

Annual report 2021/22
(Financial year September 1, 2021 – August 31, 2022)

Chr. Hansen A/S
Bøge Allé 10-12
DK-2970 Hørsholm

Business registration no. 12 51 64 79

The Annual General Meeting adopted the annual report on January 13, 2023

Chairman of the General Meeting: _____

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Company information

Chr. Hansen A/S
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Business registration no.: 12 51 64 79

Board of Directors: Lise Skaarup Mortensen, Chairman
Torsten Steenholt Christensen
Winnie H. Bügel
Alice Hjørdis Larsen
Asger Geppel, Employee representative

Executive Board: Winnie H. Bügel, CEO

Auditors: PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab

Management commentary

Chr. Hansen A/S is a company within the Chr. Hansen Group, and is 100% owned by Chr. Hansen Holding A/S.

The financial year 2021/22 has been a solid satisfying year for Chr. Hansen. A sustainable business model combined with an adaptable organization has secured Chr. Hansen yet another year with revenue growth in the most important business areas.

Business structure

Chr. Hansen A/S is organized into two business units. The business units Food Cultures & Enzymes and Health & Nutrition.

Through our new 2025 Strategy, we will cement our position as a global, differentiated bioscience company. We will continue focus on the things that we are uniquely good at – microbial science.

Food Cultures & Enzymes

Chr. Hansen is the market leader on the cultures and enzymes market. Our goal is to deliver innovative solutions of the highest quality on the culture and enzymes market. It is an important part of Chr. Hansen's strategy to continuously enable our customers to improve their business with new concepts which create value in dairy products and processes and at the same time optimize food safety.

Health & Nutrition

Besides the animal and feed industry, the division is developing new products for the food supplement industry and the pharmaceutical industry, first and foremost based on probiotic cultures. Chr. Hansen is one of the global leaders within the areas. The business area within microbiome has continued its development in the financial year 2021/22.

COVID-19 and volatile macroeconomic environment

At the beginning of the year, we faced several external risks such as the impact from continued COVID-19 related disruptions and increasing uncertainty around the macroeconomic environment with inflationary levels starting to climb up.

The volatile macroeconomic environment was further fueled by Russia's invasion of Ukraine. The combination of the macropolitical environment and the continued presence of COVID-19 has led to a highly volatile business environment with global supply chains continuously under severe pressure and inflationary levels not seen in decades. Mitigating these external factors has been a high priority in 2021/22.

We have, in close collaboration with our customers, managed the supply chain challenges and are gradually implementing adjustments of sales prices to reflect the new cost base.

Taking these conditions into consideration, we are pleased with the progress we have achieved in terms of our strategic priorities and climate ambitions, as well as the solid financial performance.

Creative and committed employees

As a knowledge-based company Chr. Hansen is very dependent on having committed and motivated employees, as well as skilled managers. Chr. Hansen therefore invests in the development of competences through ambitious development programs for employees and managers. Besides this competence-based platform, we are ready to further develop our activities within our existing business areas.

A sustainable business

In Chr. Hansen, we take our responsibility to do business in a sustainable way very seriously. We have constant focus on creating value while keeping our impact on the surrounding society to a minimum and securing a good working environment for all our employees.

A Sustainability Board ensures that sustainability is effectively anchored in the organization. The Sustainability Board ensures ownership, involvement and commitment from the entire business in defining, prioritizing and executing on sustainability objectives.

Enabling climate action

The world is facing widespread and intensifying climate change, which calls for climate action. Our continuous commitment to UN Global Compact underlines our climate ambition as a part of the United Nation's 10 principles on social and environmental aspects of sustainability.

This year we embarked on a focused decarbonization journey towards 2030 by launching two Science Based Targets that will form the basis of our strategy to reduce our carbon footprint. In Logistics, we are i.e. minimizing air freight by moving to more sea transport while exploring low-carbon fuels in dialogue with freight forwarders.

Furthermore Chr. Hansen focused on renewable electricity and the sites in Denmark are covered by renewable electricity. With the ambition of making the key packaging solutions recyclable at the customer end, Chr. Hansen supports a circular economy for packaging materials.

Statutory report on social responsibility pursuant to ÅRL 99a

The management commentary does not include a full review of corporate social responsibility. Instead we refer to the Chr. Hansen Group Annual Report for 2021/22, which constitutes Chr. Hansen Groups reporting on the progress towards FN's Global Compact and is in accordance with the Danish Financial Statements Act regarding corporate social responsibility. The report can be found on: [Annual Report FY22](#)

Statutory diversity report pursuant to ÅRL 99b

Chr. Hansen A/S complies with the group strategy for Diversity and Inclusion (D&I) with focus on gender, age and nationality. Chr. Hansen's definition of a diverse team is striving to have a diverse workforce which means a strong blend of educational background, work and life experience, socio economics, diversity of thought, nationality and gender.

The diversity within the Board of directors is three women and one man which are Danes with different educational background. Thereby, Chr. Hansen A/S has equal gender representation with three out of the four shareholder-elected members being women on the Board of Directors in accordance with the Danish Financial Statements Act section 99 (b). No foreign employees are in the Board of Directors.

Chr. Hansen A/S strives to create a work environment that provides employees with equal opportunities in terms of personal and professional development. In our recruitment processes, we continuously seek to ensure, through specific requirements to agencies, that we meet a diverse pool of candidates with different educational backgrounds, gender, nationalities etc. Internally, we see that the succession pipeline for top level positions is close to being gender balanced. This is a result of diversity and inclusion being high on the agenda during internal organizational review processes, promotions and organizational changes. Chr. Hansen A/S has maintained the share of female directors in 2021/22.

The full policy can be found here: [Policies and Charters](#)

Data ethics pursuant to ÅRL 99d

As a further development of the privacy compliance and data protection program at Chr. Hansen A/S, principles on data ethics have been enhanced in 2021. The data ethics principles are implemented in a position on privacy, data protection and data ethics and includes principles on lawfulness, fairness, transparency, data minimization, security, integrity and confidentiality.

The guiding principles set the ethical standard for how data is used at Chr. Hansen A/S and support the ethical decision-making when using data. Data Ethics thus supplements Chr. Hansen A/S's privacy compliance program. Policies, procedures and e-learning are regularly reviewed and updated, and supportive governance has been implemented.

Read our position on privacy, data protection and data ethics here: [Policies and Charters](#)

Building an inclusive culture for a diverse workforce

As a company driven by science and innovation, our future relies on our ability to generate ideas, create solutions, and approach problems in new ways. To achieve this, we need a workforce of employees with diverse socio-economic backgrounds, experiences and points of view. We strive to develop a diverse workforce and an engaged, innovative and open-minded culture, where each employee's unique differences are not only acknowledged and encouraged, but where they add value and make our organization stronger.

While we are proud of the diversity of our workforce today, we acknowledge that we still have more work to do, primarily in terms of improving our gender diversity and developing more varied skillsets among teams of employees. Recognizing that diversity challenges are unique to teams and locations, Chr. Hansen works on a range of parameters to help raise the bar, for example by focusing on unconscious bias and developing engaging and inspiring leaders.

We work with diversity broadly yet believe that gender is an important parameter to pay attention to. This year, the percentage of female managers was 41% compared to 48% of female employees and we will continue to work with this in order to meet the target of having equal ratio between female employees and female managers.

Diversity metrics are also included in the corporate leadership team's remuneration, reflecting the degree to which it represents a strategic objective.

Research and development

For Chr. Hansen A/S, innovation is an important contributor to business growth. More than 460 people, which exceeds 30% of the total number of employees, are working with research and development.

Chr. Hansen A/S generally patents all new products of commercial value. The patents protect our investments in research and development and increase the value of our business. In addition, we make sure that our product technology and application methods are protected by a wide patent portfolio.

Risk management

In Chr. Hansen A/S, we view risk management as an integrated part of managing the business. We strive to make sure that we do business in a prudent way where we assess and manage both financial and non-financial risks to protect our employees, assets and reputation. At least once a year, the Board of Directors reviews the risk exposure associated with the activities of Chr. Hansen A/S. Guidelines are adopted for areas of risk, and the development is monitored to secure that identified risks are accounted for, including strategic, operational and financial risks.

Risk

Risks relate to future events or developments that may have an influence on the company achieving its targets. Relevant risks are identified, monitored and reported to the Executive Board and the Board of Directors through an Enterprise Risk Management process following an annual cycle. Furthermore, the identified risks are presented to and discussed by Management on a quarterly basis. The purpose of this process is to identify risks as early as possible and enable Management to proactively adapt business processes and controls to meet, manage or mitigate these risks.

Identified risks are evaluated based on their possible safety, business or financial impact and the likelihood of the risk materializing. Clear roles and responsibilities are assigned for major risks, and mitigation initiatives are identified, prioritized and launched. The most significant risks identified and reported to the Board of Directors are described below, including measures taken to mitigate these.

Chr. Hansen A/S continues to work on identifying and evaluating relevant risks, and the list does not include all risks that could ultimately affect the Company.

Production risk

Chr. Hansen A/S has two main production sites in Denmark; these sites together with the group's sites in Germany, France and US represent the core of Chr. Hansen's business, and each site carefully monitors product safety and delivery performance to manage all potential risks. This consolidation of production allows capacity to be optimized in order to reduce production costs. To minimize the risk of production breakdowns or failures, Chr. Hansen has implemented a risk prevention program where regular audits are conducted, which ensures preventive maintenance and replacements. The company also maintains idle capacity for key processes. As production processes are optimized and automated, dependence on robust IT systems and infrastructure increases. Chr. Hansen continues to reduce complexity in IT systems and conduct regular restore tests.

With this concentrated production setup, there is a risk of a production breakdown interrupting the company's operations and leading to a loss of income in both the short term and the longer term due to long lead times on the replacement of key equipment. The causes might be contamination of production equipment, key equipment breakdown, fire, terrorism and natural disasters.

The risk and effect of a production breakdown are mitigated through maintenance, insurance, fire safety measures, behavior-based training, continuous improvements to operational processes and business continuity plans including alternative production possibilities.

Product safety

The majority of Chr. Hansen's products are sold to the food & beverage, human health, animal health and plant protection industries. Most products are components in customers' end products that are consumed as food, beverages or dietary supplements.

To ensure the highest product safety, Chr. Hansen has an extensive quality assurance and food safety program covering the entire value chain, from the sourcing of raw materials until the finished products are delivered to customers. The risk assessment performed in the food safety program includes an evaluation of the use of our products in customers' end products. Chr. Hansen's food safety program is certified according to internationally recognized food safety standards. The Danish production sites are FSSC 22000 certified.

Health, safety & security

Chr. Hansen is committed to continuously improving both the physical and psychological working environment for its employees. The company has implemented several initiatives to underline the importance of a safe working environment. Monitoring and follow-up of incidents have been strengthened from departmental level to the Executive Board. There is also focus on behavior in relation to IT security due to the increased risk of cybercrime.

Financial risk

As an international business, Chr. Hansen A/S is exposed to a number of financial risks relating to currency and interest rate fluctuations, funding, liquidity, credit and counterparty risks.

Legal risk

Chr. Hansen A/S is from time to time a party to legal proceedings arising in the ordinary course of business. The legal department is focused on analyzing possible risks in a timely manner and mitigating them in an appropriate way using both internal and, if necessary, external capabilities. Despite the focus from Chr. Hansen on these matters, the outcome of legal proceedings cannot be predicted with certainty.

Results

Chr. Hansen A/S achieved revenue in 2021/22 of DKK 5,903 million, equal to an increase in revenue of 10%. The net revenue increase is caused by a mix of the development in exchange rates and actual sales.

In total, DKK 717 million, equal to a share of 12% of total revenue, was spent on research and development expenditure. DKK 101 million was capitalized in 2021/22 (DKK 77 million in 2020/21). Thereby, capitalized research and development spending has decreased by DKK 70 million compared with the previous financial year.

Chr. Hansen A/S's results before tax present a profit of DKK 1,450 million, against DKK 1,001 million in the previous financial year. The result after tax amounts to DKK 1,211 million in financial year 2021/22, compared to DKK 813 million in 2020/21.

We report a result for the financial year 2021/22 that is consistent with our expectations for the year.

The number of employees amounts to 1,582 at the end of the financial year, compared to 1,551 for 2020/21.

Investments

The investment activities amounted to DKK 648 million in 2021/22, compared to DKK 921 million in 2020/21, where Kalundborg site was acquired.

Capital structure

On August 31, 2022 equity amounts to DKK 7.350 million, equal to an equity ratio of 63%. A dividend of DKK 1,000 million has been paid out to the parent company.

Outlook

Revenue is expected to increase in the financial year 2022/23, however the net result is expected to be at the same level as in 2021/22 due to an ever-changing world, characterized by soaring raw material prices and inflation, and where global food supply chains are under pressure. Cash flows are expected to stay at the same level as in 2021/22.

Events after the balance sheet date

December 12, 2022 Chr. Hansen Holding A/S, the parent company for Chr. Hansen A/S, has announced a merger of Chr. Hansen Holding A/S and Novozymes. The combination is expected to unleash the full potential of biological solutions and generate significant value for all stakeholders and society at large. Final completion of the proposed merger is not expected before end of calendar year 2023/beginning of calendar year 2024 subject to shareholder approval, as well as customary merger control and other regulatory approval from relevant authorities.

Other than this, no events have occurred after the balance sheet date until today's date, which could influence the evaluation of this annual report.

Statement by Management on the annual report

5 years' key figures and ratios for Chr. Hansen A/S

	2021/22	2020/21	2019/20	2018/19	2017/18
Key figures DKK'000					
Income statement					
Revenue	5.902.769	5.411.421	5.351.199	5.219.517	5.254.185
Gross profit	3.628.690	3.272.590	3.332.977	3.278.005	2.911.524
Operating profit	1.400.124	1.024.291	1.759.407	1.857.543	1.741.093
Net financials	432	(34.226)	(162.913)	(3.504)	(30.526)
Profit before tax	1.450.021	1.001.076	1.525.675	1.860.416	1.710.567
Net profit	1.210.766	812.722	1.153.070	1.462.142	1.333.943
Balance sheet					
Inventory	606.779	478.889	493.627	488.972	449.387
Trade receivables	143.146	215.714	135.058	170.607	119.320
Equity	7.350.185	7.145.746	6.583.771	3.757.039	3.294.896
Total assets	11.715.335	11.690.276	12.705.487	6.981.798	6.286.998
Investments in intangible and tangible assets	648.337	920.525	4.988.404	1.116.508	548.641
Ratios %					
Gross margin (Gross profit * 100 / revenue)	61	60	62	63	55
Operating margin (Operating profit * 100 / revenue)	24	19	33	36	33
Return on invested capital (Operating profit * 100 / total assets end of year)	12	9	14	27	28
Return on equity (Net profit * 100 / equity end of year)	16	11	18	39	40
Equity ratio (Equity * 100 / total assets)	63	61	52	54	52
Growth					
Revenue	5.902.769	5.411.421	5.351.199	5.219.517	5.254.185
Growth in %	9%	1%	3%	-1%	-5%

IFRS16 Leases was implemented using the modified retrospective approach, and comparative figures for 2017/18 - 2018/19 have not been restated.

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and adopted the annual report of Chr. Hansen A/S for the financial year September 1, 2021 – August 31, 2022.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at August 31, 2022 and of the results of its operations for the financial year September 1, 2021 – August 31, 2022.

We believe that the management commentary contains a fair review of the affairs and a condition referred to therein and describes the company's most significant risks and uncertainties.

We recommend adoption of the annual report at the Annual General Meeting.

Hørsholm, January 13, 2023

Executive Board

Winnie H. Bügel
CEO

Board of Directors

Lise Skaarup Mortensen
Chairman

Torsten Steenholt Christensen

Winnie H. Bügel

Alice Hjørdis Larsen

Asger Geppel
Employee representative

Independent Auditor's Report

To the Shareholder of Chr. Hansen A/S.

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at August 31, 2022, and of the results of the Company's operations for the financial year September 1, 2021 - August 31, 2022 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Chr. Hansen A/S for the financial year September 1, 2021 - August 31, 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control

as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, January 13, 2023

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Allan Knudsen
State Authorised Public Accountant
mne29465

Elife Savas
State Authorised Public Accountant
mne34453

Income statement, September 1 - August 31

Amounts in DKK '000	Notes	2021/22 DKK	2020/21 DKK
Revenue	2	5.902.769	5.411.421
Production costs	3	(2.274.079)	(2.138.831)
Gross profit		3.628.690	3.272.590
Research and development costs	3	(717.204)	(664.951)
Sales and marketing expenses	3	(967.706)	(933.317)
Administrative expenses	3	(552.696)	(663.635)
Other operating income	3	30.268	30.735
Other operating expenses	3	(21.228)	(17.131)
Operating profit (EBIT)		1.400.124	1.024.291
Dividends received		49.465	11.012
Financial income	4	257.498	130.099
Financial expenses	4	(257.066)	(164.326)
Profit before tax		1.450.021	1.001.076
Income taxes	5	(239.255)	(188.354)
Net profit for the year		1.210.766	812.722
Distribution of result	6		

Balance sheet at August 31, 2022

Assets

Amounts in DKK '000

	Notes	2022 DKK	2021 DKK
Non-current assets			
Intangible assets	7		
Goodwill		3.287.778	3.885.836
Patents, trademarks, intellectual property, etc		1.011.336	935.670
Development projects		285.781	235.392
Software		117.234	117.950
Intangible assets in progress		415.264	432.530
Total intangible assets		5.117.393	5.607.378
Tangible assets	8		
Land and buildings		1.366.609	1.414.653
Plant and machinery		840.424	825.419
Other fixtures and equipment		199.235	200.034
Assets under construction		1.645.420	1.332.451
Total tangible assets		4.051.688	3.772.557
Financial assets			
Investments in Group companies	9	431.202	436.902
Investments in Joint ventures	10	150.899	150.899
Receivables from Joint ventures		192.249	95.616
Total financial assets		774.350	683.417
Total non-current assets		9.943.431	10.063.352
Current assets			
Inventories			
Raw materials and consumables		104.818	68.011
Work in progress		224.032	184.649
Finished goods and goods for resale		277.930	226.229
Total inventories		606.779	478.889
Receivables			
Trade receivables		143.146	215.714
Tax receivables		-	27.363
Receivables from Group companies		896.904	780.728
Other receivables		54.480	61.983
Prepayments		52.642	60.223
Total receivables		1.147.172	1.146.011
Cash at bank and in hand		17.953	2.024
Total current assets		1.771.904	1.626.924
Total assets		11.715.335	11.690.276

Balance sheet at August 31, 2022

Equity and liabilities

Amounts in DKK '000

	Notes	2022 DKK	2021 DKK
Equity			
Share capital		194.101	194.101
Retained earnings		5.872.284	5.739.254
Reserve for development projects		283.800	212.391
Proposed dividend		1.000.000	1.000.000
Total equity		7.350.185	7.145.746
Provisions			
Deferred tax	11	1.070.201	1.013.293
Other provisions		6.828	900
Total provisions		1.077.029	1.014.193
Non-current liabilities			
Lease liabilities		525.123	536.605
Mortgage debt		506.230	509.282
Tax payables		241.469	85.330
Total non-current liabilities	12	1.272.822	1.131.217
Current liabilities			
Lease liabilities		43.788	52.210
Mortgage debt		2.839	45.887
Credit institutions		38.584	15.068
Trade payables		552.493	510.301
Loans from Group companies		1.118.246	1.385.332
Tax payables		37.540	-
Other payables		221.809	390.324
Total current liabilities		2.015.299	2.399.122
Total liabilities		3.288.121	3.530.337
Total equity and liabilities		11.715.335	11.690.276
Accounting policies	1		
Related parties	13		
Accounting relations	14		
Contingent liabilities	15		
Events after the balance sheet date	16		

Statement of changes in Equity

Amounts in DKK '000

Equity

	Share capital	Reserve for development projects	Retained earnings	Proposed dividend	Total equity
Equity at September 1, 2021	194.101	212.391	5.739.254	1.000.000	7.145.746
Dividend distribution	-	-	-	(1.000.000)	(1.000.000)
Dividend proposed	-	-	(1.000.000)	1.000.000	-
Other equity movement	-	-	(6.327)	-	(6.327)
Reserve for development projects	-	71.409	(71.409)	-	-
Net profit for the year	-	-	1.210.766	-	1.210.766
Equity at August 31, 2022	194.101	283.800	5.872.284	1.000.000	7.350.185

The share capital consist of shares of DKK 100 each or multiple thereof.
There has been no changes to the share capital during the last 5 years.

	Share capital	Reserve for development projects	Retained earnings	Proposed dividend	Total equity
Equity at September 1, 2020	194.101	190.077	5.199.593	1.000.000	6.583.771
Dividend distribution	-	-	-	(1.000.000)	(1.000.000)
Dividend proposed	-	-	(1.000.000)	1.000.000	-
Capital injection	-	-	749.253	-	749.253
Reserve for development projects	-	22.314	(22.314)	-	-
Net profit for the year	-	-	812.722	-	812.722
Equity at August 31, 2021	194.101	212.391	5.739.254	1.000.000	7.145.746

The share capital consists of shares of DKK 100 each or multiple thereof.
There has been no changes to the share capital during the last 5 years.

Notes

1 Accounting policies

Reporting class

The annual report of Chr. Hansen A/S for the financial year has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

In accordance with section 112(1) of the Danish Financial Statements Act, Chr. Hansen A/S has not prepared any consolidated financial statements. Chr. Hansen A/S is included in the consolidated financial statements of Chr. Hansen Holding A/S, business registration no. 28 31 86 77.

In accordance with section 86(4) of the Danish Financial Statements Act, Chr. Hansen A/S has not prepared a cash flow statement. With reference to section 98c(3) of the Danish Financial Statements Act, separate information on transactions with associated companies has been omitted. And with reference to section 98c(7) of the Danish Financial Statements Act, separate information on transactions with joint ventures has been omitted. Similarly, with reference to section 99a(7) of the Danish Financial Statements Act, no statement on corporate social responsibility has been prepared.

With reference to section 96(3) the fee to the statutory auditors appointed at the general meeting has not been presented.

The annual report for the financial year 2021/22 is presented in DKK 1,000.

The accounting policies are unchanged from last year.

With effect for the financial year 2019/20, Chr. Hansen A/S has chosen to apply the options of the Danish Financial Statements Act of applying IFRS 15, Revenue from contracts with customers, and IFRS 16, Leases, within the framework.

Recognition and measurement

Income is recognized in the income statement when earned. This includes value adjustments of financial assets and liabilities which are measured at fair value or amortized cost. All costs are recognized which have been incurred in order to achieve the results for the year, including amortization, depreciation, provisions and reversals that result from changes in accounting estimates previously recognized in the income statement.

Assets are recognized in the balance sheet when it is probable as a result of prior events that future economic benefit will flow to the company, and the value of the asset can be measured reliably.

Liabilities are recognized in the balance sheet when the company has a legal or constructive obligation as a result of prior events, and it is probable that future economic benefits will flow out of the company, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Certain financial assets and liabilities are measured at amortized cost, thereby a constant effective discount rate is applied over the lifetime of the asset/liability. Amortized cost is measured as the initial cost less repayments and with addition/deduction of the accumulated amortization of the difference between cost and the normal value. Thereby, capital gains or losses are allocated out over the entire lifetime of the asset/liability.

Accounting policies

Predictable risks or losses arising before the time of presentation of the annual report and which confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange rate differences that arise between the rate at the transaction date and the rate in effect at the payment date or the rate of the balance sheet date are recognized in the income statement as financial income or financial expenses; however, see the section on accounting-based hedging.

Changes in the fair value of derivative financial instruments that are classified as the comply with the requirements for hedging of the fair value of a recognized asset or a recognized liability are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability for that part of the asset or liability that has been hedged.

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognized currently in the income statement as financial income or financial expenses.

Income statement

The income statement is classified by function.

Revenue

Chr. Hansen A/S produces a wide range of cultures and enzymes. Revenue of sales of goods and related services and royalties and is recognized at an amount that reflects the consideration to which Chr. Hansen A/S expects to be entitled.

Revenue from a straightforward sale of goods to customers is recognized when control of the goods is transferred to the customer, i.e. when the goods are delivered to the end-customer.

The performance obligations in the contracts are to deliver produced cultures and enzymes to the customers, and each batch delivered is considered a separate performance obligation, as each batch is distinct.

Products are often sold with a discount. Such an agreement can be set up in various ways, but common to all discounts agreements is that revenue is recognized based on the price specified in the contract, net of the estimated discount. Discounts are estimated based on historical data as well as forecasts. Estimated discounts are reassessed at the end of each reporting period.

A relatively small part of revenue originates from commission agreements where agents undertake sales to third parties in return for commission on realized sales. Revenue from such agreements is recognized, when the goods are delivered, as the nature of the performance obligation is to provide the specified goods.

A trade receivable is recognized when the customer obtains control of the goods and an invoice is issued, as this is the point in time when the consideration is unconditional and only the passage of time is required before the payment is due.

Accounting policies

The obligation to provide a refund for products that are not of the agreed quality or according to agreed specifications under standard warranty terms is recognized as a provision.

Production costs

Production costs cover the cost of goods sold. The cost includes the acquisition price for raw materials, consumables, trading goods, direct labor costs and a portion of indirect production costs comprising costs related to the operation and depreciation of production facilities, as well as operation, administration and management of production plant. Furthermore, cost and depreciation related to the net realized value of defective goods and goods with a long turnover rate.

Research and development costs

Research and development costs include labor cost, amortization and other costs directly or indirectly associated with the company's research and development activities.

Development projects related to new products and processes that are clearly defined and identifiable, while having a high degree of technical utilization, sufficient resources and where a potential future market or development potential within the company can be proved, and where it is the intention to manufacture, market and utilize the project, are recognized as intangible assets if there is sufficient certainty that the capital value of future earnings will cover the production costs, sales and administrative expenses, as well as the development costs.

Development projects that do not comply with the requirements for recognition in the balance sheet are recognized in the income statement as costs are incurred.

Sales and marketing expenses

Sales and marketing expenses include expenses for salaries to sales personnel, advertising and exhibition expenses, depreciations, etc.

Administrative expenses

Administrative expenses include expenses for administrative personnel, IT and management, including office expenses, salaries, depreciation, etc.

Share-based payment

The stock options that the parent company has issued as part of an incentive program are measured at fair value on the granting date. The program is treated as a cash scheme in Chr. Hansen A/S. The value of the granted stock options is subsequently recognized in the income statement of Chr. Hansen A/S over the period in which the employees of Chr. Hansen A/S achieve the right to redeem the stock options.

Other operating income and expenses

Other operating income and expenses include income and expenses of a secondary nature in relation to the company's main activities, comprising income from administrative or service agreements. Other operating income also includes net gains from the sale of activities.

Dividends from group companies

Dividends from group companies are recognized in the income statement when the investors' right to receive dividend has been approved. Potential write-downs of shares are deducted.

Financial income and expenses

Financial income and expenses include interest income and expenses, amortization income and expenses, and value adjustments of financial assets and transactions in foreign currencies.

Accounting policies

Income taxes

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognized in the income statement by the portion attributable to the profit for the year and recognized directly in equity by the portion attributable to entries directly in equity.

The company is jointly taxed with the parent company Chr. Hansen Holding A/S and former group company Chr. Hansen Natural Colors A/S until March 31, 2021. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Intangible assets

Intangible assets are measured at cost with deduction of accumulated amortization and impairments.

Goodwill is amortized over its estimated useful life determined on the basis of management's experience within the individual business areas. The amortization period is set for 10-15 years, due to the acquired company's strategic position in a strong market and long-term earnings profile.

Goodwill is written down to the recoverable amount if this is lower than the carrying value.

Intellectual property rights acquired are measured at cost less accumulated amortization. Patents are amortized over their remaining duration, and licenses are amortized over the term of the agreement, but over not more than 20 years. Intellectual property rights etc. are written down to the lower of the recoverable amount and the carrying amount.

Development projects on clearly defined and identifiable products and processes for which the technical rate of utilization, adequate resources and a potential future market or development opportunity in the company can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognized as intangible assets. Other development costs are recognized as costs in the income statement as incurred. The cost of development projects comprises costs such as salaries and amortization that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirect attributable staff expenses and amortization of intangible assets and depreciation on property, plant and equipment used in the development process are recognized in cost based on time spent on each project.

Completed development projects are amortized on a straight-line basis using the estimated useful lives of the assets. The amortization period for development projects is up to 15 years, defined on the basis of individual assessment of the product life expectancy. Development projects are written down to the lower of recoverable amount and carrying amount.

Capitalized development costs are measured at cost less accumulated amortization and impairment losses or recoverable amount, whichever is lower. An amount corresponding to the recognized development costs is reserved in the item "Reserve for development costs" under equity. The reserve includes only development costs that are recognized in financial years beginning on or after 1 January 2016. The reserve is continuously reduced with depreciation and write-downs on the development projects.

Accounting policies

Finished development projects are reviewed at the time of completion and on an annual basis to determine whether there is any indication of impairment. If so, an impairment test is carried out for the individual development projects. For development projects in progress, however, an annual impairment test is always performed. The impairment test is performed based on various factors, including future use of the project, the fair value of the estimated future earnings or savings, interest rates and risks. For development projects in progress, Management estimates on an ongoing basis whether each project is likely to generate future economic benefits for the Group in order to qualify for recognition. The development projects are evaluated based on technical as well as commercial criteria.

Expenses for project work, comprising direct labor costs and a share of indirect costs, are included in the cost of software. The amortization period for software is up to 10 years, defined based on individual assessment of the software life expectancy.

Gains or losses associated with disposal of intangible assets are recognized in the income statement. Borrowing costs in respect to construction of assets are capitalized when it takes more than a year for them to be ready for use.

Tangible assets

Tangible assets are measured at cost with deduction of accumulated depreciation and impairment losses. Tangible assets under construction are measured at acquisition value and cost respectively. Cost comprises expenses for materials, direct labor costs and a share of indirect costs.

The basis of depreciation of tangible assets is cost less estimated residual value after the end of the useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	25-50 years
Plant and machinery	5-20 years
Other fixtures and equipment	3-10 years

Assets with a short useful life or with a value below DKK 50K are expensed in the year of acquisition.

The book values of intangible and tangible assets are reviewed yearly to determine if there are any indications of value reductions other than that expressed by depreciation. An impairment test is performed if this is the case in order to assess whether the recoverable value is lower than the book value, and the value is written down to the recoverable value.

Leases

Lease assets are "right-of-use-assets", which is a contract or part of a contract that conveys the lessee's right to use an asset for a period. The lease asset is initially measured at the present value of future fixed lease payments plus upfront payments and/or other initial direct costs incurred, less any lease incentives received. If, at the inception of the lease, it is reasonably certain that an extension or purchase option will be exercised, future lease payments will be included.

The lease liability is measured used the Company's average incremental borrowing rate.

Lease assets are classified alongside owned assets of similar type under property, plant and equipment. The lease assets are depreciated using the straight-line method over the lease term. Lease assets are tested for impairment in case of indication hereof.

Accounting policies

Short-term leases and leases of low value are recognized as expenses in the income statement on a straight-line basis over the lease term. The Company's portfolio of leases covers land, buildings, cars and equipment.

Investments in Group companies

Investments in group companies are measured at cost. The investments are written down to the recoverable amount if this is lower than the carrying value.

Investments in Joint ventures

Investments in Joint ventures are measured at cost. The investments are written down to the recoverable amount if this is lower than the carrying value.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realizable value.

Comprised in the cost are raw materials, consumables, direct labor costs and a share of indirect production costs, including expenses for operation and depreciation of production facilities, as well as operation, administration and management of production plant.

Obsolete and defective inventories are written down to net realizable value.

Receivables

Receivables are measured at amortized cost, usually equaling nominal value less provisions for bad and doubtful debts. The provisions are based on a specific assessment of the individual receivable.

Prepayments

Prepayments, recognized as assets, comprises among other things, insurance payments, subscriptions and licenses. Prepayments is measured at amortized cost.

Other provisions

Other provisions are recognized in the balance sheet when it is probable, as a result of prior events that a contractual or actual liability has arisen which will probably draw on the economic resources of the company. Other provisions are measured at net realizable value.

Financial liabilities

Fixed-rate loans, comprising mortgage loans and bank loans, are measured at cost which corresponds to the proceeds received less transaction costs incurred. In subsequent periods, the loan is measured at amortized cost. This means that the difference between the proceeds at the time of the borrowing and the nominal repayable amount of the loan is recognized in the income statement as financial expenses over the term of the loan.

Fixed-rate loans, comprising mortgage loans and bank loans, are measured at cost which corresponds to the proceeds received less transaction costs incurred. In subsequent periods, the loan is measured at amortized cost. This means that the difference between the proceeds at the time of the borrowing and the nominal repayable amount of the loan is recognized in the income statement as financial expenses over the term of the loan.

Other liabilities are measured at amortized cost, which usually corresponds to nominal value.

Accounting policies

Deferred tax

Deferred tax is recognized on all temporary differences between the carrying amount and the tax base of assets and liabilities. Deferred tax is measured based on current tax legislation and rates applying at the balance date. Where the measurement of the tax base can be conducted in accordance with alternative tax legislation, deferred tax is measured based on the planned life of the asset or liability.

Deferred tax assets, including the tax base of losses that may be carried forward, are measured at the value at which the asset is expected to be realized, either by settlement as tax or deducted in deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal tax entity.

Financial highlights

Key figures and financial ratios are calculated according to the recommendations from 2015 of "Den Danske Finansanalytikerforening".

$$\text{Gross margin} = \frac{\text{Gross profit} \times 100}{\text{Revenue}}$$

$$\text{Operating margin} = \frac{\text{Operating profit} \times 100}{\text{Revenue}}$$

$$\text{Return on invested capital} = \frac{\text{Operating profit} \times 100}{\text{Total assets}}$$

$$\text{Equity ratio} = \frac{\text{Equity end of year} \times 100}{\text{Total assets}}$$

$$\text{Return on equity} = \frac{\text{Net profit} \times 100}{\text{Equity end of year}}$$

Notes

Amounts in DKK '000

	2021/22	2020/21
	DKK	DKK
2 Revenue		
Revenue by geographical allocation		
Denmark	71.191	61.092
Europe (excl. Denmark)	2.624.159	2.434.795
North America	1.411.895	1.238.737
Other markets	1.795.524	1.676.797
	5.902.769	5.411.421

The geographical segmentation is based on customer location.

3 Production, research and development costs, sales, marketing and administrative expenses as well as other operating income and other operating expenses.

Staff expenses

Production, research and development costs, sales and marketing, administrative expenses and other operating income and expenses include wages and salaries etc, which are distributed as follows:

Wages and salaries etc	1.024.106	975.869
Transferred capitalization	(159.048)	(175.058)
Pensions	100.111	94.490
Expenses for social security	14.288	12.772
Other employee expenses	22.758	15.701
	1.002.217	923.773
Fees to the Management*	5.489	5.107
Total staff expenses	1.007.706	928.880
Average number of full-time employees	1.567	1.528
Number of employees at year end	1.582	1.551

* Salary to members of the executive board is presented as the full salary paid by Chr. Hansen Holding A/S related to the executive board members employment in Chr. Hansen Holding A/S and Chr. Hansen A/S.

Incentive program

The short-term restricted stock unit (RSU) programs are granted to members of the Executive Board and other key employees based on the fulfillment of individual key performance indicators. The RSUs are granted as shares and vest up to a three-year period subject to the person still being employed with Chr. Hansen A/S.

Long-term matching share programs are granted to members of the Executive Board and certain key employees. Under the program, the participants are required to acquire a number of existing shares in Chr. Hansen Holding A/S and retain ownership of such shares for a predefined holding period of three years. Upon expiration of the holding period and subject to the fulfillment of certain predefined performance targets and continued employment at the vesting date, the participants will be entitled to receive up to 7.5 additional shares in Chr. Hansen Holding A/S (matching shares) per investment share for no consideration.

Notes

Amounts in DKK '000

2021/22
DKK

2020/21
DKK

3 Production, research and development costs, sales, marketing and administrative expenses as well as other operating income and other operating expenses, continued

Other operating income and expenses

Other operating income and expenses primarily consist of management fee to the parent company and income from sale of TSA services related to the divestment of Chr. Hansen's color division.

Depreciation, amortization and impairment/writedowns

Depreciation, amortization and impairments/writedowns are included in production expenses, research and development costs, sales, marketing and administrative expenses and are distributed as follows:

Production costs	161.947	164.845
Research and development costs	125.235 *	98.327
Sales and marketing expenses	531.335	531.950
Administrative expenses	36.501	37.352
	855.018	832.474

* The impairment of development projects amounting to TDKK 18.685 is included in the amount. See note 7 for further information

Notes

Amounts in DKK '000

	<u>2021/22</u> DKK	<u>2020/21</u> DKK
4 Financial income and expenses		
Interest income and other financial income:		
Interest income from Group companies	3.435	961
Interest income and other financial gains	254.063	129.138
Total financial income	<u>257.498</u>	<u>130.099</u>
Interest expenses and other financial expenses:		
Interest expenses to Group companies	1.692	4.789
Interest expenses and other financial losses	255.374	159.537
Total financial expenses	<u>257.066</u>	<u>164.326</u>
5 Income taxes		
Income taxes are distributed as follows:		
Current tax on operating profit	235.236	85.330
Change in deferred tax concerning operating profit	44.286	118.875
Other taxes	120	104
Changes in deferred tax previous years	12.622	(23.097)
Changes in income tax previous years	(53.009)	7.142
Total income taxes	<u>239.255</u>	<u>188.354</u>

The company is jointly taxed with the other Danish companies in the Group, Chr. Holding A/S, and the companies are jointly liable for the joint taxes.

6 Distribution of result

Proposed dividend for the year	1.000.000	1.000.000
Reserve for development projects	71.409	22.315
Net profit for the year	<u>139.357</u>	<u>(209.593)</u>
	<u>1.210.766</u>	<u>812.722</u>

Notes

Amounts in DKK '000

7 Intangible assets

	Patents, trade- marks, intell- ectual property	Development projects	Software	Intangible assets in progress	Goodwill	Total intangi- ble assets
Cost at September 1, 2021	1.280.543	599.699	423.443	432.530	4.695.112	7.431.327
Transferred	209.510	113.453	44.389	(158.063)	(212.694)	(3.405)
Additions for the year	31	6.302	2.799	140.797	-	149.929
Disposals for the year	(373)	(20.870)	(38.947)	-	-	(60.190)
Cost at August 31, 2022	<u>1.489.711</u>	<u>698.584</u>	<u>431.684</u>	<u>415.264</u>	<u>4.482.418</u>	<u>7.517.661</u>
Amortization and impairment losses at September 1, 2021	344.873	364.306	305.492	-	809.277	1.823.948
Amortization and impairment for the year	133.875	53.809	44.778	-	385.363	617.825
Amortization disposals for the year	(373)	(5.312)	(35.820)	-	-	(41.505)
Amortization and impairment losses at August 31, 2022	<u>478.375</u>	<u>412.803</u>	<u>314.450</u>	<u>-</u>	<u>1.194.640</u>	<u>2.400.268</u>
Carrying amount at August 31, 2022	<u>1.011.336</u>	<u>285.781</u>	<u>117.234</u>	<u>415.264</u>	<u>3.287.778</u>	<u>5.117.393</u>
Interest included in the above assets	-	-	-	297	-	<u>297</u>

Development projects relates to design, construction and testing of existing production within new strains for cultures and enzymes, and health & nutrition. The projects are being carried out based on demand from existing customers, and varies in time for finalization. The projects are performed based on the resources, management has allocated hereto. It is expected that the products have a technical and commercial likelihood at the present marked and to existing customers.

8 Tangible assets

	Land and buildings	Plant and machinery	Other fixtures and equipment	Assets under construction	Total tangible assets
Cost at September 1, 2021	1.780.168	1.865.165	412.829	1.332.451	5.390.613
Transferred	979	113.759	30.399	(144.915)	222
Additions for the year	13.292	6.131	21.101	457.884	498.408
Disposals for the year	(1.552)	(6.442)	(12.873)	-	(20.867)
Cost at August 31, 2022	<u>1.792.887</u>	<u>1.978.613</u>	<u>451.456</u>	<u>1.645.420</u>	<u>5.868.376</u>
Depreciation and impairment losses at September 1, 2021	365.515	1.039.746	212.795	-	1.618.056
Depreciation and impairment losses for the year	62.237	104.374	51.516	-	218.127
Depreciation of disposals for the year	(1.474)	(5.931)	(12.090)	-	(19.495)
Depreciation and impairment losses at August 31, 2022	<u>426.278</u>	<u>1.138.189</u>	<u>252.221</u>	<u>-</u>	<u>1.816.688</u>
Carrying amount at August 31, 2022	<u>1.366.609</u>	<u>840.424</u>	<u>199.235</u>	<u>1.645.420</u>	<u>4.051.688</u>
Hereof Leased assets	<u>540.663</u>	<u>194</u>	<u>8.223</u>	<u>-</u>	<u>549.080</u>
Interest included the above assets	-	-	-	1.362	<u>1.362</u>

The carrying amount of building and machinery, TDKK 1.630.078 have been pledged as security for mortgage loans of TDKK 509.069.

Certain complex construction projects entail significant judgement as to which costs are eligible for capitalization. Based on current information, Management has assessed which costs are eligible for capitalization. This is considered a judgment, as new information may change Management's assessment and could have a significant impact on the capitalized costs.

Notes

Amounts in DKK '000

2021/22
DKK

2020/21
DKK

9 Investments in Group companies

Cost at September 1, 2021	436.902	436.902
Additions for the year	-	-
Write-downs	-	-
Disposals for the year	(5.700)	-
Cost at August 31, 2022	431.202	436.902

Group companies	Capital share	Country	Currency	Nominal capital	Equity	Net profit for the year
Chr. Hansen France SA	100%	France	EUR	11.100	60.647	3.465
Chr. Hansen India Pvt. Ltd.	100%	India	INR	24.992	387.122	59.294
Peyma Chr. Hansen Turkey	50%	Turkey	TRY	988	93.495	8.763
Chr Hansen Romania	100%	Romania	RON	4	1.995	2.035
Halley	99%	Germany	EUR	25	249.991	5.514
Chr. Hansen Malaysia SDN. BHD.	50%	Malaysia	MYR	1.000	49.269	5.410
Chr. Hansen Colombia	46%	Colombia	COP	3.887	4.068	-499
Chr Hansen Middle East and Africa	80%	United Arab Emirates	AED	500	36.779	4.634

10 Investments in Joint Ventures

Cost at September 1, 2021	150.899	94.557
Additions for the year		56.342
Disposals for the year	-	-
Cost at August 31, 2022	150.899	150.899

Joint Ventures	Capital share	Country	Currency	Nominal capital	Equity	Net loss for the year
BacThera AG	50%	Switzerland	CHF	11.000	-13.339	-15.625

Notes

Amounts in DKK '000

	2022	2021
	DKK	DKK
	<hr/>	<hr/>
11 Deferred tax		
Deferred tax in the balance sheet relates to:		
Intangible and tangible assets	845.881	853.283
Current assets	41.763	40.483
Other assets, deferred commitments and liabilities	182.557	175.607
Carry-forward tax loss	-	(56.080)
Carrying amount at August 31, 2021	<hr/> 1.070.201 <hr/>	<hr/> 1.013.293 <hr/>
Deferred tax has been recognized at 22%.		
12 Non-current liabilities		
Due after 5 years		
Lease liabilities	396.337	405.397
Mortgage debt	408.559	433.100
	<hr/> 804.896 <hr/>	<hr/> 838.497 <hr/>
Due within 1 - 5 years		
Lease liabilities	128.786	131.208
Mortgage debt	97.671	76.182
Tax payables	241.469	85.330
	<hr/> 467.926 <hr/>	<hr/> 292.720 <hr/>
Long-term loans	<hr/> 1.272.822 <hr/>	<hr/> 1.131.217 <hr/>

The average interest rate on mortgage loans is 0,57% p.a. (0,4% p.a. in 2021).

Notes

13 Related parties

Related parties are defined as parties with control or significant influence over Chr. Hansen A/S and all transactions are made on market terms:

Chr. Hansen Holding A/S
Bøge Allé 10 - 12
DK-2970 Hørsholm

Chr. Hansen Holding A/S is holding 100% of the votes in the company.

14 Accounting relations

The annual report of Chr. Hansen A/S is included in the consolidated financial statements of Chr. Hansen Holding A/S, Hørsholm, which is the immediate and ultimate parent company.

The consolidated financial statements can be obtained by request to Chr. Hansen Holding A/S Bøge Allé 10 -12 DK-2970 Hørsholm.

15 Contingent liabilities

In 2018/19, Chr. Hansen A/S entered into lease agreements related to the renovation of the headquarter in Hørsholm. The project is expected to be finalized in 2023. The contract amounting to DKK 577 million (undiscounted) are not commenced, and consequently not accounted for in the lease liabilities.

Chr. Hansen A/S is jointly taxed with other danish companies in the Chr. Hansen Group. Chr. Hansen A/S is jointly and unlimited liable for the Danish income taxes together with the other jointly taxed companies, and for withholding taxes on dividends, interest and royalties related to the jointly taxed companies. Chr. Hansen A/S is part of a VAT group with other companies in the Chr. Hansen Group. Chr. Hansen A/S is jointly and severally liable together with the other companies in the VAT group for any Danish VAT.

Chr. Hansen A/S has provided security for associated companies in the Chr. Hansen Group. The security is limited to USD 5 million.

The carrying amount of building and machinery, TDKK 1.630.078 have been pledged as security for mortgage loans of TDKK 509.069.

Certain claims have been made against the Chr. Hansen A/S. Management believes the outcome of these disputes will not have a significant impact on the financial position.

16 Events after the balance sheet date

December 12, 2022 Chr. Hansen Holding A/S, the parent company for Chr. Hansen A/S, has announced a merger of Chr. Hansen Holding A/S and Novozymes. The combination is expected to unleash the full potential of biological solutions and generate significant value for all stakeholders and society at large. Final completion of the proposed merger is not expected before end of calendar year 2023/beginning of calendar year 2024 subject to shareholder approval, as well as customary merger control and other regulatory approval from relevant authorities.

Other than this, no events have occurred after the balance sheet date until today's date, which could influence the evaluation of this annual report.