

Stronger than expected start to the year; 5% organic sales growth and 26% EBIT margin before special items

Ester Baiget, President & CEO: “After a strong end to the first quarter, partly supported by some timing of orders, we delivered solid 5% organic sales growth, well within the guided 4-7% full-year range. Novozymes capitalizes on its broad portfolio of sustainable solutions and diverse end-market exposure, with an increasingly positive impact from pricing. We continue to execute in line with our strategy, and with the recently gained shareholder approval of the Chr. Hansen combination, we are now working diligently towards obtaining regulatory approval and closing the combination with Chr. Hansen.”

Sales and financial performance

- Sales growth in DKK at 6% (5% organic, 1% currency, 0% M&A).
- Growth was supported by solid pricing as well as underlying volume growth.
 - Bioenergy 28%: Strong demand across geographies and broad, differentiated portfolio of solutions for multiple end-markets, with support from the timing of orders.
 - Agriculture, Animal Health & Nutrition 19%: Strong growth driven by performance in Animal Health & Nutrition along with continued strong demand for sustainable yield and health solutions as well as support from the timing of orders. Performance in Agriculture more muted.
 - Household Care 2%: Growth driven by developed markets from increased penetration and despite declining in-market detergent volumes.
 - Food, Beverages & Human Health -8%: Negatively impacted by challenging comparator as well as supply-chain constraints and soft North American probiotic market in Human Health. Adjusted for the large comparator one-off, performance in the business area was close to flat.
 - Grain & Tech Processing -9%: Solid grain performance offset by expected softness in tech from lower sales of solutions for Covid-19 test kits and lower sales of solutions for textile production.
- Organic sales growth in developed markets 7%; emerging markets 1%.
- EBIT margin before special items (b.s.i.) at 26.0% (Q1 2022 26.1%). Underlying EBIT margin b.s.i. of just below 25.0% adjusted for income from the divestment of certain waste-water treatment solutions (communicated in the third quarter of 2022) and one-off costs related to resource alignment of the commercial organization. Sequential improvement over Q4 2022 in both gross margin and EBIT Margin.
- ROIC incl. goodwill, b.s.i. at 17.7% and FCF bef. acq. at DKK 0.1 billion outflow mainly following timing effects from a drop in trade payables.
- Net profit at DKK 801 million including special items and 23% ETR (effective tax rate).
- Solid balance sheet at 1.2x NIBD/EBITDA.

Key events

- The proposed combination of Novozymes and Chr. Hansen was approved on March 30 with strong support from the respective shareholders of each company. Work continues diligently towards closing the combination in the fourth quarter of 2023 or in the first quarter of 2024.
- Three product launches of which one was public in the human health supplement market
- Closing of the divestment of certain waste-water treatment solutions

2023 outlook maintained

- Solid organic sales growth outlook maintained at 4-7% driven by pricing as well as volume growth. Pricing is expected to contribute more than half of the organic sales growth.
- EBIT margin b.s.i. expected at 25-26% and ROIC incl. goodwill b.s.i. at 16-17%.

		Q1 2023	Q1 2022	2023 outlook
Sales performance, organic	%	5	10	4 to 7
EBIT margin, before special items*	%	26.0	26.1	25 to 26
ROIC incl. goodwill, before special items*	%	17.7	18.1	16 to 17

*Special items include costs related to proposed combination with Chr. Hansen



Q1 2023

5%
Organic sales
growth

26.0%
EBIT margin,
before special items

17.7%
ROIC, incl. goodwill,
before special items

Conference call

April 26, 2023
9.00 CEST

Please pre-register
for the call [here](#)

[Webcast](#)

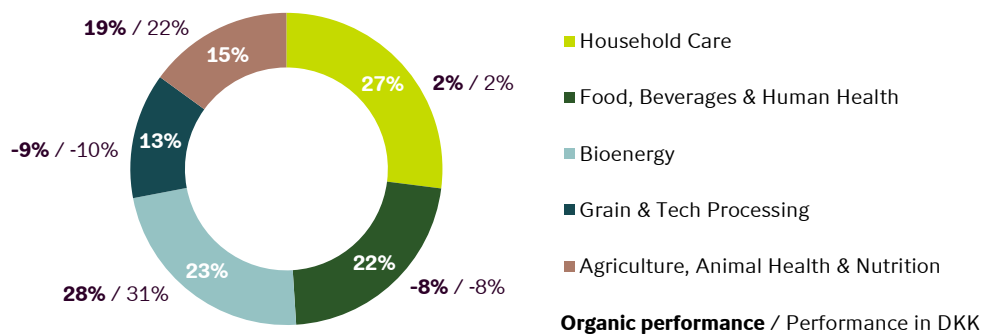
Selected key data

		Q1 2023	Q1 2022
Sales performance, organic	%	5	10
Household Care	%	2	(4)
Food, Beverages & Human Health	%	(8)	18
Bioenergy	%	28	27
Grain & Tech Processing	%	(9)	8
Agriculture, Animal Health & Nutrition	%	19	12
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Sales	DKKm	4,623	4,371
Sales performance, DKK	%	6	16
Gross margin	%	54.1	55.5
EBITDA	DKKm	1,491	1,503
EBIT before special items*	DKKm	1,200	1,142
EBIT margin before special items*	%	26.0	26.1
EBIT	DKKm	1,134	1,142
EBIT margin	%	24.5	26.1
Net profit	DKKm	801	839
Net profit performance	%	(5)	(4)
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Net investments excl. acquisitions	DKKm	427	389
Free cash flow before acquisitions	DKKm	(113)	386
NIBD/EBITDA	x	1.2	1.1
ROIC, incl. goodwill, before special items*	%	17.7	18.1
ROIC, incl. goodwill	%	17.1	18.1
Special items*	DKKm	(66)	0
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EPS		2.83	3.00
EPS (diluted)		2.82	2.98
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Avg. USD/DKK		694	664

*Special items include costs related to the proposed combination with Chr. Hansen

Sales by business area

Distribution of sales by business area, Q1 2023



Total sales Q1 y/y

Organic: 5%
DKK: 6%

Household Care

In the first quarter of 2023, Household Care sales grew 2% organically and 2% in reported DKK. Performance was solid in developed markets across most subareas, despite the industry volume softness. Emerging markets were flat in the first quarter, negatively impacted by the war in Ukraine, and the Freshness platform performed in line with expectations. Pricing had a positive impact on growth, more than offsetting the slightly reduced volumes.

Household Care Q1 y/y

Organic: 2%
DKK: 2%

Food, Beverages & Human Health

In the first three months of 2023, Food, Beverages & Human Health declined 8% both organically and in reported DKK. The performance was soft as the comparator from last year included very strong sales across subareas, as well as a positive timing effect of a specific solution that added roughly 5 percentage points to the organic sales growth. As the first quarter of 2023 did not include any sales from this specific solution, the comparator had a greater impact than the 5 percentage points and adjusted for this factor the performance in the business area would have been close to flat. The decline in volumes was partly offset by positive pricing, as expected. Also as expected, Food delivered the best underlying performance while Human Health was softer, impacted by supply chain issues affecting the ability to accommodate demand. Additionally, there is a general softness in demand for probiotic solutions in North America, although partly offset by Novozymes' exposure to a more robust healthcare practitioner channel. Underlying growth trends across subareas remained intact with good progress on recent launches as well as the innovation pipeline with customers.

Food, Beverages & Human Health Q1 y/y

Organic: -8%
DKK: -8%

Bioenergy

Bioenergy sales grew 28% organically and 31% in reported DKK in the first three months of 2023. Growth was strong and came in well ahead of expectations after a very strong ending to the quarter, partly driven by timing of orders and more supportive market conditions. The strong underlying performance was driven by the continued penetration of the broad and innovative solution toolbox allowing for higher yields, throughput, and byproduct value-capture for producers in a market environment that turned more favorable towards the end of the quarter. The North American market in particular experienced strong developments despite a roughly 2% decrease in U.S. ethanol production in the first quarter reported by the EIA. Performance was also strong outside of North America, driven by innovation, capacity expansion of corn-based ethanol production in Latin America and supported by growth in solutions for biodiesel production. In addition, sales of enzymes used in second-generation biofuels, commonly referred to as biomass conversion, contributed. Overall, growth was positively impacted by pricing.

Bioenergy Q1 y/y

Organic: 28%
DKK: 31%

Grain & Tech Processing

In the first three months of 2023, Grain & Tech Processing sales declined 9% organically and 10% in reported DKK. Positive pricing and growth in Grain driven by increased market penetration, especially in vegetable oil processing, was unable to offset the decline in Tech. The negative developments in Tech were mainly due to significantly lower sales of enzymes used for Covid-19 test kits, as expected, and a softer than expected textile market.

Grain & Tech Processing Q1 y/y

Organic: -9%
DKK: -10%

Agriculture, Animal Health & Nutrition

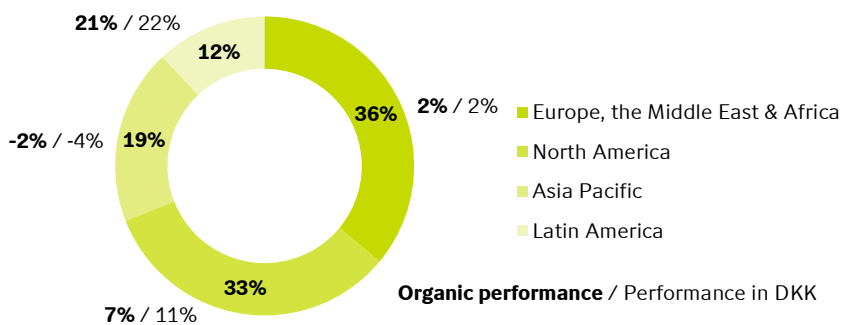
Sales in Agriculture, Animal Health & Nutrition grew 19% organically and 22% in reported DKK in the first quarter of 2023. Pricing had a positive impact and innovation and supportive market conditions, partly linked to higher soft commodity prices, led to increased demand for yield-enhancing solutions across subareas. The strong performance was driven by Animal Health & Nutrition, especially in developed markets, and was supported by the positive timing of orders. Performance in Agriculture was more muted following a volatile end-market.

Agriculture, Animal Health & Nutrition Q1 y/y

Organic: 19%
DKK: 22%

Sales by geography

Distribution of sales by geography, Q1 2023



Novozymes grew sales 5% organically in the first quarter of 2023, driven by 7% growth in developed markets and 1% growth in emerging markets. Bioenergy was the main driver of growth in developed markets with Agriculture, Animal Health & Nutrition also delivering double-digit growth. Household care produced solid growth despite declining industry volumes in developed markets, while Food, Beverages & Human Health as well as Grain & Tech Processing declined. In emerging markets, growth was driven by solid double-digit growth in Agriculture, Animal Health & Nutrition and Bioenergy, whereas Household Care was flat. Food, Beverages & Human Health as well as Grain & Tech Processing declined. Pricing was solid in both developed and emerging markets.

Europe, the Middle East & Africa

Organic sales for the first quarter of 2023 grew 2% driven by Agriculture, Animal Health & Nutrition and Bioenergy. Household Care was flat despite the negative impact from the war in Ukraine, while Food, Beverages & Human Health and Grain & Tech Processing declined.

Europe, the Middle East & Africa Q1 y/y

Organic: 2%
DKK: 2%

North America

First-quarter organic sales in North America grew 7% in 2023, driven by Bioenergy and supported by Food, Beverage & Human Health and Household Care, while Agriculture, Animal Health & Nutrition and Grain & Tech Processing declined.

North America Q1 y/y

Organic: 7%
DKK: 11%

Asia Pacific

Organic sales for the first quarter of 2023 declined 2%, driven by declines in Food, Beverages & Human Health, Bioenergy and Grain & Tech Procession, partly offset by growth in Agriculture, Animal Health & Nutrition and Household Care.

Asia Pacific Q1 y/y
Organic: -2%
DKK: -4%

Latin America

Organic sales in Latin America grew 21% in the first quarter of 2023 with growth across all business areas except Food, Beverage & Human Health.

Latin America Q1 y/y
Organic: 21%
DKK: 22%

Income statement

Total costs excluding net other operating income, special items, net financials, share of losses in associates and taxes amounted to DKK 3,527 million in the first quarter. This was DKK 286 million (9%) higher than in the corresponding period of 2022 and mainly due to higher costs of goods, which increased with the higher input costs as well as increased capacity costs.

Total costs
DKK 3,527 million

The gross margin was 54.1% for the first three months of 2023, which corresponds to a decrease of 1.4 percentage points compared to the first quarter of 2022. The decrease in the gross margin between the two periods was driven by higher input and logistics costs. Prices had a positive impact on the gross margin but not by enough to fully offset the negative development in input costs. Currencies had a slight positive impact for the period.

Gross margin
54.1%

Operating costs totaled DKK 1,407 million for the first quarter. This was an increase of DKK 110 million, or 8 percent, compared to the same period of 2022. The increase in operating costs was primarily driven by higher sales and distribution costs. Additionally, currencies had a slight negative impact on operating costs. High sales and distribution costs were driven by continued increases in commercial activities, travel, and investments in customer co-creation centers, as well as one-off costs related to resource alignment of the commercial organization. Research and development costs increased in line with expectations, making up a constant ratio to sales compared to the same period last year.

Operating costs
DKK 1,407 million

Total operating costs for the first quarter comprised 30.4% of sales, compared to 29.7% for the same period last year. For the first quarter of 2023:

- Sales and distribution costs increased by 9% to make up 14% of sales.
- Research and development costs increased by 5% to make up 11% of sales.
- Administrative costs increased by 15% to make up 5% of sales.

Other operating income amounted to DKK 104 million. This was an increase of DKK 92 million compared to the corresponding period of 2022. The increase was predominantly driven by the gain from the divestment of selected waste-water treatment solutions, as announced in relation to the Q3 2022 interim report.

Depreciation and amortization amounted to DKK 357 million in the first quarter, corresponding to a decrease of DKK 4 million compared to the same period of 2022.

Depreciation and amortization
DKK 357 million

EBIT b.s.i. was DKK 1,200 million for the first quarter of 2023, corresponding to an EBIT margin b.s.i. of 26.0%. This was an increase of DKK 58 million and a decrease of 0.1 percentage point, compared to the corresponding period last year. The EBIT margin b.s.i. for the first quarter of 2023 was negatively impacted by a lower gross margin from high input prices. The one-off gain related to the divestment of selected waste-water treatment solutions had a positive impact on the EBIT margin b.s.i., adding about 2 percentage points in the first quarter, which was recognized under other operating income. Other one-offs included costs related to resource alignment of the commercial organization with an approximately 1 percentage point negative impact on the EBIT margin b.s.i. Currencies had a roughly neutral effect. Adjusted for these effects, the underlying EBIT margin b.s.i. for the first quarter of 2023 was around 2 percentage points lower than the underlying EBIT margin b.s.i. for the first quarter of the previous year, driven primarily by a lower gross margin due to higher input costs.

**EBIT
before special items**
DKK 1,200 million
**EBIT margin
before special items**
26.0%

Reported EBIT was DKK 1,134 million, corresponding to a reported EBIT margin of 24.5%, for a y/y decrease of DKK 8 million and 1.6 percentage points respectively. Special items amounted to DKK 66 million in the first quarter and fully involved costs related to the proposed combination with Chr. Hansen.

EBIT
DKK 1,134 million
EBIT margin
24.5%

Net financials including the share of losses in associates was a loss of DKK 94 million, which equals an increase of DKK 28 million compared to the previous year, predominantly driven by higher interest costs.

Net financial and share of losses in associates
DKK 94 million

Profit before tax amounted to DKK 1,040 million which was DKK 36 million (3%) lower than in the corresponding period of 2022, primarily driven by lower EBIT for the period.

The effective tax rate was 23.0%. This was an increase of 1 percentage point compared to the corresponding period last year, largely driven by merger-related transaction costs, which are not deductible for tax purposes.

Effective tax rate
23.0%

Net profit totaled DKK 801 million. This was DKK 38 million (5%) less than for the corresponding period of 2022, due to both the lower profit before tax and a higher effective tax rate in the first quarter of this year.

Net profit
DKK 801 million

Cash flows and balance sheet

Cash flow from operating activities amounted to DKK 314 million, DKK 461 million lower than in the same period of 2022. The decrease was due to changes in net working capital, driven by lower trade payables for the period due to the timing of payments on CAPEX investments and an increase in trade receivables from higher sales.

Operating cash flow
DKK 314 million

Net investments excluding acquisitions totaled DKK 427 million which was DKK 38 million higher than for the corresponding period of 2022. The increase was mainly due to the property, plant and equipment increases related to investment activities and included continued investments in the new production line in Blair, Nebraska.

Net investments excluding acquisitions
DKK 427 million

Free cash flow before acquisitions was an outflow of DKK 113 million, for a decrease of DKK 499 million relative to the corresponding period last year. The decrease was predominantly due to the reduced cash flow from operating activities.

Free cash flow before acquisitions
DKK (113) million

Total equity was DKK 13,286 million at March 31, 2023, corresponding to an equity ratio of 47%. This was an increase of DKK 1,603 million and 0.8 percentage point respectively compared to the total equity of DKK 11,683 million and the 46.2% equity ratio reported at March 31, 2022.

Equity ratio
47%

Net interest-bearing debt (NIBD) and the NIBD-to-EBITDA ratio were DKK 7,179 million and 1.2x respectively at March 31, 2023, corresponding to an increase of DKK 919 million in NIBD and an increase in the NIBD-to-EBITDA ratio from 1.1x at March 31, 2022.

NIBD/EBITDA
1.2x

Return on invested capital (ROIC) b.s.i. and including goodwill, was 17.7%. This was 0.4 percentage point lower than for the corresponding period of 2022. Return on invested capital (ROIC) including goodwill and special items, was at 17.1% and 1 percentage point lower than for the same period last year.

ROIC incl. goodwill, before special items
17.7%

The holding of treasury stock at March 31, 2023 was 4,002,586 B shares, which was equivalent to 1.4% of the common stock.

Treasury stock
1.4%

Sales Outlook

The organic sales growth outlook is maintained in the range of 4-7%. Full-year growth is expected to be driven by a combination of stronger pricing relative to 2022 as well as volume growth. Positive pricing across all business areas is expected to contribute more than half of total organic sales growth, whereas innovation and increased market penetration will be the main components of volume growth. Despite the stronger than expected performance in the first quarter, partly benefitting from timing, we still expect more modest growth in the first half of the year. The outlook assumes no major changes to the current state of the global economic situation. Sales in reported DKK including currencies are forecasted to be roughly 3 percentage points lower than the expected organic sales growth range for 2023.

Household Care (organic 2% in Q1 2023) organic sales growth is expected to be supported by a combination of pricing and increased penetration in emerging markets. As commodity prices continue to fluctuate and consumers adapt their buying habits to the rising inflation, the outlook includes expectations for consumer-trading as well as for volume contraction in North America and Europe, particularly for the first half of the year. Emerging markets are expected to continue to grow, while the market penetration with solutions from the Freshness platform will continue. The full-year indication for organic sales in Household Care is for growth in the low single digits.

Food, Beverages & Human Health (organic -8% in Q1 2023) organic sales growth is expected across all subareas, driven by Food and Human Health. Solutions focused on health and increased quality as well as clean label will continue to be the main drivers while market conditions favoring industrial bread consumptions, demand for locally sourced products and raw material optimization are expected to support growth. Human Health is estimated to grow organically in the double digits, driven by innovation, cross-selling, and segment expansion. While a soft North America probiotic market as well as supply-chain-related issues in Human Health impacted the first quarter, we still expect to deliver double-digit growth for the full year. Pricing will be a strong component of growth across all sub-areas. The outlook for organic sales growth is maintained and indicated to grow in the high single digits for the business area.

Bioenergy (organic 28% in Q1 2023) organic sales growth is expected to be supported by pricing, market penetration enabled by innovation, capacity expansion of corn-based ethanol production in Latin America, and market penetration with enzymatic solutions for biodiesel production. Organic growth will also be supported to a degree by growing sales of solutions for 2G ethanol production. Bioenergy is now indicated to grow at a high single digit rate (previously mid-to-high single digit). The mid-point of the range assumes flat to slightly declining U.S. ethanol production.

Grain & Tech Processing (organic -9% in Q1 2023) organic sales growth is expected to be supported by pricing and growth in Grain led by market penetration in vegetable oil processing, and innovation in starch. Tech is expected to decline, driven by significantly lower sales of enzymes for Covid-19 test kits and a soft textile market. Sales in Grain & Tech Processing are indicated to grow at a low-to-mid single digit rate.

Agriculture, Animal Health & Nutrition (organic 19% in Q1 2023) organic sales growth is expected to be driven mainly by Animal Health & Nutrition, with growth supported by pricing, innovation, and higher end-market demand. For Agriculture, pricing will support growth, while innovation and a more diversified commercial model are enablers of increased market penetration of sustainable BioAg solutions. The indication for Agriculture, Animal Health & Nutrition is for growth at a rate in the mid-to-high single digits.

Financial outlook

For 2023, Novozymes expects a solid EBIT margin b.s.i. of 25% to 26% (2022: 26.4%, and additionally excluding one-offs, at roughly 1p.p below the 26.4%). Compared to 2022, the EBIT margin will benefit from price increases, sales growth, and productivity improvements. Significantly higher input costs, especially those that are energy-related, currency headwinds, and continued investments in the business as well as lower other operating income are expected to have a negative year-on-year impact. The gross margin is expected to be at a level similar to 2022, as the positive impact from price increases and productivity improvements are expected to be offset by higher input costs.

EBIT margin, before special items
25% to 26%

Return on invested capital (ROIC), including goodwill, b.s.i. is maintained at 16% to 17% (2022: 17.9%). Lower NOPAT and higher invested capital, mainly from acquisitions, are the main drivers of the expected year-on-year development.

ROIC, incl. goodwill, before special items
16% to 17%

Free cash flow (FCF) before acquisitions is expected at DKK 1.8 to 2.4 billion (2022: DKK 1.1 billion), mainly impacted by lower net investments.

FCF before acquisitions
DKK 1.8 to 2.4 billion

The following is provided for modeling purposes:

The effective tax rate is expected at around 23% for 2023 (2022: 19%).

Effective tax rate
~23%

Net financial costs are now expected to be around DKK 200 million (2022: DKK 2 million income) mainly driven by hedging costs and primarily related to USD forward contracts, as well as somewhat higher interest expenses.

Net financial costs
DKK ~200 million

Net investments are expected at DKK 2.1 to 2.4 billion (2022: DKK 2.9 billion). This reflects maintenance, optimization and expansion investments, including in new food and health-related customer co-creation centers, as well as roughly DKK 0.4 billion related to the investment in a new state-of-the-art production line for Advanced Protein Solutions in Blair, Nebraska, U.S.

Net investments
DKK 2.1 to 2.4 billion

Special items are expected in the DKK 0.3-0.7 billion range and include costs related to the proposed combination with Chr. Hansen.

Special items
DKK 0.3 to 0.7 billion

		2023 Outlook ***
Sales performance, organic	%	4-7
EBIT margin before special items*	%	25-26
ROIC** before special items*	%	16-17
For modeling purposes:		
Special items*	DKKbn	0.3-0.7
Net financial costs	DKKbn	~200
Effective tax rate	%	~23
Free cash flow before acquisitions	DKKbn	1.8-2.4
Net investments	DKKbn	2.1-2.4

*Special items include costs related to the proposed combination with Chr. Hansen.

**Including goodwill.

***Assumes constant currencies from the date of this announcement and for the remainder of the year.

Long-term financial targets

Novozymes is fully committed to its long-term targets to 2025 as they were introduced in 2021. These are: Organic sales CAGR of 5% or higher, an EBIT margin of 26% or higher, and ROIC including goodwill of 20% or higher. Following the announcement of the proposed combination with Chr. Hansen, Novozymes has recognized costs related to the combination as special items to enable transparent reporting of Novozymes' recurring activities. As such, the financial targets will exclude these costs, which will be specified separately.

	2021	2022	2023 outlook	2025 target*
Organic sales growth	6%	9%	4-7%	Grow our sales organically by a compounded annual growth rate (CAGR) of 5% or higher.
EBIT margin, before special items**	26.8%	26.4%	25-26%	26% or higher, and not below 25% in any individual year.
ROIC***, before special items**	19,3%	17,9%	16-17%	20% or higher by 2025.

* All targets assume constant currencies, no additional acquisitions or divestments beyond what has already been communicated/proposed, no major unusual items, a gradual normalization of the global economy and supply chain, and no new severe disruptions of the global economy or geopolitical environment.

** Special items include costs related to the proposed combination with Chr. Hansen

*** Including goodwill

Nonfinancial milestones, commitments, and targets

As a guide to Novozymes' journey towards achieving its long-term commitments, new nonfinancial milestones and targets have been set for 2025 on Operations and on Employees & society. Novozymes is committed to high standards and ambitious actions to improve its climate, water and waste footprint.

The nonfinancial aspect of the company combines integrated shorter-term milestones and commitments leading towards clearly defined long-term targets until 2030 as well as 2050. The net-zero target covers scopes 1, 2 and 3 emissions and has been validated by the Science Based Targets initiative¹.

Additionally, focus will be on the continued promotion of an inclusive and diverse workplace where employees can stay safe, thrive and grow.

	Targets & commitments	2025 Milestones	Long-term	
Operations	Climate	Reduce absolute CO ₂ emissions ¹	65% from operations 75% from operations by 2030 35% from supply chain by 2030 Net-zero by 2050	
		Purchase renewable electricity	100%	
	Water	Restore water in basins close to our production sites where WASH is a challenge ²	10 billion liters	30 billion liters by 2030
		Improve freshwater withdrawal by recycling more water ²	10%	15% by 2030 20% by 2035
Circular	Zero waste to landfill from operations ³		Achieve by 2030	
	Key circular projects	Two key circular projects in pilots with demonstrated benefits	Three key circular projects successfully implemented by 2030	
Employees & society	Include	Women and men in senior management ⁴	≥ 35% women ≥ 45% women and 45% men by 2030	
		Women and men across all professionals ⁵	≥ 45% women ≥ 45% women and 45% men by 2030	
	Thrive & Inspire	Three-year rolling average of occupational injuries with absence ⁶	≤ 1.5 A workplace where employees stay safe, thrive and grow	
	Thrive index ⁷	Achieve same score as benchmark	Pledge 1% of our time to community outreach	

¹ Novozymes commits to reach net-zero GHG emissions across the value chain by 2050. Near-Term Targets: Novozymes commits to reduce absolute scopes 1 and 2 GHG emissions by 75% by 2030 from a 2018 base year. Novozymes also commits to increase annual sourcing of renewable electricity from 37% in 2018 to 100% by 2025. Novozymes further commits to reduce absolute scope 3 GHG emissions from purchased goods and services, fuel and energy related activities, upstream transportation and distribution, waste generated in operations and business travel by 35% by 2030 from a 2018 base year. Long-Term Targets: Novozymes commits to reduce absolute scopes 1 and 2 GHG emissions by 90% by 2050 from a 2018 base year. Novozymes also commits to reduce absolute scope 3 GHG emissions from purchased goods and services, fuel and energy related activities, upstream transportation and distribution, waste generated in operations and business travel by 90% within the same timeframe. The target boundary includes biogenic emissions and removals associated with the use of bioenergy.

² From a 2021 baseline.

³ The targets do not include sites with activities not considered to have a significant environmental impact, e.g. sales offices, R&D labs, etc.

⁴ Percentage of women and men in director positions or higher (i.e. director, vice president or executive vice president).

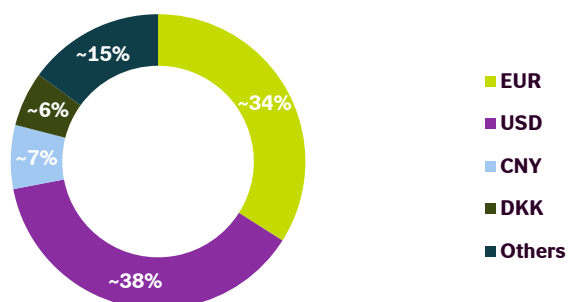
⁵ Percentage of women and men across professional, manager and senior leadership levels.

⁶ Lost-time injuries per million working hours.

⁷ Developed from specific questions in our annual employee survey.

Currency exposure

Sales by currency, Q1 2023



Other things being equal, a 5% movement in USD/DKK is expected to have an annual positive/negative impact on EBIT of around DKK 130-160 million, and a 5% movement in EUR/DKK is expected to have an annual positive/negative impact on EBIT of DKK ~200 million.

Hedging of net currency exposure and currency exchange rates

In 2022, the full currency exposure was hedged at an average rate of USD/DKK 6.29. For 2023, the exposure is fully hedged at an average rate of USD/DKK 6.97.

The 2023 outlook is based on exchange rates for the company's key currencies remaining at the closing rates on April 25 for the full year.

DKK	EUR	USD	BRL	CNY
Average exchange rate, Q1 2023	744	694	134	101
Average exchange rate, Q1 2022	744	664	127	105
Estimated average exchange rate 2023*	745	681	134	99
Estimated average exchange rate 2023 compared to 2022	0%	(4)%	(2)%	(6)%

*On April 25, 2023.

Accounting policies

The interim report for the first three months of 2023 has been prepared in accordance with IAS 34 and additional Danish regulations for the presentation of quarterly interim reports by listed companies.

The interim report for the first three months of 2023 follows the same accounting policies as the annual report for 2022 except for all new, amended or revised accounting standards and interpretations (IFRSs) endorsed by the EU effective for the accounting period beginning on January 1, 2023. These IFRSs have not had any impact on the Group's interim report.

Forward-looking statements

This company announcement and its related comments contain forward-looking statements, contain forward-looking statements, including statements about future events, future financial performance, plans, strategies and expectations. Forward-looking statements are associated with words such as, but not limited to, “believe”, “anticipate”, “expect”, “estimate”, “intend”, “plan”, “project”, “could”, “may”, “might” and other words of a similar meaning. Forward-looking statements are by their very nature associated with risks and uncertainties that may cause actual results to differ materially from expectations, both positively and negatively. Such risks and uncertainties may include unexpected developments in **i)** the ability to develop and market new products; **ii)** the demand for Novozymes' products, market-driven price decreases, industry consolidation, and launches of competing products or disruptive technologies in Novozymes' core areas; **iii)** the ability to protect and enforce the company's intellectual property rights; **iv)** significant litigation or breaches of contract; **v)** the materialization of the company's growth platforms, notably the opportunity for marketing biomass conversion technologies or the development of microbial solutions for broad-acre crops; **vi)** political conditions, such as acceptance of enzymes produced by genetically modified organisms; **vii)** global economic and capital market conditions, including, but not limited to, currency exchange rates (USD/DKK and EUR/DKK in particular, but not exclusively), interest rates and inflation; and **viii)** significant price decreases for inputs and materials that compete with Novozymes' biological solutions. The company undertakes no duty to update any forward-looking statements as a result of future developments or new information.

Contact information

Investor Relations

Tobias Bjorklund (U.S.)	+45 3077 8682	tobb@novozymes.com
Ludmila Cebanov	+45 3077 0554	ldnv@novozymes.com
Anders Enevoldsen	+45 5350 1453	adev@novozymes.com

Media Relations

Lina Danstrup	+45 3077 0552	lind@novozymes.com
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Statement of the Board of Directors and the Executive Management

The Board of Directors and the Executive Leadership Team have considered and approved the interim report of Novozymes A/S for the first three months of 2023. This interim report has not been audited or reviewed by the company's independent auditor.

The interim report for the first three months of 2023 has been prepared in accordance with International Financial Reporting Standards and IAS 34 as adopted by the EU, and further requirements of the Danish Financial Statements Act for the presentation of quarterly interim reports by listed companies.

In our opinion, the accounting policies applied are appropriate, the Group's internal controls relevant for the preparation and presentation of this Group financial statement are adequate, and this Group financial statement gives a true and fair view of the development in the Group's activities and business and of the Group's assets, liabilities, net profit and financial position at March 31, 2023, and of the results of the Group's operations and cash flows for the first three months of 2023. Other than as disclosed in the interim report for the first three months of 2023, no changes in the Group's most significant risks and uncertainties have occurred relative to what was disclosed in the annual report for 2022.

Bagsvaerd, April 26, 2023

EXECUTIVE MANAGEMENT

Ester Baiget
President & CEO

Lars Green
CFO

BOARD OF DIRECTORS

Cornelis (Cees) de Jong
Chair

Kim Stratton
Vice Chair

Anne Breum

Heine Dalsgaard

Sharon James

Anders Hentze Knudsen

Kasim Kutay

Preben Nielsen

Morten Alexander Sommer

Jens Øbro

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Appendix 1 Main items and key figures

1.1 Key figures

DKK million	Q1 2023	Q1 2022	% change
Revenue	4,623	4,371	6%
Gross profit	2,503	2,427	3%
Gross margin	54.1%	55.5%	
EBITDA	1,491	1,503	(1)%
EBITDA margin	32.3%	34.4%	
Operating profit (EBIT) before special items*	1,200	1,142	5%
EBIT margin before special items*	26.0%	26.1%	
Operating profit (EBIT)	1,134	1,142	(1)%
EBIT margin	24.5%	26.1%	
Share of result in associates	(5)	(1)	
Net financials	(89)	(65)	
Profit before tax	1,040	1,076	(3)%
Tax	(239)	(237)	1%
Net profit	801	839	(5)%
Earnings per DKK 2 share	2.83	3.00	(6)%
Earnings per DKK 2 share (diluted)	2.82	2.98	(5)%
Net investments excl. acq.	427	389	10%
Free cash flow before net acq. and purchase of financial assets	(113)	386	(129)%
ROIC** before special items*	17.7%	18.1%	
ROIC**	17.1%	18.1%	
Net interest-bearing debt	7,179	6,260	
Equity ratio	47.0%	46.2%	
Return on equity	30.0%	28.0%	
Debt-to-equity	54.0%	53.6%	
NIBD / EBITDA	1.2	1.1	
Number of employees	6,790	6,641	

* Special items include costs related to the proposed combination of Novozymes and Chr. Hansen.

** Including goodwill.

Novozymes' stock	Mar. 31, 2023	Mar. 31, 2022
Common stock (million)	281.0	282.0
Net worth per share (DKK)	45.83	40.06
Denomination of share (DKK)	2.00	2.00
Nominal value of common stock (DKK million)	562.0	564.0
Treasury stock (million)	4.0	5.0

1.2 Income statement

DKK million	Q1 2023	Q1 2022
Revenue	4,623	4,371
Cost of goods sold	(2,120)	(1,944)
Gross profit	2,503	2,427
Sales and distribution costs	(639)	(585)
Research and development costs	(517)	(493)
Administrative costs	(251)	(219)
Other operating income, net	104	12
Operating profit (EBIT) before special items	1,200	1,142
Special items	(66)	-
Operating profit (EBIT)	1,134	1,142
Share of result in associates	(5)	(1)
Net financials	(89)	(65)
Profit before tax	1,040	1,076
Tax	(239)	(237)
Net profit	801	839
Attributable to		
Shareholders in Novozymes A/S	784	832
Non-controlling interests	17	7
Specification of net financials		
Foreign exchange gain/(loss), net	(36)	(46)
Interest income/(costs)	(26)	(10)
Other financial items	(27)	(9)
Net financials	(89)	(65)
Earnings per DKK 2 share	2.83	3.00
Average no. of A/B shares outstanding (million)	276.9	277.1
Earnings per DKK 2 share (diluted)	2.82	2.98
Average no. of A/B shares, diluted (million)	277.8	279.5

1.3 Statement of comprehensive income

DKK million	Q1 2023	Q1 2022
Net profit	801	839
Currency translation of subsidiaries and non-controlling interests	(201)	271
Currency translation adjustments	(201)	271
Fair value adjustments	(21)	(23)
Tax on fair value adjustments	5	5
Cash flow hedges reclassified to cost of good sold	22	-
Cash flow hedges reclassified to financial costs	27	48
Tax on reclassified fair value adjustments	(11)	(11)
Cash flow hedges	22	19
Other comprehensive income	(179)	290
Comprehensive income	622	1,129
Attributable to		
Shareholders in Novozymes A/S	606	1,122
Non-controlling interests	16	7

Appendix 2 Distribution of sales

2.1 Business areas

DKK million	2023 Q1	2022 Q1	% change	% currency impact	% M&A impact	% organic growth
Consumer Biosolutions						
Household Care	1,257	1,230	2	0	0	2
Food, Beverages & Human Health	1,016	1,099	(8)	0	0	(8)
Agriculture & Industrial Biosolutions						
Bioenergy	1,048	797	31	3	0	28
Grain & Tech Processing	599	668	(10)	0	(1)	(9)
Agriculture, Animal Health & Nutrition	703	577	22	3	0	19
Sales	4,623	4,371	6	1	0	5

DKK million	2023 Q1	2022				% change Q1/Q1
		Q4	Q3	Q2	Q1	
Consumer Biosolutions						
Household Care	1,257	1,230	1,300	1,228	1,230	2
Food, Beverages & Human Health	1,016	1,051	980	1,004	1,099	(8)
Agriculture & Industrial Biosolutions						
Bioenergy	1,048	1,060	1,017	874	797	31
Grain & Tech Processing	599	634	626	679	668	(10)
Agriculture, Animal Health & Nutrition	703	554	444	501	577	22
Sales	4,623	4,529	4,367	4,286	4,371	6

2.2 Geography

DKK million	2023 Q1	2022 Q1	% change	% currency impact	% M&A impact	% organic growth
Europe, Middle East & Africa	1,665	1,633	2	0	0	2
North America	1,542	1,386	11	4	0	7
Asia Pacific	859	894	(4)	(2)	0	(2)
Latin America	557	458	22	1	0	21
Sales	4,623	4,371	6	1	0	5
Developed markets	3,042	2,794	9	2	0	7
Emerging markets	1,581	1,577	0	(1)	0	1
Sales	4,623	4,371	6	1	0	5

DKK million	2023 Q1	2022				% change Q1/Q1
		Q4	Q3	Q2	Q1	
Europe, Middle East & Africa	1,665	1,504	1,489	1,469	1,633	2
North America	1,542	1,583	1,465	1,395	1,386	11
Asia Pacific	859	916	843	913	894	(4)
Latin America	557	526	570	509	458	22
Sales	4,623	4,529	4,367	4,286	4,371	6
Developed markets	3,042	2,882	2,748	2,688	2,794	9
Emerging markets	1,581	1,647	1,619	1,598	1,577	0
Sales	4,623	4,529	4,367	4,286	4,371	6

Appendix 3 Statement of cash flows

3.1 Statement of cash flows

DKK million	Q1 2023	Q1 2022
Net profit	801	839
Reversals of non-cash items	564	719
Tax paid	(160)	(285)
Interest received	8	3
Interest etc. paid	(23)	(15)
Cash flow before change in working capital	1,190	1,261
Change in working capital		
(Increase)/decrease in receivables and contract assets	(262)	(276)
(Increase)/decrease in inventories	(62)	(59)
Increase/(decrease) in payables, deferred income and contract liabilities	(558)	(159)
Currency translation adjustments	6	8
Cash flow from operating activities	314	775
Investments		
Purchase of intangible assets	(13)	(10)
Sale of intangible assets	1	-
Sale of property, plant and equipment	-	1
Purchase of property, plant and equipment	(415)	(380)
Cash flow from investing activities before acquisitions, divestments and purchase of financial assets	(427)	(389)
Free cash flow before acquisitions, divestments, purchase and sale of financial assets	(113)	386
Business acquisitions, divestments and purchase and sale of financial assets	88	(55)
Free cash flow	(25)	331
Financing		
Borrowings	2,395	1,090
Repayment of borrowings	(877)	(120)
Overdraft facilities, net	(92)	213
Repayment of lease liabilities	(33)	(28)
Shareholders:		
Purchase of treasury stock	-	(140)
Sale of treasury stock	71	50
Dividend paid	(1,662)	(1,524)
Withheld dividend tax	297	267
Cash flow from financing activities	99	(192)
Net cash flow	74	139
Unrealized gain/(loss) on currencies and financial assets, included in cash and cash equivalents	(15)	(5)
Change in cash and cash equivalents, net	59	134
Cash and cash equivalents - Beginning of period	1,041	963
Cash and cash equivalents at March 31	1,100	1,097

Undrawn committed credit facilities at March 31, 2023 were DKK 11,700 million.

Appendix 4 Balance sheet and Statement of equity

4.1 Balance sheet, Assets

DKK million	Mar. 31, 2023	Mar. 31, 2022	Dec. 31, 2022
Goodwill	1,995	2,049	2,007
Acquired patents, licenses and know-how	2,233	2,585	2,307
Completed IT development projects	183	201	204
IT development projects in progress	188	137	180
Intangible assets	4,599	4,972	4,698
Land and buildings	3,975	4,008	3,999
Plant and machinery	3,994	4,303	4,151
Other equipment	987	1,041	1,028
Assets under construction and prepayments	3,182	1,084	2,896
Property, plant and equipment	12,138	10,436	12,074
Deferred tax assets	1,619	1,459	1,623
Other financial assets (non-interest-bearing)	88	32	92
Investment in associates	218	28	223
Other receivables	31	29	32
Non-current assets	18,693	16,956	18,742
Raw materials and consumables	614	491	603
Goods in progress	1,324	941	1,333
Finished goods	1,913	1,650	1,867
Inventories	3,851	3,082	3,803
Trade receivables	3,631	3,365	3,454
Contract assets	208	45	151
Tax receivables	363	210	352
Other receivables	354	425	360
Receivables	4,556	4,045	4,317
Other financial assets (non-interest-bearing)	84	97	80
Cash and cash equivalents	1,100	1,097	1,041
Current assets	9,591	8,321	9,241
Assets	28,284	25,277	27,983

4.2 Balance sheet, Liabilities

DKK million	Mar. 31, 2023	Mar. 31, 2022	Dec. 31, 2022
Common stock	562	564	562
Currency translation adjustments	(68)	263	132
Cash flow hedges	103	(13)	81
Retained earnings	12,282	10,483	13,062
Equity attributable to shareholders in Novozymes A/S	12,879	11,297	13,837
Non-controlling interests	407	386	391
Total equity	13,286	11,683	14,228
Share purchase liability	771	750	760
Deferred tax liabilities	1,716	1,200	1,653
Provisions	112	148	119
Contingent consideration	229	214	224
Deferred income	103	101	129
Other financial liabilities (interest-bearing)	4,665	3,900	3,619
Non-current lease liabilities	286	344	288
Non-current liabilities	7,882	6,657	6,792
Other financial liabilities (interest-bearing)	3,202	2,989	2,818
Other financial liabilities (non-interest-bearing)	78	131	101
Lease liabilities	126	124	123
Provisions	11	26	10
Contingent consideration	158	346	158
Trade payables	1,452	1,440	1,869
Contract liabilities	87	145	94
Deferred income	67	33	44
Tax payables	373	328	326
Other payables	1,562	1,375	1,420
Current liabilities	7,116	6,937	6,963
Liabilities	14,998	13,594	13,755
Liabilities and equity	28,284	25,277	27,983

4.3 Statement of shareholders' equity

DKK million	Attributable to shareholders in Novozymes A/S				Total	Non-controlling interests	Total
	Common stock	Currency translation adjustments	Cash flow hedges	Retained earnings			
Equity at January 1, 2023	562	132	81	13,062	13,837	391	14,228
Net profit for the period				784	784	17	801
Other comprehensive income for the period		(200)	22		(178)	(1)	(179)
Total comprehensive income for the period		(200)	22	784	606	16	622
Purchase of treasury stock				-	-		-
Sale of treasury stock				71	71		71
Dividend				(1,662)	(1,662)	-	(1,662)
Stock-based payment				43	43		43
Non-controlling interests and share purchase liability				(11)	(11)	-	(11)
Tax related to equity items				(5)	(5)		(5)
Changes in equity	-	(200)	22	(780)	(958)	16	(942)
Equity at March 31, 2023	562	(68)	103	12,282	12,879	407	13,286
Equity at January 1, 2022	564	(8)	(32)	11,303	11,827	379	12,206
Net profit for the period				832	832	7	839
Other comprehensive income for the period		271	19		290	-	290
Total comprehensive income for the period		271	19	832	1,122	7	1,129
Purchase of treasury stock				(140)	(140)		(140)
Sale of treasury stock				50	50		50
Dividend				(1,524)	(1,524)	-	(1,524)
Stock-based payment				26	26		26
Non-controlling interests and share purchase liability				(34)	(34)	-	(34)
Tax related to equity items				(30)	(30)		(30)
Changes in equity	-	271	19	(820)	(530)	7	(523)
Equity at March 31, 2022	564	263	(13)	10,483	11,297	386	11,683

Appendix 5 Miscellaneous

5.1 Publicly announced product launches in 2023

Product	Description	Sustainability benefit*
MenaquinGold™	MenaquinGold™ is a natural, fermentation-based vitamin K2-7 that helps our customers elevate their product health potential. Vitamin K2-7 plays a unique role in transporting calcium from the blood to bones and is for these reasons, recognized as supporting bone and cardiovascular health, amongst other health benefits. MenaquinGold™ can help customers leverage these benefits in various formats, including supplements, food, and beverage products.	In addition to the providing several key health benefits, Novozymes' unique plant-based fermentation process uses fewer raw materials, less energy, less water, and fewer solvents than alternative production processes.

* The sustainability benefits are based on quantitative and/or qualitative evaluations. Novozymes does not have quantifiable data or documentation to verify the benefits of all product launches.

5.2 Company announcements made in the 2023 financial year

(Excluding Management's trading in the Novozymes stock, major shareholder announcements and stock buyback status)

January 25, 2023	Proposal of candidates to the Board of Directors
January 26, 2023	Group financial statement for 2022
March 2, 2023	Resolutions from Novozymes A/S' Annual Shareholders' Meeting 2023
March 8, 2023	Publication of exemption document in relation to the proposed combination of Novozymes and Chr. Hansen, confirmation of outlook for 2023 and proposed candidates to the Board of Directors of the combined company
March 30, 2023	Combination between Novozymes and Chr. Hansen approved by the Novozymes shareholders
March 30, 2023	Resolutions from Novozymes A/S' Extraordinary Shareholders' Meeting 2023