

Interim Report 2022/23

September 1, 2022 – February 28, 2023

April 13, 2023 – Company announcement no. 6

A strong first half supporting the full-year outlook

Statement by CEO Mauricio Graber: "The strong results for Q2 confirm the attractiveness of the markets we serve in FC&E and H&N, and the resilience of our customer-focused business model. Organic growth came in higher than expected and reached 11%, driven by both pricing initiatives and volume growth. EBIT b.s.i. increased by 8% despite higher input costs and a less favorable product mix, leading to an EBIT margin b.s.i. of 27.0%, which was in line with expectations. In light of the increased impact from EUR-based pricing we adjust our outlook for 2022/23 for organic growth to 8-11%, while maintaining the outlook for the EBIT margin b.s.i. of 26-27%. The outlook for the free cash flow b.a.s.i. is adjusted to EUR 180-220 million.

With the approval of the proposed merger from shareholders of both Novozymes and Chr. Hansen, we have reached an important milestone towards creating a leading biosolutions partner based on complementary technology platforms. Together with Novozymes, we continue the regulatory approval process with closing expected in the fourth quarter of the calendar year 2023 or the first quarter of the calendar year 2024."

Q2 2022/23 highlights

- Revenue amounted to EUR 338 million, up 11% from EUR 304 million in Q2 2021/22. Year-to-date revenue amounted to 647 million, up 13% from last year.
- Organic growth was 11%, driven by a mix of price and volume growth. Food Cultures & Enzymes organic growth was 12% and mainly driven by price initiatives, but with good volume growth above underlying markets. Health & Nutrition organic growth was 9% and driven by volume, but with an increased impact from pricing initiatives.
- The Lighthouses (Bioprotection, Fermented Plant Bases, Plant Health and HMO) were positively impacted by the timing of orders and delivered 38% organic growth combined in Q2, while the core businesses delivered 8% organic growth. Year-to-date Group organic growth was 10%. Lighthouses showed organic growth of 21%, while the core businesses delivered 9% organic growth.
- EBIT b.s.i. amounted to EUR 91 million, up 8% from EUR 84 million in Q2 2021/22. The increase was driven by a positive contribution from exchange rates, pricing initiatives and volume growth, which was partly offset by the negative impact from higher input costs, and a less favorable product mix. Year-to-date EBIT b.s.i. amounted to EUR 168 million, up 12% from last year.
- The EBIT margin b.s.i. was 27.0%, down from 27.7% in Q2 2021/22, as continuing inflationary pressure, the negative impact from the product mix and a high comparable in Health & Nutrition from Q2 2021/22 were only partly offset by a positive impact from pricing initiatives, scalability and exchange rates. Year-to-date EBIT margin b.s.i. was 25.9%, compared to 26.2% last year.
- Free cash flow b.a.s.i. amounted to EUR 56 million year-to-date, down from EUR 86 million last year, as the cash flow from operating activities b.a.s.i. was negatively impacted by a change in working capital driven by inventories, and an increase in taxes paid.

Outlook September 1, 2022 – August 31, 2023

The current EUR/USD exchange rate level stands at 1.10 versus 1.07 at the time of the most recent 2022/23 outlook, provided on January 12, 2023. In light of the increased impact from EUR-based pricing, the outlook for organic growth is adjusted, while the outlook for EBIT margin b.s.i. is maintained. The outlook for the free cash flow b.a.s.i. is adjusted to reflect a change in phasing of operational investing activities.

	April 13, 2023	January 12, 2023
• Organic revenue growth	8-11%	7-10%
• Impact from exchange rates on revenue	Neutral	Neutral
• EBIT b.s.i. growth compared to revenue	in line	in line
• EBIT margin b.s.i.	26-27%	26-27%
• Free cash flow b.a.s.i.	EUR 180-220 million	EUR 170-210 million

The outlook for 2022/23 is based on actual exchange rates until April 12, 2023, and for the remainder of the financial year 2022/23 assuming constant exchange rates at the current level of EUR/USD rate of 1.10. For further details on the outlook for 2022/23, please refer to page 9.

Financial highlights and key figures

	Q2 2022/23	Q2 2021/22	YTD 2022/23	YTD 2021/22		Q2 2022/23	Q2 2021/22	YTD 2022/23	YTD 2021/22
Income statement, EUR million					Group revenue growth drivers, %				
Revenue	337.8	303.6	647.3	571.8	Organic growth ¹⁾	11%	14%	10%	12%
Gross profit	181.8	170.0	348.7	317.2	Volume/mix	5%	13%	5%	11%
EBITDA b.s.i.	118.9	110.6	222.5	200.6	Price	6%	1%	5%	1%
EBITA b.s.i.	102.8	95.8	190.5	172.4	Currencies	0%	3%	3%	2%
EBIT b.s.i.	91.1	84.1	167.6	149.6	EUR growth	11%	17%	13%	14%
Special items	(4.9)	(1.0)	(6.0)	(0.7)	Organic growth by region, %				
EBIT	86.2	83.1	161.6	148.9	EMEA	18%	13%	17%	11%
Net financial expenses	(7.9)	(5.1)	(15.5)	(9.7)	NA	4%	12%	1%	12%
Profit for the period	58.7	58.5	108.2	104.7	APAC	0%	16%	6%	10%
Cash flow and investments, EUR million					LATAM	22%	17%	19%	13%
Operating cash flow	63.5	57.6	96.9	130.1	Food Cultures & Enzymes, EUR million / %				
Investing cash flow	(43.6)	(27.6)	(65.1)	(47.4)	Revenue	204.1	182.0	404.0	359.7
Investments in PPE	(24.8)	(22.2)	(37.5)	(36.3)	Organic growth ¹⁾	12%	7%	10%	7%
Free cash flow b.a.s.i.	39.1	31.0	56.4	85.7	Volume/mix	3%	6%	3%	6%
Balance sheet, EUR million					Currencies	0%	1%	2%	1%
Total assets			3,333.1	3,142.9	EUR growth	12%	8%	12%	8%
Invested capital			2,975.3	2,839.2	EBITDA b.s.i.	71.8	63.9	140.9	131.0
Equity			1,788.7	1,641.9	EBITDA margin b.s.i.	35.2%	35.1%	34.9%	36.4%
Net interest-bearing debt			985.1	938.9	EBIT b.s.i.	58.0	51.0	113.7	105.7
Key ratios					EBIT margin b.s.i.	28.4%	28.0%	28.2%	29.4%
Gross margin	53.8%	56.0%	53.9%	55.5%	ROIC excl. goodwill	31.5%	30.6%	31.1%	31.9%
EBITDA margin b.s.i.	35.2%	36.4%	34.4%	35.1%	Health & Nutrition, EUR million / %				
EBITA margin b.s.i.	30.4%	31.6%	29.4%	30.2%	Revenue	133.7	121.6	243.3	212.1
EBIT margin b.s.i.	27.0%	27.7%	25.9%	26.2%	Organic growth ¹⁾	9%	26%	10%	20%
EBIT margin	25.5%	27.4%	25.0%	26.0%	Volume/mix	6%	27%	8%	21%
Operational expenses	26.9%	28.3%	28.0%	29.3%	Currencies	1%	6%	5%	4%
R&D expenditure	7.3%	8.2%	7.6%	8.3%	M&A	0%	0%	0%	1%
Capital expenditures	8.7%	9.1%	7.2%	7.9%	EUR growth	10%	33%	15%	25%
EPS diluted, EUR	0.44	0.44	0.82	0.79	EBITDA b.s.i.	47.1	46.7	81.6	69.6
Net working capital	291.2	224.1	291.2	224.1	EBITDA margin b.s.i.	35.2%	38.4%	33.5%	32.8%
Cash conversion	51.3%	58.1%	51.0%	60.6%	EBIT b.s.i.	33.1	33.1	53.9	43.9
ROIC excl. goodwill	26.4%	25.5%	23.2%	22.6%	EBIT margin b.s.i.	24.7%	27.3%	22.1%	20.7%
ROIC	12.9%	12.0%	11.3%	10.6%	ROIC excl. goodwill	18.4%	19.9%	15.1%	13.3%
Net debt to EBITDA before special items	2.2x	2.2x	2.2x	2.2x					

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 Holding A/S (Chr. Hansen) and Novozymes A/S (Novozymes) announced that the two companies had entered into an agreement to create a leading global biosolutions partner through a statutory merger.

On March 8, Chr. Hansen and Novozymes released an exemption document and each called an extraordinary general meeting to seek shareholder approval of the proposed merger announced on December 12, 2022.

On March 27, the statutory pre-closing suspensory waiting period with respect to the merger agreement and merger plan between Novozymes and Chr. Hansen under the U.S. antitrust regulation expired. The expiration was a condition to completion of the combination.

On March 30, the extraordinary general meetings of Chr. Hansen and Novozymes both approved the proposed combination with a significant majority. In addition to this, the shareholders of Chr. Hansen also approved the change of financial year to follow the calendar year, which was a condition to completion of the combination.

The completion of the combination remains subject to the satisfaction of an additional number of conditions set out in the merger plan, including certain regulatory approvals. The completion of the combination is expected to occur in the fourth quarter of the calendar year 2023 or the first quarter of the calendar year 2024.

2025 Strategy

Chr. Hansen continues to execute on its 2025 Strategy, which is based on three pillars:

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

- In Q2, Human Health introduced new concepts for women's health including synbiotic solutions containing both probiotics and HMOs.

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

- In Q2, three of Chr. Hansen's Human Milk Oligosaccharides (LNT, 3-FL and 3'-SL) received EU approval for safe use in infant formula at the highest dosage levels approved in the HMO market.

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

- Chr. Hansen and Lonza continued to invest in the Bacthera joint venture. Bacthera added additional fermentation capacity through a minor acquisition in March 2023 supporting the long-term growth outlook of the live biotherapeutic market. Work also continued on preparing production facilities for the SER-109 agreement with Seres Therapeutics.

Long-term financial ambitions through 2024/25 (based on unchanged assumptions compared to October 12, 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, particularly impacted by the 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 through 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 for the short term. For 2022/23, we expect 0-1% volume growth supported by cheese production in North America. Fermented milk volumes are expected to be slightly below the 2021/22 level with a decline in certain developed markets, stabilization in China and growth in India, among other countries. The sector growth recorded in Q2 2022/23 is assessed to be in line with the full-year outlook.

Health & Nutrition

According to the latest Company estimates, the sector growth of probiotic human health products is below the mid term outlook of 4-6%, mainly due to a slowdown in the North American and certain Asian markets for dietary supplements, whereas markets across EMEA have continued to rebound post-COVID-19. Current market trends indicate a stabilization of volumes in North America during Q2, while certain markets in Asia continued to weaken. Demand for infant formula remained negatively impacted by lower birth rates, especially in China.

Customer interest in HMOs remained high with further penetration of HMOs into infant formula products. 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, which remain at a high level. Feed prices have decreased, but remain at a high level having an adverse impact on the selling environment for animal feed probiotics.

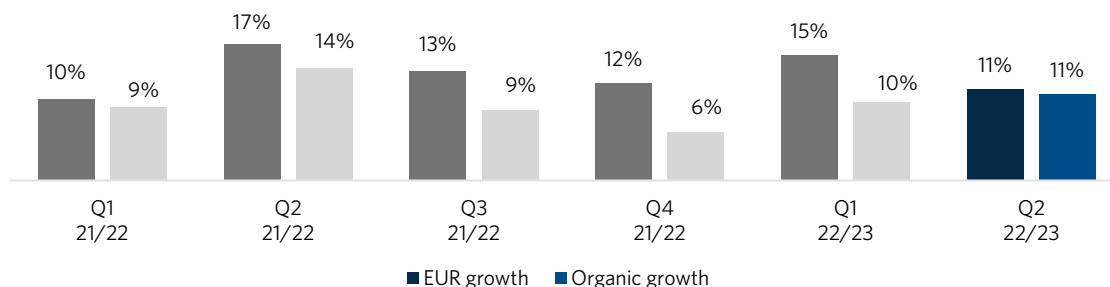
Sales performance

Q2 2022/23 revenue amounted to EUR 338 million, up 11% from EUR 304 million in Q2 2021/22. The impact from currency effects was negligible.

Organic growth was 11% in Q2 driven by a mix of price increases and volume growth. The Lighthouses (Bioprotection, Fermented Plant Bases, Plant Health and HMO) were positively impacted by the timing of orders and delivered 38% organic growth combined in Q2, while the remaining core businesses delivered 8% organic growth.

Year-to-date organic growth was 10% and adjusted for a currency impact of 3% corresponded to a revenue increase of 13% to EUR 647 million. The Lighthouses accounted for approximately 10% of revenue and delivered 21% organic growth combined year-to-date, while the core businesses delivered 9% organic growth.

Revenue growth, Group



Business review

Sales performance by segment

Food Cultures & Enzymes

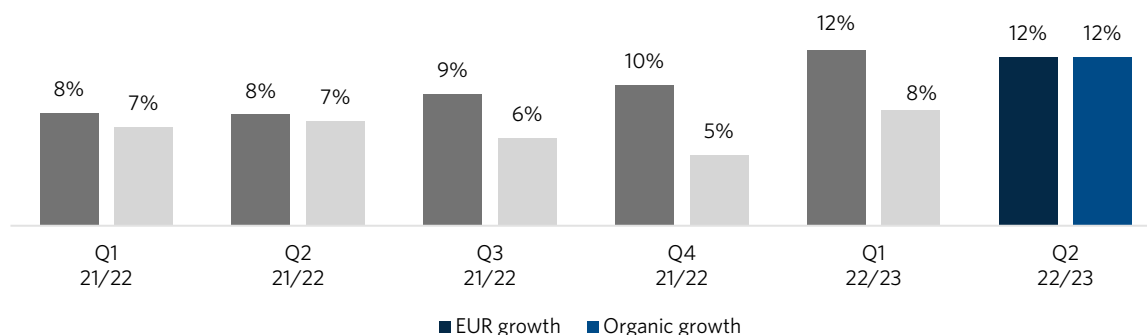
Q2 2022/23 revenue amounted to EUR 204 million, up 12% from EUR 182 million in Q2 2021/22. Organic growth was 12%, mainly driven by price initiatives, but with good volume growth above underlying markets.

Dairy delivered strong growth supported by pricing initiatives, solid momentum in cheese, and the lighthouses within bioprotection and fermented plant bases. Fresh dairy delivered solid growth, despite a decline in probiotics. The growth was mainly driven by pricing initiatives.

Food & Beverages delivered very strong growth across both bioprotective solutions and fermentation cultures for meat.

Year-to-date organic growth was 10%, and adjusted for a currency impact of 2% corresponded to a revenue increase of 12% to EUR 404 million.

Revenue growth, Food Cultures & Enzymes



Health & Nutrition

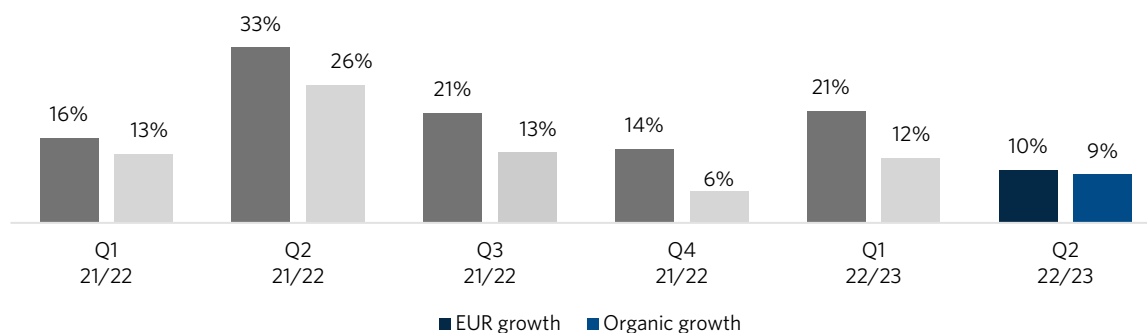
Q2 2022/23 revenue amounted to EUR 134 million, up 10% from EUR 122 million in Q2 2021/22. Revenue was positively impacted by 1% from exchange rates. Organic growth was 9% driven by volume, but with an increased impact from pricing initiatives.

Human Health & HMO delivered strong growth, despite a tough comparable from last year in Human Health, especially in North America. HMO was positively impacted by the timing of orders and pricing initiatives.

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

Year-to-date organic growth was 10%, and adjusted for a currency impact of 5% corresponded to a revenue increase of 15% to EUR 243 million.

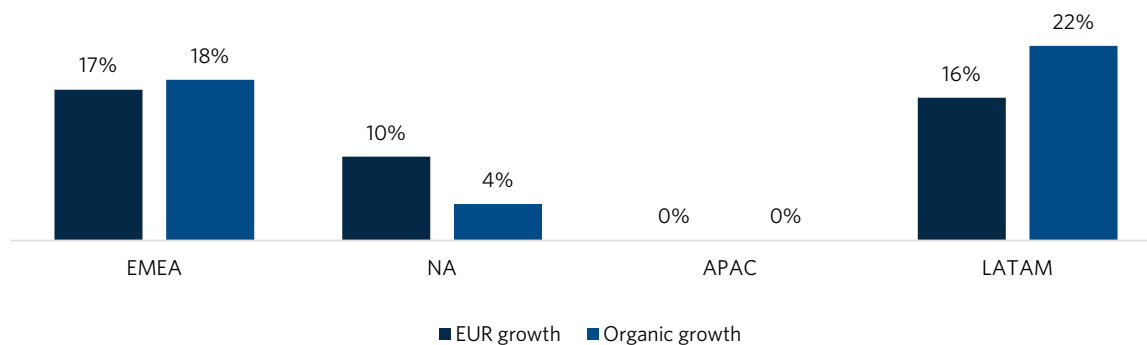
Revenue growth, Health & Nutrition



Business review

Sales performance by region

Revenue growth by region



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

Q2 2022/23 organic growth was 18%, while revenue increased by 17%. Organic growth was driven by strong growth in both Health & Nutrition and Food Cultures & Enzymes. Growth in Health & Nutrition was supported by pricing initiatives and strong volume growth across all product categories, while growth in Food Cultures & Enzymes was supported by pricing, including EUR-based pricing, as well as volume growth.

Year-to-date organic growth was 17%, and adjusted for a negative currency impact of 1% corresponded to a revenue increase of 16% to EUR 241 million.

North America (NA), 32% of revenue YTD 2022/23

Q2 2022/23 organic growth was 4%, while revenue increased by 10%. Revenue was impacted positively by 6% from exchange rates. Solid organic growth in Food Cultures & Enzymes was driven by good volume growth and pricing initiatives. Organic growth in Health & Nutrition was negative mainly due to a tough comparable from last year in Human Health, which was partly offset by a positive impact from the timing of orders in HMO.

Year-to-date organic growth was 1%, and adjusted for a positive currency impact of 10% corresponded to a revenue increase of 11% to EUR 211 million.

Asia-Pacific (APAC), 18% of revenue YTD 2022/23

Q2 2022/23 organic growth and revenue growth were flat compared to Q2 2021/22. Organic growth in Food Cultures & Enzymes declined due to lower volumes in China. This was partly offset by a strong momentum, especially in India. Modest growth in Health & Nutrition was driven by very strong growth in China, while South Korea declined due to softening market conditions. Organic growth was supported by pricing despite a negative impact from EUR-based pricing.

Year-to-date organic growth was 6%, and adjusted for a positive currency impact of 2% corresponded to a revenue increase of 8% to EUR 114 million.

Latin America (LATAM), 13% of revenue YTD 2022/23

Q2 2022/23 organic growth was 22%, while revenue increased by 16%. Revenue was negatively impacted by 6% due to exchange rates. Organic growth was driven by both pricing initiatives, including EUR-based pricing, and volume growth across Health & Nutrition and Food Cultures & Enzymes.

Year-to-date organic growth was 19%, and adjusted for a negative currency impact of 1% corresponded to a revenue increase of 18% to EUR 82 million.

Business review

Gross margin

The Q2 2022/23 gross margin declined by 2.2 percentage points to 53.8% as higher input costs and a change in product mix were only partly offset by pricing and productivity initiatives as well as a positive impact from exchange rates.

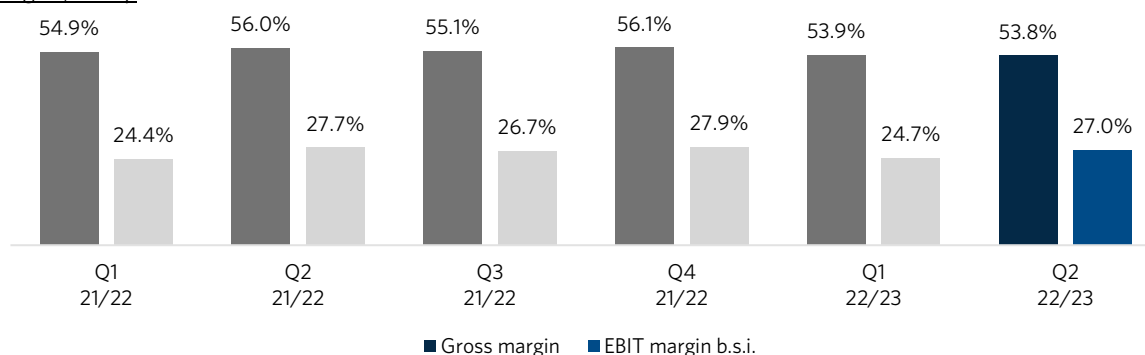
The year-to-date gross margin was 53.9%, compared to 55.5% last year, mainly due to the inflationary pressure which was only partly offset by pricing and productivity initiatives as well as a positive impact from exchange rates.

Operating expenses

Q2 2022/23 operating expenses totaled EUR 91 million, up 6% from EUR 86 million in Q2 2021/22. Expenses were impacted by inflationary pressure, a ramp-up of customer-facing travel activity, the donation of profit from Chr. Hansen LLC, Russia, and a negative impact from exchange rates. The donation relating to the financial year 2022/23 will be donated to humanitarian aid purposes in Ukraine.

Year-to-date operating expenses increased by 8% to EUR 181 million.

Margins, Group



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

EBIT b.s.i. amounted to EUR 91 million, up 8% from EUR 84 million in Q2 2021/22. The increase was driven by a positive contribution from exchange rates, pricing initiatives and volume growth, which was partly offset by a negative impact from higher input costs.

The EBIT margin b.s.i. was 27.0%, down from 27.7% in Q2 2021/22, as continuing inflationary pressure, a negative impact from product mix and a high comparable in Health & Nutrition from Q2 2021/22 were only partly offset by a positive impact from pricing initiatives, scalability and exchange rates.

Year-to-date EBIT b.s.i. increased by EUR 18 million to EUR 168 million, while the EBIT margin b.s.i. was 25.9%, compared to 26.2% last year. The margin decline was due to continued inflationary pressure and a negative impact from the product mix, which were only partly offset by a positive impact from pricing initiatives, scalability and exchange rates.

Food Cultures & Enzymes's Q2 2022/23 EBIT b.s.i. amounted to EUR 58 million, up 14% from EUR 51 million in Q2 2021/22. The EBIT margin b.s.i. was 28.4%, compared to 28.0% last year, due to pricing initiatives, scalability and a positive impact from exchange rates. This was partly offset by higher input costs, a change in the product mix, and the donation of an amount equal to the profit from Chr. Hansen LLC, Russia. The year-to-date EBIT margin b.s.i. was 28.2%, compared to 29.4% last year with the decline driven by the inflationary pressure.

Health & Nutrition's Q2 2022/23 EBIT b.s.i. amounted to EUR 33 million, in line with Q2 2021/22. The EBIT margin b.s.i. was 24.7%, compared to 27.3% last year, due to continuing inflationary pressure, a negative impact from product mix and a high comparable from Q2 2021/22. This was partly offset by a positive impact from pricing initiatives and exchange rates.

Year-to-date EBIT margin b.s.i. was 22.1%, compared to 20.7% last year, driven by a positive impact from scalability.

Business review

Special items and EBIT

Special items amounted to an expense of EUR 5 million in Q2 2022/23, compared to an expense of EUR 1 million last year. Special items related to the proposed merger with Novozymes. EBIT amounted to EUR 86 million, up 4% from EUR 83 million in Q2 2021/22. The EBIT margin ended at 25.5%, compared to 27.4% in Q2 2021/22.

Year-to-date special items were an expense of EUR 6 million, compared to an expense of EUR 1 million last year. EBIT amounted to EUR 162 million, up 9% from EUR 149 million last year. The EBIT margin was 25.0%, compared to 26.0% last year.

Net financials, share of JV and tax

Net financial expenses amounted to EUR 8 million, compared to EUR 5 million in Q2 2021/22. The increase was due to higher interest expenses. Year-to-date net financial expenses amounted to EUR 16 million, up from EUR 10 million last year, due to higher interest expenses and unrealized exchange rate losses.

The Bacthera JV produced a EUR 1 million loss to Chr. Hansen, compared to a loss of EUR 2 million in Q2 2021/22. Year-to-date, the loss was EUR 4 million, up from EUR 3 million last year.

Income taxes amounted to EUR 19 million, up from EUR 18 million in Q2 2021/22, reflecting a tax rate of 24%. Year-to-date income taxes amounted to EUR 34 million, up from EUR 31 million last year. Year-to-date, the effective tax rate was 24.0%, up from 23% last year, due to a changed geographical balance.

Profit for the period

Profit for the period amounted to EUR 59 million, in line with Q2 2021/22. Year-to-date profit amounted to EUR 108 million, up from EUR 105 million last year.

Earnings per share, diluted, amounted to EUR 0.44 in line with Q2 2021/22. Year-to-date earnings per share, diluted, amounted to EUR 0.82, compared to EUR 0.79 last year.

Cash flows

The year-to-date cash flow from operating activities b.s.i. was EUR 103 million, down 21% from EUR 131 million last year, as the improvement in operating profit was offset by a negative change in working capital driven by higher inventory levels, an increase in trade receivables and an increase in taxes paid as Q2 2021/22 was positively impacted by acquisitions.

The year-to-date cash flow used for operational investing activities was EUR 47 million, up 3% from EUR 45 million last year. The year-to-date free cash flow b.a.s.i. was EUR 56 million, down from EUR 86 million last year due to the lower cash flow from operating activities.

During the first half of 2022/23, Chr. Hansen provided loans amounting to EUR 19 million to the Bacthera joint venture with Lonza, mainly to support the ongoing work to prepare production facilities for the SER-109 agreement with Seres Therapeutics. Bacthera will later receive milestone payments from Seres Therapeutics covering part of these investments.

Equity, Group

Total equity amounted to EUR 1,789 million, compared to EUR 1,642 million on February 28, 2022. 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 985 million, or 2.2x EBITDA b.s.i., compared to EUR 939 million, or 2.2x EBITDA b.s.i., on February 28, 2022.

Return on invested capital

Invested capital excluding goodwill amounted to EUR 1,470 million, up 9% from EUR 1,345 million on February 28, 2022. The increase was driven by property, plant and equipment, and inventories.

The year-to-date return on invested capital excluding goodwill was 23.2%, compared to 22.6% last year. The increase was driven by Health & Nutrition, while Food Cultures & Enzymes was down compared to last year.

Goodwill amounted to EUR 1,505 million, in line with the figure at February 28, 2022. Return on invested capital including goodwill was 11.3%, compared to 10.6% last year.

Outlook

Outlook for September 1, 2022 – August 31, 2023

Revenue and organic growth

Following the portfolio changes announced in 2020, Chr. Hansen delivered organic growth in the range of 7-9% in 2020/21 and 2021/22 vs. a long-term ambition of mid-to-high single-digit organic growth. While expectations to underlying market growth in 2022/23 remain modest given the current uncertain geopolitical and macroeconomic environment, Chr. Hansen is adjusting the outlook for organic growth to 8-11% (previously 7-10%) to reflect an increased impact from EUR-based pricing.

The expected growth is composed of a positive impact from 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.

EBIT b.s.i. and EBIT margin b.s.i.

EBIT b.s.i. is expected to grow in line with revenue, and the EBIT margin b.s.i. is expected to be in the range of 26%-27%, as a positive impact from operational efficiencies and pricing initiatives is expected to be partly offset by continued pressure from the inflationary environment and continuing actions to protect against supply chain disruptions.

Free cash flow before special items

Free cash flow before special items is expected to be in the range of EUR 180-220 million (previously EUR 170-210 million) to reflect a change in phasing of operational investing activities.

Sensitivity to the outlook for 2022/23

Continued changes in the geopolitical and macroeconomic climate including additional sanctions against Russia or other countries where Chr. Hansen operates, 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 April 12, 2023, and for the remainder of the year assuming constant exchange rates at the current level of EUR/USD rate of 1.10 (previously EUR/USD rate of 1.07).

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.

Change of financial year to follow calendar year

On March 30, the extraordinary general meeting of Chr. Hansen approved the change of financial year to follow the calendar year, which was a condition to completion of the proposed combination with Novozymes. In the transition year, the financial year will cover 16 months from September 1, 2022 to December 31, 2023.

Subject to the status of the regulatory approval process for the proposed combination with Novozymes, Chr. Hansen expects as part of the Interim Report Q3 2022/23 to supplement the current guidance for the financial period September 1, 2022 – August 31, 2023 with an outlook for the extended financial period September 1, 2022 – December 31, 2023.

Additional information

Conference call

Chr. Hansen will host a conference call on April 13, 2023 at 10:00 am CEST. The conference call can be accessed via the Company's website, www.chr-hansen.com.

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Financial calendar

July 6, 2023	Interim Report Q3 2022/23
October 12, 2023	Interim Report Q4 2022/23

Company information

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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 50,000 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 September 1, 2022 – February 28, 2023

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 February 28, 2023. 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 February 28, 2023, and of the results of the Group's operations and cash flow for the period September 1, 2022 to February 28, 2023.

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, April 13, 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	Q2 2022/23	Q2 2021/22	YTD 2022/23	YTD 2021/22
Revenue	337.8	303.6	647.3	571.8
Cost of sales	(156.0)	(133.6)	(298.6)	(254.6)
Gross profit	181.8	170.0	348.7	317.2
Research and development expenses	(24.2)	(24.7)	(48.9)	(48.2)
Sales and marketing expenses	(44.4)	(42.9)	(89.9)	(82.1)
Administrative expenses	(21.9)	(19.1)	(42.0)	(38.1)
Other operating income	0.3	2.1	0.5	3.8
Other operating expenses	(0.5)	(1.3)	(0.8)	(3.0)
Operating profit before special items (EBIT b.s.i.)	91.1	84.1	167.6	149.6
Special items	(4.9)	(1.0)	(6.0)	(0.7)
Operating profit (EBIT)	86.2	83.1	161.6	148.9
Net financial expenses	(7.9)	(5.1)	(15.5)	(9.7)
Share of loss in joint ventures	(1.0)	(2.0)	(3.7)	(3.2)
Profit before tax	77.3	76.0	142.4	136.0
Income tax	(18.6)	(17.5)	(34.2)	(31.3)
Profit for the period	58.7	58.5	108.2	104.7
Earnings per share, EUR				
Earnings per share	0.44	0.44	0.82	0.79
Earnings per share, diluted	0.44	0.44	0.82	0.79

Statement of comprehensive income

EUR million	Q2 2022/23	Q2 2021/22	YTD 2022/23	YTD 2021/22
Profit for the period	58.7	58.5	108.2	104.7
Items that will not be reclassified subsequently to the income statement				
Remeasurements of defined benefits plans	-	(0.1)	-	(0.1)
Items that will be reclassified subsequently to the income statement when specific conditions are met				
Exchange rate adjustments of foreign Group companies	(11.2)	5.1	(27.0)	13.1
Fair value adjustments of interest rate hedges	4.3	8.5	9.3	11.6
Tax related to interest rate hedges	(0.9)	(1.8)	(2.0)	(2.5)
Other comprehensive income for the period	(7.8)	11.7	(19.7)	22.1
Total comprehensive income for the period	50.9	70.2	88.5	126.8
Attributable to:				
Shareholders of Chr. Hansen Holding A/S	50.9	70.2	88.5	126.8

Cash flow statement

EUR million	Q2 2022/23	Q2 2021/22	YTD 2022/23	YTD 2021/22
Operating profit	86.2	83.1	161.6	148.9
Non-cash adjustments	28.0	27.9	57.6	53.3
Change in working capital	(37.5)	(41.9)	(73.0)	(45.9)
Financial items, net	(9.9)	(3.4)	(12.8)	(6.9)
Taxes paid	(3.3)	(8.1)	(36.5)	(19.3)
Cash flows from operating activities	63.5	57.6	96.9	130.1
Investments in intangible assets	(4.5)	(5.4)	(9.0)	(8.8)
Investments in property, plant and equipment	(24.8)	(22.2)	(37.5)	(36.3)
Cash flows from operational investing activities	(29.3)	(27.6)	(46.5)	(45.1)
Loans to joint ventures	(14.3)	-	(18.6)	(2.3)
Cash flows from investing activities	(43.6)	(27.6)	(65.1)	(47.4)
Free cash flow	19.9	30.0	31.8	82.7
Borrowings	35.0	15.0	235.8	100.0
Repayment of borrowings	(52.6)	(48.1)	(165.0)	(71.3)
Dividends paid, net	-	-	(124.7)	(115.9)
Cash flows from financing activities	(17.6)	(33.1)	(53.9)	(87.2)
Net cash flow for the period	2.3	(3.1)	(22.1)	(4.5)
Cash and cash equivalents, beginning of period	54.5	55.8	82.8	55.1
Unrealized exchange gains/(losses) included in cash and cash equivalents	(1.9)	(0.7)	(5.8)	1.4
Net cash flow for the period	2.3	(3.1)	(22.1)	(4.5)
Cash and cash equivalents, end of period	54.9	52.0	54.9	52.0

Balance sheet

EUR million	Feb 28, 2023	Feb 28, 2022	Aug 31, 2022
ASSETS			
Non-current assets			
Goodwill	1,505.3	1,494.4	1,517.6
Other intangible assets	343.8	368.0	357.6
Property, plant and equipment	880.5	800.1	877.4
Investments in joint ventures	-	6.5	1.7
Receivables from joint ventures	44.2	15.9	25.8
Other receivables	33.3	-	25.6
Deferred tax	8.8	11.7	12.7
Total non-current assets	2,815.9	2,696.6	2,818.4
Current assets			
Inventories	211.0	151.5	180.6
Trade receivables	194.0	180.0	180.5
Tax receivables	16.1	8.4	12.7
Other receivables	27.0	41.1	28.9
Prepayments	14.2	13.3	12.9
Cash and cash equivalents	54.9	52.0	82.8
Total current assets	517.2	446.3	498.4
Total assets	3,333.1	3,142.9	3,316.8

Interim Report September 1, 2022 - February 28, 2023

Balance sheet

(continued)

EUR million	Feb 28, 2023	Feb 28, 2022	Aug 31, 2022
EQUITY AND LIABILITIES			
Equity			
Share capital	177.1	177.2	177.3
Currency translation reserve	(42.4)	(60.5)	(15.6)
Interest rate hedging reserve	26.5	4.2	19.2
Retained earnings	1,627.5	1,521.0	1,643.0
Total equity	1,788.7	1,641.9	1,823.9
Non-current liabilities			
Employee benefit obligations	5.6	7.5	5.5
Deferred tax	201.6	172.7	197.0
Provisions	3.7	5.0	5.1
Borrowings	974.2	834.3	853.4
Deferred gain, sale and lease back	43.7	45.6	44.7
Other payables	-	1.2	-
Total non-current liabilities	1,228.8	1,066.3	1,105.7
Current liabilities			
Borrowings	65.8	156.6	110.0
Trade payables	113.8	107.4	132.5
Tax payables	48.9	73.4	50.4
Deferred gain, sale and lease back	1.8	1.8	1.8
Other payables	85.3	95.5	92.5
Total current liabilities	315.6	434.7	387.2
Total liabilities	1,544.4	1,501.0	1,492.9
Total equity and liabilities	3,333.1	3,142.9	3,316.8

Statement of changes in equity

EUR million	Share capital	Currency translation reserve	Interest rate hedging reserve	Retained earnings	Total
2022/23					
Equity at September 1	177.3	(15.6)	19.2	1,643.0	1,823.9
Total comprehensive income for the period	(0.2)	(26.8)	7.3	108.2	88.5
Transactions with owners					
Share-based payments	-	-	-	3.8	3.8
Tax related to share-based payments	-	-	-	(2.8)	(2.8)
Dividends, net	-	-	-	(124.7)	(124.7)
Equity at February 28	177.1	(42.4)	26.5	1,627.5	1,788.7

EUR million	Share capital	Currency translation reserve	Interest rate hedging reserve	Retained earnings	Total
2021/22					
Equity at September 1	177.3	(73.7)	(4.9)	1,527.4	1,626.1
Total comprehensive income for the period	(0.1)	13.2	9.1	104.6	126.8
Transactions with owners					
Share-based payments	-	-	-	4.9	4.9
Dividends, net	-	-	-	(115.9)	(115.9)
Equity at February 28	177.2	(60.5)	4.2	1,521.0	1,641.9

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
Q2 2022/23				
Income statement				
Revenue	204.1	133.7	-	337.8
EUR growth	12%	10%	-	11%
Organic growth	12%	9%	-	11%
EBITDA before special items	71.8	47.1	-	118.9
EBITDA margin before special items	35.2%	35.2%	-	35.2%
Amortization, depreciation and impairment losses	(13.8)	(14.0)	-	(27.8)
EBIT before special items	58.0	33.1	-	91.1
EBIT margin before special items	28.4%	24.7%	-	27.0%
Share of loss of joint ventures	-	-	(1.0)	(1.0)
Special items and net financial expenses	-	-	(12.8)	(12.8)
Profit before tax	58.0	33.1	(13.8)	77.3

EUR million	Food Cultures & Enzymes	Health & Nutrition	Not allocated	Group
YTD 2022/23				
Income statement				
Revenue	404.0	243.3	-	647.3
EUR growth	12%	15%	-	13%
Organic growth	10%	10%	-	10%
EBITDA before special items	140.9	81.6	-	222.5
EBITDA margin before special items	34.9%	33.5%	-	34.4%
Amortization, depreciation and impairment losses	(27.2)	(27.7)	-	(54.9)
EBIT before special items	113.7	53.9	-	167.6
EBIT margin before special items	28.2%	22.1%	-	25.9%
Share of loss of joint ventures	-	-	(3.7)	(3.7)
Special items and net financial expenses	-	-	(21.5)	(21.5)
Profit before tax	113.7	53.9	(25.2)	142.4

Note 2 Segment information

(continued)

EUR million	Food Cultures & Enzymes	Health & Nutrition	Not allocated	Group
Q2 2021/22				
Income statement				
Revenue	182.0	121.6	-	303.6
EUR growth	8%	33%	-	17%
Organic growth	7%	26%	-	14%
EBITDA before special items	63.9	46.7	-	110.6
EBITDA margin before special items	35.1%	38.4%	-	36.4%
Amortization, depreciation and impairment losses	(12.9)	(13.6)	-	(26.5)
EBIT before special items	51.0	33.1	-	84.1
EBIT margin before special items	28.0%	27.3%	-	27.7%
Share of loss of joint ventures	-	-	(2.0)	(2.0)
Special items and net financial expenses	-	-	(6.1)	(6.1)
Profit before tax	51.0	33.1	(8.1)	76.0

EUR million	Food Cultures & Enzymes	Health & Nutrition	Not allocated	Group
YTD 2021/22				
Income statement				
Revenue	359.7	212.1	-	571.8
EUR growth	8%	25%	-	14%
Organic growth	7%	20%	-	12%
EBITDA before special items	131.0	69.6	-	200.6
EBITDA margin before special items	36.4%	32.8%	-	35.1%
Amortization, depreciation and impairment losses	(25.3)	(25.7)	-	(51.0)
EBIT before special items	105.7	43.9	-	149.6
EBIT margin before special items	29.4%	20.7%	-	26.2%
Share of loss of joint ventures	-	-	(3.2)	(3.2)
Special items and net financial expenses	-	-	(10.4)	(10.4)
Profit before tax	105.7	43.9	(13.6)	136.0

Note 2 Segment information

(continued)

EUR million	Food Cultures & Enzymes	Health & Nutrition	Not allocated	Group
Feb 28, 2023				
Assets				
Goodwill	527.9	977.4	-	1,505.3
Other intangible assets	87.6	256.2	-	343.8
Property, plant and equipment	511.8	368.7	-	880.5
Other non-current assets	-	-	86.3	86.3
Total non-current assets	1,127.3	1,602.3	86.3	2,815.9
Inventories	126.8	84.2	-	211.0
Trade receivables	119.4	74.6	-	194.0
Other assets	-	-	112.2	112.2
Total current assets	246.2	158.8	112.2	517.2
Total assets	1,373.5	1,761.1	198.5	3,333.1
Liabilities				
Trade payables	66.9	46.9	-	113.8
Deferred gain, sale and lease back	31.4	14.1	-	45.5
Other liabilities	-	-	1,385.1	1,385.1
Total liabilities	98.3	61.0	1,385.1	1,544.4
Net working capital	179.3	111.9	-	291.2
Invested capital excluding goodwill	747.3	722.7	-	1,470.0
ROIC excluding goodwill	31.1%	15.1%	-	23.2%
Additions to non-current assets excluding joint ventures, other receivables and deferred tax	25.0	21.5	-	46.5

Note 2 Segment information

(continued)

EUR million	Food Cultures & Enzymes	Health & Nutrition	Not allocated	Group
Feb 28, 2022				
Assets				
Goodwill	527.6	966.8	-	1,494.4
Other intangible assets	92.9	275.1	-	368.0
Property, plant and equipment	481.0	319.1	-	800.1
Other non-current assets	-	-	34.1	34.1
Total non-current assets	1,101.5	1,561.0	34.1	2,696.6
Inventories	94.7	56.8	-	151.5
Trade receivables	103.2	76.8	-	180.0
Other assets	-	-	114.8	114.8
Total current assets	197.9	133.6	114.8	446.3
Total assets	1,299.4	1,694.6	148.9	3,142.9
Liabilities				
Trade payables	66.6	40.8	-	107.4
Deferred gain, sale and lease back	33.0	14.4	-	47.4
Other liabilities	-	-	1,346.2	1,346.2
Total liabilities	99.6	55.2	1,346.2	1,501.0
Net working capital	131.3	92.8	-	224.1
Invested capital excluding goodwill	672.2	672.6	-	1,344.8
ROIC excluding goodwill	31.9%	13.3%	-	22.6%
Additions to non-current assets excluding joint ventures, other receivables and deferred tax	25.5	19.6	-	45.1

Note 2 Segment information

(continued)

EUR million	EMEA	North America	APAC	LATAM	Group
Q2 2022/23					
Revenue	126.9	108.5	59.7	42.7	337.8
EUR growth	17%	10%	0%	16%	11%
Organic growth	18%	4%	0%	22%	11%

EUR million	EMEA	North America	APAC	LATAM	Group
YTD 2022/23					
Revenue	240.6	210.6	114.1	82.0	647.3
EUR growth	16%	11%	8%	18%	13%
Organic growth	17%	1%	6%	19%	10%
Non-current assets excluding joint ventures, other receivables and deferred tax	2,348.0	330.9	20.5	30.2	2,729.6

EUR million	EMEA	North America	APAC	LATAM	Group
Q2 2021/22					
Revenue	108.2	99.0	59.7	36.7	303.6
EUR growth	11%	20%	21%	18%	17%
Organic growth	13%	12%	16%	17%	14%

EUR million	EMEA	North America	APAC	LATAM	Group
YTD 2021/22					
Revenue	207.3	189.1	106.0	69.4	571.8
EUR growth	9%	19%	15%	9%	14%
Organic growth	11%	12%	10%	13%	12%
Non-current assets excluding joint ventures, other receivables and deferred tax	2,318.5	301.4	19.7	22.9	2,662.5

Note 3 R&D expenditures

EUR million	Q2 2022/23	Q2 2021/22	YTD 2022/23	YTD 2021/22
R&D expenses (P&L)	24.2	24.7	48.9	48.2
- Amortization	3.3	3.1	6.5	5.9
- Impairment	0.2	0.3	0.2	0.3
+ Capitalization	3.8	3.6	7.0	5.6
R&D expenditures incurred	24.5	24.9	49.2	47.6

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

EUR million	Q2 2022/23	Q2 2021/22	YTD 2022/23	YTD 2021/22
EBIT b.s.i.	91.1	84.1	167.6	149.6
Amortization and impairment losses	11.7	11.7	22.9	22.8
EBITA b.s.i.	102.8	95.8	190.5	172.4
Depreciation and impairment losses	16.1	14.8	32.0	28.2
EBITDA b.s.i.	118.9	110.6	222.5	200.6

Note 5 Events after the balance sheet date

On March 8, Novozymes and Chr. Hansen released an exemption document and each called an extraordinary general meeting to seek shareholder approval of the proposed merger announced on December 12, 2022.

On March 27, the US statutory pre-closing suspensory waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"), with respect to the merger agreement and merger plan between Novozymes and Chr. Hansen under the U.S. antitrust regulation expired. The expiration of the HSR waiting period was a condition to completion of the combination.

On March 30, the extraordinary general meetings of Chr. Hansen Holding A/S and Novozymes A/S both approved the proposed combination. In addition to this, the shareholders of Chr. Hansen Holding A/S also approved the change of financial year to follow the calendar year, which was a condition to completion of the combination. In the transition year, the financial year will cover 16 months from September 1, 2022 to December 31, 2023.