

Novozymes strengthens and accelerates its BioHealth-business by acquiring a majority stake in Synergia Life Sciences, a leading developer and manufacturer of probiotics and vitamin K2-7

Novozymes acquires a majority stake in Synergia Life Sciences Pte. Ltd., a leading player in the field of spore probiotics and vitamin K2-7, for a cash payment of DKK ~1 billion (USD ~150 million). Synergia Life Sciences has a global footprint, including three production sites in India with 2021 pro forma sales of DKK 150 million (adjusted for Novozymes related sales) and EBITDA/EBIT margins well above Novozymes.

COPENHAGEN, Denmark – November 30, 2021. By acquiring Synergia Life Sciences, Novozymes strengthens and accelerates its position in human health and functional foods adding strong developing and manufacturing capabilities in spore probiotics and vitamin K2-7. The vitamin K2-7 portfolio is a strong complementary enabler to support growth in Novozymes' BioHealth platform. The acquisition offers a scientifically proven portfolio that strengthens Novozymes' human health business and accelerates its functional food offerings.

"I am very pleased to announce Novozymes' acquisition of Synergia Life Sciences. The company's proven portfolio and strong production capacity for spore probiotics and vitamin K2-7 strengthens our human health business and accelerates our functional food offerings. Synergia Life Sciences is highly synergistic to our BioHealth-business and the previous acquisitions of PrecisionBiotics Group and Microbiome Labs. The complementary strategic fit between Synergia Life Sciences and our existing activities in BioHealth and Novozymes in general ensures a strong foundation for future growth in attractive high-growth markets. In short – we are executing on our strategy," says Ester Baiget, President and CEO of Novozymes and continues:

- "This is our third human health-related acquisition since mid-2020 and another key component in increasing synergies and creating complementary levers across the BioHealth platform. The ambition for BioHealth is to leverage Novozymes' strong scientific capabilities and ability to combine microbes – pre- and probiotics – with enzymes and other biological solutions to develop innovative, effective, and clinically proven solutions that improve human health and create better lives in a growing world."

Synergia Life Sciences complements Novozymes' existing BioHealth platform and supports Novozymes' overall ambition to deliver annual double-digit organic sales growth in its Human Health business towards 2025. Novozymes gains direct access to a complementary and strategic product portfolio and a spore probiotics manufacturing footprint. Synergia Life Sciences is already a key supplier to Microbiome Labs, which was acquired by Novozymes in early 2021. The founders of Synergia will continue to be actively involved in the business.

- "Novozymes' strong presence in the functional foods and dietary supplement space makes this a strategic fit for Synergia's innovative product portfolio. We are very excited to be part of the Novozymes family," says Dilip Mehta, CEO of Synergia Life Sciences Pvt. Ltd.

Financials

Today, Novozymes is acquiring 60% of all outstanding shares in Synergia Life Sciences Pte. Ltd., subject to the fulfilment of certain closing conditions. The acquisition is made on a cash and debt-free basis at a price of DKK ~1 billion (USD ~150 million). The remaining 40% will be acquired no later than in 2025 at a similar pre-defined relative valuation level, including a maximum payout cap. The transaction is financed by existing cash and bank facilities and does not change the capital structure policy of Novozymes. The transaction is expected to close before the end of 2021 and is not subject to any antitrust filings.

Synergia's 2021 pro forma sales are expected at around DKK 150 million (adjusted for Novozymes related sales) with solid positive cash flows and strong earnings, including EBITDA and EBIT margins well above Novozymes.

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Transaction costs of approximately DKK 50 million will impact EBIT negatively in the fourth quarter of 2021, but the full year EBIT margin outlook is maintained at around 27%. Additionally, in the fourth quarter, currency conversion costs relating to the acquisition of between DKK 10-30 million will impact the net financial line.

ROIC, including goodwill will be impacted negatively in 2021 by roughly 1pp from higher invested capital as well as lower NOPAT. Consequently, the full year outlook for ROIC, including goodwill is now expected at 19%-20%.

Looking ahead to 2022, the acquisition is expected to have a neutral margin impact on Novozymes' group level earnings even when including the negative impact from higher depreciation & amortization. Additionally, the acquisition is expected to be EPS accretive already in 2022, whereas ROIC including goodwill will be negatively impacted by roughly 1pp.

Novozymes 2025 long-term financial targets, as announced at the Capital Markets Day on September 27, 2021, are maintained, and assumed no M&A, no special items, constant currencies, a gradual normalization of the global economy and supply chains post-COVID, and no new severe disruption of the global economy.

Novozymes expects to outgrow the underlying market CAGR of 7%-8% in human health supplements during the strategy period to 2025. The market for vitamin K2-7 is also expected to grow double-digits with established scientific evidence and a strategic fit to Novozymes BioHealth platforms.

About Synergia Life Sciences

Synergia was founded in 2004, employs approx. 150 people, and is headquartered in Mumbai, India. The company produces spore probiotics and K2-7 vitamin and is already the producer and supplier to Microbiome Labs, acquired by Novozymes in early 2021. Synergia's clinically documented spore strain portfolio is highly relevant and applicable in dietary food supplements and in the high-growing space of functional foods, areas that are both targeted by Novozymes.

About Novozymes

Novozymes is the world leader in biological solutions. Together with customers, partners, and the global community, we improve industrial performance while preserving the planet's resources and helping build better lives. As the world's largest provider of enzyme and microbial technologies, our bioinnovation enables higher agricultural yields, low-temperature washing, energy-efficient production, renewable fuel, and many other benefits that we rely on today and in the future. We call it Rethink Tomorrow. www.novozymes.com

NASDAQ OMX: NZYM-B • 6,500 employees • DKK 14,5 billion turnover • 30+ industries • 700+ products

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