Chr. Hansen A/S

Bøge Allé 10-12
DK-2970 Hørsholm

CVR no. 12 51 64 79

Annual Report 1 September 2022 - 31 December 2023

The Annual Report was presented and adopted at the Company's Annual General Meeting

on ______________________________ 20 ____

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chairman of the Annual General Meeting

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the Annual Report of Chr. Hansen A/S for the financial year 1 September 2022 – 31 December 2023.

The Annual Report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 December 2023 and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year 1 September 2022 – 31 December 2023.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Parent Company's activities and financial matters, of the results for the year and of the Group's and the Parent Company's financial position.

We recommend that the Annual Report be approved at the Annual General Meeting.

Hørsholm, 12 June 2024

Executive Board:

Winnie Højvang Bügel
CEO

Board of Directors:

Rainer Chapour Lehmann
Chairman

Morten Enggaard
Rasmussen

Winnie Højvang Bügel

Anders Lund

Anisha Goel
Employee representative

Bent Knudsen
Employee representative

Independent auditor's report

To the Shareholder of Chr. Hansen A/S

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2023, and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 September 2022 - 31 December 2023 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Chr. Hansen A/S for the financial year 1 September 2022 - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("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 Group 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 Consolidated Financial Statements and the Parent Company 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 Consolidated Financial Statements and Parent Company 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 Group's and the Parent 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

Independent auditor's report

unless Management either intends to liquidate the Group or the Parent 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 judgement and maintain professional scepticism 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 Group's and the Parent 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 Group's and the Parent 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 Group and the Parent 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent auditor's report

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, 12 June 2024

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31

Allan Knudsen

Allan Knudsen
State Authorised Public Accountant
mne29465

Elife Savas
State Authorised Public Accountant
mne34453

Management's review

Company details

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

Telephone:	+45 45 74 74 74
CVR no.:	12 51 64 79
Financial year:	1 September 2022 – 31 December 2023

Board of Directors

Rainer Chapour Lehmann, Chairman
Morten Engaard Rasmussen
Winnie Højvang Bügel
Anders Lund
Anisha Goel
Bent Knudsen

Executive Board

Winnie Højvang Bügel

Auditor

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
2900 Hellerup
CVR no. 33 77 12 31

Annual General Meeting

The Annual General Meeting will be held on 25 June 2024.

Management's review

Financial highlights

DKK'000	2022/23[1]	2021/22	2020/21	2019/20	2018/19[4]
Income statement					
Revenue	9,775,927	6,849,540	5,411,421	5,351,199	5,219,517
Gross profit	5,799,200	4,197,796	3,272,590	3,332,977	3,278,005
Operating profit	1,802,801	1,451,805	1,024,291	1,759,407	1,857,543
Net financials	-736,687	-94,340	-34,226	-162,913	-3,504
Profit before tax	959,792	1,298,179	1,001,076	1,525,675	1,860,416
Net profit	574,471	1,010,045	812,722	1,153,070	1,462,142
Balance sheet					
Inventory	997,053	766,725	478,889	493,627	488,972
Trade receivables	497,254	470,447	215,714	135,058	170,607
Equity	8,549,216	8,974,756	7,145,746	6,583,771	3,757,039
Total assets	15,098,248	14,584,977	11,690,276	12,705,487	6,981,798
Investments in property, plant and equipment	1,425,337	830,252	769,674	704,142	870,337
Ratios					
Gross margin[2]	59%	61%	60%	62%	63%
Operating margin[2]	18%	21%	19%	33%	36%
Return on invested capital[2]	12%	10%	9%	14%	27%
Return on equity[2]	7%	11%	11%	18%	39%
Equity ratio[2]	57%	62%	61%	52%	54%
Growth					
Revenue growth in percent[3]	7%	9%	1%	3%	-1%

Financial years 2022/23 and 2021/22 constitute consolidated figures. Financial years 2020/21, 2019/20 and 2018/19 constitute parent company figures.

1) The financial year covers 16 months from 1 September 2022 to 31 December 2023.
2) Ratios for 2022/23 and 2021/22 are calculated on consolidated numbers. Ratios for 2020/21, 2019/20 and 2018/19 are calculated on parent company numbers.
3) Revenue growth in percent for 2022/23 is calculated on consolidated numbers (based on a 12-month period assuming even monthly revenue). Revenue growth for 2021/22, 2020/21, 2019/20, 2018/19 are calculated on parent company numbers.
4) IFRS 16 *Leases* was implemented using the modified retrospective approach and figures for 2018/19 have not been restated.

Management's review

Financial highlights

The financial ratios have been calculated as follows:

Gross margin	$\frac{\text{Gross profit/loss x 100}}{\text{Revenue}}$
Operating margin	$\frac{\text{Operating profit x 100}}{\text{Revenue}}$
Return on invested capital	$\frac{\text{Operating profit before financial income and expenses x 100}}{\text{Total assets end of year}}$
Return on equity	$\frac{\text{Net profit x 100}}{\text{Equity end of year}}$
Equity ratio	$\frac{\text{Equity x 100}}{\text{Total assets end of year}}$

Management's review

Financial review

Unusual events

For the financial year ending 31 December 2023, Chr. Hansen A/S was a company within the Chr. Hansen Holding A/S Group and was 100% owned by Chr. Hansen Holding A/S.

On 12 December 2022, Chr. Hansen Holding A/S and Novozymes A/S announced that the two companies had entered into an agreement to create a leading global biosolutions partner through a statutory merger with Novozymes A/S as the continuing entity. On 30 March 2023, the extraordinary general meetings of Chr. Hansen Holding A/S and Novozymes A/S both approved the proposed combination with a significant majority. On 29 January 2024, all necessary approvals had been obtained, and the final registration of the statutory merger with the Danish Business Authority was successfully completed. Consequently, subsequent to year-end, Chr. Hansen A/S is a fully owned subsidiary of Novozymes A/S.

The Company has changed the financial reporting period from 1 September – 31 August to 1 January - 31 December. The transition period covers 1 September 2022 – 31 December 2023. Consequently, the current financial year covers a 16 months period while the comparative financial year covers a 12 months period. The financial reporting period has been changed to reflect the financial reporting period of Novozymes A/S.

As the merger was approved subsequent to year-end, Chr. Hansen A/S cannot apply the exemption rules in the Danish Financial Statements Act applied in previous years and therefore has to prepare consolidated financial statements for the financial year ending 31 December 2023 with corresponding comparative figures. The exemption rules are expected to be applied for the financial year 2024.

Please refer to note 9 *Investments* for an overview of subsidiaries included in the Consolidated Financial Statements for Chr. Hansen A/S.

This Management's review covers the environment that Chr. Hansen A/S operated under prior to the merger being approved on 29 January 2024.

Principal activities

Chr. Hansen is a global, differentiated bioscience company that develops natural ingredient solutions for the food, nutritional, pharmaceutical, and agricultural industries.

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

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 2022/23.

Management's review

Development in activities and financial position

Due to the change of the financial reporting period, the financial year 2022/23 comprise 16 months and the comparison period comprises 12 months (financial year 2021/22).

The financial year 2022/23 was a year with good progress on our strategic ambition and a solid financial performance. With a sustainable business model combined with an adaptable organization, Chr. Hansen A/S Group has demonstrated the attractiveness of the markets we serve.

The Chr. Hansen A/S Group reached revenue in 2022/23 of DKK 9,776 million, equal to an increase in revenue of 7% (based on a 12-months period for 2022/23 assuming even monthly revenue for the 16 months of the financial year).

In total, DKK 1,142 million was spent on research and development expenditure, corresponding to 12% of total revenue. DKK 160 million was capitalized in 2022/23 (DKK 101 million in 2021/22). Thereby, capitalized research and development spending has increased compared to the previous financial year.

Operating profit (EBIT) amounted to DKK 1,803 million compared to DKK 1,452 million in 2021/22. This translates into an EBIT margin of 18% compared to 21% in the previous financial year.

Financial expenses are impacted by the impairment of receivables from joint ventures in the amount of DKK 527 million. Further the investment in joint ventures is recognized at DKK 0.

Profit before tax amounted to DKK 960 million compared to DKK 1,298 million in the previous financial year. Profit for the financial year amounted to DKK 574 million in the financial year 2022/23, compared to DKK 1,010 million in 2021/22.

Total assets amounted to 15,098 million at 31 December 2023 compared to 14,585 million at 31 August 2022.

Total equity amounted to 8,549 million at 31 December 2023 equivalent to an equity ratio of 57%. This compared to total equity of 8,975 million and an equity ratio of 62% at 31 August 2022. Dividend in the amount of DKK 1,000 million was approved at the Annual General Meeting held 13 January 2023 and was paid to the sole shareholder Chr. Hansen Holding A/S.

Cash flow from operating activities amounted to DKK 2,729 million for the financial year compared to DKK 2,287 in 2021/22. Cash flow from investing activities amounted to an outflow of DKK 1,488 million and was impacted by investments in intangible assets of DKK 309 million and in property, plant and equipment (excl. lease assets) of DKK 786 million.

The average number of employees was 2,462 at 31 December 2023 compared to 2,476 at 31 August 2022.

The results for the financial year 2022/23 are in line with expectations.

Uncertainty regarding recognition and measurement

Management acknowledges that certain areas with significant estimates and judgments may be linked with uncertainty regarding recognition and measurement due to the nature or complexity of the assessments that are performed.

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.

Other than this, no uncertainty regarding recognition and measurement has been identified by Management.

Management's review

Outlook for 2024

The 2024 financial year will consist of a 12-month period. Revenue is expected to be at the same level compared to a comparable 12-month period of the preceding year. Profit for the year is expected to be at the same level compared to a comparable 12-months period of the preceding year when disregarding the impairment of receivables from joint ventures.

The Chr. Hansen Group is a sub-group within Novonesis. Refer to Novonesis to see outlook for the full Novonesis Group.

Intellectual capital (Creative and committed employees)

As a knowledge-based company Chr. Hansen is highly 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.

Environmental matters

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.

We are on a focused decarbonization journey towards 2030 having 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 focuses 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.

Management's review

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 46% 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 activities

For Chr. Hansen A/S, innovation is an important contributor to business growth. More than 30% of the total number of employees in Chr. Hansen A/S, 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.

Management's review

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 Group has three production sites in Denmark and production sites in Germany and France, and each site carefully monitors product safety and delivery performance to manage all potential risks. This consolidation of production allows capacity to be optimized 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, behaviour-based training, continuous improvements to operational pro-cesses 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.

Financial risks

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

Chr. Hansen A/S Group trades primarily in EUR and USD, however trading may also take place in other currencies. The currency exposure is limited to the extent possible by having revenue and costs in the same currency. Further to limit the impact the corporate Treasury department performs hedging in accordance with the approved Treasury Procedure.

The credit risk of Chr. Hansen A/S Group is considered limited as the customer base is diverse and represents multiple industries and businesses having large and medium-sized partners. The credit risk is monitored closely, and a risk assessment is made of new customers.

To limit the counterparty risk, Chr. Hansen A/S Group deals only with financial institutions that have a satisfactory long-term credit rating.

Management's review

Legal risks

Chr. Hansen A/S is from time-to-time party to legal proceedings arising in the ordinary course of business. The legal department is focused on analysing 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.

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 behaviour in relation to IT security due to the increased risk of cybercrime.

Subsequent Events

On 12 December 2022, it was announced that the Company's immediate parent company, Chr. Hansen Holding A/S, had entered into an agreement with Novozymes A/S to create a new leading global biosolutions partner through a statutory merger of the two Companies with Novozymes A/S as the continuing company and Chr. Hansen Holding A/S being dissolved. The merger was approved by the European Commission 29 January 2024 whereby Chr. Hansen Holding A/S ceased to exist and hence subsequent to year-end, the Chr. Hansen Group is owned by Novozymes A/S. The approval by the European Commission was conditional upon divestment of part of the global Lactase enzyme business. The divestment was completed by the end of April 2024.

Other than this, no subsequent events materially affecting the financial statements have occurred.

Management's review

Statutory report in accordance with section 99a of the Danish Financial Statements Act

Description of business model

Chr. Hansen A/S' business model is centered around our unique fermentation and microbial technology platforms backed by more than 145 years of experience, a scalable production set-up as well as long-standing relationships with customers.

We consider our most critical business activities to be:

- Research & Development: Discovery, clinical trials and proof of concept, process innovation, and emerging technologies
- Global Operations: fermentation, blending, product safety and quality, packaging and logistics
- Sales & Application: sales excellence, application, and technical support, distributors and commercial partners, marketing, and digital services

Our outputs and outcomes include:
The outputs of our value chain are microbial products such as cultures, probiotics, enzymes, and HMOs that are being used in the food, nutritional, and agricultural sectors and which on many occasions enable more sustainable business practices. The positive impact of our products is partly offset by the negative impact our manufacturing processes have on the environment. Our organizational backbone consists of:

- Human capital (engaged employees)
- Intellectual capital (cutting-edge science)
- Natural capital (emissions and waste)
- Manufacturing capital (products with impact)
- Social capital (strong reputation), financial capital (interest, dividends, and buybacks).

Environment & climate

We are continuously working on our environmental footprint. Through our Position on Sustainability & ESG, Chr. Hansen A/S ensures continuous improvement of environmental topics. Our management systems support the integration of sustainability practices in the organization, and we ensure strong governance by organizational anchoring and oversight of Sustainability & ESG at both the Board of Directors and the senior management level. We monitor progress, continuously improve performance, and communicate it externally. For further information, please visit our webpage and our position on Sustainability & ESG.

We have identified the following material risks:

- Climate change
- Resource efficiency and circularity
- Environmental impacts from the supply chain

To implement our policy and manage risks, we have continued the 'Think Climate. Naturally.' Program to future-proof the business for a low-carbon economy. This program serves as our decarbonization roadmap and encompasses initiatives such as the conversion to renewable electricity, resource efficiency projects, and a supplier engagement program.

In addition to this, Chr. Hansen A/S implements its environmental and climate efforts through the adoption of three distinct policies/positions. These focus on sustainability, biodiversity, and setting sustainability standards for our value chain (suppliers). They align with our commitment to shaping a more sustainable future by developing pioneering microbial solutions and actively engaging with stakeholders to create shared value and regenerate society.

Management's review

Chr. Hansen A/S has upheld its commitment to sustainability by supporting regenerative agricultural practices through our biological health solutions, reducing food waste through our fermentation solutions, and contributing to global health with the sales of our well-documented probiotics.

We have continued to improve reducing our environmental footprint through the 'Think Climate. Naturally.' Program, which includes initiatives such as improving our supplier engagement, sustainable sourcing, and operational efforts to reduce energy consumption, improve waste management, reduce water use, and introduce more recyclable key packaging.

Overall, Chr. Hansen A/S deems the results of its environmental and climate efforts throughout 2022/23 as satisfactory.

In early 2024, Chr. Hansen and Novozymes combined to establish Novonesis. Moving forward, Chr. Hansen A/S expects to further integrate its environmental and climate initiatives into the newly formed Novonesis Group, including aligning to overall group ambitions and priorities.

Due to the merger with Novozymes, Chr. Hansen A/S is no longer part of the previous Chr. Hansen Group. For 2022/23, Chr. Hansen A/S management has therefore not utilized the previous group-level Key Performance Indicators (KPIs) related to environmental and climate concerns as part of decision-making.

Social matters

Our policy for social matters is to create and sustain a culture of inclusivity and high engagement. We strive to create an engaging workplace where employees can apply themselves fully to work. This is fundamental to our long-term success, as it improves productivity, increases employee satisfaction, reduces employee turnover, and ultimately renders better business results. Our existing workforce is a broad and diverse group representing different educational backgrounds, nationalities, genders, ages, and ethnicities – ensuring a variety of perspectives are brought to the table, which is particularly important for an innovation-driven company. We are reinforcing our focus on supporting an environment where all employees feel safe and accepted. By creating and sustaining an inclusive and equitable environment, where everyone feels they can be themselves, we enable employees to perform at their best and full potential.

We have identified the following material risks concerning social matters:

- Employees' health and well-being
- Work safety
- Talent management

We are committed to maintaining and continuously improving employees' health, safety, and well-being at work. To implement our policy and manage material risks for social matters, we use Chr. Hansen's culture model to provide a common language for employees and leaders and support leadership development through LEAD and CONNECT programs.

We focus on inclusive and non-biased talent acquisition and onboarding, addressing unconscious biases and striving for a more objective view of candidates. To further support a diverse workforce reinforcing our ambition of creating an inclusive and equitable environment for all employees, we focus on gender pay equality.

Our flexible work guidelines address employee well-being and promoting health initiatives under the Hansen Health program. We strive to maintain an engaging workplace by utilizing dynamic engagement tools to improve productivity, reduce turnover, and achieve better business results.

During 2022/23, our ongoing social efforts and initiatives have persisted. We have continued refining an inclusive and non-biased recruitment process, addressing unconscious biases and fostering a more objective candidate evaluation.

We have continued to improve employee engagement, nurture our leadership culture, and advance our existing diversity, inclusion, and equity endeavors. We have made good progress in our social efforts so far and we remain committed to further development and action.

Management's review

In early 2024, Chr. Hansen and Novozymes combined to establish Novonesis. Moving forward, Chr. Hansen A/S expects to further integrate its social initiatives into the newly formed Novonesis Group, including aligning to overall group ambitions and priorities.

Due to the merger with Novozymes, Chr. Hansen A/S is no longer part of the previous Chr. Hansen Group. For the 2022/23, Chr. Hansen A/S management has therefore not utilized the previous group-level Key Performance Indicators (KPIs) related to social concerns as part of decision-making.

Human rights

Chr. Hansen A/S is committed to safeguarding human and labor rights, which is reflected in our Sustainability & ESG position. We respect human rights as defined in the International Bill of Human Rights and we expect our suppliers, business partners, and other parties directly linked to our operations and products to do the same. We support the UN Guiding Principles on Business and Human Rights and respect the Ethical Trading Initiative Base Code and the core conventions of the International Labor Organization (ILO), in the countries where we operate. Our work with human rights, anti-corruption, and bribery are integral parts of our continuous support to the UN Global Compact. We continue the work with human rights due diligence assessment, supplier requirements, and internal audits enforcing our commitment to protect human rights.

Annually, we update our human rights due diligence assessment evaluating generic sector risks against the mitigating measures that Chr. Hansen A/S has in place. The result of this period's assessment is that health & well-being, work safety, and Diversity, Equity & Inclusion continue to be the material risks and key focus areas for Chr. Hansen in our operations and supply chain. We perform third-party audits on social and environmental matters at our production sites once every three years. The audits are managed through SEDEX, which is one of the world's largest collaborative platforms for sharing social and environmental data with customers.

To do business with Chr. Hansen, suppliers need to sign and comply with a set of social and environmental requirements, including respect for human rights and zero tolerance policy for bribery and corruption. The requirements are developed based on international guidelines such as the UN Guiding Principles on Business and Human Rights and the Ethical Trading Initiative Base Code. The requirements are enforced through Chr. Hansen's vendor approval system. As a result, all Chr. Hansen's direct suppliers are obliged to respect human rights including no forced or child labor.

During 2022/23, no non-compliances related to human rights were identified.

In early 2024, Chr. Hansen and Novozymes combined to establish Novonesis. Moving forward, Chr. Hansen A/S expects to further integrate its human rights initiatives into the newly formed Novonesis Group, including aligning to overall group ambitions and priorities.

Due to the merger with Novozymes, Chr. Hansen A/S is no longer part of the previous Chr. Hansen Group. For 2022/23, Chr. Hansen A/S management has therefore not utilized the previous group-level Key Performance Indicators (KPIs) related to human rights concerns as part of decision-making.

Management's review

Anti-corruption

Ethically conducting business is part of our DNA. We promote an ethical business environment in accordance with relevant laws and regulations and we do not tolerate violation of competition, anticorruption, or bribery laws. Annual training in business ethics is mandatory for all employees.

We have identified the following material risks concerning anti-corruption matters:

- Anti-corruption
- Competition law
- Sanctions regulation

Chr. Hansen has robust compliance programs for anti-corruption, competition law, and sanctions compliance designed to fulfill the group requirements. Chr. Hansen A/S' Code of Conduct and Whistle Blower Portal and policies related to Anti-corruption, Business Integrity, Competition Law, and Sanctions Compliance are available to employees and third parties via our website.

A due diligence process including screening to ensure compliance with Chr. Hansen's ethical and compliance standards is performed before onboarding any third parties acting on behalf of Chr. Hansen, such as distributors and agents. There is a steadily growing demand for screening and hence a cross-functional project has been initiated to establish common ground for third-party screening in Chr. Hansen A/S.

Chr. Hansen's whistleblower hotline is available to all employees and external parties to report any illegal or unethical misconduct or serious or sensitive concerns. During the 2022/23, 27 cases were reported through the whistleblower hotline (Chr. Hansen group). After thorough investigation 20 of these were found unjustified. All justified cases were acted upon and have been resolved or are ongoing.

In early 2024, Chr. Hansen and Novozymes combined to establish Novonesis. Moving forward, Chr. Hansen A/S expects to further integrate its anti-corruption initiatives into the newly formed Novonesis Group, including aligning to overall group ambitions and priorities.

Due to the merger with Novozymes, Chr. Hansen A/S is no longer part of the previous Chr. Hansen Group. For 2022/23, Chr. Hansen A/S management has therefore not utilized the previous group-level Key Performance Indicators (KPIs) related to anti-corruption concerns as part of decision-making.

Statutory report in accordance with section 99b of the Danish Financial Statements Act

At 31 December 2023, the Board of Directors of Chr. Hansen A/S consisted of 4 members, with one male and three female members. At the time of publication of these financial statements, the Board of Directors consists of 4 members, with one female and three males. Therefore, Chr. Hansen A/S has achieved equal gender representation, and we are exempt from setting a target for underrepresented gender.

At other management levels, only one female member is included. For that reason, Chr. Hansen A/S is exempted from regulation requiring a policy for underrepresented gender at other management levels.

Management's review

Statutory report in accordance with section 99d of the Danish Financial Statement Act

During this 2022/23, we have continued applying the enhanced data ethics principles developed in 2021 as part of Chr. Hansen A/S' overall privacy compliance and data protection program. The data ethics principles are implemented in a position on privacy, data protection, and data ethics and include 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 and support ethical decision-making when using data. Data Ethics thus supplements Chr. Hansen's privacy compliance program. Policies, procedures, and e-learning are regularly reviewed and updated, and supportive governance has been implemented.

Consolidated financial statements and parent company financial statements 1 September 2022 – 31 December 2023

Income statement

DKK'000	Note	Group 2022/23 16 mths	Group 2021/22 12 mths	Parent Company 2022/23 16 mths	Parent Company 2021/22 12 mths
Revenue	2	9,775,927	6,849,540	8,300,634	5,902,769
Production costs	3	-3,976,727	-2,651,744	-3,376,508	-2,274,079
Gross profit		**5,799,200**	**4,197,796**	**4,924,126**	**3,628,690**
Research and development expenses	3	-1,141,858	-790,948	-1,024,736	-717,204
Sales and marketing expenses	3	-1,719,425	-1,285,715	-1,262,270	-967,706
Administrative expenses	3	-1,104,383	-683,976	-942,575	-552,696
Other operating income	3	39,696	44,657	35,406	30,268
Other operating expenses	3	-70,429	-30,009	-36,237	-21,228
Operating profit (EBIT)		**1,802,801**	**1,451,805**	**1,693,714**	**1,400,124**
Share of loss in joint ventures		-106,322	-59,286	0	0
Dividends received from group companies		0	0	39,514	49,465
Financial income	4	403,120	328,752	331,502	257,498
Impairment of financial assets	9	0	0	-244,304	0
Financial expenses	5	-1,139,807	-423,092	-1,027,228	-257,066
Profit before tax		**959,792**	**1,298,179**	**793,198**	**1,450,021**
Income tax		-385,321	-288,134	-292,780	-239,255
Profit for the financial year	6	**574,471**	**1,010,045**	**500,418**	**1,210,766**

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Balance sheet

		Group		Parent Company	
DKK'000	Note	31/12 2023	31/8 2022	31/12 2023	31/8 2022
ASSETS					
Fixed assets					
Intangible assets	7				
Goodwill		4,095,357	4,845,799	2,695,110	3,287,778
Patents, trademarks, intellectual property, etc		1,180,599	1,530,651	725,749	1,011,336
Development projects		347,203	285,781	347,203	285,781
Software		171,783	127,346	163,739	117,234
Intangible assets in progress		476,256	415,432	476,256	415,264
Total intangible assets		**6,271,198**	**7,205,009**	**4,408,057**	**5,117,393**
Property, plant and equipment	8				
Land and buildings		2,297,738	1,730,658	1,958,459	1,366,609
Plant and machinery		1,315,921	1,199,704	945,726	840,422
Other fixtures and equipment		291,700	243,043	242,218	199,235
Assets under construction		2,034,316	1,806,694	1,718,198	1,645,420
Total property, plant and equipment		**5,939,675**	**4,980,099**	**4,864,601**	**4,051,686**
Financial assets					
Investments in group companies	9	0	0	1,041,033	431,202
Investments in joint ventures	9	0	12,917	0	150,899
Receivables from joint ventures		0	192,249	0	192,249
Total financial assets		**0**	**205,166**	**1,041,033**	**774,350**
Total fixed assets		**12,210,873**	**12,390,274**	**10,313,691**	**9,943,429**
Inventories	10	**997,053**	**766,725**	**760,895**	**606,780**
Receivables					
Trade receivables		497,254	470,447	182,393	143,146
Tax receivables		8,232	21,842	0	0
Receivables from group companies		1,098,864	772,920	1,160,671	896,904
Other receivables		162,958	77,621	91,906	54,481
Prepayments		78,008	67,017	62,808	52,642
Total receivables		**1,845,316**	**1,409,847**	**1,497,778**	**1,147,173**
Cash and cash equivalents		**45,006**	**18,131**	**44,915**	**17,953**
Total current assets		**2,887,375**	**2,194,703**	**2,303,588**	**1,771,906**
TOTAL ASSETS		**15,098,248**	**14,584,977**	**12,617,279**	**11,715,335**

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Balance sheet

		Group		Parent Company	
DKK'000	Note	31/12 2023	31/8 2022	31/12 2023	31/8 2022
EQUITY AND LIABILITIES					
Equity					
Share capital		194,101	194,101	194,101	194,101
Reserve for development costs		0	0	450,407	283,800
Retained earnings		8,187,173	8,636,532	6,209,143	6,872,284
Shareholders in Chr. Hansen A/S's share of equity		8,381,274	8,830,633	6,853,651	7,350,185
Non-controlling interests		167,942	144,123	0	0
Total equity		**8,549,216**	**8,974,756**	**6,853,651**	**7,350,185**
Provisions					
Deferred tax	11	1,046,736	1,119,659	1,033,066	1,070,201
Other provisions		49,042	59,320	483	6,828
Total provisions		**1,095,778**	**1,178,979**	**1,033,549**	**1,077,029**
Liabilities other than provisions					
Non-current liabilities other than provisions					
Lease liabilities	12	986,254	553,691	950,953	525,123
Mortgage debt	12	489,600	506,230	489,600	506,230
Payables to group companies		424,650	1,079,505	0	0
Total non-current liabilities other than provisions		**1,900,504**	**2,139,426**	**1,440,553**	**1,031,353**
Current liabilities other than provisions					
Lease liabilities	12	94,502	54,631	81,315	43,788
Mortgage debt	12	15,206	2,839	15,206	2,839
Bank debt	12	16,463	38,584	16,463	38,584
Trade payables		601,020	718,025	472,939	552,493
Payables to group companies		1,933,830	697,091	2,186,823	1,118,246
Tax payables	12	485,908	386,143	308,947	279,009
Other payables		405,821	394,503	207,833	221,809
Total current liabilities other than provisions		**3,552,750**	**2,291,816**	**3,289,526**	**2,256,768**
Total liabilities other than provisions		**5,453,254**	**4,431,242**	**4,730,079**	**3,288,121**
TOTAL EQUITY AND LIABILITIES		**15,098,248**	**14,584,977**	**12,617,279**	**11,715,335**

Consolidated financial statements and parent company financial statements 1 September 2022 – 31 December 2023

Statement of changes in equity

	Group				
DKK'000	Share capital	Retained earnings	Total	Non-controlling interests	Total equity
Equity at 1 September 2022	194,101	8,636,532	8,830,633	144,123	8,974,756
Net profit for the year	0	535,885	535,885	38,586	574,471
Dividends	0	-1,000,000	-1,000,000	0	-1,000,000
Other equity movements	0	-1,852	-1,852	6,152	4,300
Exchange rate adjustments	0	16,608	16,608	-20,919	-4,311
Equity at 31 December 2023	**194,101**	**8,187,173**	**8,381,274**	**167,942**	**8,549,216**

Consolidated financial statements and parent company financial statements 1 September 2022 – 31 December 2023

Statement of changes in equity

	Parent Company				
DKK'000	Share capital	Reserve for development projects	Retained earnings	Proposed dividends for the financial year	Total equity
Equity at 1 September 2022	194,101	283,800	5,872,284	1,000,000	7,350,185
Net profit for the year	0	0	500,418	0	500,418
Distributed dividends	0	0	0	-1,000,000	-1,000,000
Proposed dividend	0	0	-300,000	300,000	0
Other equity movements	0	0	3,048	0	3,048
Reserve for development costs	0	166,607	-166,607	0	0
Equity at 31 December 2023	**194,101**	**450,407**	**5,909,143**	**300,000**	**6,853,651**

Consolidated financial statements and parent company financial statements 1 September 2022 – 31 December 2023

Cash flow statement

DKK'000	Note	Group 2022/23 16 mths	Group 2021/22 12 mths
Profit/loss for the year		574,471	1,010,045
Other adjustments	13	2,592,783	1,506,822
Other adjustments of non-cash operating items	14	158,404	-5,878
Changes in working capital	15	-459,150	-157,219
Interest income		15,433	19,600
Interest expense		-85,707	-56,004
Corporation tax paid		-67,030	-30,105
Cash flows from operating activities		**2,729,204**	**2,287,261**
Investments in intangible assets	7	-309,236	-165,131
Investments in property, plant and equipment	8	-786,021	-685,401
Loan to joint ventures		-299,381	-80,436
Investments in joint ventures		-93,405	0
Cash flows from investing activities		**-1,488,043**	**-930,968**
External financing:			
Repayment of Borrowings		-25,505	-22,814
Repayment of lease liabilities		-166,882	-54,778
Increase in arrangement of payables to group enterprises		-21,899	-260,744
Shareholders:			
Dividends paid, net		-1,000,000	-1,000,000
Cash flows from financing activities		**-1,214,286**	**-1,338,336**
Cash flows for the year		**26,875**	**17,957**
Cash and cash equivalents at the beginning of the year		18,131	174
Cash and cash equivalents at year end		**45,006**	**18,131**

Consolidated financial statements and parent company financial statements 1 September 2022 – 31 December 2023

Notes

1 Accounting policies

The consolidated financial statements of Chr. Hansen A/S Group for 2022/23 has been prepared in accordance with the provisions applying to reporting class C large entities under the Danish Financial Statements Act.

The accounting policies used in the preparation of the consolidated financial statements are consistent with those of last year.

The financial reporting period has been changed from 1 September – 31 August to 1 January – 31 December. The transition period covers 1 September 2022 – 31 December 2023 (16 months). The financial reporting period has been changed to reflect the financial reporting period of Novozymes A/S, with which, the former parent company of Chr. Hansen A/S, Chr. Hansen Holding A/S, has merged on 29 January 2024 with Novozymes A/S as the continuing entity.

Consolidated financial statements

The consolidated financial statements comprise the Parent Company and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in some other way exercises control over.

On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends are eliminated.

Equity investments in subsidiaries are set off against the proportionate share of subsidiaries' fair value of net assets and liabilities at the date of acquisition.

Non-controlling interests

Items of subsidiaries are fully recognised in the consolidated financial statements. The non-controlling interests' proportionate share of the subsidiaries' profit and of equity is included as part of the Group's profit and equity, respectively, but is presented separately.

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 they 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 in the income statement as financial income or financial expenses.

Consolidated financial statements and parent company financial statements 1 September 2022 – 31 December 2023

Notes

1 Accounting policies (continued)

Derivative financial instruments

Derivative financial instruments are initially recognized at fair value at the ate the derivative contract is entered into and are subsequently remeasured at fair value. The fair values of derivative financial instruments are included in other receivables and other payables, respectively, and positive and negative values are offset only when the Group has the right and the intention to settle financial instruments net. Fair values of derivative financial instruments are computed on the basis of current market data and generally accepted valuation methods.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a fair value hedge of recognized assets and liabilities are recognized in the income statement together with changes in the value of the hedged asset or liability with respect to the hedge portion.

Realized gains and losses on derivative financial instruments are recognized in the income statement as financial income or financial expenses.

Income statement

The income statement is classified by function.

Revenue

The Group is relying on IFRS 15 *Revenue from contracts with customers* as the interpretation when recognising revenue.

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

Revenue from 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 at a discount. Such agreements can be set up in various ways, but common to all discount 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.

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.

Consolidated financial statements and parent company financial statements 1 September 2022 – 31 December 2023

Notes

1 Accounting policies (continued)

Production costs

Production costs cover the cost of goods sold. The cost includes the acquisition price for raw materials, consumables, trading goods, direct labour 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 plants. Furthermore, production costs include cost and depreciation related to the net realized value of defective goods and goods with a long turnover rate.

Research and development expenses

Research and development expenses include labour cost, amortization and other costs directly or indirectly associated with the Group'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 Group 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 expenses.

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 conference expenses, depreciation, etc.

Administrative expenses

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

Share-based payments

Two types of share-based programs exists in Chr. Hansen A/S; matching share (MS) programs and restricted stock unit (RSU) programs.

Under the long-term matching share programs, participants are required to acquire a number of existing shares in Chr. Hansen Holding A/S (investment shares) and retain ownership of such shares for a predefined holding period of three years. Upon expiration of the holding period and subject to the fulfilment of certain predefined performance targets and continued employment at the vesting date, participants will be entitled to receive up to 7.5 additional shares in Chr. Hansen Holding A/S per investment share. The matching share is recognized in the income statement of Chr. Hansen A/S at the fair value at grant taking into consideration the achievements of the performance targets. The programs are expensed over the period in which the employees of Chr. Hansen A/S achieve the right to redeem the matching shares.

Consolidated financial statements and parent company financial statements 1 September 2022 – 31 December 2023

Notes

1 Accounting policies (continued)

Share-based payments (continued)

The short-term RSU are granted based on the fulfilment of individual key performance indicators for the earning year. The RSUs are granted as shares and vest after two years subject to the person still being employed with Chr. Hansen. The RSU is recognized in the income statement of Chr. Hansen A/S and is expensed fully in Chr. Hansen A/S to target value in the earning year. The phasing of the programs is managed in Chr. Hansen Holding A/S at the fair value at grant over the period in which the employees of Chr. Hansen A/S achieve the right to redeem the RSU.

Other operating income and expenses

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

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.

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.

Chr. Hansen A/S is jointly taxed with Chr. Hansen Holding A/S (administration company in the joint taxation) at 31 December 2023. 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).

Consolidated financial statements and parent company financial statements 1 September 2022 – 31 December 2023

Notes

1 Accounting policies (continued)

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 based on management's experience within the individual business areas. The amortization period is set at 10-15 years, due to the acquired Group'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 Group 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 based on 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.

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 to qualify for recognition. The development projects are evaluated based on technical as well as commercial criteria.

Expenses for project work, comprising direct labour 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 an 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.

Consolidated financial statements and parent company financial statements 1 September 2022 – 31 December 2023

Notes

1 Accounting policies (continued)

Intangible assets (continued)

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

Property, plant and equipment

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

The basis for depreciation of property, plant and equipment is cost less estimated residual value after the end of the useful life. Straight-line depreciation is made based on 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 50,000 are expensed in the year of acquisition.

The book values of property, plant and equipment 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 to assess whether the recoverable value is lower than the book value, and if so the value is written down to the recoverable value.

Leases

The Group is relying on IFRS 16 *Leases* as the basis of interpretation for recognition and measurement of leases to which the Group is the lessee.

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 using the Group'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.

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 Group's portfolio of leases covers land, buildings, cars and equipment.

Consolidated financial statements and parent company financial statements 1 September 2022 – 31 December 2023

Notes

1 Accounting policies (continued)

Investments in joint ventures

Investments in joint ventures are recognized and measured under the equity method. The item "investment in joint ventures" in the balance sheet includes the proportionate ownership share of the net asset value of the enterprises calculated based on the fair values of identifiable net assets at the time of acquisition with the deduction or addition of unrealized intercompany profits or losses and with the addition of the remaining value of any increases in value and goodwill. Joint ventures with a negative net asset value are recognized at zero. If the Group has a legal or constructive obligation to cover a deficit in the joint venture, the deficit is recognized under other debt.

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 labour 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 plants.

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

Receivables

Receivables are measured at amortized cost, usually equalling 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.

Receivables from group companies/payables to group companies

Receivables from group companies and payables to group companies comprises receivables and payables to parent company, subsidiaries and sister companies.

Receivables and payables to and from entities within the Chr. Hansen Group are eliminated on consolidation.

Other provisions

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

The Group has for certain groups of employees, in Germany and France, entered into agreements on the payments of certain benefits, including pensions. The obligation for defined benefits plans is recognized under other provisions and actuarial gains and losses are adjusted in equity.

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

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Notes

1 Accounting policies (continued)

amortized cost. 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.

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.

Cash flow statement

The cash flow statement provides information on the Group's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisitions and divestment of entities is shown separately in cash flows from investing activities. Cash flows relating to acquired entities are recognised in the cash flow statement from the date of acquisition, and cash flows relating to divested entities are recognised up to the date of divestment.

Cash flows from operating activities

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non-cash operating items, changes in working capital and corporation tax paid.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities, intangible assets, property, plant and equipment and investments.

Cash flows from financing activities

Cash flows from financing activities comprise changes in size or composition of the Group's contributed capital and costs in this respect as well as raising of loans, instalments on interest-bearing debt and distribution of dividends to owners.

Cash and cash equivalents

Cash and cash equivalents comprise cash.

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Notes

1 Accounting policies (continued)

Accounting policies – Parent Company

The financial statements of Chr. Hansen A/S as Parent Company has been prepared in accordance with the provisions applying to reporting class C large entities under the Danish Financial Statements Act.

The accounting policies used in the preparation of the Parent Company financial statements are the same as for the Chr. Hansen A/S Group, with the following exceptions:

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.

Reserve for development costs

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.

Investments in subsidiaries

Investments in subsidiaries 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.

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2 Revenue

	Group		Parent Company	
DKK'000	2022/23 16 mths	2021/22 12 mths	2022/23 16 mths	2021/22 12 mths
Revenue split geographically				
Denmark	114,891	71,191	114,891	71,191
Europe (excl. Denmark)	4,451,919	3,059,170	3,731,764	2,624,159
North America	1,942,186	1,513,174	1,802,681	1,411,895
Other markets	3,266,931	2,206,005	2,651,298	1,795,524
Total	**9,775,927**	**6,849,540**	**8,300,634**	**5,902,769**

The geographical split is based on customer location.

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

Staff expenses

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

	Group		Parent Company	
DKK'000	2022/23 16 mths	2021/22 12 mths	2022/23 16 mths	2021/22 12 mths
Wages and salaries etc	1,983,587	1,393,560	1,450,570	1,024,106
Transferred capitalization	-198,221	-207,738	-144,770	-159,048
Pension	163,775	116,546	138,561	100,111
Social security	126,823	79,532	18,867	14,288
	2,075,964	1,381,900	1,463,228	979,457
Remuneration to the Management*	3,876	5,489	3,876	5,489
Total	**2,079,840**	**1,387,389**	**1,467,104**	**984,946**
Average number of full-time employees	2,462	2,476	1,576	1,567

* Salary to members of the Executive Board and the Board of Directors is presented as the full salary paid by Chr. Hansen Holding A/S related to the board members employment in Chr. Hansen A/S. With reference to section 98b of the Danish Financial Statements Act, the Group has disclosed remuneration of the Executive Board and the Board of Directors as one amount.

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Notes

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

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 fulfilment of individual key performance indicators. The RSUs are granted as shares and vest after two years subject to the person still being employed with Chr. Hansen.

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 fulfilment 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.

Other operating income and expenses

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

Depreciation, amortization and impairment/write-downs

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

	Group		Parent Company	
DKK'000	2022/23 16 mths	2021/22 12 mths	2022/23 16 mths	2021/22 12 mths
Production costs	292,277	229,782	201,669	161,947
Research and development expenses	225,140	167,735	164,138	125,235
Sales and marketing expenses	867,734	678,231	669,937	531,335
Administrative expenses	85,624	48,600	69,604	36,501
Total	**1,470,775**	**1,124,348**	**1,105,348**	**855,018**

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Notes

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

Fees to auditors appointed at the general meeting

DKK'000	Group 2022/23 16 mths	Group 2021/22 12 mths
Total fees to PWC	**3,963**	**3,223**
Statutory audit services	2,807	
Tax services	241	
Other assurance services	72	
Other services	843	
Total	3,963	

DKK'000	Group 2022/23 16 mths	Group 2021/22 12 mths	Parent Company 2022/23 16 mths	Parent Company 2021/22 12 mths
4 Financial income				
Interest income from group companies	29,726	3,690	24,541	3,435
Interest income and other financial gains	373,394	325,062	306,961	254,063
Total	**403,120**	**328,752**	**331,502**	**257,498**
5 Financial expenses				
Interest expense to group companies	112,878	60,248	77,028	1,692
Impairment of receivables from joint ventures	527,475	0	527,475	0
Interest expense and other financial expenses	499,454	362,844	422,725	255,374
Total	**1,139,807**	**423,092**	**1,027,228**	**257,066**

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6 Proposed profit appropriation

DKK'000	Group 2022/23 16 mths	Parent Company 2022/23 16 mths
Proposed dividends for the financial year	0	300,000
Reserve for development projects	0	166,607
Net profit for the year	574,471	33,811
Total	**574,471**	**500,418**

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7 Intangible assets

	Group					
DKK'000	Goodwill	Patents, trade-marks, intellect-tual property, etc.	Develop-ment projects	Software	Intangible assets in progress	Total
Cost at 1 September 2022	7,146,239	2,116,472	698,584	471,424	415,432	10,848,151
Transferred	0	0	150,749	95,795	-222,895	23,649
Additions	0	9,827	9,408	6,207	283,794	309,236
Disposals	-70,892	-209,510	-90,686	-14,195	0	-385,283
Exchange rate adjustments	0	0	0	-1,018	-75	-1,093
Cost at 31 December 2023	7,075,347	1,916,789	768,055	558,213	476,256	10,794,660
Amortization and impairment losses at 1 September 2022	2,300,440	585,821	412,803	344,078	0	3,643,142
Amortization	694,325	194,229	86,672	50,262	0	1,025,488
Impairment	0	0	12,063	6,803	0	18,866
Reversed amortization and impairment losses	-14,775	-43,860	-90,686	-14,195	0	-163,516
Exchange rate adjustments	0	0	0	-518	0	-518
Amortization and impairment losses at 31 December 2023	2,979,990	736,190	420,852	386,430	0	4,523,462
Carrying amount at 31 December 2023	**4,095,357**	**1,180,599**	**347,203**	**171,783**	**476,256**	**6,271,198**
Interest included in the above assets	0	0	0	0	2,988	2,988

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7 Intangible assets (continued)

	Parent Company					
DKK'000	Goodwill	Patents, trade-marks, intellect-tual property, etc.	Develop-ment projects	Software	Intangible assets in progress	Total
Cost at 1 September 2022	4,482,418	1,489,711	698,584	431,684	415,264	7,517,661
Transferred	0	0	150,749	94,233	-222,802	22,180
Additions	0	0	9,408	5,573	283,794	298,775
Disposals	-70,892	-209,510	-90,686	-14,195	0	-385,283
Cost at 31 December 2023	4,411,526	1,280,201	768,055	517,295	476,256	7,453,333
Amortization and impairment losses at 1 September 2022	1,194,640	478,375	412,803	314,450	0	2,400,268
Amortization	536,551	119,937	86,672	46,498	0	789,658
Impairment	0	0	12,063	6,803	0	18,866
Reversed amortization and impairment losses	-14,775	-43,860	-90,686	-14,195	0	-163,516
Amortization and impairment losses at 31 December 2023	1,716,416	554,452	420,852	353,556	0	3,045,276
Carrying amount at 31 December 2023	**2,695,110**	**725,749**	**347,203**	**163,739**	**476,256**	**4,408,057**
Interest included in the above assets	0	0	0	0	2,988	2,988

Completed development projects

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.

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8 Property, plant and equipment

	Group				
DKK'000	Land and buildings	Plant and machinery	Other fixtures and equipment	Assets under construc-tion	Total
Cost at 1 September 2022	2,478,455	3,003,135	554,217	1,806,694	7,842,501
Transferred	70,521	301,860	87,541	-483,571	-23,649
Additions	625,522	25,255	63,315	711,245	1,425,337
Disposals	-3,710	-24,823	-22,174	-52	-50,759
Exchange rate adjustments	-1,073	-461	-1,745	0	-3,279
Cost at 31 December 2023	3,169,715	3,304,966	681,154	2,034,316	9,190,151
Depreciation and impairment losses at 1 September 2022	747,797	1,803,431	311,174	0	2,862,402
Transferred	0	-427	427	0	0
Depreciation	125,607	204,917	95,510	0	426,034
Impairment	0	310	77	0	387
Depreciation on disposals	0	-18,724	-15,538	0	-34,262
Exchange rate adjustments	-1,427	-462	-2,196	0	-4,085
Depreciation and impairment losses at 31 December 2023	871,977	1,989,045	389,454	0	3,250,476
Carrying amount at 31 December 2023	**2,297,738**	**1,315,921**	**291,700**	**2,034,316**	**5,939,675**
Hereof leased assets	1,119,027	839	19,680	0	1,139,546
Interest included the above assets	0	0	0	18,532	18,532

The carrying amount of building and machinery, DKK 1,791 million have been pledged as security for mortgage loans of DKK 505 million.

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.

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8 Property, plant and equipment (continued)

	Parent Company				
DKK'000	Land and buildings	Plant and machinery	Other fixtures and equip-ment	Assets under construc-tion	Total
Cost at 1 September 2022	1,792,887	1,978,612	451,456	1,645,420	5,868,375
Transferred	70,521	246,026	76,560	-415,287	-22,180
Additions	602,634	6,457	43,789	488,065	1,140,945
Disposals	-442	-16,818	-13,029	0	-30,289
Cost at 31 December 2023	2,465,600	2,214,277	558,776	1,718,198	6,956,851
Depreciation and impairment losses at 1 September 2022	426,278	1,138,190	252,221	0	1,816,689
Transferred	0	-427	427	0	0
Depreciation	80,863	142,175	73,399	0	296,437
Impairment	0	310	77	0	387
Depreciation on disposals	0	-11,697	-9,566	0	-21,263
Depreciation and impairment losses at 31 December 2023	507,141	1,268,551	316,558	0	2,092,250
Carrying amount at 31 December 2023	**1,958,459**	**945,726**	**242,218**	**1,718,198**	**4,864,601**
Hereof leased assets	1,081,847	422	7,103	0	1,089,372
Interest included the above assets	0	0	0	18,532	18,532

The carrying amount of building and machinery, DKK 1,791 million have been pledged as security for mortgage loans of DKK 505 million.

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.

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9 Investments

Equity investments in subsidiaries

DKK'000	Parent Company 2022/23
Cost at 1 September 2022	431,202
Additions	609,831
Cost at 31 December 2023	**1,041,033**

Equity investments in joint venture

DKK'000	Group 2022/23
Cost at 1 September 2022	150,899
Additions	93,405
Cost at 31 December 2023	244,304
Value adjustments 1 September 2022	-137,982
Share of loss for the year	-106,322
Value adjustments 31 December 2023	-244,304
Carrying amount at 31 December 2023	**0**

DKK'000	Parent Company 2022/23
Cost at 1 September 2022	150,899
Additions	93,405
Impairment	-244,304
Cost at 31 December 2023	**0**

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9 Investments (continued)

Name/legal form	Registered office	Equity interest
Subsidiaries:		
Chr. Hansen France SAS	France	100%
Chr. Hansen India Pvt. Ltd	India	100%
Chr. Hansen SRL	Romania	100%
Halley GmbH	Germany	99%
Chr. Hansen Gida Sanayi ve Ticaret A.S.	Turkey	50%
Chr. Hansen Malaysia SDN. BHD.	Malaysia	50%
Chr. Hansen Colombia S.A.S.	Colombia	46%
Chr. Hansen Middle East and Africa FZ-LLC	United Arab Emirates	20%

Name/legal form	Registered office	Equity interest	Equity	Profit
			DKK'000	DKK'000
Joint Ventures:				
Bacthera AG	Switzerland	50%	-37,794	-250,438

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10 Inventories

DKK'000	Group 31/12 2023	Parent Company 31/12 2023
Inventories		
Raw materials and consumables	222,437	174,260
Work in progress	370,399	269,871
Finished goods and goods for resale	404,217	316,764
Total	**997,053**	**760,895**

11 Deferred tax

DKK'000	Group 31/12 2023	Parent Company 31/12 2023
Deferred tax at 1 September 2022	1,119,659	1,070,201
Deferred tax adjustment for the year in the income statement	58,453	-2,154
Deferred tax adjustment previous years	-129,076	-34,981
Currency translation	-2,300	0
Total	**1,046,736**	**1,033,066**

Provisions for deferred tax relate to:

	Group 31/12 2023	Parent Company 31/12 2023
Intangible assets	705,584	795,511
Current assets	46,847	55,013
Other assets, deferred commitments and liabilities	294,305	182,542
Total	**1,046,736**	**1,033,066**

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12 Non-current liabilities other than provisions

Liabilities other than provisions can be specified as follows:

DKK'000	Group 31/12 2023	Parent Company 31/12 2023
Bank debt:		
0-1 year	16,463	16,463
1-5 years	0	0
>5 years	0	0
Total	**16,463**	**16,463**
Mortgage debt:		
0-1 year	15,206	15,206
1-5 years	107,872	107,872
>5 years	381,728	381,728
Total	**504,806**	**504,806**
Taxes payable:		
0-1 year	485,908	308,947
1-5 years	0	0
>5 years	0	0
Total	**485,908**	**308,947**
Lease obligations:		
0-1 year	94,502	81,315
1-5 years	267,802	238,981
>5 years	718,452	711,972
Total	**1,080,756**	**1,032,268**
Total liabilities other than provisions	**2,087,933**	**1,862,484**

The average interest rate on mortgage debt is 3.7% p.a. (0.57% p.a. in 2022).

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DKK'000	Group 2022/23
13 Other adjustments	
Net financials	736,687
Tax on profit/loss for the year	385,321
Depreciation and amortization	1,470,775
Total	**2,592,783**
14 Other adjustments of non-cash operating items	
Equity adjustments	4,300
Share of loss in joint ventures	106,322
Exchange rate adjustments	-34,645
Other adjustments	82,427
Total	**158,404**
15 Changes in working capital	
Change in inventories	-230,328
Change in receivables	-123,135
Change in trade and other payables	-105,687
Total	**-459,150**

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16 Currency and interest rate risks and the use of derivative financial instruments

The Group is exposed to market risk, primarily risks relating to currency and interest rates, and uses financial instruments to hedge recognized risks. The Group only enters into hedging agreements that relate to the underlying business. Financial instruments used by Chr. Hansen are cash instruments, foreign exchange spot trades, foreign exchange forwards, forward exchange swaps, and current and non-current loans.

Foreign exchange rate sensitivity analysis

The foreign exchange rate sensitivity analysis did not show any material impact on net profit from a 5% increase/decrease in exchange rates.

Forecast future transactions

The overall purpose of managing currency risk is to minimize the effect of short-term currency movements on earnings and cash flows. Chr Hansen A/S' main currency is EUR. Exposure is limited by assets, debt and expenses to a certain degree matching the geographic segmentation of sales.

	2022/23		
DKK'000	Max. month to maturity	Notional amount	Gains and losses recognised in the income statement (fair value)
Forward exchange contracts			
SGD	2	15	0
CHF	2	-500	-20
DKK	2	485	0
Total		**0**	**-20**

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19 Events after the balance sheet date

On 12 December 2022, it was announced that the Company's immediate Parent Company, Chr. Hansen Holding A/S, had entered into an agreement with Novozymes A/S to create a new leading global biosolutions partner through a statutory merger of the two Companies with Novozymes A/S as the continuing company and Chr. Hansen Holding A/S being dissolved. The merger was approved by the European Commission 29 January 2024 whereby Chr. Hansen Holding A/S ceased to exist and hence subsequent to year-end, the Chr. Hansen Group is owned by Novozymes A/S. The approval by the European Commission was conditional upon divestment of part of the global Lactase enzyme business. The divestment was completed by the end of April 2024.

Other than this, no subsequent events materially affecting the financial statements have occurred.