

Interim Report 2021/22

September 1, 2021 - May 31, 2022

July 7, 2022 - Company announcement no. 5

Solid Q3 in an uncertain macroeconomic environment

Statement by CEO Mauricio Graber: *"The execution of our strategy to differentiate as a focused microbial and fermentation technology company continued to deliver solid results with 9% organic growth for the third quarter 2021/22, equal to 13% growth in EUR terms. Our inflation-driven pricing measures started to contribute positively during Q3, while volume growth slowed down as expected following the strong growth in the first half of the year. Based on the performance of the quarter, we narrow our organic revenue growth target for 2021/22 to 8-10%. The delayed impact from pricing combined with the continued inflationary pressure and actions to protect our supply chain had a negative impact on our EBIT margin b.s.i. However, at 26.3% for the first nine months we remain on course to deliver within our guidance."*

Q3 2021/22 highlights

- Revenue amounted to EUR 318 million, up 13% from EUR 281 million in Q3 2020/21. Year-to-date revenue amounted to 890 million, up 14% from last year.
- Organic growth was 9% in Q3 2021/22 mainly driven by volume growth. The Lighthouses (Bioprotection, Fermented Plant Bases, Plant Health and HMO) delivered 29% organic growth combined in Q3, while the remaining core businesses delivered 7% organic growth. Year-to-date Group organic growth was 11%.
 - Food Cultures & Enzymes organic growth was 6% mainly driven by volume, but with an increasing impact from pricing. Year-to-date organic growth was 7%.
 - Health & Nutrition organic growth was 13% driven by volume. Year-to-date organic growth was 17%.
- EBIT b.s.i. amounted to EUR 85 million, up 3% from EUR 82 million in Q3 2020/21. The increase was driven by the strong sales performance in Health & Nutrition, while EBIT b.s.i. in Food Cultures & Enzymes decreased mainly due to a negative impact from higher input costs, increased cost levels to mitigate challenges in the supply chain, donation of an amount equal to the profit from Chr. Hansen LLC, Russia, and non-recurring costs related to an organizational change. Year-to-date EBIT b.s.i. amounted to EUR 234 million, up 10% from last year.
- The EBIT margin b.s.i. was 26.7%, down from 29.3% in Q3 2020/21. The lower margin was due to higher input costs, increased cost levels to mitigate challenges in the supply chain, a general ramp-up of activities, the donation of an amount equal to the profit from Chr. Hansen LLC, Russia and non-recurring costs related to an organizational change. This was partly offset by production efficiencies, a positive contribution from currencies, and pricing initiatives. Year-to-date EBIT margin b.s.i. was 26.3%, compared to 27.3% last year.
- Free cash flow b.a.s.i. amounted to EUR 116 million year-to-date, down from EUR 120 million last year, as the cash flow from operating activities b.a.s.i. was impacted by higher taxes paid.

Outlook

As a result of the performance in the first nine months we narrow the 2021/22 outlook range for organic revenue growth while maintaining the outlook for EBIT margin b.s.i. and free cash flow b.s.i. relative to the guidance provided on April 6, 2022.

	July 7, 2022	April 6, 2022
• Organic growth is expected in the range of	8-10%	7-11%
• EBIT margin before special items is expected to be	26-27%	26-27%
• Free cash flow before special items is expected to be around	EURm 140-170	EURm 140-170

Financial highlights and key figures

	Q3 2021/22	Q3 2020/21	YTD 2021/22	YTD 2020/21		Q3 2021/22	Q3 2020/21	YTD 2021/22	YTD 2020/21
Income statement, EUR million, continuing operations					Group revenue growth drivers, %				
Revenue	318.3	280.6	890.1	784.1	Organic growth ²⁾	9%	4%	11%	8%
Gross profit	175.4	160.7	492.6	444.0	Volume/mix	7%	2%	9%	4%
EBITDA b.s.i.	111.1	106.6	311.7	287.5	Price	2%	2%	2%	4%
EBITA b.s.i.	96.6	93.0	269.0	246.9	Currencies	4%	(5%)	3%	(8%)
EBIT b.s.i.	84.8	82.4	234.4	213.9	M&A	0%	11%	0%	10%
Special items	(0.3)	(11.2)	(1.0)	(21.8)	EUR growth	13%	10%	14%	10%
EBIT	84.5	71.2	233.4	192.1	Organic growth by region, %				
Net financial expenses	(4.2)	(5.1)	(13.9)	(16.1)	EMEA	10%	3%	11%	5%
Profit for the period	58.3	49.5	163.0	131.7	NA	10%	5%	11%	7%
Cash flow and investments, EUR million, continuing operations					APAC	9%	(6%)	10%	0%
Operating cash flow	61.8	96.0	191.9	193.0	LATAM	(1%)	19%	8%	30%
Investing cash flow	(34.5)	(26.1)	(81.9)	(428.0)	Food Cultures & Enzymes, EUR million / %				
Investments in PPE	(24.6)	(18.0)	(60.9)	(84.3)	Revenue	197.5	180.6	557.2	514.6
Free cash flow b.a.s.i.	30.0	85.0	115.7	119.9	Organic growth ²⁾	6%	5%	7%	7%
Balance sheet, EUR million, Group¹⁾					Volume/mix	4%	2%	6%	2%
Total assets			3,205.0	3,066.5	Currencies	3%	(5%)	1%	(8%)
Invested capital			2,888.0	2,794.1	EUR growth	9%	0%	8%	(1%)
Equity			1,735.2	1,548.1	EBITDA b.s.i.	69.0	71.6	200.0	201.4
Net interest-bearing debt			912.7	950.6	EBITDA margin b.s.i.	34.9%	39.7%	35.9%	39.1%
Key ratios, continuing operations					EBIT b.s.i.	55.9	59.6	161.6	162.6
Gross margin	55.1%	57.3%	55.3%	56.6%	EBIT margin b.s.i.	28.4%	33.0%	29.0%	31.6%
EBITDA margin b.s.i.	34.9%	38.0%	35.0%	36.7%	ROIC excl. goodwill	32.7%	36.4%	31.9%	34.6%
EBITA margin b.s.i.	30.4%	33.2%	30.2%	31.5%	Health & Nutrition, EUR million / %				
EBIT margin b.s.i.	26.7%	29.3%	26.3%	27.3%	Revenue	120.8	100.0	332.9	269.5
EBIT margin	26.6%	25.4%	26.2%	24.5%	Organic growth ²⁾	13%	0%	17%	9%
Operational expenses	28.5%	27.9%	29.0%	29.3%	Volume/mix	12%	0%	17%	8%
R&D expenditure	8.5%	8.2%	8.4%	8.4%	Currencies	8%	(4%)	6%	(7%)
Capital expenditures	10.1%	7.9%	8.7%	12.4%	M&A	0%	38%	0%	36%
EPS diluted, EUR	0.45	0.38	1.24	1.00	EUR growth	21%	34%	23%	38%
Net working capital	244.6	227.6	244.6	227.6	EBITDA b.s.i.	42.1	35.0	111.7	86.1
Cash conversion	52.7%	71.8%	57.7%	59.4%	EBITDA margin b.s.i.	34.9%	35.0%	33.6%	32.0%
ROIC excl. goodwill	24.9%	25.3%	23.3%	23.7%	EBIT b.s.i.	28.9	22.8	72.8	51.3
ROIC	11.8%	11.8%	11.0%	11.1%	EBIT margin b.s.i.	23.9%	22.7%	21.9%	19.0%
Net debt to EBITDA before special items, Group	2.2x	2.3x	2.2x	2.3x	ROIC excl. goodwill	17.0%	14.3%	14.6%	12.0%

1) The Natural Colors business was sold March 31, 2021.

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

Strategic and operational highlights

2025 Strategy

Under its 2025 Strategy, Chr. Hansen will continue its journey as a differentiated bioscience company focused on microbial and fermentation technology platforms. The 2025 Strategy is based on three pillars:

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

- Food Cultures & Enzymes continued its collaboration with customers on achieving cost savings by leveraging its product portfolio of yield-optimizing solutions and productivity concepts such as CHY-MAX[®] Supreme and YOFLEX[®] Premium.
- Human Health promoted the depth and breadth of its combined strain-to-solution offering following the acquisitions and continued dialogues with customers at several industry events during Q3.

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

- Fermented Plant Bases extended its VEGA[™] range with new cultures for meat alternatives and cream cheese applications, and introduced SmartBev[™] solutions for Lager and Ale beers. The development of solutions for the plant-based alternatives continued in close collaboration with other leading ingredients companies.
- Plant Health rolled out the launch of its first product with UPL, a biofertilizer for fruit and vegetables, in India.

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

- HMO obtained new regulatory approvals in Australia, New Zealand and Europe during Q3.

Ukraine and Russia

As a global supplier to the food and health industries, we have responsibilities towards fulfilling the basic needs of civilians for food and health products, also in Russia. For now, we will therefore continue to supply only ingredients for basic food and human health products, in full respect of global sanctions. We are discontinuing supply of products that fall outside these categories and an amount equal to the profit from our continued operations in Chr. Hansen LLC, Russia during the conflict will be donated to humanitarian aid in support of Ukraine.

We continuously evaluate further potential changes in our activities as the situation develops. At the same time, we are specifically monitoring sanctions and people safety in the supply chain. Our top priority continues to be on the safety of our affected employees and their families in Ukraine.

Long-term financial ambitions (until 2024/25)

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 growth, averaged over the period.
- An increase of the EBIT margin before special items over the period to above 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.

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

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

Business review

Market developments

Food Cultures & Enzymes

According to the Company’s own estimates, the global production of cheese grew slightly in Q3 2021/22, driven by North America, while end markets for fermented milk remained impacted by weakened demand in China and Latin America compared to the same period last year.

Health & Nutrition

According to the Company’s own estimates, the probiotic supplements market in Europe continued to rebound in the third quarter, whilst momentum in the US market slowed driven by the traditional retail channel and the Chinese market was negatively impacted by recurring COVID-19 lockdowns. Growth in the global probiotic supplement market is expected to trend towards the medium-term outlook of mid-single-digit growth. In the short term, however, there is a risk that inflationary pressure and consumer downtrading could have a negative impact on volumes.

The market for infant formula remained negatively impacted by reduced production volumes and lower birth rates, especially in China, as well as supply disruptions in North America. Customer interest in HMOs remains high and product registrations in China and other key markets are ongoing.

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

Sales performance

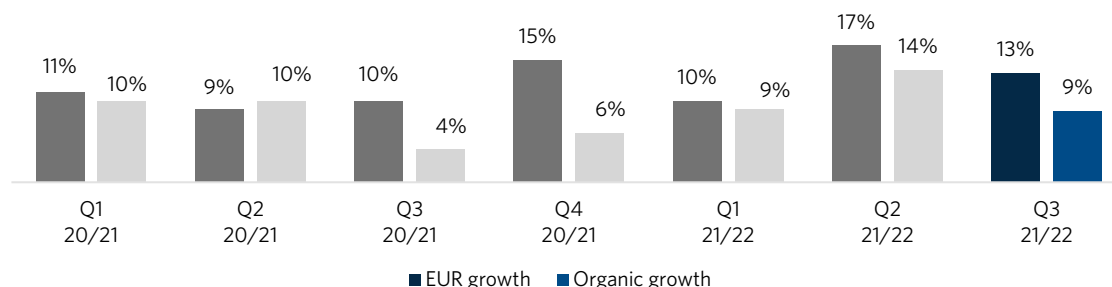
Q3 2021/22 revenue amounted to EUR 318 million, up 13% from EUR 281 million in Q3 2020/21. Revenue was positively impacted by 4% from currency effects.

Organic growth was 9% supported by strong growth from Health & Nutrition and solid growth from Food Cultures & Enzymes. The improvement was driven by volume growth while implementation of price adjustments to reflect the current inflationary pressure started to have a favorable impact during Q3.

The Lighthouses (Bioprotection, Fermented Plant Bases, Plant Health and HMO) accounted for approx. 10% of revenue and delivered 29% organic growth combined, while the core businesses delivered 7% organic growth.

Year-to-date organic growth was 11% and adjusted for a currency impact of 3% corresponded to a revenue increase of 14% to EUR 890 million. The Lighthouses accounted for approx. 10% of revenue and delivered 25% organic growth combined, while the core businesses delivered 9% organic growth.

Revenue growth, Group



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Sales performance by segment

Food Cultures & Enzymes

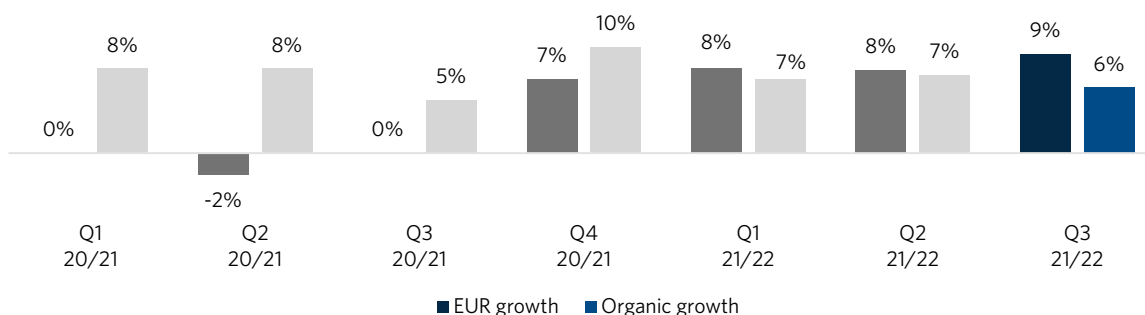
Q3 2021/22 revenue amounted to EUR 197 million, up 9% from EUR 181 million in Q3 2020/21. Revenue was positively impacted by 3% from currency effects. Organic growth was 6% driven by volume, while the impact from pricing was approximately 2%.

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

Food & Beverages delivered strong growth driven by meat and beverage applications, including strong momentum within bioprotective solutions.

Year-to-date organic growth was 7% and adjusted for a currency impact of 1% corresponded to a revenue increase of 8% to EUR 557 million.

Revenue growth, Food Cultures & Enzymes



Health & Nutrition

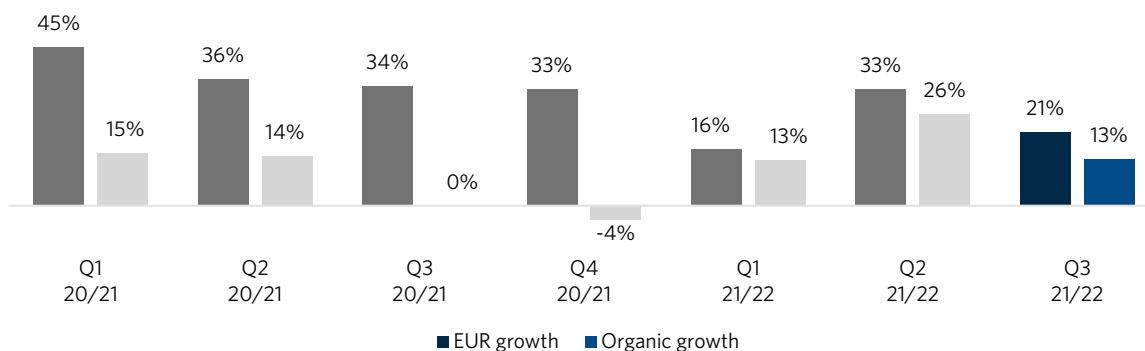
Q3 2021/22 revenue amounted to EUR 121 million, up 21% from EUR 100 million in Q3 2020/21. Revenue was positively impacted by 8% from currency effects. Q3 organic growth was 13% driven by volume, while the impact from pricing was approximately 1%.

Human Health and HMO delivered very strong growth. In Human Health, growth normalized as expected following the high activity level in the first half of the year but remained strong and supported by the market rebound in EMEA.

Animal and Plant Health delivered good growth despite a more challenging selling environment for feed probiotics and phasing of orders in Plant Health.

Year-to-date organic growth was 17% and adjusted for a currency impact of 6%, corresponded to a revenue increase of 23% to EUR 333 million.

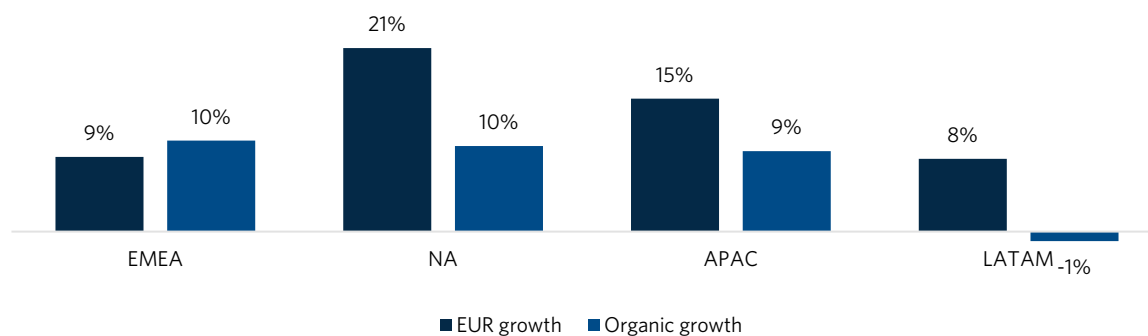
Revenue growth, Health & Nutrition



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Sales performance by region

Revenue growth by region



Europe, Middle East and Africa (EMEA), 39% of revenue in Q3 2021/22

Q3 2021/22 organic growth was 10%, while revenue increased by 9%. Revenue was impacted negatively by around 1% from currency effects. Organic growth was driven by very strong growth in Health & Nutrition, while Food Cultures & Enzymes delivered solid growth. Growth in Health & Nutrition was supported by strong Human Health and HMO sales, while growth in Food Cultures & Enzymes was supported by pricing including EUR-based pricing.

Year-to-date organic growth was 11% and adjusted for a negative currency impact of 2% corresponded to a revenue increase of 9% to EUR 331 million.

North America (NA), 31% of revenue in Q3 2021/22

Q3 2021/22 organic growth was 10%, while revenue increased by 21%. Revenue was impacted positively by 11% from currency effects. Organic growth was driven by strong growth in Health & Nutrition, while Food Cultures & Enzymes delivered solid growth. Growth in Health & Nutrition was supported by strong HMO sales, while the level of activity in Human Health normalized following a very strong Q2. Growth in Food Cultures & Enzymes was mainly driven by strong momentum in the cheese segment and pricing initiatives.

Year-to-date organic growth was 11% and adjusted for a positive currency impact of 9% corresponded to a revenue increase of 20% to EUR 288 million.

Asia-Pacific (APAC), 19% of revenue in Q3 2021/22

Q3 2021/22 organic growth was 9%, while revenue increased by 15%. Revenue was impacted positively by 6% from currency effects. Organic growth was driven by strong growth in Health & Nutrition, while Food Cultures & Enzymes delivered solid growth. Growth in Health & Nutrition was driven by very strong growth in Human Health supported by the infant and children segment. Growth in Food Cultures & Enzymes was driven by strong momentum in India, while China declined compared to last year.

Year-to-date organic growth was 10% and adjusted for a positive currency impact of 5% corresponded to a revenue increase of 15% to EUR 168 million.

Latin America (LATAM), 11% of revenue in Q3 2021/22

Q3 2021/22 organic growth was negative at 1%, while revenue increased by 8%. Revenue was impacted positively by 9% due to currency effects. The negative organic growth was due to Health & Nutrition, while Food Cultures & Enzymes was on par with Q3 2020/21.

The performance in Health & Nutrition was adversely impacted by the timing of orders in Plant Health, while slight volume growth and pricing initiatives in Food Cultures & Enzymes were offset by a negative impact from EUR-based pricing.

Year-to-date organic growth was 8% and adjusted for a positive currency impact of 1% corresponded to a revenue increase of 9% to EUR 103 million.

Financial review

Gross margin

The Q3 2021/22 gross margin declined by 2.2 percentage points to 55.1%, mainly due to increased input costs and higher cost levels resulting from efforts to mitigate challenges in the supply chain. This was partly offset by efficiency improvements, a positive impact from currencies, and pricing initiatives.

Year-to-date the gross margin was 55.3%, compared to 56.6% last year as higher input costs, and the full inclusion of HMO (acquisition closed on October 9, 2020) were only partly offset by scalability effects from the strong sales performance, efficiency improvements and a positive impact from currencies.

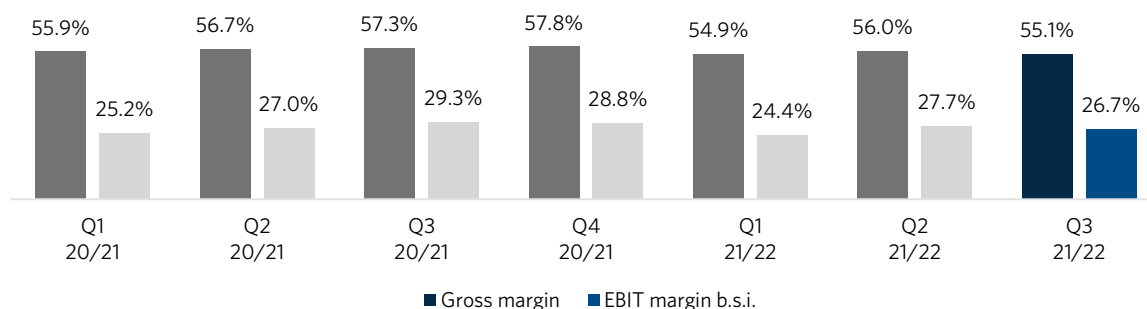
Operating expenses

Q3 2021/22 operating expenses totaled EUR 91 million, up 16% from EUR 78 million in Q3 2020/21. Expenses were impacted by a general ramp-up of activities, particularly related to travel, and the donation of profit from Chr. Hansen LLC, Russia.

Year-to-date operating expenses increased by 12% to EUR 258 million. The increase was mainly due to a general ramp-up of activities following the lifting of COVID-19 restrictions.

Total amortization amounted to EUR 12 million in Q3 2021/22, of which EUR 5 million related to the acquisitions of HSO, UAS and Jennewein. Year-to-date amortization amounted to EUR 35 million, of which EUR 15 million related to the recent acquisitions.

Margins, Group



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

EBIT b.s.i. amounted to EUR 85 million, up 3% from EUR 82 million in Q3 2020/21. The increase was driven by the strong sales performance in Health & Nutrition, while EBIT b.s.i. in Food Cultures & Enzymes decreased mainly due to a negative impact from higher input costs, increased cost levels to mitigate challenges in the supply chain, donation of an amount equal to the profit from Chr. Hansen LLC, Russia, and non-recurring costs related to an organizational change.

The Q3 2021/22 EBIT margin b.s.i. was 26.7%, down from 29.3% in Q3 2020/21. The lower margin was due to higher input costs, increased cost levels to mitigate challenges in the supply chain, a general ramp-up of activities, the donation of an amount equal to the profit from Chr. Hansen LLC, Russia and non-recurring costs related to an organizational change. This was partly offset by production efficiencies, a positive contribution from currencies and pricing initiatives.

Year-to-date EBIT b.s.i. increased by EUR 21 million to EUR 234 million, while the EBIT margin b.s.i. was 26.3%, compared to 27.3% last year. The margin decline was due to higher raw material and freight costs, increased cost levels to mitigate challenges in the supply chain, a general ramp-up of activities, and the full inclusion of HMO. This was only partly offset by the strong sales performance, pricing initiatives and a positive impact from currency effects.

Food Cultures & Enzymes's Q3 2021/22 EBIT b.s.i. amounted to EUR 56 million, down 6% from EUR 60 million in Q3 2020/21. The EBIT margin b.s.i. was 28.4%, compared to 33.0% last year as higher raw material and freight costs, increased cost levels to mitigate challenges in the supply chain, a general ramp-up of activities, the donation of an amount equal to the profit from Chr. Hansen LLC, Russia, and non-recurring costs related to an organizational change. This was partly offset by a positive contribution from currencies and pricing initiatives. Year-to-date EBIT margin b.s.i. was 29.0%, compared to 31.6% last year.

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Health & Nutrition's Q3 2021/22 EBIT b.s.i. amounted to EUR 29 million, up 27% from EUR 23 million in Q3 2020/21. The EBIT margin b.s.i. was 23.9%, compared to 22.7% last year, as scalability effects from the strong sales performance, acquisition synergies, and currencies more than offset higher input costs and a general ramp-up of activities. Year-to-date EBIT margin b.s.i. was 21.9%, compared to 19.0% last year.

Special items and EBIT

Special items amounted to an expense of EUR 0.3 million in Q3 2021/22, compared to an expense of EUR 11 million last year, which was impacted by the divestment of Natural Colors and the acquisition of Jennewein. EBIT amounted to EUR 85 million, up 19% from EUR 71 million in Q3 2020/21. The EBIT margin ended at 26.6%, compared to 25.4% in Q3 2020/21.

Year-to-date special items were an expense of EUR 1 million, compared to an expense of EUR 22 million last year. EBIT amounted to EUR 233 million, up 21% from EUR 192 million last year. The EBIT margin was 26.2%, compared to 24.5% last year.

Net financials, share of JV and tax

Net financial expenses amounted to EUR 4 million, down from EUR 5 million in Q3 2020/21. Year-to-date net financial expenses amounted to EUR 14 million, down from EUR 16 million last year, due to lower interest expenses resulting from the lower debt level.

The Bacthera JV produced a EUR 2 million loss to Chr. Hansen, in line with Q3 2020/21. Year-to-date the loss was EUR 5 million, in line with last year.

Income taxes amounted to EUR 20 million, up from EUR 15 million in Q3 2020/21. Year-to-date income taxes amounted to EUR 51 million, up from EUR 39 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 58 million, up 18% from EUR 50 million in Q3 2020/21 (EUR 682 million including profit from discontinued operations). Year-to-date profit amounted to EUR 163 million, up from EUR 132 million last year. (EUR 776 million including profit from discontinued operations)

Earnings per share, diluted, amounted to EUR 0.45 compared to EUR 0.38 in Q3 2020/21 (EUR 5.16 including earnings from discontinued operations). Year-to-date earnings per share, diluted, amounted to EUR 1.24 compared to EUR 1.00 last year (EUR 5.88 including earnings from discontinued operations).

Cash flows

Year-to-date cash flow from operating activities b.a.s.i. was EUR 193 million, down 10% from EUR 215 million last year (EUR 198 million including discontinued operations). The decrease was driven by a significant increase in taxes paid as 2020/21 was impacted by acquisitions. Adjusting for the change in taxes paid the cash flow from operating activities b.a.s.i. was above last year.

Year-to-date cash flow used for operational investing activities was EUR 77 million, down 19% from EUR 95 million last year (EUR 100 million including discontinued operations). The decrease in spending was driven in part by the acquisition of the Kalundborg facility last year.

Year-to-date free cash flow b.a.s.i. was EUR 116 million, down EUR 4 million from EUR 120 million last year (EUR 98 million including discontinued operations) as the cash flow from operating activities b.a.s.i. was impacted by higher taxes paid.

Equity, Group

Total equity amounted to EUR 1,735 million, compared to EUR 1,548 million on May 31, 2021. An ordinary dividend for the 2020/21 financial year totaling EUR 116 million was paid out on November 29, 2021.

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Net debt, Group

Net interest-bearing debt amounted to EUR 913 million, or 2.2x EBITDA, compared to EUR 951 million, or 2.3x EBITDA, on May 31, 2021.

Return on invested capital

Invested capital excluding goodwill amounted to EUR 1,384 million, up 6% from EUR 1,310 million on May 31, 2021. The increase was driven by property, plant and equipment.

The year-to-date return on invested capital excluding goodwill was 23.3%, compared to 23.7% last year. The decrease was driven by Food Cultures & Enzymes which was down compared to last year due to the negative impact from higher input costs and a general ramp-up of activities.

Goodwill amounted to EUR 1,504 million, in line with the figure at May 31, 2021. Return on invested capital including goodwill was 11.0% and in line with last year.

Outlook for 2021/22

Assumptions

The outlook is based on the following assumptions:

- Constant currencies.
- No acquisitions.
- The current political and economic environment.

Continued changes in the political and macroeconomic climate including additional sanctions, supply disruptions, developments in raw material and other input costs such as energy may impact the outlook for 2021/22.

Organic revenue growth

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

EBIT margin before special items

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

Free cash flow before special items

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

FX sensitivity

The most significant currency exposure relates to USD, which accounts for around 35% of revenue, while exposure to other currencies is relatively modest. A 5% decrease in the EUR/USD exchange rate would have a negative annualized impact on revenue measured in EUR of around EUR 20 million. Organic revenue growth is sensitive to exchange rate fluctuations in currencies for which Chr. Hansen applies an EUR-based pricing model.

The EBIT margin is also sensitive to exchange rate fluctuations. Production in the US only partly offsets the impact on revenue from changes in the EUR/USD exchange rate. Therefore, the relative EBIT exposure is higher than the revenue exposure. A 5% decrease in the EUR/USD exchange rate would impact EBIT negatively by roughly two thirds of the revenue impact. This level of sensitivity also applies to the free cash flow.

Additional information

Conference call

Chr. Hansen will host a conference call on July 7, 2022 at 10:00 am CEST. The conference call can be accessed via the Company's website, www.chr-hansen.com

Contact details

Anders Mohr Christensen, VP Group Strategy & Investor Relations, +45 25 15 23 64

Financial calendar

2021/22

October 12, 2022	Annual Report 2021/22
November 23, 2022	Annual General Meeting 2022

2022/23

January 12, 2023	Interim Report Q1 2022/23
April 13, 2023	Interim Report Q2 2022/23
July 6, 2023	Interim Report Q3 2022/23
October 12, 2023	Annual Report 2022/23
November 22, 2023	Annual General Meeting 2023

Company information

Chr. Hansen Holding A/S
Bøge Allé 10-12
2970 Hørsholm
Denmark
Tel. +45 45 74 74 74
www.chr-hansen.com
Company reg. no.: 28318677

Forward-looking statements

This company announcement contains forward-looking statements that reflect management's current views and expectations with respect to Chr. Hansen's future and potential financial performance.

Those forward-looking statements are based upon data and information currently available to the Company, and on a variety of assumptions, many of which may be beyond our control and subject to risks and uncertainties that may cause the actual results of the Company or the industry to differ materially from such forward-looking statements.

The information, opinions and forward-looking statements contained in this document speak only as at the date of it and the Company is under no obligation to publish any updates thereof except for what is required by applicable law or stock exchange rules and regulations.

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 uniquely positioned to drive positive change through microbial solutions. We have worked for over 145 years to enable sustainable agriculture, better food and healthier living for more people around the world. Our microbial and fermentation technology platforms, including our broad and relevant collection of around 40,000 microbial strains, have game-changing potential. Matching customer needs and global trends, we continue to unlock the power of good bacteria to respond to global challenges such as food waste, global health and the overuse of antibiotics and pesticides. As the world's most sustainable food ingredients company, we touch the lives of more than 1 billion people every day. Driven by our legacy of innovation and curiosity to pioneer science, our purpose – To grow a better world. Naturally. – is at the heart of everything we do.

Interim Report September 1 – May 31 2021/22

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, 2021 to May 31, 2022. The interim report has not been audited or reviewed by the Company's independent auditors.

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

In our opinion, the accounting policies used are appropriate and the overall presentation of the interim report is adequate. Furthermore, the interim report gives a true and fair view of the Group's assets, liabilities and financial position at May 31, 2022, and of the results of the Group's operations and cash flow for the period September 1, 2021 to May 31, 2022.

We further consider that the Management's Review in the preceding pages includes a true and fair account of the development and performance of the Group, the results for the period and the financial position, together with a description of the principal risks and uncertainties that the Group faces, in accordance with Danish disclosure requirements for listed companies. Besides what has been disclosed in this report, no changes in the Group's most significant risks and uncertainties have occurred relative to what was disclosed in the Annual Report of Chr. Hansen Holding A/S for 2020/21.

Hørsholm, July 7, 2022

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 2021/22	Q3 2020/21	YTD 2021/22	YTD 2020/21
Revenue	318.3	280.6	890.1	784.1
Cost of sales	(142.9)	(119.9)	(397.5)	(340.1)
Gross profit	175.4	160.7	492.6	444.0
Research and development expenses	(23.7)	(22.7)	(71.9)	(64.9)
Sales and marketing expenses	(45.3)	(38.3)	(127.4)	(112.2)
Administrative expenses	(21.3)	(18.5)	(59.4)	(54.7)
Other operating income	0.9	2.6	7.4	3.7
Other operating expenses	(1.2)	(1.4)	(6.9)	(2.0)
Operating profit before special items (EBIT b.s.i.)	84.8	82.4	234.4	213.9
Special items	(0.3)	(11.2)	(1.0)	(21.8)
Operating profit (EBIT)	84.5	71.2	233.4	192.1
Net financial expenses	(4.2)	(5.1)	(13.9)	(16.1)
Share of loss of joint ventures	(1.9)	(1.8)	(5.1)	(4.9)
Profit before tax	78.4	64.3	214.4	171.1
Income taxes	(20.1)	(14.8)	(51.4)	(39.4)
Profit from continuing operations	58.3	49.5	163.0	131.7
Profit from discontinued operations	-	632.1	-	644.3
Profit for the period	58.3	681.6	163.0	776.0
Earnings per share, EUR				
Earnings per share	0.45	5.17	1.24	5.89
Earnings per share, diluted	0.45	5.16	1.24	5.88
Earnings per share from continuing operations	0.45	0.38	1.24	1.00
Earnings per share from continuing operations, diluted	0.45	0.38	1.24	1.00

Statement of comprehensive income

EUR million	Q3 2021/22	Q3 2020/21	YTD 2021/22	YTD 2020/21
Profit for the period	58.3	681.6	163.0	776.0
Items that will not be reclassified subsequently to the income statement				
Remeasurements of defined benefits plans	-	0.6	(0.1)	0.6
Items that will be reclassified subsequently to the income statement when specific conditions are met				
Exchange rate adjustments of foreign Group companies	23.4	(1.7)	36.5	(6.5)
Reclassification of exchange rate adjustment reserve from sale of discontinued operations	-	1.0	-	1.0
Fair value adjustments of interest rate hedges	11.7	1.1	23.3	3.6
Tax related to interest rate hedges	(2.6)	(0.2)	(5.1)	(0.8)
Other comprehensive income for the period	32.5	0.8	54.6	(2.1)
Total comprehensive income for the period	90.8	682.4	217.6	773.9
Attributable to:				
Shareholders of Chr. Hansen Holding A/S	90.8	682.4	217.6	773.9

Interim Report September 1 - May 31 2021/22

Cash flow statement

EUR million	Q3 2021/22	Q3 2020/21	YTD 2021/22	YTD 2020/21
Operating profit from continuing operations	84.5	71.2	233.4	192.1
Non-cash adjustments	27.3	25.6	80.6	76.4
Change in working capital	(4.2)	4.2	(50.1)	(46.2)
Interest paid, net	(3.1)	(3.9)	(10.0)	(15.6)
Taxes paid	(42.7)	(1.1)	(62.0)	(13.7)
Cash flows from operating activities - continuing operations	61.8	96.0	191.9	193.0
Cash flows from operating activities - discontinued operations	-	(7.4)	-	(17.2)
Cash flows from operating activities	61.8	88.6	191.9	175.8
Investments in intangible assets	(7.5)	(4.2)	(16.3)	(13.0)
Investments in property, plant and equipment	(24.6)	(18.0)	(60.9)	(84.3)
Sale and lease back proceeds	-	-	-	2.4
Cash flows from operational investing activities - continuing operations	(32.1)	(22.2)	(77.2)	(94.9)
Cash flows from operational investing activities - discontinued operations	-	(0.6)	-	(5.1)
Cash flows from operational investing activities	(32.1)	(22.8)	(77.2)	(100.0)
Acquisition of entities, net of cash acquired	-	0.8	-	(318.2)
Investments in joint ventures	-	(2.3)	-	(7.4)
Loans to joint ventures	(2.4)	(2.4)	(4.7)	(7.5)
Cash flows from investing activities - continuing operations	(34.5)	(26.1)	(81.9)	(428.0)
Cash flows from investing activities - discontinued operations	-	775.6	-	771.1
Cash flows from investing activities	(34.5)	749.5	(81.9)	343.1
Free cash flow	27.3	838.1	110.0	518.9
Borrowings	50.0	84.8	150.0	645.1
Repayment of borrowings	(80.4)	(809.1)	(151.7)	(1,078.3)
Purchase of treasury shares	-	-	-	(6.5)
Dividends paid, net	-	(115.8)	(115.9)	(115.8)
Cash flows from financing activities - continuing operations	(30.4)	(840.1)	(117.6)	(555.5)
Cash flows from financing activities - discontinued operations	-	7.1	-	21.4
Cash flows from financing activities	(30.4)	(833.0)	(117.6)	(534.1)
Net cash flow for the period	(3.1)	5.1	(7.6)	(15.2)
Cash and cash equivalents, beginning of period	52.0	75.8	55.1	96.2
Unrealized exchange gains/(losses) included in cash and cash equivalents	7.3	(0.9)	8.7	(1.0)
Net cash flow for the period	(3.1)	5.1	(7.6)	(15.2)
Cash and cash equivalents, end of period	56.2	80.0	56.2	80.0

Balance sheet

EUR million	May 31, 2022	May 31, 2021	Aug 31, 2021
ASSETS			
Non-current assets			
Goodwill	1,504.0	1,484.0	1,489.8
Other intangible assets	365.7	390.5	379.5
Property, plant and equipment	820.6	740.8	782.1
Investments in joint ventures	4.6	11.3	9.7
Receivables from joint ventures	18.5	12.6	12.9
Other receivables	18.4	-	-
Deferred tax	7.0	5.3	10.9
Total non-current assets	2,738.8	2,644.5	2,684.9
Current assets			
Inventories	167.4	139.0	133.9
Trade receivables	185.6	162.2	188.3
Tax receivables	15.6	7.3	9.1
Other receivables	28.6	20.7	29.8
Prepayments	12.8	12.8	13.1
Cash and cash equivalents	56.2	80.0	55.1
Total current assets	466.2	422.0	429.3
Total assets	3,205.0	3,066.5	3,114.2

Balance sheet

(continued)

EUR million	May 31, 2022	May 31, 2021	Aug 31, 2021
EQUITY AND LIABILITIES			
Equity			
Share capital	177.2	177.1	177.3
Reserves	1,558.0	1,371.0	1,448.8
Total equity	1,735.2	1,548.1	1,626.1
Non-current liabilities			
Employee benefit obligations	7.5	7.1	7.2
Deferred tax	176.2	159.8	169.6
Provisions	5.4	3.7	4.3
Borrowings	866.7	823.4	790.5
Tax payables	12.0	12.0	12.0
Deferred gain, sale and lease back	45.1	47.0	46.6
Other payables	0.5	5.1	6.1
Total non-current liabilities	1,113.4	1,058.1	1,036.3
Current liabilities			
Borrowings	102.2	207.2	162.8
Trade payables	108.4	73.6	132.1
Tax payables	40.4	58.8	49.8
Deferred gain, sale and lease back	1.8	1.8	1.8
Other payables	103.6	118.9	105.3
Total current liabilities	356.4	460.3	451.8
Total liabilities	1,469.8	1,518.4	1,488.1
Total equity and liabilities	3,205.0	3,066.5	3,114.2

Statement of changes in equity

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
Dividend, net	-	-	-	(115.9)	(115.9)
Equity at May 31	177.2	(37.1)	13.3	1,581.8	1,735.2

EUR million	Share capital	Currency translation reserve	Interest rate hedging reserve	Retained earnings	Total
2020/21					
Equity at September 1	177.1	(76.6)	(7.4)	799.9	893.0
Total comprehensive income for the period	-	(5.5)	2.8	776.6	773.9
Transactions with owners					
Purchase of treasury shares	-	-	-	(6.5)	(6.5)
Share-based payments	-	-	-	3.5	3.5
Dividend, net	-	-	-	(115.8)	(115.8)
Equity at May 31	177.1	(82.1)	(4.6)	1,457.7	1,548.1

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 2020/21, 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, 2021. 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 2020/21 and relate to, e.g. income taxes and deferred tax, goodwill, other intangible assets, leases, inventories, acquisition of entities as well as discontinued operations.

Note 2 Segment information

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	27.0	(4.5)	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	67.7	(14.9)	214.4

Segment information

(continued)

EUR million	Food Cultures & Enzymes	Health & Nutrition	Not allocated	Continuing operations
Q3 2020/21				
Income statement				
Revenue	180.6	100.0	-	280.6
EUR growth	0%	34%	-	10%
Organic growth	5%	0%	-	4%
EBITDA before special items	71.6	35.0	-	106.6
EBITDA margin before special items	39.7%	35.0%	-	38.0%
Amortization, depreciation and impairment losses	(12.0)	(12.2)	-	(24.2)
EBIT before special items	59.6	22.8	-	82.4
EBIT margin before special items	33.0%	22.7%	-	29.3%
Share of loss of joint ventures	-	(1.8)	-	(1.8)
Special items and net financial expenses	-	-	(16.3)	(16.3)
Profit before tax	59.6	21.0	(16.3)	64.3

EUR million	Food Cultures & Enzymes	Health & Nutrition	Not allocated	Continuing operations
YTD 2020/21				
Income statement				
Revenue	514.6	269.5	-	784.1
EUR growth	(1%)	38%	-	10%
Organic growth	7%	9%	-	8%
EBITDA before special items	201.4	86.1	-	287.5
EBITDA margin before special items	39.1%	32.0%	-	36.7%
Amortization, depreciation and impairment losses	(38.8)	(34.8)	-	(73.6)
EBIT before special items	162.6	51.3	-	213.9
EBIT margin before special items	31.6%	19.0%	-	27.3%
Share of loss of joint ventures	-	(4.9)	-	(4.9)
Special items and net financial expenses	-	-	(37.9)	(37.9)
Profit before tax	162.6	46.4	(37.9)	171.1

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 and deferred tax	43.5	33.7	-	77.2

Segment information

(continued)

EUR million	Food Cultures & Enzymes	Health & Nutrition	Not allocated	Continuing operations
May 31, 2021				
Assets				
Goodwill	520.3	963.7	-	1,484.0
Other intangible assets	94.8	295.7	-	390.5
Property, plant and equipment	449.8	291.0	-	740.8
Other non-current assets	-	-	29.2	29.2
Total non-current assets	1,064.9	1,550.4	29.2	2,644.5
Inventories	83.6	55.4	-	139.0
Trade receivables	97.0	52.9	12.3	162.2
Other assets	-	-	120.8	120.8
Total current assets	180.6	108.3	133.1	422.0
Total assets	1,245.5	1,658.7	162.3	3,066.5
Liabilities				
Trade payables	42.0	31.6	-	73.6
Deferred gain, sale and lease back	27.8	21.0	-	48.8
Other liabilities	-	-	1,396.0	1,396.0
Total liabilities	69.8	52.6	1,396.0	1,518.4
Net working capital	138.6	76.7	12.3	227.6
Invested capital excluding goodwill	655.4	642.4	12.3	1,310.1
ROIC excluding goodwill	34.6%	12.0%	-	23.7%
Additions to non-current assets excluding joint ventures and deferred tax	42.0	55.3	-	97.3

Segment information

(continued)

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
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EUR million	EMEA	North America	APAC	LATAM	Group
Q3 2020/21					
Revenue	113.6	81.9	53.9	31.2	280.6
EUR growth	2%	14%	24%	6%	10%
Organic growth	3%	5%	(6%)	19%	4%

EUR million	EMEA	North America	APAC	LATAM	Group
YTD 2020/21					
Revenue	303.5	239.9	145.8	94.9	784.1
EUR growth	2%	14%	21%	7%	10%
Organic growth	5%	7%	0%	30%	8%

Non-current assets excluding joint ventures, other receivables and deferred tax	2,312.2	265.5	17.7	19.9	2,615.3
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Note 3 R&D expenditures

EUR million	Q3 2021/22	Q3 2020/21	YTD 2021/22	YTD 2020/21
R&D expenses (P&L)	23.7	22.7	71.9	64.9
- Amortization	3.0	1.9	8.9	5.7
- Impairment	0.4	-	0.7	-
+ Capitalization	6.6	2.1	12.2	6.8
R&D expenditures incurred	26.9	22.9	74.5	66.0

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

EUR million	Q3 2021/22	Q3 2020/21	YTD 2021/22	YTD 2020/21
EBIT b.s.i	84.8	82.4	234.4	213.9
Amortization and impairment losses	11.8	10.6	34.6	33.0
EBITA b.s.i.	96.6	93.0	269.0	246.9
Depreciation and impairment losses	14.5	13.6	42.7	40.6
EBITDA b.s.i.	111.1	106.6	311.7	287.5