

Press Release

Heerlen (NL), 1 November 2022

DSM provides nine months 2022 trading update

Highlights^{1,2}

Continuing Operations:

- Health, Nutrition & Bioscience delivered a solid performance in the first nine months with sales up 19% and organic sales growth of 10%
 - Animal Nutrition & Health: +8% organic sales growth
 - Health, Nutrition & Care: +10% organic sales growth
 - Food & Beverage: +12% organic sales growth
- Adjusted EBITDA up +6% reflecting continuing inflationary environment
- Full Year outlook 2022 lowered: Adjusted EBITDA expected to increase by low single digits

Key figures – Continuing Operations

in € million	Jan-Sept 2022	Jan-Sept 2021	% Change	Volume	Price/mix	FX	Other
Sales	6,297	5,341	18%	2%	7%	7%	2%
HNB	6,245	5,272	19%	2%	8%	7%	2%
ANH	2,814	2,430	16%	-1%	9%	8%	0%
HNC	2,234	1,892	18%	4%	6%	8%	0%
F&B	1,158	917	26%	4%	8%	5%	9%
Adjusted EBITDA	1,102	1,040	6%				
HNB	1,174	1,110					
Corporate	-72	-70					
Adjusted EBITDA margin	17.5%	19.5%					
HNB	18.8%	21.1%					

Co-CEOs statement

Geraldine Matchett and Dimitri de Vreeze, Co-CEOs, commented: “All our businesses delivered good organic growth during the third quarter. We continue to counter rising energy and raw material prices, which accelerated especially in Europe, albeit with a time lag. Market demand remained resilient across our three businesses in a challenging macro-economic environment.

Given the positive structural long-term drivers of our business, underpinned by progress on our strong pipeline of innovations, we are confident in the mid-term financial targets for DSM.

Since their announcements back in May, good progress has been made towards closing the divestment-of DSM Engineering Materials to Advent International and LANXESS, and our forthcoming merger with Firmenich. These significant steps will lead to the establishment of DSM-Firmenich, a purpose-led leading creation and innovation partner in nutrition, beauty and well-being.”

¹Continuing Operations reflects the results of DSM's Health, Nutrition & Bioscience and Corporate Activities as of 1 January 2022. DSM's Materials businesses have been reclassified to Discontinued Operations effective as of 1 January 2022

² Adjusted EBITDA is an Alternative Performance Measure (APM) that reflects results from usual operations. Organic sales growth is the total impact of volume and price/mix.

Q3 Highlights

Continuing Operations:

- Health, Nutrition & Bioscience delivered a solid quarter with sales up 20%, organic sales growth of 9% and Adjusted EBITDA up +3%
 - Animal Nutrition & Health: +6% organic sales growth
 - Health, Nutrition & Care: +11% organic sales growth
 - Food & Beverage: +14% organic sales growth

Key figures – Continuing Operations

in € million	Q3 2022	Q3 2021	% Change	Volume	Price/mix	FX	Other
Sales	2,182	1,824	20%	2%	7%	9%	2%
HNB	2,169	1,801	20%	2%	7%	9%	2%
ANH	975	849	15%	0%	6%	9%	0%
HNC	770	632	22%	3%	8%	11%	0%
F&B	405	308	31%	3%	11%	8%	9%
Adjusted EBITDA	356	347	3%				
HNB	380	369					
Corporate	-24	-22					
Adjusted EBITDA margin	16.3%	19.0%					
HNB	17.5%	20.5%					

Q3 saw strong organic sales growth, with ongoing solid end-use demand in an increasingly inflationary environment.

- Animal Nutrition & Health volumes were in-line with a strong prior year that had delivered 14% volume growth. Pricing increased +6% in Q3, in comparison to +11% in H1, reflecting lower pass-through costs and lower vitamin prices
- Health, Nutrition & Care delivered strong growth with pricing +8% and solid sales volumes +3% on strong performances in Personal Care & Aroma, Early Life Nutrition and Biomedical
- Food & Beverage also delivered solid growth with volumes up 3% and strong pricing of 11% with Dairy, Baking, Beverages and Hydrocolloids performing particularly well

Health Nutrition & Bioscience Adjusted EBITDA was up 3%, with an 8% contribution from acquisitions and foreign exchange effects. The Adjusted EBITDA margin for these businesses was 17.5%, compared to 20.5% in the prior year period, with a 150bps dilutive mathematical effect from price increases and foreign exchange effects.

Outlook 2022

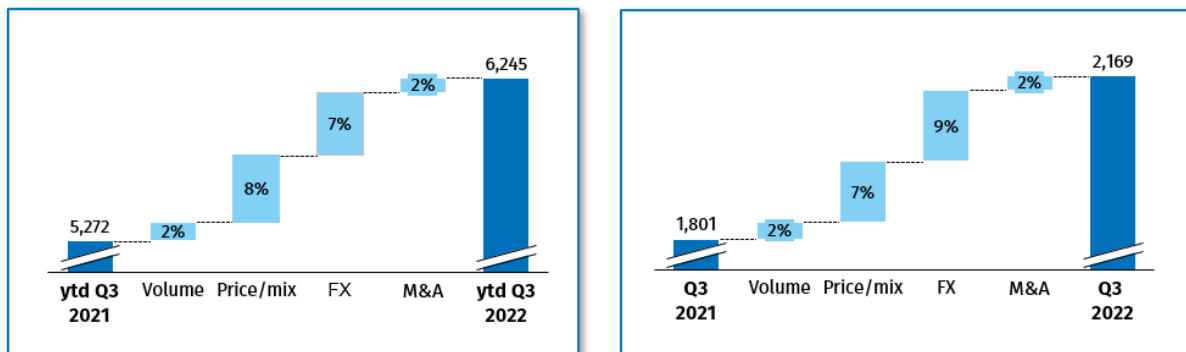
DSM has lowered its full year 2022 outlook, and now expects its Adjusted EBITDA for Continuing Operations (Health, Nutrition & Bioscience and Corporate Activities) to increase by a low-single digits.

Health, Nutrition & Bioscience

DSM's Health, Nutrition & Bioscience ('HNB') consists of three business groups:

- **Animal Nutrition & Health** drives the development of sustainable animal farming through its essential products, performance solutions, and precision services serving the Poultry, Swine, Ruminants and Aquaculture market segments around the globe.
- **Health, Nutrition & Care** provides health, nutrition, and care solutions for markets such as Early Life Nutrition, Dietary Supplements, Pharma, Medical Nutrition, Personal Care & Aroma, and Biomedical.
- **Food & Beverage** supports healthy diets through nutritious, delicious, and sustainable solutions for several market segments including Bakery, Beverages & Brewing, Dairy, Savory, Hydrocolloids, Plant-based Alternative Proteins, and Pet Food.

Sales development



9M 2022 Sales

Health, Nutrition & Bioscience delivered strong organic sales growth in the first nine months of the year, driven by strong pricing (+7%) to offset inflation.

While the businesses saw resilient end-market demand, supply chain challenges persisted in Q3 which impacted operational performance. Volumes were up 2% on top of a tough comparable period last year that delivered 8% growth.

- Animal Nutrition & Health delivered a solid performance with stable volumes compared to 10% growth in the prior year period and pricing that was strong in the first half, moderating sequentially in the third quarter due to lower pass-through costs and lower vitamin prices
- Both Health, Nutrition & Care and Food & Beverage delivered strong organic sales growth with good volumes and strong pricing throughout the first nine months of the year

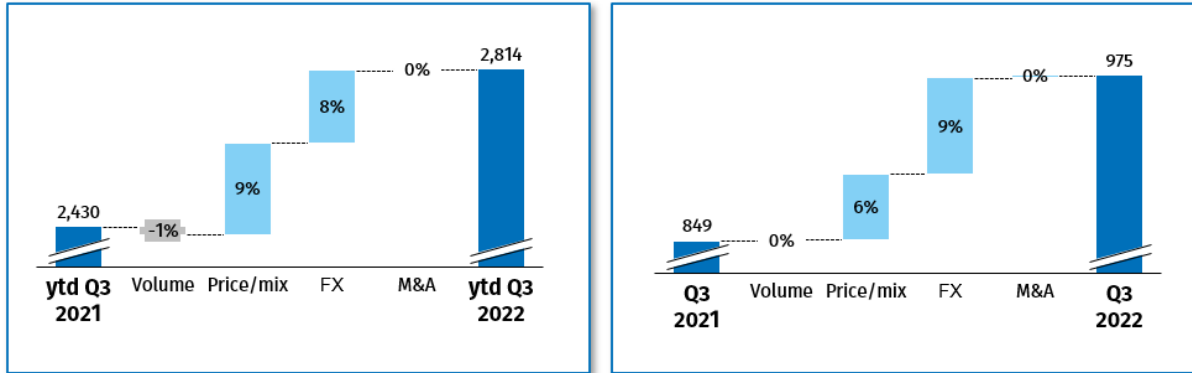
9M Adj. EBITDA

Adjusted EBITDA was up 6%, with a 1% contribution from M&A and 6% positive foreign exchange effect. With a continuous acceleration of energy and input cost inflation, especially in Europe, the time gap for cost recovery through pricing actions remained.

Health, Nutrition & Bioscience recorded an Adjusted EBITDA margin of 18.8% that reflects both the time lag in pricing, and the 160bps dilutive mathematical effect of these price increases and foreign exchange effects.

Animal Nutrition & Health

Sales development



Q3 2022 Sales

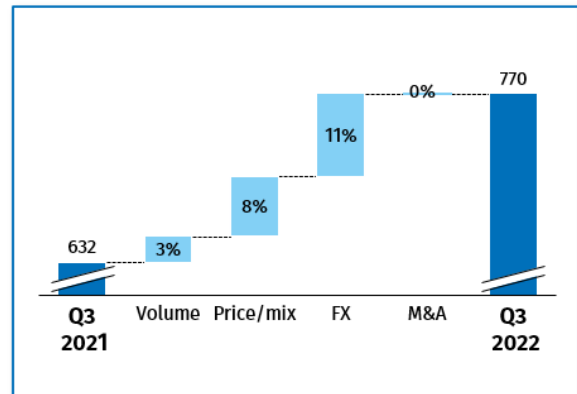
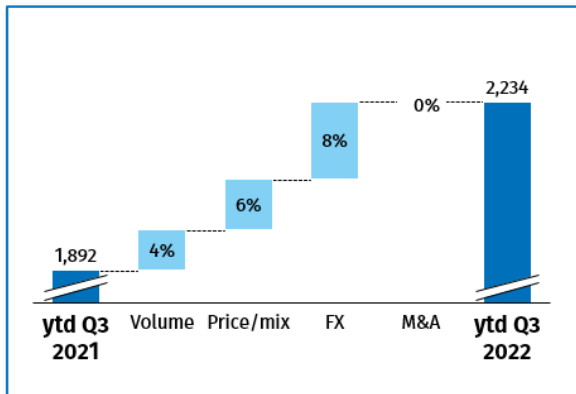
Animal Nutrition & Health delivered 6% organic sales growth in the third quarter; a good performance given the 12% organic sales growth in the prior year period and achieved despite a slow recovery in China.

After a strong price performance in the first half (+11% year-on-year), pricing increased +6% in Q3 reflecting lower pass-through costs and lower vitamin prices.

Demand for animal proteins overall remained resilient. Consumers, confronted with rising food costs, began to substitute more expensive proteins such as beef and fish with less expensive proteins such as eggs, poultry and pork, representing a more favorable mix for DSM. Poultry continued its strong growth momentum, with swine returning to growth.

Health, Nutrition & Care

Sales development



Q3 2022 Sales

Health, Nutrition & Care delivered organic sales growth of 11% in the third quarter with strong pricing and good volume growth on the back of resilient market demand.

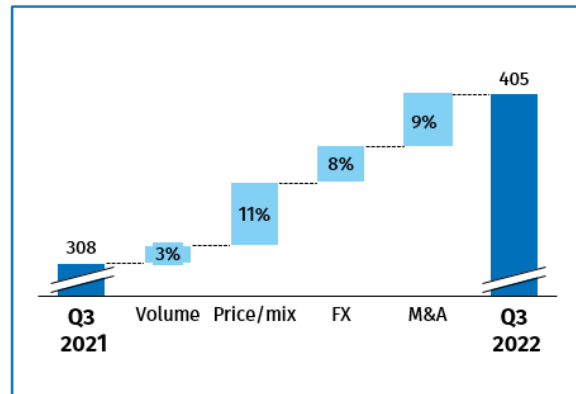
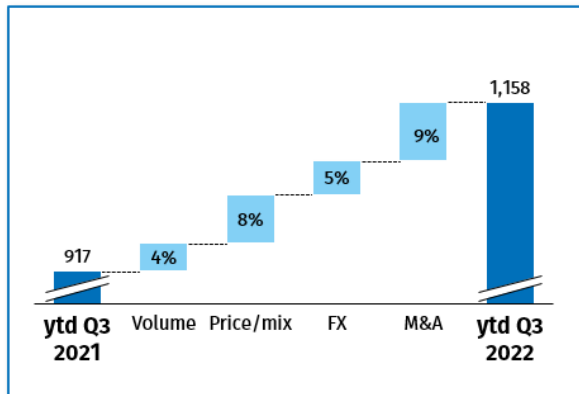
Dietary Supplements were softer, predominantly in North America, as demand for immunity-boosting supplements moderated from elevated levels as the perceived threat of Covid-19 receded. Demand for gut health and women’s health products (the focus of i-Health) remained resilient. Medical Nutrition and Biomedical performed well in Q3.

Early Life Nutrition continued its recovery trajectory with a strong performance in Q3 and good interest in its human-milk oligosaccharides (HMOs) products, buoyed by expectations for further positive regulatory approvals around the world.

Personal Care & Aroma delivered strong growth, driven by high demand for skin, sun and hair care as well as fine fragrances owing to greater international mobility, and high demand for our bio-based aroma ingredients.

Food & Beverage

Sales development



Q3 2022 Sales

Food & Beverage recorded a strong 14% organic sales growth, with good 3% volume growth and 11% pricing.

Consumer demand for packaged foods remained resilient with sales unaffected by changing preferences for either branded or white-label products. Out of home channels performed well. Pet food demand was also good.

The Dairy, Baking and Beverage businesses performed well. Savory was solid, and Hydrocolloids had a strong quarter.

First Choice Ingredients, which develops clean label fermented dairy-based savory flavorings for various applications including plant-based foods and beverages, performed well delivering €22m sales in Q3 (€62m sales in first nine months) which is in line with business plan.

Notes to this trading update

The financial reporting in this trading update is prepared in accordance with the accounting policies as applied in DSM's 2021 Integrated Annual Report. The reported financial and non-financial data in this trading update have not been audited.

Heerlen, 1 November 2022
The Managing Board

Geraldine Matchett, Co-CEO
Dimitri de Vreeze, Co-CEO

Financial calendar

16 February 2023

Publication of the full year results of 2022

Additional information

Today DSM will hold a webcast for **investors and analysts** at 14:00 CET. Details on how to access this call can be found on the DSM website, www.dsm.com.

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DSM

Royal DSM is a global, purpose-led company in Health, Nutrition & Bioscience, applying science to improve the health of people, animals and the planet. DSM's purpose is to create brighter lives for all. DSM's products and solutions address some of the world's biggest challenges while simultaneously creating economic, environmental and societal value for all its stakeholders – customers, employees, shareholders, and society at large. The company was founded in 1902 and is listed on Euronext Amsterdam. More information can be found at www.dsm.com.

Or find us on: 

Forward Looking Statements

This press release may contain forward-looking statements with respect to DSM's future (financial) performance and position. Such statements are based on current expectations, estimates and projections of DSM and information currently available to the company. DSM cautions readers that such statements involve certain risks and uncertainties that are difficult to predict and therefore it should be understood that many factors can cause actual performance and position to differ materially from these statements. DSM has no obligation to update the statements contained in this press release, unless required by law. The English language version of the press release is leading.