Q1 2022/23 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 Q1 2022/23. Please note that the items listed below are not exhaustive and that other factors may affect the comparisons versus last year.

**FY23 guidance** (Company Announcement Q4 FY22, p. 10):

- “Following the portfolio changes announced in 2020, Chr. Hansen has in 2020/21 and 2021/22 delivered organic growth in the range of 7-9% vs. a long-term ambition of mid-to-high single-digit organic growth. While the expectation to underlying market growth is modest for 2022/23 given the current uncertain geopolitical and macroeconomic environment, Chr. Hansen expects to deliver organic growth in the range of 7-10%. The expected growth is composed of a positive impact from ongoing price adjustments, growth in lighthouses, and successful execution of the project pipeline in the core businesses including expansion of the market for bacterial solutions which provides customers the opportunity for production improvements.

  Based on current exchange rates revenue is expected to be positively impacted by approx. 5%.”

  - “Based on the outlook for revenue and organic growth, absolute EBIT b.s.i. is expected to grow faster than revenue, and the EBIT margin b.s.i. is expected to be in the range of 27.0%-28.0%. A positive impact from operational efficiencies, pricing initiatives, and current exchange rate levels, is expected to be partly offset by continued pressure from the inflationary environment and continued actions to protect against supply chain disruptions.”

  - “Free cash flow before special items is expected to be in the range of EUR 190-230 million.”

**FX sensitivities** (Company Announcement Q4 FY22, p. 10):

- “Continued changes in the geopolitical and macroeconomic climate including additional sanctions towards Russia or other countries where Chr. Hansen operate, supply disruptions and developments in raw material and other input costs, such as energy, may impact the outlook for 2022/23.”

- “The most significant currency exposure relates to USD, while exposure to other currencies is relatively modest. A 5% increase/decrease in the EUR/USD exchange rate would have a positive/negative annualized impact on revenue measured in EUR of around EUR 25 million, while the impact on EBIT and cash flow is approximately two thirds of the impact on revenue. The outlook for 2022/23 is based on actual rates until October 11, 2022, and for the remainder of the year assuming constant exchange rates at the current level of EUR/USD rate of 0.97.”

- “Organic revenue growth is sensitive to exchange rate fluctuations in currencies for which Chr. Hansen applies an EUR-based pricing model, while protecting the impact on EBIT and cash flow.”

**Q4 FY22 comments** (Conference Call Transcript Q4 FY22):

- **Human Health**: “We saw more normalized growth in Human Health in Q4, which was in line with expectations, after the extraordinary first nine months for the business. […] The business delivered solid results, especially in the infant and children segment, driven by the team’s strong execution.”

- **HMO**: “We had mentioned HMO will deliver north of 20% growth in FY22. They over-delivered to that and we made good progress, both geographically and also with our customers, as well as with
innovation with our 5 HMO mix that is now being commercialized. [...] The business received [...] new regulatory approvals [...] across different geographies in Europe, North America and Israel. [...]"

- **Animal and Plant Health:** “Strong growth in the quarter, despite Plant Health being negatively impacted by the phasing of orders. [...] Plant Health will enter Q1 with good momentum.”

- **FC&E:** “We continued to see strong momentum in the cheese segment, whilst fresh dairy market growth was impacted by the current macroeconomic environment. Growth was supported by the work done in close collaboration with our customers, to deliver solutions which drive cost savings by further leveraging our product portfolio of productivity and yield optimizing solutions. [...] Pricing contributed 4% in Q4, as we saw increased impact from the inflation-driven price adjustments, which have a positive carry-over effect into 22/23.”

- **Lighthouses:** “Organic growth was negative by 9% in the quarter. [...] The decline for the lighthouses in Q4 was expected and driven by the timing of orders in Plant Health and HMO. [...] The full-year performance was strong and growth for the lighthouses reached 14%, outgrowing our core business.”

- **Q4 EBIT margin:** “Despite the increasingly positive impact from pricing initiatives and exchange rates, the Q4 EBIT margin before special items came in at 27.9%, which is 0.9% below last year, as a negative impact from higher input costs and increased cost levels to mitigate challenges in the supply chain continued to pressure margins.”

- **FY22 EBIT margin:** “The full-year EBIT margin before special items was 26.8%, down from 27.7% the year before. The drop was mainly due to increased raw material and freight costs, combined with higher cost levels from efforts to mitigate challenges in the supply chain. This was partly offset by scale effects from the volume growth, efficiency improvements, pricing initiatives and the positive impact from currencies.”

**FY23 comments (Conference Call Transcript Q4 FY22):**

- **Fresh dairy market:** “We will see less strength in the underlying market momentum. We already see that in fresh dairy, but we expect the underlying markets to be weaker for FC&E and H&N. [...] But we are very confident on our ability to outgrow that market and deliver positive growth globally for the fresh dairy market. [...]”

- **Dietary supplements market:** “In our long-term view on the dietary supplement segment of probiotics, we have talked about 4 to 6% underlying market growth. Given the inflationary pressures, we’re probably talking about the lower end of that segment as the underlying market.”

- **FY23 volume/price growth outlook:** “Based on our project pipeline and innovation and productivity tools, we expect a good contribution of volume for the 7 to 10%. That will be complemented by a higher contribution from pricing for next year. We have mentioned in FC&E, we exit the year with pricing momentum above 4%, so that’s probably a good relative guidance on what the volume to pricing component would be for next year.”

- **Inflationary impact on FY23 outlook:** “The outlook reflects continued inflationary pressures on key input costs, such as raw materials, energy and logistics, as well as the need to continuously manage volatile global supply chains. [...] We continue to see constraints in the global supply chain, and we are mitigating these through optimization programs, strict supply chain management and ensuring that alternative energy sources are available for critical parts of our supply chain.”

- **Inflation-driven price adjustments:** “Pricing contributed 4% in Q4, as we saw increased impact from the inflation-driven price adjustments, which have a positive carry-over effect into 22/23. [...] We will continue to closely collaborate with our customers, to adjust our selling prices to reflect the current..."
inflationary environment, but through a balanced approach to secure long-term value creation for both Chr. Hansen and our customers.”

FY25 comments (Conference Call Transcript Q4 FY22):

- **Long-term financial ambitions**: “On EBIT margin before special items, we want to reach 30% by 2025. [...] Reaching the EBIT margin target will be challenging and more back-end loaded, due to significant impact from changes in the geopolitical and macroeconomic environment. Particularly, by the inflationary cost pressure and disruptions in the global supply chains. To meet the long-term financial ambitions towards 2025, we are adjusting selling prices to offset this inflationary pressure over the period. And we need to see normalization of global supply chains and a stabilization of the geopolitical and macroeconomic environment.”

Q1 FY22 comments (Investor Presentation Q1 FY22, p. 7):

**Regions**:
- EMEA (10% org growth): Solid growth in FC&E driven by good progress of sales project pipeline; strong growth in H&N supported by increased activity in traditional channels
- NA (12% org growth): Solid growth in FC&E driven by good momentum in cheese; strong growth in H&N supported by HMO launches and order timing
- LATAM (8% org growth): Solid growth in FC&E with small contribution from EUR pricing; H&N with solid growth supported by Plant Health
- APAC (4% org growth): Solid growth in FC&E supported by China; H&N on par with last year due to high comparable

**Sources**
- Company Announcement Q4 FY22
- Conference Call Transcript Q4 FY22
- Investor Presentation Q1 FY22

**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 on 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 are provided as of the date stated in this document 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.