, which accounts for around 35% of revenue, while exposure to other currencies is relatively modest. A 5% decrease in the EUR/USD exchange rate would have a negative annualized impact on revenue measured in EUR of 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. This level of sensitivity also applies to the free cash flow.”

Q3 FY22 comments (Conference Call Transcript Q3 FY22):

• Human Health: “Growth started to normalize during the third quarter according to expectations. […] The team was very active driving forward its commercial agenda by presenting the depth and breadth of our strain-to-solution product offering with the additions from the acquisitions at several industry events.”

• HMO: “We continued to see strong interest from global and local infant formula companies, and we are tracking very well on our plans for the year. […] We expect HMO to continue this track of growing above 20% on a year over year basis. […] Q4 for HMO will be up to negative simply because of the order timing and the size of the business.”

• Animal and Plant Health: “Dynamics […] remained the same as in the first half of the year. […] Our customers in Animal Health have been increasingly under pressure to save costs, creating a more challenging selling environment for animal feed probiotics. […] Q4 for Plant Health will be up to negative simply because of the order timing and the size of the business.”
• **FC&E**: “We continued to work with our customers on cost savings by leveraging our product portfolio on yield optimizing solutions and productivity concepts such as CHY-MAX Supreme and YOFLEX Premium.”

• **FC&E China**: “While we have expected a decline in the second half for China, the lockdowns have had an additional negative impact, making it impossible to visit customers in advanced commercial projects. [...] We will be slightly negative for the year.”

• **Lighthouses**: “They delivered 29% organic growth in the third quarter, while the core business delivered 7% organic growth. Year to date, the growth in the lighthouses amounted to 25%, while the core business was 9%.”

• **Q3 EBIT margin**: “Q3 Group EBIT margin before special items came in at 26.7%, which is -2.6% below last year, driven by continuing higher input cost and increased cost levels to mitigate challenges in the supply chain, a general ramp-up of activities after COVID-19, the donation of the profit from Chr. Hansen LLC in Russia, and non-recurring costs related to an organizational change. This was partly offset by pricing and production efficiencies and positive contribution from currencies of around 1%.”

• **FY22 organic growth outlook**: “Despite the macroeconomic challenges, we remain confident to deliver on our target for the year. With the visibility we have after the first nine months, we narrow our organic growth target from 7-11% to 8-10%. For Q4, we expect to see a slowdown in volumes in part due to the comparables in FC&E from Q4 last year, timing of orders in Health and Nutrition and a potential impact from the geopolitical situation. This is expected to be partly offset by a continued increase in pricing.”

• **FY22 EBIT margin outlook**: “We remain on course to deliver within our guidance on EBIT margin. [...] The EBIT margin before special items is still expected to be in the range of 26-27%.”

• **Inflationary pressures-price increases**: “A key priority during the third quarter remained the implementation of price increases in close collaboration with customers to address the accelerating inflationary pressure. We have made good progress to date with the time lag between implementation and new orders and the need to find the right balance between protecting margins and securing volume. It will likely take us a bit longer than initially expected until we fully recover the input cost increases. [...] We will see in Q4 more of pricing given that the wave two of pricing will come into Q4. [...] Given the delayed impact, the contribution from pricing for the full year is likely to be closer to 2%.”

**Q4 FY21 comments** *(Conference Call Presentation Q4 FY21, p. 7-9):*

**Regions:**
- **EMEA (11% org growth)**: Strong growth in FC&E and Animal Health, while Human Health declined due to weaker demand in traditional sales channels
- **NA (4% org growth)**: Strong growth in FC&E and Animal Health, while Human Health declined due to destocking in traditional sales channel
- **LATAM (15% org growth)**: Organic growth was driven by H&N, while FC&E was impacted by end market decline and a reduced impact from EUR pricing
- **APAC (10% org growth)**: H&N declined on a high comparable from last year; FC&E declined due to continued weakness in China but to lesser extent than in the first nine months

**FC&E (10% org growth):**
- Growth across dairy and meat supported by positive developments in underlying production volumes in cheese, previous launches, enzymes for lactose-free dairy products and a continued reduced negative impact from China; bioprotection with double-digit growth driven by meat and cheese and fermented plant bases with solid growth
• Production efficiencies and scalability benefits were more than offset by a return to more normal cost levels post COVID-19, negative product mix, higher scrap and an impairment loss leading to a 5.4%-pts. decline in EBIT margin b.s.i. (4%-pts. excluding last year’s one-time gain from a VAT dispute case)

H&N (-4% org growth):
• Human Health declined on a high prior year comparable and due to customer destocking; acquisitions with good growth but impacted by limited access to certain raw materials
• Animal Health growth driven by Cattle, Swine & Poultry
• Plant Health growth driven by bionematicides sales in LATAM
• Acquisitions contributed EUR 32m revenue
• Decrease in EBIT margin b.s.i. related to acquisitions, negative volume growth and cost normalization post COVID-19

Sources
• Company Announcement Q3 FY22
• Conference Call Transcript Q3 FY22
• Conference Call Presentation Q4 FY21

Forward-looking statements

This document contains forward-looking statements that reflect management’s current views and expectations with respect to Chr. Hansen’s future and potential financial performance. Those forward-looking statements are based upon data and information currently available to the company and upon a variety of assumptions many of which may be beyond our control and subject to risks and uncertainties that may cause the actual results of the Company or the industry to differ materially from such forward-looking statements. The information, opinions and forward-looking statements contained in this document speak only as at the date of it and the company is under no obligation to publish any updates thereof except for what is required by applicable law or stock exchange rules and regulations.