

Interim Report 2022/23

September 1, 2022 – May 31, 2023

July 6, 2023 – Company announcement no. 7

Strong execution by the organization drives solid Q3 results

Statement by CEO Mauricio Graber: *“The solid results for Q3 prove the strength of the Chr. Hansen organization which continues to deliver first-class products and innovative solutions to customers around the world, while the process with Novozymes to complete the proposed merger is progressing. Organic growth came in at 9%, driven mainly by pricing initiatives. EBIT b.s.i. increased by 9% despite higher input costs and a less favorable product mix, leading to an EBIT margin b.s.i. of 27.5%. In light of the solid performance for the first nine months of the financial year, we adjust our outlook for 2022/23 for organic growth to 9-11%, 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 200-230 million.*

Together with Novozymes, we continue the regulatory approval process with closing expected in the fourth quarter of the 2023 calendar year or the first quarter of the 2024 calendar year.”

Q3 2022/23 highlights

- Revenue amounted to EUR 335 million, up 5% from EUR 318 million in Q3 2021/22. Year-to-date revenue amounted to EUR 982 million, up 10% from last year.
- Organic growth was 9%, driven by pricing. Organic growth was 10% in Food Cultures & Enzymes and 7% in Health & Nutrition. The Lighthouses delivered 15% organic growth combined in Q3, while the core businesses delivered 8% organic growth. Year-to-date Group organic growth was 10%. The Lighthouses delivered 19% organic growth for the year to date, while the core businesses delivered 9% organic growth.
- EBIT b.s.i. amounted to EUR 92 million, up 9% from EUR 85 million in Q3 2021/22. The increase was driven by a positive contribution from pricing initiatives, volume growth, and stable operating expenses which was partly offset by a negative impact from higher input costs and exchange rates. Year-to-date EBIT b.s.i. amounted to EUR 260 million, up 11% from last year.
- The EBIT margin b.s.i. was 27.5%, up from 26.7% in Q3 2021/22. The increase was driven by the strong sales development and scalability effects which were partly offset by a negative impact from higher input costs, a change in product mix, and exchange rates. The year-to-date EBIT margin b.s.i. was 26.4%, compared to 26.3% last year.
- Free cash flow b.a.s.i. amounted to EUR 133 million for the year to date, up 15% from EUR 116 million last year, due to a higher cash flow from operating activities and a positive impact from taxes paid.

Interim dividend for the period September 1, 2022 – August 31, 2023

In connection with the merger agreement Novozymes and Chr. Hansen has agreed on certain specific restrictions in respect of distributions to their shareholders until completion of the proposed merger. As part of this it has been agreed that Chr. Hansen can make a dividend payout in respect of its earnings for the period September 1, 2022 and August 31, 2023, up to an amount corresponding to a dividend pay-out ratio of 55%.

It is the intention of the Board of Directors to announce such a dividend in connection with the 12-month report on October 12, 2023, subject to closing of the proposed merger not taking place prior to the pay-out date.

Outlook September 1, 2022 – August 31, 2023

In light of the performance for the first nine months, 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 and a positive impact from lower taxes paid.

	July 6, 2023	April 13, 2023
• Organic revenue growth	9-11%	8-11%
• EBIT margin b.s.i.	26-27%	26-27%
• Free cash flow b.a.s.i.	EURm 200-230	EURm 180-220

The outlook for 2022/23 is based on actual exchange rates until July 5, 2023, and for the remainder of the financial year 2022/23 assuming constant exchange rates at the current level of EUR/USD rate of 1.09 versus 1.10 at the time of the most recent 2022/23 outlook, provided on April 13, 2023. The impact from exchange rates on revenue and EBIT b.s.i. is expected to be neutral, in line with the most recent outlook. For further details on the outlook for 2022/23 and supporting outlook for the calendar year 2023, please refer to page 9.

Financial highlights and key figures

	Q3 2022/23	Q3 2021/22	YTD 2022/23	YTD 2021/22		Q3 2022/23	Q3 2021/22	YTD 2022/23	YTD 2021/22
Income statement, EUR million					Group revenue growth drivers, %				
Revenue	334.8	318.3	982.1	890.1	Organic growth ¹⁾	9%	9%	10%	11%
Gross profit	181.7	175.4	530.4	492.6	Volume/mix	2%	7%	4%	9%
EBITDA b.s.i.	120.5	111.1	343.0	311.7	Price	7%	2%	6%	2%
EBITA b.s.i.	104.4	96.6	294.9	269.0	Currencies	(4%)	4%	0%	3%
EBIT b.s.i.	92.2	84.8	259.8	234.4	EUR growth	5%	13%	10%	14%
Special items	(7.9)	(0.3)	(13.9)	(1.0)	Organic growth by region, %				
EBIT	84.3	84.5	245.9	233.4	EMEA	10%	10%	15%	11%
Net financial expenses	(4.5)	(4.2)	(20.0)	(13.9)	NA	9%	10%	4%	11%
Profit for the period	58.6	58.3	166.8	163.0	APAC	(2%)	9%	3%	10%
Cash flow and investments, EUR million					LATAM	23%	(1%)	20%	8%
Operating cash flow	106.2	61.8	203.1	191.9	Food Cultures & Enzymes, EUR million / %				
Investing cash flow	(50.3)	(34.5)	(115.4)	(81.9)	Revenue	207.3	197.5	611.3	557.2
Investments in PPE	(32.6)	(24.6)	(70.1)	(60.9)	Organic growth ¹⁾	10%	6%	10%	7%
Free cash flow b.a.s.i.	76.3	30.0	132.7	115.7	Volume/mix	1%	4%	2%	6%
Balance sheet, EUR million					Currencies	(5%)	3%	0%	1%
Total assets			3,397.0	3,205.0	EUR growth	5%	9%	10%	8%
Invested capital			3,043.0	2,888.0	EBITDA b.s.i.	77.6	69.0	218.5	200.0
Equity			1,841.7	1,735.2	EBITDA margin b.s.i.	37.4%	34.9%	35.8%	35.9%
Net interest-bearing debt			981.6	912.7	EBIT b.s.i.	63.6	55.9	177.3	161.6
Key ratios					EBIT margin b.s.i.	30.7%	28.4%	29.0%	29.0%
Gross margin	54.3%	55.1%	54.0%	55.3%	ROIC excl. goodwill	33.0%	32.7%	31.4%	31.9%
EBITDA margin b.s.i.	36.0%	34.9%	34.9%	35.0%	Health & Nutrition, EUR million / %				
EBITA margin b.s.i.	31.2%	30.4%	30.0%	30.2%	Revenue	127.5	120.8	370.8	332.9
EBIT margin b.s.i.	27.5%	26.7%	26.4%	26.3%	Organic growth ¹⁾	7%	13%	9%	17%
EBIT margin	25.2%	26.6%	25.0%	26.2%	Volume/mix	2%	12%	6%	17%
Operational expenses	26.7%	28.5%	27.6%	29.0%	Currencies	(1%)	8%	2%	6%
R&D expenditure	7.6%	8.5%	7.6%	8.4%	EUR growth	6%	21%	11%	23%
Capital expenditures	11.3%	10.1%	8.6%	8.7%	EBITDA b.s.i.	42.9	42.1	124.5	111.7
EPS diluted, EUR	0.45	0.45	1.27	1.24	EBITDA margin b.s.i.	33.6%	34.9%	33.6%	33.6%
Net working capital	296.4	244.6	296.4	244.6	EBIT b.s.i.	28.6	28.9	82.5	72.8
Cash conversion	64.3%	52.7%	55.7%	57.7%	EBIT margin b.s.i.	22.4%	23.9%	22.2%	21.9%
ROIC excl. goodwill	24.5%	24.9%	23.4%	23.3%	ROIC excl. goodwill	15.6%	17.0%	15.2%	14.6%
ROIC	12.3%	11.8%	11.6%	11.0%					
Net debt to EBITDA before special items	2.1x	2.2x	2.1x	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 Q3, Chr. Hansen inaugurated a new customer & application center for meat and prepared foods at Pohlheim, Germany, including a biosafety class 2 area with a microbial laboratory and a meat processing pilot plant. The new center will strengthen customer collaboration in both the classical segment of fermented meat products and in applications such as seafood and plant-based products.

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

- In Q3, Chr. Hansen received EU approval for its 6'-SL HMO, and Chr. Hansen now has EU authorization for all HMOs in its MyOli™ 5 HMO Mix at the highest use levels in the industry.

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

- In Q3, Bacthera's partner Seres Therapeutics received FDA approval of SER-109 and work continued on preparing production facilities for commercial production in Visp, Switzerland. In June, Christian Eberle joined Bacthera as CEO.

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, as initially announced in 2020, is highly sensitive to the following core assumptions:

- Adjustment of selling prices to offset inflationary pressure over the period.
- Normalization of global supply chains.
- Stabilization of the geopolitical and macroeconomic environment.
- Constant exchange rates 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, meat and processed food categories remains challenged. For 2023, Chr. Hansen expects no volume growth in 2023 as growth in the cheese segments is expected to be offset by declining markets for fermented milk, meat and processed food.

Health & Nutrition

According to the latest Company estimates, the sector growth of probiotic human health products is in line with the mid-term outlook of 4-6%, with some recent improvements in North American consumption after a period of very soft growth and despite softness in South Korean markets for dietary supplements. Markets across EMEA and in China have continued to rebound post-COVID-19.

Customer interest in HMOs remained high with further penetration of HMOs into infant formula products. Product registrations have been achieved in key markets, including EU, while registrations in China are still 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 and are having an adverse impact on the selling environment for animal feed probiotics.

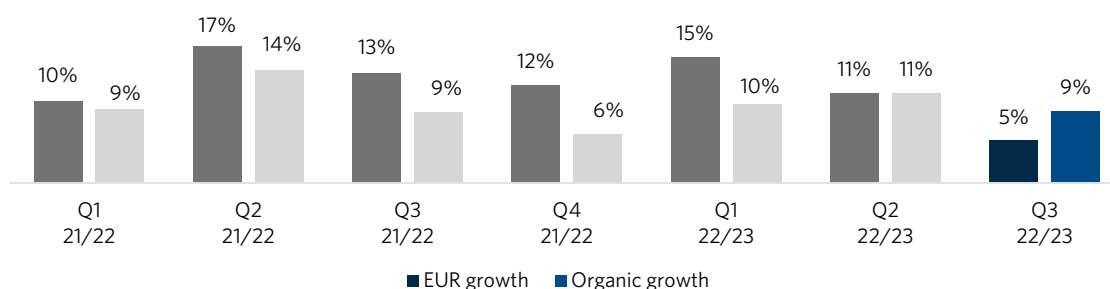
Sales performance

Q3 2022/23 revenue amounted to EUR 335 million, up 5% from EUR 318 million in Q3 2021/22. The impact from exchange rates was negative by 4 percentage points.

Organic growth was 9% in Q3, driven by pricing and slight volume growth. The Lighthouses (Bioprotection, Fermented Plant Bases, Plant Health and HMO) delivered 15% organic growth combined in Q3, while the remaining core businesses delivered 8% organic growth.

Year-to-date organic growth was 10%, and with no impact from exchange rates corresponded to a revenue increase of 10% to EUR 982 million. The Lighthouses accounted for approximately 10% of revenue and delivered 19% organic growth combined for the year to date, while the core businesses delivered 9% organic growth.

Revenue growth, Group



Business review

Sales performance by segment

Food Cultures & Enzymes

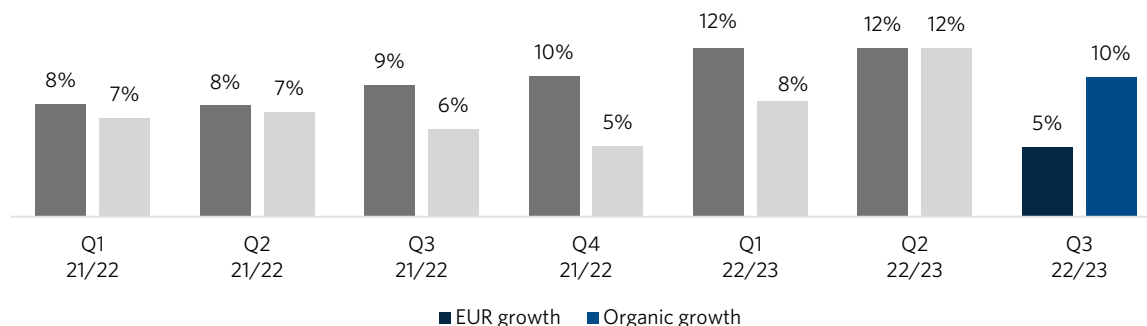
Q3 2022/23 revenue amounted to EUR 207 million, up 5% from EUR 197 million in Q3 2021/22. Organic growth was 10%, mainly driven by price adjustments and slight volume growth.

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

Food & Beverages delivered good growth driven by pricing, while volumes declined due to market softness within meat and prepared food categories.

Year-to-date organic growth was 10%, which with no impact from exchange rates corresponded to a revenue increase of 10% to EUR 611 million.

Revenue growth, Food Cultures & Enzymes



Health & Nutrition

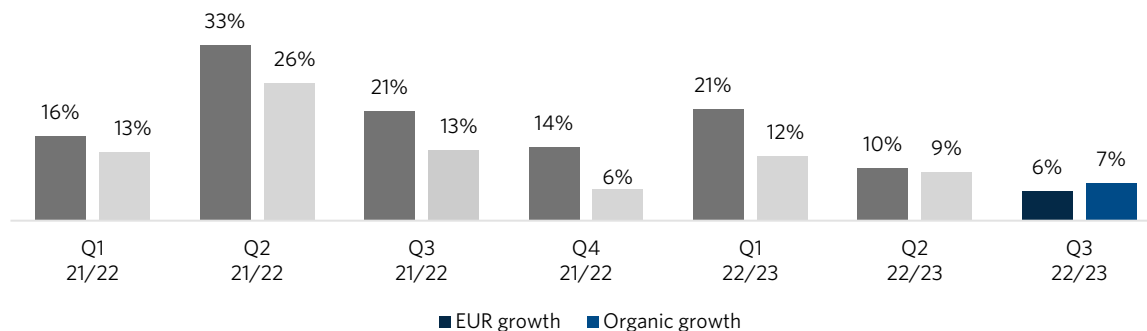
Q3 2022/23 revenue amounted to EUR 128 million, up 6% from EUR 121 million in Q3 2021/22. Revenue was negatively impacted by 1% from exchange rates. Organic growth was 7%, driven by an increased impact from pricing initiatives, but also by volume growth.

Human Health & HMO delivered good growth, driven by pricing. Volumes declined due to a negative impact from the timing of orders and market softness in South Korea, whereas other key markets in EMEA, the US and China continued to grow.

Animal & Plant Health delivered strong growth in both areas, supported by both pricing and volume growth.

Year-to-date organic growth was 9%, which adjusted for a positive currency impact of 2% corresponded to a revenue increase of 11% to EUR 371 million.

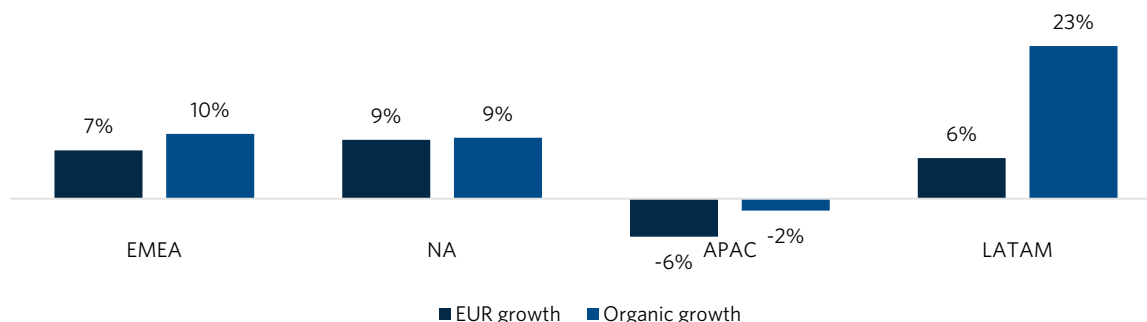
Revenue growth, Health & Nutrition



Business review

Sales performance by region

Revenue growth by region



Europe, Middle East and Africa (EMEA), 38% of revenue YTD 2022/23

Q3 2022/23 organic growth was 10%, while revenue increased by 7%. Organic growth was driven by both Health & Nutrition and Food Cultures & Enzymes. Health & Nutrition was supported by pricing initiatives and good volume growth, while Food Cultures & Enzymes was supported by pricing, including EUR-based pricing, as well as slight volume growth.

Year-to-date organic growth was 15%, which adjusted for a negative currency impact of 2% corresponded to a revenue increase of 13% to EUR 373 million.

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

Q3 2022/23 organic growth was 9%, while revenue increased by 9%. Organic growth was driven by both Health & Nutrition and Food Cultures & Enzymes. Health & Nutrition was supported by pricing initiatives and good volume growth across categories except HMO. Volumes in HMO declined due to a negative impact from the timing of orders. Food Cultures & Enzymes was driven by solid volume growth across categories except probiotics, meat and prepared food which declined.

Year-to-date organic growth was 4%, which adjusted for a positive currency impact of 7% corresponded to a revenue increase of 11% to EUR 319 million.

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

Q3 2022/23 organic growth declined 2% and revenue growth declined 6%. Organic growth in Food Cultures & Enzymes declined due to lower volumes in China and India, while a decline in Health & Nutrition was driven by softening market conditions in South Korea. Organic growth was supported by pricing.

Year-to-date organic growth was 3%, which with no impact from exchange rates corresponded to a revenue increase of 3% to EUR 173 million.

Latin America (LATAM), 12% of revenue YTD 2022/23

Q3 2022/23 organic growth was 23%, while revenue increased by 6%. Revenue was negatively impacted by 17% due to exchange rates. Organic growth was driven by both pricing initiatives, including EUR-based pricing, and volume growth in Food Cultures & Enzymes, while volumes declined in Health & Nutrition driven by a negative impact from the timing of orders.

Year-to-date organic growth was 20%, which adjusted for a negative currency impact of 6% corresponded to a revenue increase of 14% to EUR 118 million.

Business review

Gross margin

The Q3 2022/23 gross margin declined by 0.8 percentage point to 54.3% as a negative impact from exchange rates, higher input costs and a change in product mix were only partly offset by pricing and productivity initiatives.

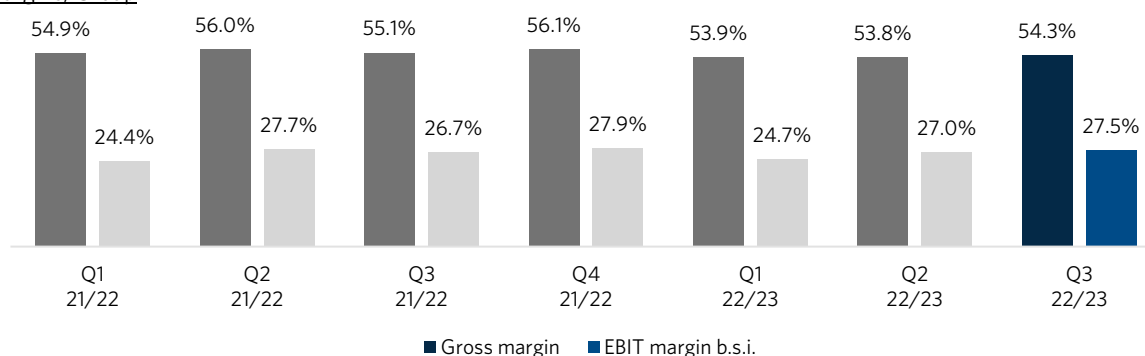
The year-to-date gross margin was 54.0%, compared to 55.3% last year, mainly due to inflationary pressure which was only partly offset by pricing and productivity initiatives.

Operating expenses

Q3 2022/23 operating expenses totaled EUR 90 million, down 1% from EUR 91 million in Q3 2021/22. Expenses were positively impacted by exchange rates and other operating income.

Year-to-date operating expenses increased by 5% to EUR 271 million.

Margins, Group



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

EBIT b.s.i. amounted to EUR 92 million, up 9% from EUR 85 million in Q3 2021/22. The increase was driven by a positive contribution from pricing initiatives, volume growth, and stable operating expenses which was partly offset by a negative impact from higher input costs and exchange rates.

The EBIT margin b.s.i. was 27.5%, up from 26.7% in Q3 2021/22. The increase was driven by the strong sales development and scalability effects which were partly offset by a negative impact from higher input costs, a change in product mix, and exchange rates.

Year-to-date EBIT b.s.i. increased by EUR 25 million to EUR 260 million, while the EBIT margin b.s.i. was 26.4%, compared to 26.3% last year. The increase was driven by a positive contribution from pricing initiatives, volume growth, and exchange rates, which was partly offset by a negative impact from higher input costs.

Food Cultures & Enzymes's Q3 2022/23 EBIT b.s.i. amounted to EUR 64 million, up 14% from EUR 56 million in Q3 2021/22. The EBIT margin b.s.i. was 30.7%, compared to 28.4% last year. The increase was driven by pricing initiatives and scalability, which was partly offset by higher input costs and a change in the product mix. The year-to-date EBIT margin b.s.i. was 29.0%, in line with 2021/22.

Health & Nutrition's Q3 2022/23 EBIT b.s.i. amounted to EUR 29 million, in line with Q3 2021/22. The EBIT margin b.s.i. was 22.4%, compared to 23.9% last year. The decline was driven by a negative impact from product mix, exchange rates, and higher input costs, which was partly offset by pricing initiatives and a positive impact from scalability. The year-to-date EBIT margin b.s.i. was 22.2%, compared to 21.9% last year, mainly driven by a positive impact from scalability and exchange rates.

Special items and EBIT

Special items amounted to an expense of EUR 8 million in Q3 2022/23, compared to an expense of EUR 0.3 million last year. Special items related to the proposed merger with Novozymes. EBIT amounted to EUR 84 million, in line with Q3 2021/22. The EBIT margin ended at 25.2%, compared to 26.6% in Q3 2021/22.

Business review

Year-to-date special items were an expense of EUR 14 million, compared to an expense of EUR 1 million last year. EBIT amounted to EUR 246 million, up 5% from EUR 233 million last year. The EBIT margin was 25.0%, compared to 26.2% last year.

Net financials, share of JV and tax

Net financial expenses amounted to EUR 5 million, compared to EUR 4 million in Q3 2021/22. The increase was due to higher interest expenses. Year-to-date net financial expenses amounted to EUR 20 million, up from EUR 14 million last year, due to higher interest expenses.

The Bacthera JV produced a EUR 3 million loss to Chr. Hansen, compared to a loss of EUR 2 million in Q3 2021/22. Year-to-date, the loss was EUR 6 million, up from EUR 5 million last year.

Income taxes amounted to EUR 18 million, down from EUR 20 million in Q3 2021/22, reflecting a tax rate of 24%. Year-to-date income taxes amounted to EUR 53 million, up from EUR 51 million last year. Year-to-date, the effective tax rate was 24%, in line with Q3 2021/22.

Profit for the period

Profit for the period amounted to EUR 59 million, up from EUR 58 million in Q3 2021/22. Year-to-date profit amounted to EUR 167 million, up from EUR 163 million last year.

Earnings per share, diluted, amounted to EUR 0.45, in line with Q3 2021/22. Year-to-date earnings per share, diluted, amounted to EUR 1.27, compared to EUR 1.24 last year.

Cash flows

The year-to-date cash flow from operating activities b.s.i. was EUR 217 million, up 12% from EUR 193 million last year, driven by the improvement in operating profit and lower taxes paid as 2021/22 was negatively impacted by a one-off tax payment related to the acquisition of HSO. This was partly offset by a negative change in working capital driven by higher inventory levels and trade receivables.

The year-to-date cash flow used for operational investing activities was EUR 84 million, up 9% from EUR 77 million last year. The year-to-date free cash flow b.a.s.i. was EUR 133 million, up 15% from EUR 116 million last year due to the higher cash flow from operating activities.

During 2022/23, Chr. Hansen provided loans amounting to EUR 19 million and investments amounting to EUR 13 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 1,842 million, compared to EUR 1,735 million on May 31, 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 982 million, or 2.1x EBITDA b.s.i., compared to EUR 913 million, or 2.2x EBITDA b.s.i., on May 31, 2022.

Return on invested capital

Invested capital excluding goodwill amounted to EUR 1,538 million, up 11% from EUR 1,384 million on May 31, 2022. The increase was driven by property, plant and equipment, and inventories.

The year-to-date return on invested capital excluding goodwill was 23.4%, compared to 23.3% 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 May 31, 2022. Return on invested capital including goodwill was 11.6%, compared to 11.0% last year.

Outlook

Outlook

Organic revenue growth

While expectations to underlying market growth for the remainder of 2023 remain modest given the current uncertain geopolitical and macroeconomic environment, Chr. Hansen is adjusting the outlook for organic growth covering September 1, 2022 to August 31, 2023 to 9-11% (previously 8-11%) to reflect the performance of the third quarter. The expected growth is composed of price adjustments incl EUR-based pricing combined with growth in lighthouses, and successful execution of the project pipeline in the core businesses.

Organic growth for the period covering January 1 to December 31, 2023 is expected to be 9-12%, while the impact from exchange rates on revenue is expected to be negative.

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

The EBIT margin b.s.i. covering September 1, 2022 to August 31, 2023 is still 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.

The EBIT margin b.s.i. for the period covering January 1 to December 31, 2023 is expected to be in the range of 26-27% compared to 26.3% in the same period last year. The EBIT margin b.s.i. is expected to be negatively impacted by exchange rates.

Free cash flow b.s.i.

For the period covering from September 1, 2022 to August 31, 2023 the free cash flow b.s.i. is now expected to be in the range of EUR 200-230 million (previously 180-220) reflecting a change in phasing of operational investing activities and a positive impact from lower taxes paid.

The free cash flow b.s.i. for the period covering January 1 to December 31, 2023 is expected to be EUR 200-250 million compared to EUR 152 million in the same period last year.

Sensitivity to the outlook

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 the remainder of 2023.

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 (12 months) 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 is based on actual rates until July 5, 2023, and for the remainder of the year assuming constant exchange rates at the current level of EUR/USD rate of 1.09 (previously EUR/USD rate of 1.10).

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

Conference call

Chr. Hansen will host a conference call on July 6, 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

October 12, 2023 Interim Report 12-month 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 – May 31, 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 May 31, 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 May 31, 2023, and of the results of the Group's operations and cash flow for the period September 1, 2022 to May 31, 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, July 6, 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	Q3 2022/23	Q3 2021/22	YTD 2022/23	YTD 2021/22
Revenue	334.8	318.3	982.1	890.1
Cost of sales	(153.1)	(142.9)	(451.7)	(397.5)
Gross profit	181.7	175.4	530.4	492.6
Research and development expenses	(24.7)	(23.7)	(73.6)	(71.9)
Sales and marketing expenses	(46.1)	(45.3)	(136.0)	(127.4)
Administrative expenses	(21.5)	(21.3)	(63.5)	(59.4)
Other operating income	3.0	0.5	3.5	4.3
Other operating expenses	(0.2)	(0.8)	(1.0)	(3.8)
Operating profit before special items (EBIT b.s.i.)	92.2	84.8	259.8	234.4
Special items	(7.9)	(0.3)	(13.9)	(1.0)
Operating profit (EBIT)	84.3	84.5	245.9	233.4
Net financial expenses	(4.5)	(4.2)	(20.0)	(13.9)
Share of loss in joint ventures	(2.8)	(1.9)	(6.5)	(5.1)
Profit before tax	77.0	78.4	219.4	214.4
Income tax	(18.4)	(20.1)	(52.6)	(51.4)
Profit for the period	58.6	58.3	166.8	163.0
Earnings per share, EUR				
Earnings per share	0.45	0.45	1.27	1.24
Earnings per share, diluted	0.45	0.45	1.27	1.24

Statement of comprehensive income

EUR million	Q3 2022/23	Q3 2021/22	YTD 2022/23	YTD 2021/22
Profit for the period	58.6	58.3	166.8	163.0
Items that will not be reclassified subsequently to the income statement				
Remeasurements of defined benefits plans	-	-	-	(0.1)
Items that will be reclassified subsequently to the income statement when specific conditions are met				
Exchange rate adjustments of foreign Group companies	(3.9)	23.4	(30.9)	36.5
Fair value adjustments of interest rate hedges	(5.6)	11.7	3.7	23.3
Tax related to interest rate hedges	1.2	(2.6)	(0.8)	(5.1)
Other comprehensive income for the period	(8.3)	32.5	(28.0)	54.6
Total comprehensive income for the period	50.3	90.8	138.8	217.6
Attributable to:				
Shareholders of Chr. Hansen Holding A/S	50.3	90.8	138.8	217.6

Interim Report September 1, 2022 - May 31, 2023

Cash flow statement

EUR million	Q3 2022/23	Q3 2021/22	YTD 2022/23	YTD 2021/22
Operating profit	84.3	84.5	245.9	233.4
Non-cash adjustments	26.0	27.3	83.6	80.6
Change in working capital	5.6	(4.2)	(67.4)	(50.1)
Financial items, net	(6.7)	(3.1)	(19.5)	(10.0)
Taxes paid	(3.0)	(42.7)	(39.5)	(62.0)
Cash flows from operating activities	106.2	61.8	203.1	191.9
Investments in intangible assets	(5.2)	(7.5)	(14.2)	(16.3)
Investments in property, plant and equipment	(32.6)	(24.6)	(70.1)	(60.9)
Cash flows from operational investing activities	(37.8)	(32.1)	(84.3)	(77.2)
Investments in joint ventures	(12.5)	-	(12.5)	-
Loans to joint ventures	-	(2.4)	(18.6)	(4.7)
Cash flows from investing activities	(50.3)	(34.5)	(115.4)	(81.9)
Free cash flow	55.9	27.3	87.7	110.0
Borrowings	(15.0)	50.0	220.8	150.0
Repayment of borrowings	(30.9)	(80.4)	(195.9)	(151.7)
Dividends paid, net	-	-	(124.7)	(115.9)
Cash flows from financing activities	(45.9)	(30.4)	(99.8)	(117.6)
Net cash flow for the period	10.0	(3.1)	(12.1)	(7.6)
Cash and cash equivalents, beginning of period	54.9	52.0	82.8	55.1
Unrealized exchange gains/(losses) included in cash and cash equivalents	(1.0)	7.3	(6.8)	8.7
Net cash flow for the period	10.0	(3.1)	(12.1)	(7.6)
Cash and cash equivalents, end of period	63.9	56.2	63.9	56.2

Interim Report September 1, 2022 - May 31, 2023

Balance sheet

EUR million	May 31, 2023	May 31, 2022	Aug 31, 2022
ASSETS			
Non-current assets			
Goodwill	1,504.8	1,504.0	1,517.6
Other intangible assets	338.7	365.7	357.6
Property, plant and equipment	948.1	820.6	877.4
Investments in joint ventures	7.8	4.6	1.7
Receivables from joint ventures	45.3	18.5	25.8
Other receivables	28.3	18.4	25.6
Deferred tax	8.7	7.0	12.7
Total non-current assets	2,881.7	2,738.8	2,818.4
Current assets			
Inventories	213.1	167.4	180.6
Trade receivables	184.8	185.6	180.5
Tax receivables	13.1	15.6	12.7
Other receivables	28.1	28.6	28.9
Prepayments	12.3	12.8	12.9
Cash and cash equivalents	63.9	56.2	82.8
Total current assets	515.3	466.2	498.4
Total assets	3,397.0	3,205.0	3,316.8

Interim Report September 1, 2022 – May 31, 2023

Balance sheet

(continued)

EUR million	May 31, 2023	May 31, 2022	Aug 31, 2022
EQUITY AND LIABILITIES			
Equity			
Share capital	177.0	177.2	177.3
Currency translation reserve	(46.2)	(37.1)	(15.6)
Interest rate hedging reserve	22.1	13.3	19.2
Retained earnings	1,688.8	1,581.8	1,643.0
Total equity	1,841.7	1,735.2	1,823.9
Non-current liabilities			
Employee benefit obligations	5.6	7.5	5.5
Deferred tax	203.2	176.2	197.0
Provisions	2.6	5.4	5.1
Borrowings	992.2	866.7	853.4
Deferred gain, sale and lease back	43.2	45.1	44.7
Other payables	-	0.5	-
Total non-current liabilities	1,246.8	1,101.4	1,105.7
Current liabilities			
Borrowings	53.3	102.2	110.0
Trade payables	101.5	108.4	132.5
Tax payables	59.7	52.4	50.4
Deferred gain, sale and lease back	1.8	1.8	1.8
Other payables	92.2	103.6	92.5
Total current liabilities	308.5	368.4	387.2
Total liabilities	1,555.3	1,469.8	1,492.9
Total equity and liabilities	3,397.0	3,205.0	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	(0.3)	(30.6)	2.9	166.8	138.8
Transactions with owners					
Share-based payments	-	-	-	7.5	7.5
Tax related to share-based payments	-	-	-	(3.8)	(3.8)
Dividends, net	-	-	-	(124.7)	(124.7)
Equity at May 31	177.0	(46.2)	22.1	1,688.8	1,841.7

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)	36.6	18.2	162.9	217.6
Transactions with owners					
Share-based payments	-	-	-	7.4	7.4
Dividends, net	-	-	-	(115.9)	(115.9)
Equity at May 31	177.2	(37.1)	13.3	1,581.8	1,735.2

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
Q3 2022/23				
Income statement				
Revenue	207.3	127.5	-	334.8
EUR growth	5%	6%	-	5%
Organic growth	10%	7%	-	9%
EBITDA before special items	77.6	42.9	-	120.5
EBITDA margin before special items	37.4%	33.6%	-	36.0%
Amortization, depreciation and impairment losses	(14.0)	(14.3)	-	(28.3)
EBIT before special items	63.6	28.6	-	92.2
EBIT margin before special items	30.7%	22.4%	-	27.5%
Share of loss of joint ventures	-	-	(2.8)	(2.8)
Special items and net financial expenses	-	-	(12.4)	(12.4)
Profit before tax	63.6	28.6	(15.2)	77.0

EUR million	Food Cultures & Enzymes	Health & Nutrition	Not allocated	Group
YTD 2022/23				
Income statement				
Revenue	611.3	370.8	-	982.1
EUR growth	10%	11%	-	10%
Organic growth	10%	9%	-	10%
EBITDA before special items	218.5	124.5	-	343.0
EBITDA margin before special items	35.8%	33.6%	-	34.9%
Amortization, depreciation and impairment losses	(41.2)	(42.0)	-	(83.2)
EBIT before special items	177.3	82.5	-	259.8
EBIT margin before special items	29.0%	22.2%	-	26.4%
Share of loss of joint ventures	-	-	(6.5)	(6.5)
Special items and net financial expenses	-	-	(33.9)	(33.9)
Profit before tax	177.3	82.5	(40.4)	219.4

Note 2 Segment information

(continued)

EUR million	Food Cultures & Enzymes	Health & Nutrition	Not allocated	Group
Q3 2021/22				
Income statement				
Revenue	197.5	120.8	-	318.3
EUR growth	9%	21%	-	13%
Organic growth	6%	13%	-	9%
EBITDA before special items	69.0	42.1	-	111.1
EBITDA margin before special items	34.9%	34.9%	-	34.9%
Amortization, depreciation and impairment losses	(13.1)	(13.2)	-	(26.3)
EBIT before special items	55.9	28.9	-	84.8
EBIT margin before special items	28.4%	23.9%	-	26.7%
Share of loss of joint ventures	-	-	(1.9)	(1.9)
Special items and net financial expenses	-	-	(4.5)	(4.5)
Profit before tax	55.9	28.9	(6.4)	78.4

EUR million	Food Cultures & Enzymes	Health & Nutrition	Not allocated	Group
YTD 2021/22				
Income statement				
Revenue	557.2	332.9	-	890.1
EUR growth	8%	23%	-	14%
Organic growth	7%	17%	-	11%
EBITDA before special items	200.0	111.7	-	311.7
EBITDA margin before special items	35.9%	33.6%	-	35.0%
Amortization, depreciation and impairment losses	(38.4)	(38.9)	-	(77.3)
EBIT before special items	161.6	72.8	-	234.4
EBIT margin before special items	29.0%	21.9%	-	26.3%
Share of loss of joint ventures	-	-	(5.1)	(5.1)
Special items and net financial expenses	-	-	(14.9)	(14.9)
Profit before tax	161.6	72.8	(20.0)	214.4

Note 2 Segment information

(continued)

EUR million	Food Cultures & Enzymes	Health & Nutrition	Not allocated	Group
May 31, 2023				
Assets				
Goodwill	534.4	970.4	-	1,504.8
Other intangible assets	85.6	253.1	-	338.7
Property, plant and equipment	553.8	394.3	-	948.1
Other non-current assets	-	-	90.1	90.1
Total non-current assets	1,173.8	1,617.8	90.1	2,881.7
Inventories	128.2	84.9	-	213.1
Trade receivables	115.0	69.8	-	184.8
Other assets	-	-	117.4	117.4
Total current assets	243.2	154.7	117.4	515.3
Total assets	1,417.0	1,772.5	207.5	3,397.0
Liabilities				
Trade payables	59.8	41.7	-	101.5
Deferred gain, sale and lease back	31.0	14.0	-	45.0
Other liabilities	-	-	1,408.8	1,408.8
Total liabilities	90.8	55.7	1,408.8	1,555.3
Net working capital	183.4	113.0	-	296.4
Invested capital excluding goodwill	791.8	746.4	-	1,538.2
ROIC excluding goodwill	31.4%	15.2%	-	23.4%
Additions to non-current assets excluding joint ventures, other receivables and deferred tax	44.1	40.2	-	84.3

Note 2 Segment information

(continued)

EUR million	Food Cultures & Enzymes	Health & Nutrition	Not allocated	Group
May 31, 2022				
Assets				
Goodwill	536.5	967.5	-	1,504.0
Other intangible assets	92.0	273.7	-	365.7
Property, plant and equipment	492.9	327.7	-	820.6
Other non-current assets	-	-	48.5	48.5
Total non-current assets	1,121.4	1,568.9	48.5	2,738.8
Inventories	99.7	67.7	-	167.4
Trade receivables	112.7	72.9	-	185.6
Other assets	-	-	113.2	113.2
Total current assets	212.4	140.6	113.2	466.2
Total assets	1,333.8	1,709.5	161.7	3,205.0
Liabilities				
Trade payables	65.0	43.4	-	108.4
Deferred gain, sale and lease back	32.6	14.3	-	46.9
Other liabilities	-	-	1,314.5	1,314.5
Total liabilities	97.6	57.7	1,314.5	1,469.8
Net working capital	147.4	97.2	-	244.6
Invested capital excluding goodwill	699.7	684.3	-	1,384.0
ROIC excluding goodwill	31.9%	14.6%	-	23.3%
Additions to non-current assets excluding joint ventures, other receivables and deferred tax	43.5	33.7	-	77.2

Note 2 Segment information

(continued)

EUR million	EMEA	North America	APAC	LATAM	Group
Q3 2022/23					
Revenue	132.4	108.0	58.5	35.9	334.8
EUR growth	7%	9%	(6%)	6%	5%
Organic growth	10%	9%	(2%)	23%	9%

EUR million	EMEA	North America	APAC	LATAM	Group
YTD 2022/23					
Revenue	373.0	318.6	172.6	117.9	982.1
EUR growth	13%	11%	3%	14%	10%
Organic growth	15%	4%	3%	20%	10%
Non-current assets excluding joint ventures, other receivables and deferred tax	2,371.6	368.4	19.0	32.6	2,791.6

EUR million	EMEA	North America	APAC	LATAM	Group
Q3 2021/22					
Revenue	123.3	99.1	62.1	33.8	318.3
EUR growth	9%	21%	15%	8%	13%
Organic growth	10%	10%	9%	(1%)	9%

EUR million	EMEA	North America	APAC	LATAM	Group
YTD 2021/22					
Revenue	330.6	288.2	168.1	103.2	890.1
EUR growth	9%	20%	15%	9%	14%
Organic growth	11%	11%	10%	8%	11%
Non-current assets excluding joint ventures, other receivables and deferred tax	2,329.0	314.2	20.3	26.8	2,690.3

Note 3 R&D expenditures

EUR million	Q3 2022/23	Q3 2021/22	YTD 2022/23	YTD 2021/22
R&D expenses (P&L)	24.7	23.7	73.6	71.9
- Amortization	3.4	3.0	9.9	8.9
- Impairment	-	0.4	0.2	0.7
+ Capitalization	4.2	6.6	11.2	12.2
R&D expenditures incurred	25.5	26.9	74.7	74.5

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

EUR million	Q3 2022/23	Q3 2021/22	YTD 2022/23	YTD 2021/22
EBIT b.s.i.	92.2	84.8	259.8	234.4
Amortization and impairment losses	12.2	11.8	35.1	34.6
EBITA b.s.i.	104.4	96.6	294.9	269.0
Depreciation and impairment losses	16.1	14.5	48.1	42.7
EBITDA b.s.i.	120.5	111.1	343.0	311.7

Note 5 Events after the balance sheet date

Apart from the events recognized or disclosed in the financial statements, no events of importance to the financial statements have occurred after the balance sheet date.

Note 6 Calendar quarterly financial highlights and key figures

In the table below financial highlights and key figures have been restated to reflect calendar quarters. The calendar quarterly financial highlights and key figures have not been audited or reviewed.

EUR million	Q1 2022	Q2 2022	Q3 2022	Q4 2022	FY 2022	Q1 2023	5 month YTD 2023
Income statement, EUR million							
Revenue	304.3	314.6	336.3	304.5	1,259.7	337.2	570.3
Gross profit	168.0	174.2	191.3	158.2	691.7	180.3	310.6
EBITDA b.s.i.	106.8	110.0	129.3	95.8	441.9	117.2	207.3
EBITA b.s.i.	91.9	95.2	112.0	79.9	379.0	101.0	180.3
EBIT b.s.i.	80.1	83.4	99.4	68.6	331.5	89.2	160.2
Profit for the period	56.6	56.3	67.6	41.6	222.1	55.5	103.4
Cash flows, EUR million							
Operating cash flow	94.4	57.8	98.3	36.7	287.2	90.2	159.8
Investing cash flow	(33.7)	(37.3)	(62.8)	(30.1)	(163.9)	(34.6)	(77.5)
Free cash flow b.a.s.i.	64.0	27.1	43.7	17.5	152.3	67.2	111.8
Key ratios, %							
Gross margin	55.2%	55.4%	56.9%	52.0%	54.9%	53.5%	54.5%
EBITDA margin b.s.i.	35.1%	35.0%	38.4%	31.5%	35.1%	34.8%	36.3%
EBITA margin b.s.i.	30.2%	30.3%	33.3%	26.2%	30.1%	30.0%	31.6%
EBIT margin b.s.i.	26.3%	26.5%	29.6%	22.5%	26.3%	26.5%	28.1%
Operational expenses	28.9%	28.9%	27.3%	29.4%	28.6%	27.0%	26.4%
ROIC excl. goodwill	23.8%	24.2%	27.8%	19.0%	24.0%	24.8%	25.9%
Growth, %							
Organic growth	9%	8%	9%	4%	7%	11%	12%
Volume/mix	8%	7%	6%	0%	4%	5%	5%
Price	1%	1%	3%	4%	3%	6%	7%
Currencies	3%	6%	6%	3%	5%	0%	(2%)
EUR growth	12%	14%	15%	7%	12%	11%	10%

Outlook January 1, 2023 – December 31, 2023

- Organic revenue growth
 - EBIT margin b.s.i.
 - Free cash flow b.a.s.i.
- 2023
 9-12%
 26-27%
 EURm 200-250