

## Novozymes confirms upgraded guidance by strong start to Q4

**Novozymes delivered 9% organic sales growth in the first nine months of 2022 and 6% organic sales growth in the third quarter. As announced on October 7, the full-year organic sales growth outlook was raised from 6-8 % to now 8-9 % following a strong performance in the first nine months of the year, and expectedly, continued strong Q4 momentum.**

**COPENHAGEN, Denmark – November 3, 2022.** In the first nine months of the 2022 financial year, Novozymes delivers 9% organic sales growth, an EBIT-margin of 27.2%, and ROIC including goodwill of 17.8%. A strong start to Q4 confirms the upgraded guidance from October 7.

“Nine months into the year and with a strong start to Q4, we are well on track towards delivering historically strong results. This is a clear testament to our positioning and the strength and stability of our broad-based portfolio and diversified end market exposure to more than 30 different industries. Our continued focus is driving our strategy “Unlocking Growth – Powered by Biotech” and we are on track to deliver up to 9% organic sales growth for the full year and to deliver on our ambition to double revenue by 2030,” says Ester Baiget, President & CEO and continues:

“We continue to deliver strong performance and we experience increased demand for our solutions making it possible to produce more with less. Biotechnology holds one of the most promising keys – it’s changing the proteins we eat, it’s replacing fossil-based ingredients in the detergents we use, it’s improving the transportation fuels we rely on, and it’s optimizing the way we capture carbon – just to name a few. Together with our customers we will continue to create significant results and drive the world forward towards a healthier planet.”

In the third quarter, Novozymes launched seven new products and in the first nine months of 2022, a total of thirteen products was launched. The company’s product launches in 2022 have been broad-based across business areas.

### Business area results

For the first nine months of the year, organic performance by business area were 0% (-1% in Q3) in Household Care, 8% (2% in Q3) in Food, Beverages & Human Health, 26% (32% in Q3) in Bioenergy, 11% (7% in Q3) in Grain & Tech Processing, 7% (-7% in Q3) in Agriculture, Animal Health & Nutrition.

Sales growth in the third quarter was particularly strong and exceeded expectations in Bioenergy and Grain & Tech Processing. While the third quarter organic sales growth was relatively soft in both Food, Beverages & Human Health and in Agriculture, Animal Health & Nutrition, it was mainly due to the timing of sales between the third and the fourth quarters. In Household Care, third-quarter sales declined 1% organically which was in line with expectations, as developed markets grew, driven by North America, while emerging markets were soft primarily due to the negative impact from the war in Ukraine.

### Regional results

For the first nine months of the year, organic growth rates by geography were 5% (1% in Q3) in Europe, Middle East & Africa, 12% (12% in Q3) in North America, 8% (5% in Q3) in Asia Pacific, and 15% (8% in Q3) in Latin America.

Sales in developed markets grew 10% (9% in Q3) organically and emerging markets grew 7% (1% in Q3). Growth in developed markets was mainly driven by strong performance in Bioenergy, supported by double-digit growth in Agriculture, Animal Health & Nutrition and Grain & Tech Processing. Growth in emerging markets was broad-based and primarily driven by Bioenergy, Food, Beverages & Human Health, and Grain & Tech Processing, all growing at or close to double digits.

## Financial outlook for 2022

Based on the strong nine-month performance and strong start to the fourth quarter, Novozymes confirms the full-year organic sales growth outlook of 8-9%. This includes a negative full-year impact of around 1 percentage point from the war in Ukraine, mainly impacting Household Care.

For 2022, Novozymes expects a solid EBIT margin of 26% to 27% (2021: 26.8%), including the non-cash accounting gain related to the 21st.BIO recognized in the third quarter. Compared to 2021, the EBIT margin will benefit from sales growth and productivity improvements, targeted price increases, as well as a net positive currency effect. Higher input, energy and logistics costs and continued investments in the business are expected to have a negative year-on-year impact. The impact on the cost of goods sold is partially offset by productivity improvements, operational leverage, and a growing impact from price increases, increasingly so in the fourth quarter, which also includes the expectation of an improved product mix.

## CASE ON BIOENERGY

### Bioenergy – cost-effective solutions to reduce emissions

Bioenergy, such as bioethanol, biodiesel and biogas are cost-effective solutions to reduce emissions in transport sectors. Ethanol cuts emissions and is a key tool to decarbonize transportation on road, sea, and air.

Today, the bioenergy industry is much more than just ethanol and over the past decade the industry has diversified into other important and meaningful revenue streams. The ethanol producers now represent a diversified business taking advantages of new technology e.g., cracking corn to extract the highest potential value also producing high-value protein rich feed, corn oil and fibers.

The technology used to produce biofuels can make an immediate and positive change today and towards 2050 and according to the International Energy Agency, we can't reach net zero by 2050 without biorefineries. In fact, if we replaced 3% of liquid transport fuel with biofuels to make transportation more sustainable, it would correspond to taking 125 million cars off the road.

### Novozymes and Bioenergy

Novozymes supports the advancement of biorefining technologies through our continuous development of new biological solutions for the conversion of biological feedstock to including biofuels for the transportation sector. Novozymes provides biological solutions for the existing starch-based ethanol industry as well as for the emerging conversion of cellulosic biomass, like crop residues and municipal solid waste, to ethanol, biodiesel, or biogas. Cellulosic technologies (to produce advanced biofuel) are being demonstrated by leading first movers in the industry today and stand ready to be deployed at a large scale, provided adequate political will. In 2021, Novozymes' bioenergy products helped save 60 million t CO<sub>2</sub>e (equivalent to taking 30 million cars off the roads).

"We need to use all tools available now to reduce carbon emissions and make an immediate and positive change today and towards 2050. Biofuels are essential to achieving our net-zero ambitions as they are currently one of the most cost-effective solutions for carbon emissions reductions. At Novozymes, we are proud to see that our solutions within bioenergy are gaining traction to an even greater extent and we are very satisfied with how strong our roll out of new innovation has been received by our customers and the market in general", says Tina Sejersgård Fanø, Executive Vice President, Agriculture and Industrial Biosolutions.

### Bioenergy's contribution to Novozymes' organic sales growth

At Novozymes, bioenergy sales grew 26% organically in the first nine months of the year and the business area delivered double digit growth in both developing and emerging markets. This performance was driven by broad based growth as our innovations continues to help our customers achieve higher yields, greater throughput, and more value capture in diversified side streams such as corn oil and fiber.

In North America, the growth was primarily driven by recent launches of new yeast technologies (Innova Quantum and Innova Apex) maximizing yield as well as robustness, and a new generation of fiber enzymes (Fiberex) making it possible to convert more corn fiber for low carbon ethanol. In Latin America, the growth is further driven by continued expansion of the underlying industry. In markets like EU and Asia, Novozymes enzymatic solutions for biodiesel industry have continued to gain traction for the conversion of waste oils and fats, where enzymes can enable a more flexible, sustainable and cost-effective process.

Following the strong performance for the first nine months of the year, including for the third quarter, the full-year organic growth expectation for Bioenergy is raised from 'mid teens' to 'high teens'. Organic sales growth

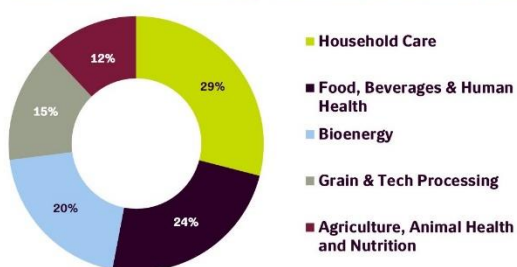
# Press Release

is driven by innovation and supported by increased U.S. ethanol production, capacity expansion of corn-based ethanol production in Latin America, and market penetration with enzymatic solutions for biodiesel production. Additionally, as experienced in the third quarter, sales of enzymes for 2G ethanol production supports the full-year performance.

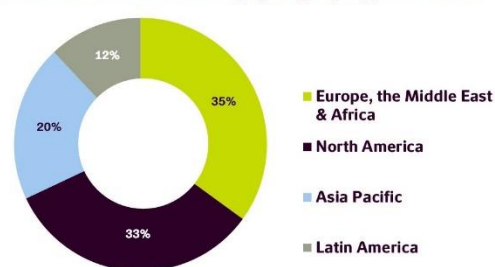
## Selected key data



## Distribution of sales by business area, 9M 2022



## Distribution of sales by geography, 9M 2022



## 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](http://www.novozymes.com)

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## Media Relations

Lina Danstrup,  
Head of Media Relations  
Phone: +45 30 77 05 52  
[lind@novozymes.com](mailto:lind@novozymes.com)

## Investor Relations

Tobias Cornelius Björklund  
Head of Investor Relations  
Phone: +45 30 77 86 82  
[tobb@novozymes.com](mailto:tobb@novozymes.com)