

# Interim Report Q1 2022/23

September 1, 2022 - November 30, 2022

January 12, 2023 - Company announcement no. 1

## Solid Q1 supports the outlook for 2022/23

Statement by CEO Mauricio Graber: "The solid results for Q1 show the strength of our business model. Organic growth reached 10%, driven by both volume and pricing initiatives and EBIT b.s.i. increased by 17% supported by the organic growth and exchange rates, leading to an EBIT margin b.s.i. of 24.7%. In light of the Q1 performance we maintain our underlying target for the year but update the outlook to reflect current exchange rate levels.

We will maintain a clear and strong focus on executing on our targets for the financial year 2022/23 while preparing for the proposed merger with Novozymes, which offers an exciting opportunity to create a leading global biosolutions partner based on strong complementary technology platforms, highly dedicated employees and a customer-centric approach."

## Q1 2022/23 highlights

- Revenue amounted to EUR 310 million, up 15% from EUR 268 million in Q1 2021/22.
- Organic growth was 10% in Q1 2022/23 driven by a mix of volume and price growth. Food Cultures & Enzymes organic growth was 8% mainly driven by price initiatives, but with good volume growth above underlying markets. Health & Nutrition organic growth was 12% driven by volume. The Lighthouses (Bioprotection, Fermented Plant Bases, Plant Health and HMO) was impacted by timing of orders and delivered 4% organic growth combined in Q1, while the core businesses delivered 10% organic growth.
- EBIT b.s.i. amounted to EUR 77 million, up 17% from EUR 65 million in Q1 2021/22. The increase was driven by a positive contribution from exchange rates and pricing initiatives, which was partly offset by a negative impact from higher input costs.
- The EBIT margin b.s.i. was 24.7%, up from 24.4% in Q1 2021/22. The improved margin was due to a positive contribution from exchange rates, which was partly offset by continuing inflationary pressures, despite ongoing price initiatives.
- Free cash flow b.a.s.i. amounted to EUR 17 million, down from EUR 55 million last year, as the cash flow from operating activities b.a.s.i. was negatively impacted by a change in working capital and higher taxes paid.
- On December 12, 2022 Chr. Hansen and Novozymes announced that the two companies had entered into an agreement to create a leading global biosolutions partner through a statutory merger. Work has been initiated to seek customary merger control and other regulatory approvals from relevant authorities, while the extraordinary general meeting for shareholder approval is currently expected to be held in the first half of the calendar year 2023.

## Outlook

The current exchange rate level for the EUR/USD stands at 1.07 versus 0.97 at the time of the initial 2022/23 outlook provided on October 12, 2022. To reflect the 10% depreciation of the USD we update the outlook for the year regarding the impact from exchange rates on revenue, EBIT margin b.s.i. and cashflow b.a.s.i. The expectations to the underlying business incl. organic growth, EBIT margin b.s.i. and cash flow b.a.s.i. net of exchange rates remain unchanged.

	12 January 2023	12 October 2022
• Organic revenue growth	7-10%	7-10%
• Impact from exchange rates on revenue	Neutral	5%
• EBIT b.s.i. growth compared to revenue	in line	faster
• EBIT margin b.s.i.	26-27%	27-28%
• Free cash flow b.a.s.i.	EUR 170-210 million	EUR 190-230 million

The outlook for 2022/23 is based on actual exchange rates until January 11, 2023, and for the remainder of the year assuming constant exchange rates at the current level of EUR/USD rate of 1.07. For further details on the outlook for 2022/23, please refer to page 10.

# Financial highlights and key figures

	Q1 2022/23	Q1 2021/22		Q1 2022/23	Q1 2021/22
<b>Income statement, EUR million</b>			<b>Group revenue growth drivers, %</b>		
Revenue	309.5	268.2	Organic growth <sup>1)</sup>	10%	9%
Gross profit	166.9	147.2	Volume/mix	6%	9%
EBITDA b.s.i.	103.6	90.0	Price	4%	0%
EBITA b.s.i.	87.7	76.6	Currencies	5%	1%
EBIT b.s.i.	76.5	65.5	EUR growth	15%	10%
Special items	(1.1)	0.3	<b>Organic growth by region, %</b>		
EBIT	75.4	65.8	EMEA	16%	10%
Net financial expenses	(7.6)	(4.6)	NA	(2%)	12%
Profit for the period	49.5	46.2	APAC	14%	4%
<b>Cash flow and investments, EUR million</b>			LATAM	15%	8%
Operating cash flow	33.4	72.5	<b>Food Cultures &amp; Enzymes, EUR million / %</b>		
Investing cash flow	(21.5)	(19.8)	Revenue	199.9	177.7
Investments in PPE	(12.7)	(14.1)	Organic growth <sup>1)</sup>	8%	7%
Free cash flow b.a.s.i.	17.3	54.7	Volume/mix	3%	7%
<b>Balance sheet, EUR million</b>			Currencies	4%	1%
Total assets	3,288.1	3,110.2	EUR growth	12%	8%
Invested capital	2,948.4	2,815.2	EBITDA b.s.i.	69.1	67.1
Equity	1,739.6	1,569.2	EBITDA margin b.s.i.	34.6%	37.8%
Net interest-bearing debt	997.9	968.1	EBIT b.s.i.	55.7	54.7
<b>Key ratios</b>			EBIT margin b.s.i.	27.9%	30.8%
Gross margin	53.9%	54.9%	ROIC excl. goodwill	31.0%	33.3%
EBITDA margin b.s.i.	33.5%	33.6%	<b>Health &amp; Nutrition, EUR million / %</b>		
EBITA margin b.s.i.	28.3%	28.6%	Revenue	109.6	90.5
EBIT margin b.s.i.	24.7%	24.4%	Organic growth <sup>1)</sup>	12%	13%
EBIT margin	24.4%	24.5%	Volume/mix	11%	14%
Operational expenses	29.2%	30.5%	Currencies	9%	2%
R&D expenditure	8.0%	8.5%	M&A	0%	1%
Capital expenditures	5.6%	6.5%	EUR growth	21%	16%
EPS diluted, EUR	0.38	0.35	EBITDA b.s.i.	34.5	22.9
Net working capital	262.6	205.5	EBITDA margin b.s.i.	31.5%	25.3%
Cash conversion	50.6%	63.6%	EBIT b.s.i.	20.8	10.8
ROIC excl. goodwill	21.5%	20.0%	EBIT margin b.s.i.	19.0%	11.9%
ROIC	10.4%	9.3%	ROIC excl. goodwill	11.8%	6.6%
Net debt to EBITDA before special items, Group	2.2x	2.4x			

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

# Strategic and operational highlights

## **Novozymes and Chr. Hansen to combine and create a leading global biosolutions partner**

On December 12, 2022 Chr. Hansen and Novozymes announced that the two companies had entered into an agreement to create a leading global biosolutions partner through a statutory merger. The combination is expected to unleash the full potential of biological solutions and generate significant value for all stakeholders and society at large. For more information please visit <https://www.chr-hansen.com/en/investors/proposed-merger>.

## **2025 Strategy**

Chr. Hansen will continue to execute on its 2025 Strategy which is based on three pillars:

REINVEST in the core platforms Food Cultures & Enzymes and Health & Nutrition.

- In Q1, Food Cultures & Enzymes continued its collaboration with customers on achieving cost savings by leveraging its product portfolio of yield-optimizing solutions and productivity concepts such as CHY-MAX® Supreme.

LEVERAGE the technology platform to develop solutions for new applications and end-markets.

- In Q1, Chr. Hansen announced a collaboration with CP Kelco combining the companies' expertise and solutions to develop consumer-friendly, shelf-stable, plant-based yogurt alternatives based on various protein sources such as oat, soy, pea, coconut or almond bases.

EXTEND the technology platform through acquisitions and the expansion of the R&D partner network.

## **Long-term financial ambitions until 2024/25 (based on unchanged assumptions compared to 12 October 2022)**

Chr. Hansen remains committed to delivering industry-leading profitable growth and strong cash flows with the focus on cost discipline and capital efficiency.

- Mid-to-high single-digit organic revenue growth, averaged over the period.
- An increase of the EBIT margin before special items over the period to more than 30% driven by efficiency gains, scalability benefits and acquisition synergies that will be partly reinvested in the business.
- Average growth in free cash flow before special items exceeding the average growth in EBIT before special items.

## **Sensitivity to the long-term financial ambitions**

The geopolitical and macroeconomic environment has changed significantly in the past year, particularly impacted by accelerating inflationary cost pressure, disruption of global supply chains, and effects related to Russia's invasion of Ukraine. As a consequence, Chr. Hansen's ability to meet the long-term financial ambitions towards 2025 is highly sensitive to the following core assumptions:

- Adjustment of selling prices to offset inflationary pressure over the period.
- Normalization of global supply chains.
- A stabilization of the geopolitical and macroeconomic environment.
- Constant currencies and no impact from future acquisitions or divestments.

# Business review

## Market developments

### Food Cultures & Enzymes

According to the latest Company estimates, the sector outlook for dairy remains challenged short term. For 2022/23, we expect 0-1% volume growth supported by continued good momentum in cheese production in North America. Fermented milk volumes is expected to be slightly below 2021/22 with a decline in some developed markets, a stabilization in China and a growth in, among others, India. The sector growth in Q1 2022/23 is assessed to be in line with the outlook for the full year.

### Health & Nutrition

According to the latest Company estimates, the sector growth is below the mid term outlook of 4-6%. In North America and other markets, the supplements sector has shown signs of a negative impact from inflation and consumer price sensitivity, which is resulting in some customers postponing orders.

Demand for infant formula remained negatively impacted by reduced production volumes and lower birth rates, especially in China. Customer interest in HMOs remains high and product registrations in China and other key geographies are ongoing.

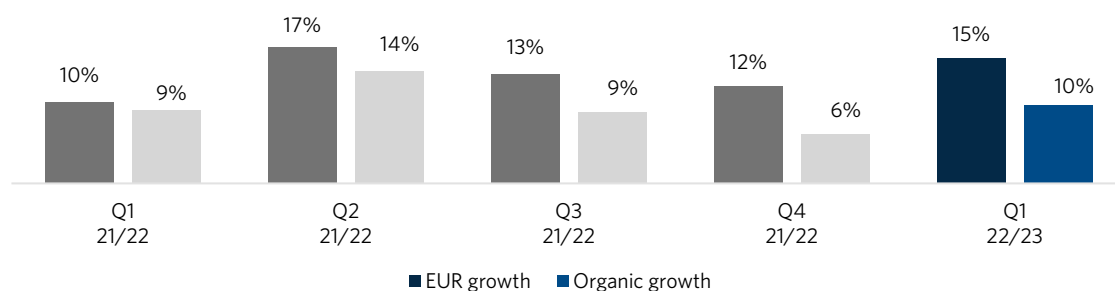
Demand for microbial-based solutions for plant protection developed favorably supported by strong commodity prices, whilst high feed prices had an adverse impact on the selling environment for animal feed probiotics.

## Sales performance

Q1 2022/23 revenue amounted to EUR 310 million, up 15% from EUR 268 million in Q1 2021/22. Revenue was positively impacted by 5% from currency effects.

Organic growth was 10% driven by a mix of volume growth and price increases. The Lighthouses (Bioprotection, Fermented Plant Bases, Plant Health and HMO) was impacted by timing of orders and delivered 4% organic growth combined in Q1, while the remaining core businesses delivered 10% organic growth.

### Revenue growth, Group



# Interim Report Q1 September 1 – November 30, 2022

## Sales performance by segment

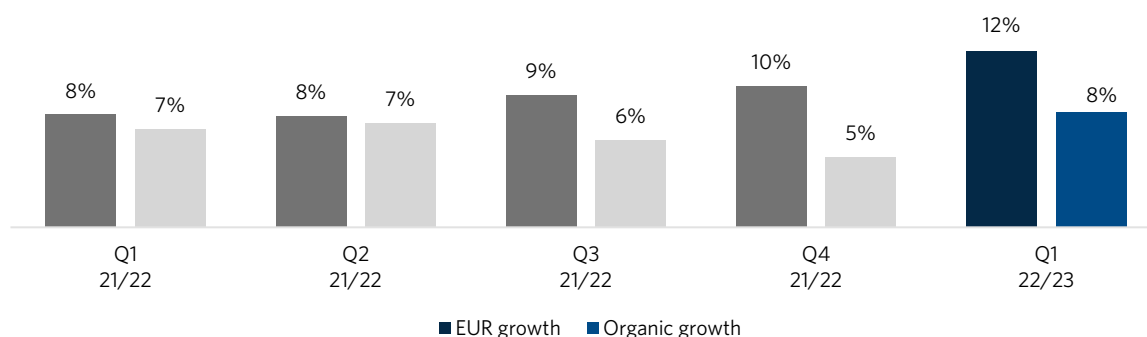
### Food Cultures & Enzymes

Q1 2022/23 revenue amounted to EUR 200 million, up 12% from EUR 178 million in Q1 2021/22. Revenue was positively impacted by 4% from exchange rates. Organic growth was 8%, mainly driven by price initiatives, but with good volume growth above underlying markets.

Dairy delivered solid growth supported by solid momentum in cheese and by pricing initiatives.

Food & Beverages delivered solid growth driven by meat including a strong momentum within bioprotective solutions, while fermented beverages was negatively impacted by the timing of orders within the wine segment.

### Revenue growth, Food Cultures & Enzymes



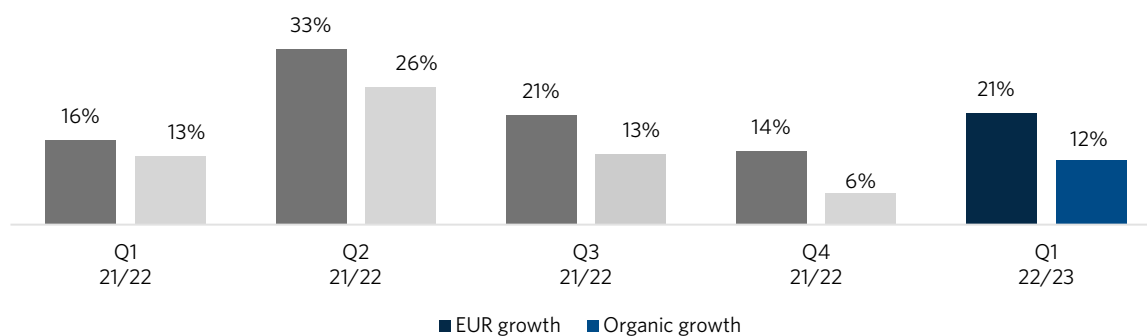
### Health & Nutrition

Q1 2022/23 revenue amounted to EUR 110 million, up 21% from EUR 90 million in Q1 2021/22. Revenue was positively impacted by 9% from exchange rates. Organic growth was 12% driven by volume.

Human Health delivered strong growth, while HMO declined as expected due to the timing of orders. In Human Health, growth was supported by all categories and regions except North America which declined due to a softening market for probiotic supplements.

Animal and Plant Health delivered solid growth driven by pricing in Animal Health and strong performance in Plant Health.

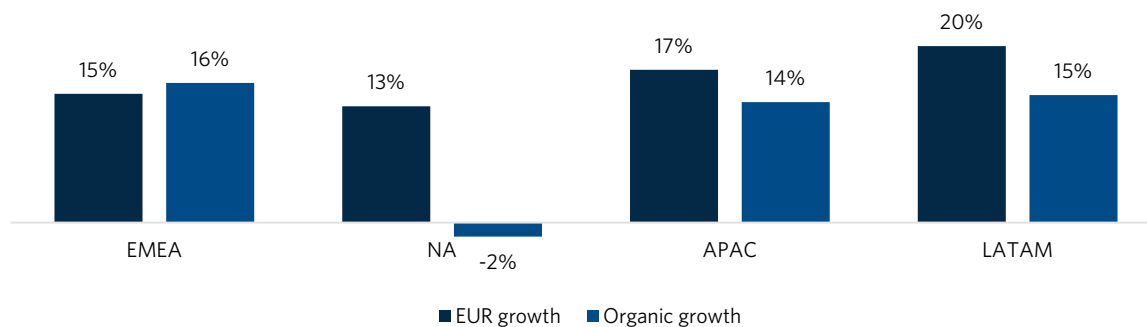
### Revenue growth, Health & Nutrition



# Financial review

## Sales performance by region

Revenue growth by region



### Europe, Middle East and Africa (EMEA), 37% of revenue in Q1 2022/23

Q1 2022/23 organic growth was 16%, while revenue increased by 15%. Organic growth was driven by very strong growth in Health & Nutrition, while Food Cultures & Enzymes delivered solid growth. Growth in Health & Nutrition was supported by strong volume growth in Human Health including HMO, while growth in Food Cultures & Enzymes was supported by pricing, including EUR-based pricing, as well as volume growth.

### North America (NA), 33% of revenue in Q1 2022/23

Q1 2022/23 organic growth was negative at 2%, while revenue increased by 13%. Revenue was impacted positively by 15% from exchange rates. The negative organic growth was due to Health & Nutrition which was impacted adversely by timing of orders in HMO and a softening market in Human Health. Solid organic growth in Food Cultures & Enzymes was mainly driven by momentum in the cheese and meat segments as well as pricing initiatives.

### Asia-Pacific (APAC), 17% of revenue in Q1 2022/23

Q1 2022/23 organic growth was 14%, while revenue increased by 17%. Organic growth was driven by strong growth in Health & Nutrition, while Food Cultures & Enzymes delivered good growth. Growth in Health & Nutrition was driven by very strong growth in Human Health, supported by all segments. Growth in Food Cultures & Enzymes was driven by strong momentum across the region except China, which declined in part due to the continued COVID-19 lockdowns. Organic growth was supported by pricing despite a negative impact from EUR-based pricing.

### Latin America (LATAM), 13% of revenue in Q1 2022/23

Q1 2022/23 organic growth was 15%, while revenue increased by 20%. Revenue was impacted positively by 5% due to exchange rates. Organic growth was driven by both volume and pricing initiatives in Health & Nutrition and Food Cultures & Enzymes.

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## Gross margin

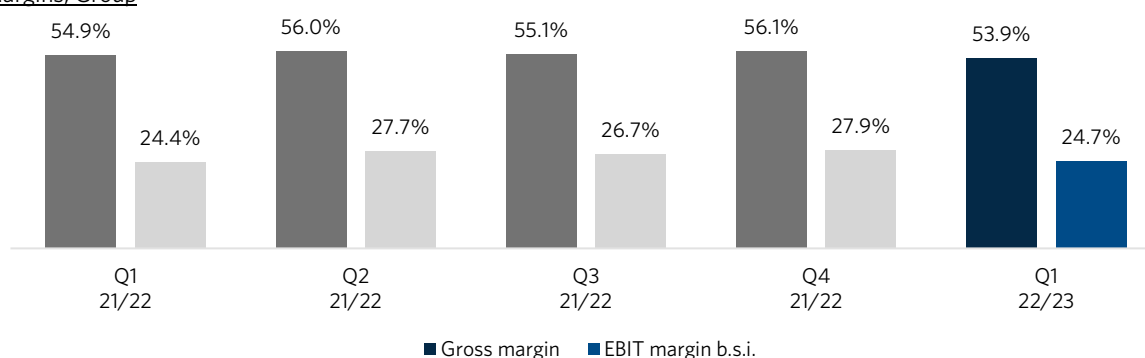
The Q1 2022/23 gross margin declined by 1.0 percentage point to 53.9%, mainly due to increased input costs and a change in product mix in Food Cultures & Enzymes. The negative impact from inflationary pressure was partly mitigated by an increasing pricing impact and a positive impact from exchange rates.

## Operating expenses

Q1 2022/23 operating expenses totaled EUR 90 million, up 11% from EUR 82 million in Q1 2021/22. Expenses were impacted by a general ramp-up of sales & marketing activities, the donation of profit from Chr. Hansen LLC, Russia, and a negative impact from exchange rates. For the financial year 2021/22 the relevant profit was donated to Red Cross and the donation related to the financial year 2022/23 will also be donated to humanitarian aid in Ukraine.

Total amortization amounted to EUR 11 million in Q1 2022/23, of which EUR 5 million related to the acquisitions of HSO, UAS and Jennewein.

## Margins, Group



## EBIT b.s.i. and EBIT margin before special items

EBIT b.s.i. amounted to EUR 77 million, up 17% from EUR 65 million in Q1 2021/22. The increase was driven by a positive contribution from exchange rates and pricing initiatives, which was partly offset by a negative impact from higher input costs and a change in product mix.

The EBIT margin b.s.i. was 24.7%, up from 24.4% in Q1 2021/22. The improved margin was due to a positive contribution from exchange rates, which was partly offset by continued inflationary pressure, despite ongoing price initiatives.

Food Cultures & Enzymes's Q1 2022/23 EBIT b.s.i. amounted to EUR 56 million, up 2% from EUR 55 million in Q1 2021/22. The EBIT margin b.s.i. was 27.9%, compared to 30.8% last year due to higher input costs, a general ramp-up of activities, a change in product mix, and the donation of an amount equal to the profit from Chr. Hansen LLC, Russia. This was partly offset by a positive contribution from pricing initiatives and exchange rates.

Health & Nutrition's Q1 2022/23 EBIT b.s.i. amounted to EUR 21 million, up 93% from EUR 11 million in Q1 2021/22. The EBIT margin b.s.i. was 19.0%, compared to 11.9% last year, as scalability effects from the strong volume performance, acquisition synergies, and exchange rates more than offset higher input costs.

## Special items and EBIT

Special items amounted to a cost of EUR 1.1 million in Q1 2022/23, compared to an income of EUR 0.3 million last year. The special items related to the proposed merger with Novozymes. EBIT amounted to EUR 75 million, up 15% from EUR 66 million in Q1 2021/22. The EBIT margin ended at 24.4%, compared to 24.5% in Q1 2021/22.

## Net financials, share of JV and tax

Net financial expenses amounted to EUR 8 million, up from EUR 5 million in Q1 2021/22. The increase was due to higher interest expenses and unrealized exchange rate losses.

The Bacthera JV produced a EUR 3 million loss to Chr. Hansen, compared to a loss of EUR 1 million in Q1 2021/22.

Income taxes amounted to EUR 16 million, up from EUR 14 million in Q1 2021/22, reflecting a tax rate of 24%.

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## **Profit for the period**

Profit for the period amounted to EUR 50 million, up 7% from EUR 46 million in Q1 2021/22. Earnings per share, diluted, amounted to EUR 0.38 compared to EUR 0.35 in Q1 2021/22.

## **Cash flows**

Cash flow from operating activities b.s.i. was EUR 35 million, down 52% from EUR 72 million last year, as the operating profit improvement was offset by a significant increase in taxes paid as Q1 2021/22 was impacted by acquisitions, and a negative change in working capital due to increased inventory levels and timing of trade payables.

Cash flow used for operational investing activities was EUR 17 million, down 2% from EUR 18 million last year.

Free cash flow b.a.s.i. was EUR 17 million, down from EUR 55 million last year as the cash flow from operating activities b.a.s.i. was impacted by a negative change in working capital and higher taxes paid.

## **Equity, Group**

Total equity amounted to EUR 1,740 million, compared to EUR 1,569 million on November 30, 2021. An ordinary dividend for the 2021/22 financial year totaling EUR 125 million was paid out in Q1 2022/23.

## **Net debt, Group**

Net interest-bearing debt amounted to EUR 998 million, or 2.2x EBITDA, compared to EUR 968 million, or 2.4x EBITDA, on November 30, 2021.

## **Return on invested capital**

Invested capital excluding goodwill amounted to EUR 1,437 million, up 9% from EUR 1,322 million on November 30, 2021. The increase was driven by property, plant and equipment.

The year-to-date return on invested capital excluding goodwill was 21.5%, compared to 20.0% last year. The increase was driven by Health & Nutrition, while Food Cultures & Enzymes was down compared to last year due to the negative impact from higher input costs.

Goodwill amounted to EUR 1,511 million, in line with the figure at November 30, 2021. Return on invested capital including goodwill was 10.4%, compared to 9.3% last year.



# Interim Report Q1 September 1 – November 30, 2022

## **Outlook for 2022/23**

### **Revenue and organic growth**

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. For the coming quarter organic growth is expected in the lower end of the expected range for the year, as volume growth will be impacted by a high comparable in Human Health which experienced very high volume growth in Q2 last year. This will be partly offset by increased impact from pricing following the latest initiatives to address the inflationary pressure. Organic growth is then expected to reaccelerate in the second half of the year.

The current macroeconomic environment has led to volatile exchange rates and based on the current level for EUR/USD, the impact from exchange rates on revenue is now expected to be neutral (previously positive by 5%).

### **EBIT b.s.i. and EBIT margin b.s.i.**

Based on the outlook for revenue and organic growth, absolute EBIT b.s.i. is now expected to grow in line with revenue, and with less favorable exchange rates the EBIT margin b.s.i. is expected to be in the range of 26%-27% (previously 27%-28%). A positive impact from operational efficiencies and pricing initiatives, is expected to partly offset by continued pressure from the inflationary environment and continued actions to protect against supply chain disruptions. For the coming quarter EBIT margin b.s.i. in FC&E is expected to increase reflecting the impact from pricing initiatives, while the EBIT margin b.s.i. in H&N is expected to decrease compared to last year due to the impact from the high sales comparable in Human Health. Group EBIT margin b.s.i. is expected to increase from the 24.7% in Q1 throughout the year, mainly in the second half driven by scalability from sales volumes and the full impact from pricing initiatives.

### **Free cash flow before special items**

Free cash flow before special items is expected to be in the range of EUR 170-210 million (previously EUR 190-230 million).

### **Sensitivity to the outlook for 2022/23**

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 January 11, 2023, and for the remainder of the year assuming constant exchange rates at the current level of EUR/USD rate of 1.07 (previously 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.

## **Additional information**

In connection with the proposed merger with Novozymes, the Chr. Hansen Holding A/S Board of Directors has authorized a pool of up to 113,000 RSUs to be applied for retention and/or performance-based incentives to selected employees in managerial positions and other key employees. 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. Vesting of RSUs granted under this pool are partly subject to fulfillment of certain predefined performance agreements. The aggregate theoretical market value of the above grants is EUR 7.7 million, applying the principles described in the Group's annual report in note 5.1.

## Additional information

### Conference call

Chr. Hansen will host a conference call on January 12, 2023 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).

### Contact details

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Cristina Rønde Hefting, Senior Investor Relations Manager, +45 40 72 12 24

### Financial calendar

2022/23

April 13, 2023	Interim Report Q2 2022/23
July 6, 2023	Interim Report Q3 2022/23
October 12, 2023	Annual Report 2022/23
November 22, 2023	Annual General Meeting 2023

An Extraordinary General Meeting is expected to be held in the first half of the calendar year 2023.

### Company information

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

### Forward-looking statements

This company announcement 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.

### 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 strongly positioned to drive positive change through microbial solutions. We have worked for over 145 years to enable sustainable agriculture, better food 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.

Interim Report Q1 September 1 – November 30, 2022

# Statement of the Board of Directors and Executive Board

Today, the Board of Directors and Executive Board have considered and approved the interim report for Chr. Hansen Holding A/S for the period September 1, 2022 to November 30, 2022. The interim report has not been audited or reviewed by the Company's independent auditors.

The unaudited interim report has been prepared in accordance with International Financial Reporting Standards and IAS 34 as adopted by the EU, and additional Danish regulations.

In our opinion, the accounting policies used are appropriate and the overall presentation of the interim report is adequate. Furthermore, the interim report gives a true and fair view of the Group's assets, liabilities and financial position at November 30, 2022, and of the results of the Group's operations and cash flow for the period September 1, 2022 to November 30, 2022.

We further consider that the 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 period and the financial position, together with a description of the principal risks and uncertainties that the Group faces, in accordance with Danish disclosure requirements for listed companies. Besides what has been disclosed in this report, no changes in the Group's most significant risks and uncertainties have occurred relative to what was disclosed in the Annual Report of Chr. Hansen Holding A/S for 2021/22.

**Hørsholm, January 12, 2023**

## Executive Board

Mauricio Graber  
President and CEO

Lise Mortensen  
CFO

## Board of Directors

Dominique Reiniche  
Chair

Jesper Brandgaard  
Vice Chair

Luis Cantarell

Casper Lynghøj Giedo

Charlotte Hemmingsen

Lise Kaae

Heidi Kleinbach-Sauter

Kevin Lane

Karen Lauesen

Kim Ib Sørensen

# Income statement

EUR million	Q1 2022/23	Q1 2021/22
Revenue	309.5	268.2
Cost of sales	(142.6)	(121.0)
<b>Gross profit</b>	<b>166.9</b>	<b>147.2</b>
Research and development expenses	(24.7)	(23.5)
Sales and marketing expenses	(45.5)	(39.2)
Administrative expenses	(20.1)	(19.0)
Other operating income	0.2	1.7
Other operating expenses	(0.3)	(1.7)
<b>Operating profit before special items (EBIT b.s.i.)</b>	<b>76.5</b>	<b>65.5</b>
Special items	(1.1)	0.3
<b>Operating profit (EBIT)</b>	<b>75.4</b>	<b>65.8</b>
Net financial expenses	(7.6)	(4.6)
Share of loss in joint ventures	(2.7)	(1.2)
<b>Profit before tax</b>	<b>65.1</b>	<b>60.0</b>
Income tax	(15.6)	(13.8)
<b>Profit for the period</b>	<b>49.5</b>	<b>46.2</b>
<b>Earnings per share, EUR</b>		
Earnings per share	0.38	0.35
Earnings per share, diluted	0.38	0.35

# Statement of comprehensive income

EUR million	Q1 2022/23	Q1 2021/22
Profit for the period	49.5	46.2
<b>Items that will not be reclassified subsequently to the income statement</b>		
Remeasurements of defined benefits plans	-	-
<b>Items that will be reclassified subsequently to the income statement when specific conditions are met</b>		
Exchange rate adjustments of foreign Group companies	(15.8)	8.0
Fair value adjustments of interest rate hedges	5.0	3.1
Tax related to interest rate hedges	(1.1)	(0.7)
<b>Other comprehensive income for the period</b>	<b>(11.9)</b>	<b>10.4</b>
<b>Total comprehensive income for the period</b>	<b>37.6</b>	<b>56.6</b>
Attributable to:		
Shareholders of Chr. Hansen Holding A/S	37.6	56.6

# Cash flow statement

EUR million	Q1 2022/23	Q1 2021/22
Operating profit	75.4	65.8
Non-cash adjustments	29.6	25.4
Change in working capital	(35.5)	(4.0)
Financial items, net	(2.9)	(3.5)
Taxes paid	(33.2)	(11.2)
<b>Cash flows from operating activities</b>	<b>33.4</b>	<b>72.5</b>
Investments in intangible assets	(4.5)	(3.4)
Investments in property, plant and equipment	(12.7)	(14.1)
Cash flows from operational investing activities	(17.2)	(17.5)
Loans to joint ventures	(4.3)	(2.3)
<b>Cash flows from investing activities</b>	<b>(21.5)</b>	<b>(19.8)</b>
<b>Free cash flow</b>	<b>11.9</b>	<b>52.7</b>
Borrowings	200.8	85.0
Repayment of borrowings	(112.4)	(23.2)
Dividends paid, net	(124.7)	(115.9)
<b>Cash flows from financing activities</b>	<b>(36.3)</b>	<b>(54.1)</b>
<b>Net cash flow for the period</b>	<b>(24.4)</b>	<b>(1.4)</b>
Cash and cash equivalents, beginning of period	82.8	55.1
Unrealized exchange gains/(losses) included in cash and cash equivalents	(3.9)	2.1
Net cash flow for the period	(24.4)	(1.4)
<b>Cash and cash equivalents, end of period</b>	<b>54.5</b>	<b>55.8</b>

# Balance sheet

EUR million	Nov 30, 2022	Nov 30, 2021	Aug 31, 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	1,510.9	1,493.2	1,517.6
Other intangible assets	351.6	373.8	357.6
Property, plant and equipment	869.3	790.6	877.4
Investments in joint ventures	-	8.5	1.7
Receivables from joint ventures	29.1	15.7	25.8
Other receivables	28.8	-	25.6
Deferred tax	12.4	11.3	12.7
<b>Total non-current assets</b>	<b>2,802.1</b>	<b>2,693.1</b>	<b>2,818.4</b>
<b>Current assets</b>			
Inventories	204.2	143.0	180.6
Trade receivables	166.9	158.0	180.5
Tax receivables	15.4	10.2	12.7
Other receivables	31.9	37.9	28.9
Prepayments	13.1	12.2	12.9
Cash and cash equivalents	54.5	55.8	82.8
<b>Total current assets</b>	<b>486.0</b>	<b>417.1</b>	<b>498.4</b>
<b>Total assets</b>	<b>3,288.1</b>	<b>3,110.2</b>	<b>3,316.8</b>

**Balance sheet**

(continued)

EUR million	Nov 30, 2022	Nov 30, 2021	Aug 31, 2022
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	177.3	177.3	177.3
Currency translation reserve	(31.4)	(65.7)	(15.6)
Interest rate hedging reserve	23.1	(2.5)	19.2
Retained earnings	1,570.6	1,460.1	1,643.0
<b>Total equity</b>	<b>1,739.6</b>	<b>1,569.2</b>	<b>1,823.9</b>
<b>Non-current liabilities</b>			
Employee benefit obligations	5.9	7.5	5.5
Deferred tax	200.8	170.7	197.0
Provisions	3.7	4.2	5.1
Borrowings	1,000.4	865.6	853.4
Deferred gain, sale and lease back	44.2	46.1	44.7
Other payables	-	3.0	-
<b>Total non-current liabilities</b>	<b>1,255.0</b>	<b>1,097.1</b>	<b>1,105.7</b>
<b>Current liabilities</b>			
Borrowings	52.0	158.3	110.0
Trade payables	108.5	95.5	132.5
Tax payables	33.1	65.6	50.4
Deferred gain, sale and lease back	1.8	1.8	1.8
Other payables	98.1	122.7	92.5
<b>Total current liabilities</b>	<b>293.5</b>	<b>443.9</b>	<b>387.2</b>
<b>Total liabilities</b>	<b>1,548.5</b>	<b>1,541.0</b>	<b>1,492.9</b>
<b>Total equity and liabilities</b>	<b>3,288.1</b>	<b>3,110.2</b>	<b>3,316.8</b>



# Statement of changes in equity

EUR million	Share capital	Currency translation reserve	Interest rate hedging reserve	Retained earnings	Total
<b>2022/23</b>					
Equity at September 1	177.3	(15.6)	19.2	1,643.0	1,823.9
Total comprehensive income for the period	-	(15.8)	3.9	49.5	37.6
<b>Transactions with owners</b>					
Share-based payments	-	-	-	2.8	2.8
Dividends, net	-	-	-	(124.7)	(124.7)
<b>Equity at November 30</b>	<b>177.3</b>	<b>(31.4)</b>	<b>23.1</b>	<b>1,570.6</b>	<b>1,739.6</b>

EUR million	Share capital	Currency translation reserve	Interest rate hedging reserve	Retained earnings	Total
<b>2021/22</b>					
Equity at September 1	177.3	(73.7)	(4.9)	1,527.4	1,626.1
Total comprehensive income for the period	-	8.0	2.4	46.2	56.6
<b>Transactions with owners</b>					
Share-based payments	-	-	-	2.4	2.4
Dividends, net	-	-	-	(115.9)	(115.9)
<b>Equity at November 30</b>	<b>177.3</b>	<b>(65.7)</b>	<b>(2.5)</b>	<b>1,460.1</b>	<b>1,569.2</b>

## **Note 1 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 2021/22, except for all new, amended or revised accounting standards and interpretations (IFRSs) adopted by the European Union effective for financial years beginning on or after January 1, 2022. These have not had material impact on the consolidated interim report.

### **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 2021/22 and relate to, e.g. income tax and deferred tax, goodwill, other intangible assets, property, plant and equipment as well as inventories.

## Note 2 Segment information

EUR million	Food Cultures & Enzymes	Health & Nutrition	Not allocated	Group
<b>Q1 2022/23</b>				
<b>Income statement</b>				
Revenue	199.9	109.6	-	309.5
EUR growth	12%	21%	-	15%
Organic growth	8%	12%	-	10%
EBITDA before special items	69.1	34.5	-	103.6
EBITDA margin before special items	34.6%	31.5%	-	33.5%
Amortization, depreciation and impairment losses	(13.4)	(13.7)	-	(27.1)
EBIT before special items	55.7	20.8	-	76.5
EBIT margin before special items	27.9%	19.0%	-	24.7%
Share of loss of joint ventures	-	-	(2.7)	(2.7)
Special items and net financial expenses	-	-	(8.7)	(8.7)
<b>Profit before tax</b>	<b>55.7</b>	<b>20.8</b>	<b>(11.4)</b>	<b>65.1</b>

EUR million	Food Cultures & Enzymes	Health & Nutrition	Not allocated	Group
<b>Q1 2021/22</b>				
<b>Income statement</b>				
Revenue	177.7	90.5	-	268.2
EUR growth	8%	16%	-	10%
Organic growth	7%	13%	-	9%
EBITDA before special items	67.1	22.9	-	90.0
EBITDA margin before special items	37.8%	25.3%	-	33.6%
Amortization, depreciation and impairment losses	(12.4)	(12.1)	-	(24.5)
EBIT before special items	54.7	10.8	-	65.5
EBIT margin before special items	30.8%	11.9%	-	24.4%
Share of loss of joint ventures	-	-	(1.2)	(1.2)
Special items and net financial expenses	-	-	(4.3)	(4.3)
<b>Profit before tax</b>	<b>54.7</b>	<b>10.8</b>	<b>(5.5)</b>	<b>60.0</b>

# Segment information

(continued)

EUR million	Food Cultures & Enzymes	Health & Nutrition	Not allocated	Group
<b>Nov 30, 2022</b>				
<b>Assets</b>				
Goodwill	531.6	979.3	-	1,510.9
Other intangible assets	89.6	262.0	-	351.6
Property, plant and equipment	504.9	364.4	-	869.3
Other non-current assets	-	-	70.3	70.3
<b>Total non-current assets</b>	<b>1,126.1</b>	<b>1,605.7</b>	<b>70.3</b>	<b>2,802.1</b>
Inventories	118.6	85.6	-	204.2
Trade receivables	110.8	56.1	-	166.9
Other assets	-	-	114.9	114.9
<b>Total current assets</b>	<b>229.4</b>	<b>141.7</b>	<b>114.9</b>	<b>486.0</b>
<b>Total assets</b>	<b>1,355.5</b>	<b>1,747.4</b>	<b>185.2</b>	<b>3,288.1</b>
<b>Liabilities</b>				
Trade payables	68.4	40.1	-	108.5
Deferred gain, sale and lease back	31.7	14.3	-	46.0
Other liabilities	-	-	1,394.0	1,394.0
<b>Total liabilities</b>	<b>100.1</b>	<b>54.4</b>	<b>1,394.0</b>	<b>1,548.5</b>
<b>Net working capital</b>	<b>161.0</b>	<b>101.6</b>	<b>-</b>	<b>262.6</b>
<b>Invested capital excluding goodwill</b>	<b>723.8</b>	<b>713.7</b>	<b>-</b>	<b>1,437.5</b>
<b>ROIC excluding goodwill</b>	<b>31.0%</b>	<b>11.8%</b>	<b>-</b>	<b>21.5%</b>
Additions to non-current assets excluding joint ventures, other receivables and deferred tax	9.4	7.8	-	17.2

## Segment information

(continued)

EUR million	Food Cultures & Enzymes	Health & Nutrition	Not allocated	Group
<b>Nov 30, 2021</b>				
<b>Assets</b>				
Goodwill	526.3	966.9	-	1,493.2
Other intangible assets	90.7	283.1	-	373.8
Property, plant and equipment	473.5	317.1	-	790.6
Other non-current assets	-	-	35.5	35.5
<b>Total non-current assets</b>	<b>1,090.5</b>	<b>1,567.1</b>	<b>35.5</b>	<b>2,693.1</b>
Inventories	88.5	54.5	-	143.0
Trade receivables	100.9	57.1	-	158.0
Other assets	-	-	116.1	116.1
<b>Total current assets</b>	<b>189.4</b>	<b>111.6</b>	<b>116.1</b>	<b>417.1</b>
<b>Total assets</b>	<b>1,279.9</b>	<b>1,678.7</b>	<b>151.6</b>	<b>3,110.2</b>
<b>Liabilities</b>				
Trade payables	59.2	36.3	-	95.5
Deferred gain, sale and lease back	33.3	14.6	-	47.9
Other liabilities	-	-	1,397.6	1,397.6
<b>Total liabilities</b>	<b>92.5</b>	<b>50.9</b>	<b>1,397.6</b>	<b>1,541.0</b>
<b>Net working capital</b>	<b>130.2</b>	<b>75.3</b>	<b>-</b>	<b>205.5</b>
<b>Invested capital excluding goodwill</b>	<b>661.1</b>	<b>660.9</b>	<b>-</b>	<b>1,322.0</b>
<b>ROIC excluding goodwill</b>	<b>33.3%</b>	<b>6.6%</b>	<b>-</b>	<b>20.0%</b>
Additions to non-current assets excluding joint ventures, other receivables and deferred tax	9.2	8.3	-	17.5

## Segment information

(continued)

<b>EUR million</b>	<b>EMEA</b>	<b>North America</b>	<b>APAC</b>	<b>LATAM</b>	<b>Group</b>
<b>Q1 2022/23</b>					
Revenue	113.7	102.1	54.4	39.3	309.5
EUR growth	15%	13%	17%	20%	15%
Organic growth	16%	(2%)	14%	15%	10%

Non-current assets excluding joint ventures, other receivables and deferred tax	2,345.2	336.8	21.8	28.0	2,731.8
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<b>EUR million</b>	<b>EMEA</b>	<b>North America</b>	<b>APAC</b>	<b>LATAM</b>	<b>Group</b>
<b>Q1 2021/22</b>					
Revenue	99.1	90.1	46.3	32.7	268.2
EUR growth	9%	15%	7%	4%	10%
Organic growth	10%	12%	4%	8%	9%

Non-current assets excluding joint ventures, other receivables and deferred tax	2,317.7	299.4	19.6	20.9	2,657.6
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## Note 3 R&D expenditures

<b>EUR million</b>	<b>Q1 2022/23</b>	<b>Q1 2021/22</b>
R&D expenses (P&L)	24.7	23.5
- Amortization	3.2	2.8
- Impairment losses	-	-
+ Capitalization	3.2	2.0
<b>R&amp;D expenditures incurred</b>	<b>24.7</b>	<b>22.7</b>

## Note 4 EBIT b.s.i. to EBITDA b.s.i.

<b>EUR million</b>	<b>Q1 2022/23</b>	<b>Q1 2021/22</b>
EBIT b.s.i.	76.5	65.5
Amortization and impairment losses	11.2	11.1
<b>EBITA b.s.i.</b>	<b>87.7</b>	<b>76.6</b>
Depreciation and impairment losses	15.9	13.4
<b>EBITDA b.s.i.</b>	<b>103.6</b>	<b>90.0</b>



## **Note 5 Events after the balance sheet date**

### **Novozymes and Chr. Hansen to combine and create a leading global biosolutions partner**

On December 12, 2022 Chr. Hansen and Novozymes announced that the two companies had entered into an agreement to create a leading global biosolutions partner through a statutory merger of the two companies. The combination is expected to unleash the full potential of biological solutions and generate significant value for all stakeholders and society at large. For more information please visit <https://www.chr-hansen.com/en/investors/proposed-merger>.