

Q3 organic sales growth of 8% and 26.6% EBIT margin b.s.i. solidifies full year outlook

Ester Baiget, President & CEO: *“With accelerating organic sales growth reaching 5% after the first nine months, including a strong 8% in the third quarter with 3% volume growth, we are on a solid trajectory to deliver on our full-year guidance. Growth was supported by destocking gradually levelling off in the food-related areas and increasing customer demand for sustainable biosolutions. The results we are presenting today are another proof-point to the strength of our well-diversified portfolio and broad market exposure. We are continuing the regulatory approval process of combining with Chr. Hansen and formally submitted our filing with the European Commission on October 20. And with the new company’s Executive Leadership Team announced earlier this month, we will be able to execute with full speed ahead when closing the deal, which is still expected to take place in Q4 2023 or Q1 2024.”*

Sales and financial performance (9M comments unless otherwise indicated)

- Sales growth in DKK at 2% (5% organic, -3% FX, 0% M&A). Q3 at DKK 2% (8% organic, -6% FX, 0% M&A).
- Organic growth supported by solid and broad-based pricing of ~6% (Q3 ~5%); volumes down ~1% (Q3 up ~3%).
 - Household Care 3% (Q3 6%):** Growth in developed markets from innovation and increased penetration despite declining in-market detergent volumes. Emerging markets grew from increased penetration of enzymatic solutions.
 - Food, Beverages & Human Health -2% (Q3 7%):** Improvement in Q3 as expected with destocking gradually levelling off as well as improvements in Human Health. The first half year was negatively impacted by destocking and reduced consumer demand and Human Health was impacted by supply-chain constraints and a soft North American probiotics market. Adjusted for the large comparator one-off in the first quarter, 9M performance in the business area was slightly up.
 - Bioenergy 25% (Q3 21%):** Continued strong demand across geographies and a broad, differentiated portfolio of solutions for multiple end-markets.
 - Grain & Tech Processing -9% (Q3 -3%):** Growth in Grain offset by expected softness in tech from reduced sales of solutions for Covid-19 test kits and, additionally, declining demand in textile.
 - Agriculture, Animal Health & Nutrition 7% (Q3 6%):** Growth driven by performance in Animal Health & Nutrition with strong demand for sustainable yield and health solutions. Performance in Agriculture muted following destocking in the value chain.
- Organic sales growth in developed markets 6% (Q3 8%); emerging markets grew 3% (Q3 10%).
- EBIT margin before special items (b.s.i.) at 25.5% (Q3 26.6%). Gross margin at 54.4% (Q3 53.8%) as expected.
- ROIC incl. goodwill, b.s.i. at 16.3% (ROIC incl. goodwill at 14.7%)
- FCF bef. acq. at DKK 1.6 billion including DKK 1.1 billion generated in Q3.
- Net profit at DKK 2.3 billion including special items. Third quarter net profit supported by interest income from the settlement of a long-standing tax case as well as a positive tax-exempt reduction in the value of the earn-out model for the previous owners of Precisionbiotics Group. ETR (effective tax rate) at 21.5% incl. the same beneficial tax settlement in the third quarter also benefitting the ETR (Q3 at 19.1%).
- Solid balance sheet at 1.1x NIBD/EBITDA.

Key events

- Four products launched in Q3, of which two were public, and a total of ten new products launched in the first nine months of which four were public.
- Interim dividend of DKK 4.20 per share equaling ~50% of adjusted net profit for the period January 1 to August 31, 2023, with October 17 as the pay-out date.
- Regulatory approval regarding combination with Chr. Hansen now also received in China, Brazil and Turkey. South Korea and EU clearances outstanding, with EU official filing submitted on October 20, 2023.
- Executive Leadership Team of new company announced on October 10, 2023 (announcement no. 57).
- Participation at United Nations’ General Assembly in New York with strong agenda and continued pull for accelerated sustainability efforts.

2023 outlook

- Full-year organic sales growth outlook maintained at 4-6%. Pricing is expected to be the main driver of organic growth.
- Outlook for EBIT margin b.s.i. and ROIC incl. goodwill b.s.i. maintained at 25-26% and 16-17% respectively.

		9M 2023	9M 2022	Q3 2023	Q3 2022	2023 outlook October 26	2023 outlook August 9
Sales performance, organic	%	5	9	8	6	4 to 6	4 to 6
EBIT margin, before special items*	%	25.5	27.4	26.6	30.2	25 to 26	25 to 26
ROIC incl. goodwill, before special items*	%	16.3	17.9			16 to 17	16 to 17

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



9M 2023

5%

Organic sales growth

25.5%

EBIT margin, before special items

16.3%

ROIC, incl. goodwill, before special items

Conference call

October 26, 2023
9.00 CEST

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

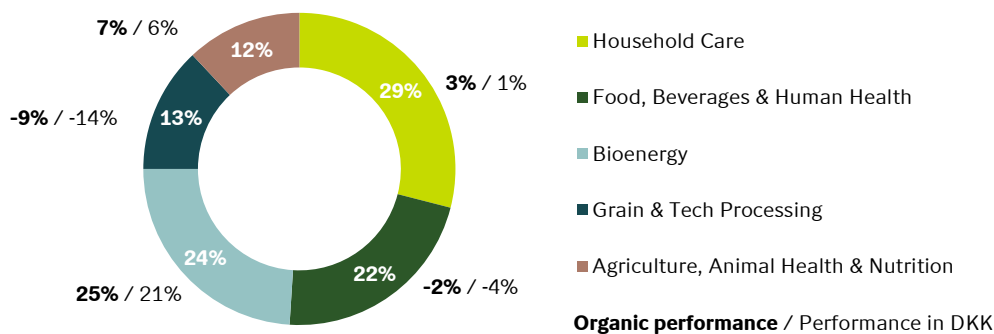
Selected key data

		9M 2023	9M 2022	Q3 2023	Q3 2022
Sales performance, organic	%	5	9	8	6
Household Care	%	3	0	6	-1
Food, Beverages & Human Health	%	-2	8	7	2
Bioenergy	%	25	26	21	32
Grain & Tech Processing	%	-9	11	-3	7
Agriculture, Animal Health & Nutrition	%	7	7	6	-7
Sales	DKKkm	13,296	13,024	4,456	4,367
Sales performance, DKK	%	2	17	2	16
Gross margin	%	54.4	54.9	53.8	53.8
EBITDA	DKKkm	4,045	4,654	1,354	1,664
EBIT before special items*	DKKkm	3,395	3,570	1,184	1,318
EBIT margin before special items*	%	25.5	27.4	26.6	30.2
EBIT	DKKkm	3,021	3,539	1,022	1,287
EBIT margin	%	22.7	27.2	22.9	29.5
Net profit	DKKkm	2,344	2,809	929	1,153
Net investments excl. acquisitions	DKKkm	1,449	1,964	475	731
Free cash flow before acquisitions	DKKkm	1,581	1,458	1,111	489
NIBD/EBITDA	x	1.1	1.0		
ROIC, incl. goodwill, before special items*	%	16.3	17.9		
ROIC, incl. goodwill	%	14.7	17.8		
Special items*	DKKkm	-374	-31	-162	-31
EPS		8.40	10.09	3.38	4.17
EPS (diluted)		8.37	10.01	3.37	4.14
Avg. USD/DKK		688	701	685	739

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

Sales by business area

Distribution of sales by business area, 9M 2023



Total sales 9M y/y

Organic: 5%
DKK: 2%

Household Care

Household Care grew 3% organically in the first nine months of the year, and sales in reported DKK were up 1%. Growth in developed markets was driven by innovation in both laundry and dishwash and was achieved despite industry volume softness. Emerging markets continued to see growth driven by increased penetration of enzyme solutions and came despite a negative impact on the first quarter results from the war in Ukraine. The Freshness platform performed in line with expectations and pricing had a positive impact on growth.

Household Care 9M y/y

Organic: 3%
DKK: 1%

Third-quarter sales increased 6% organically and 2% in reported DKK. A solid performance across developed and emerging markets was driven by innovation and penetration of enzyme solutions as well as pricing. Developed markets stabilized compared to previous quarters as pressure from industry volume softness and consumer downtrading eased.

Food, Beverages & Human Health

Sales in Food, Beverages & Human Health declined 2% organically and 4% in reported DKK for the first nine months of the year. Organic sales were negatively impacted by close to 3 percentage points as the first-quarter comparator from last year included sales of a specific enzyme solution, which is not sold this year. Underlying growth trends across subareas with the focus on health, clean label and efficiencies remained intact with solid progress on recent launches as well as a solid innovation pipeline in collaboration with customers. The modest underlying sales growth was driven by pricing, partly offset by destocking across the value chain in Food and Beverages and lower consumer demand. Food delivered the strongest underlying performance while Beverages and Human Health were soft. Human Health was impacted by supply chain constraints affecting the ability to accommodate demand in the robust healthcare practitioner channel and, additionally, general softness in demand for probiotic solutions in North America.

Food, Beverages & Human Health 9M y/y

Organic: -2%
DKK: -4%

In the third quarter, Food, Beverages & Human Health sales increased 7% organically and 2% in reported DKK compared to the same period of last year. Growth was driven by pricing as well as stronger volumes in Food and Human Health, supported by innovation and including a softer comparator. Destocking across the value chain in Food & Beverages started to level off compared to previous quarters. The solid performance in Food was broadly driven by Baking, and Human Health delivered growth as the supply chain constraints restricting supply in previous quarters were resolved, and the North American market is showing signs of gradual recovery.

Bioenergy

Sales in Bioenergy grew 25% organically and 21% in reported DKK in the first nine months of the year. The strong 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 favorable market environment. In particular, the North American market experienced strong developments supported by a favorable market environment and roughly a 1% increase in U.S. ethanol production in the first nine months of 2023, as reported by the EIA. Performance was also strong outside of North America, driven by innovation as well as capacity expansion of corn-based ethanol production in Latin America. Additionally, growth was supported by solutions for biodiesel production and sales of enzymes used in second-generation biofuels, commonly referred to as biomass conversion. Overall, growth was positively impacted by pricing.

Bioenergy 9M y/y
Organic: 25%
DKK: 21%

Third-quarter sales in Bioenergy continued to grow strongly, by 21% organically and by 12% in reported DKK year on year. The broad solution toolbox and innovations were the main drivers of the strong performance that was further supported by a favorable market environment including volume growth according to the EIA of roughly 6% in the U.S. ethanol industry. Sales outside the U.S. also contributed positively, led by strong growth in Latin America, as well as positive pricing across subareas. Additionally, solutions for biodiesel production and very strong growth in second-generation biofuels, although from a small base, supported growth.

Grain & Tech Processing

In the first nine months of 2023, Grain & Tech Processing sales declined 9% organically and 14% in reported DKK. The decline was mainly due to negative developments in Tech with sales of enzymes used for Covid-19 test kits significantly lower, as expected, and a much softer-than-expected textile market. Strong growth in vegetable oil processing driven by increased penetration was offset by somewhat softer sales in the grain processing subarea impacted by destocking in the food-exposed parts of this business. Pricing had a positive impact across subareas.

Grain & Tech Processing 9M y/y
Organic: -9%
DKK: -14%

In the third quarter, Grain & Tech Processing sales declined 3% organically and 13% in reported DKK compared to the same period last year. Positive pricing and growth in vegetable oil processing was offset by softer performance in grain processing and a decline in Tech driven by a soft textile market as well as lower sales of enzymes for Covid-19 test kits.

Agriculture, Animal Health & Nutrition

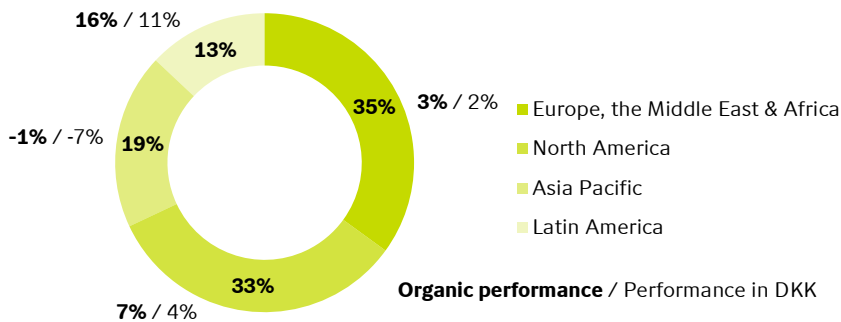
Sales in Agriculture, Animal Health & Nutrition grew 7% organically and 6% in reported DKK in the first nine months of 2023. Pricing had a positive impact and growth was led by Animal Health & Nutrition driven by innovation and healthy demand for yield-enhancing solutions. Performance in Agriculture was soft, impacted by destocking and volatile end-market demand.

Agriculture, Animal Health & Nutrition 9M y/y
Organic: 7%
DKK: 6%

Third-quarter sales increased 6% organically and 1% in reported DKK. Growth was supported by both Animal Health & Nutrition and Agriculture. Animal Health & Nutrition showed good performance driven by recent product launches while growth in Agriculture benefitted from a soft comparator, however, still impacted by destocking.

Sales by geography

Distribution of sales by geography, 9M 2023



Novozymes grew sales 5% in the first nine months of 2023, driven by 6% growth in the developed markets and 3% growth in emerging markets. Bioenergy was the main driver of growth in developed markets while Agriculture, Animal Health & Nutrition delivered solid growth. Household Care also contributed to growth despite declining industry volumes in developed markets. Food, Beverages & Human Health were flat while Grain & Tech Processing declined. In emerging markets, growth was driven by Bioenergy, while Household Care and Agriculture, Animal Health & Nutrition also contributed positively. This was offset by negative growth in Food, Beverages & Human Health and Grain & Tech Processing.

In the third quarter, developed markets grew 8% driven by Bioenergy and Agriculture, Animal Health & Nutrition but also good performance in Household Care and Food, Beverages & Human Health. This was partly offset by softness in Grain & Tech Processing. Emerging markets grew 10% driven by Bioenergy and supported by growth in Food, Beverages & Human Health, while Household Care, Grain & Tech Processing were flat and Agriculture, Animal Health & Nutrition declined.

Europe, the Middle East & Africa

Sales grew 3% organically in the first nine months of the year, driven by Agriculture, Animal Health & Nutrition and Household Care, while Food, Beverages & Human Health and Grain & Tech Processing had negative impacts. Third quarter sales grew 7% driven by Household Care and were positively impacted by developments in Agriculture, Animal Health & Nutrition and Food, Beverages & Human Health, partly offset by softness in Grain & Tech Processing.

Europe, the Middle East & Africa 9M y/y

Organic: 3%
DKK: 2%

North America

In North America, organic sales grew 7% in the first nine months of the year, driven by Bioenergy and supported by Food, Beverages & Human Health while Agriculture, Animal Health & Nutrition and Grain & Tech Processing declined. In the third quarter, organic sales in North America grew 8%, impacted by the same factors as those affecting the first nine months of the year apart from Agriculture, Animal Health & Nutrition being flat in the third quarter.

North America 9M y/y

Organic: 7%
DKK: 4%

Asia Pacific

Sales in Asia Pacific declined by 1% organically in the first nine months of the year, driven by negative developments in Grain & Tech Processing and Food, Beverages & Human Health that were partly offset by strong growth in Agriculture, Animal Health & Nutrition. Organic sales in the third quarter increased by 6%, with all business areas contributing to growth.

Asia Pacific 9M y/y

Organic: -1%
DKK: -7%

Latin America

Organic sales in Latin America grew 16% in the first nine months of the year, driven by Bioenergy and strong performances in Household Care and Grain & Tech Processing. In the third quarter, organic sales grew 16% on an overall strong performance led by Bioenergy with only Agriculture, Animal Health & Nutrition not contributing to growth.

Latin America 9M y/y
Organic: 16%
DKK: 11%

Income statement

Total costs excluding net other operating income, special items, net financials, share of losses in associates, and taxes amounted to DKK 10,034 million in the 9M period and DKK 3,286 million in the third quarter. This was DKK 309 million (3%) more and DKK 3 million (0%) less than in the corresponding periods of 2022. The year-on-year increases in the first nine months of the year were mainly due to higher cost of goods sold and higher sales and distribution costs. The minor decline in total costs in the third quarter was driven by lower operating costs compared to the same period last year, whereas cost of goods sold increased slightly.

Total costs
DKK 10,034 million

The gross margin was 54.4% for the first nine months of the year and 53.8% for the third quarter, corresponding to a decline of 0.5 of a percentage point and flat performance compared to the respective periods of last year. The decrease in the gross margin compared to last year was driven by higher input and logistics costs, partly offset by a positive pricing impact. Currencies had a minor negative impact on the gross margin in the first nine months of the year and a slightly more negative effect in the third quarter.

Gross margin
54.4%

Operating costs totaled DKK 3,975 million for the first nine months of the year and DKK 1,228 million for the third quarter. This was an increase of DKK 120 million (3%) compared to the first nine months of last year and DKK 42 million (-3%) lower than in the third quarter of 2022. The increase in operating costs for the first nine months was primarily driven by higher sales and distribution costs and strategic investments to support long-term growth.

Operating costs
DKK 3,975 million

From a ratio perspective, total operating costs for the first nine months of the year made up 29.9% of sales, compared to 29.6% for the same period of last year. In the third quarter, total operating costs amounted to 27.6% of sales compared to 29.1% in the same period last year.

- Sales and distribution costs increased by 5% in the first nine months of the year and decreased by 2% in the third quarter to make up 13% and 12% of sales in the respective periods.
- Research and development costs increased by 2% in the first nine months of the year and decreased by 3% in the third quarter to amount to 11% and 10% of sales in the respective periods.
- Administrative costs increased 1% in the first nine months of the year and decreased 7% in the third quarter, making up 5% of sales in both periods.

Other operating income amounted to DKK 133 million for the first nine months of the year, representing a decrease of DKK 138 million compared to the corresponding period of 2022. The difference included a gain from the divestment of selected waste-water treatment solutions announced in the first quarter of 2023, and a one-off in the third quarter of 2022 relating to the non-cash accounting gain related to the 21st.BIO intellectual property investment. In the third quarter, other operating income was DKK 14 million, DKK 226 million less than for the same quarter of last year when it was supported by the aforementioned 21st.BIO accounting gain.

Depreciation and amortization amounted to DKK 1,024 million in the first nine months and DKK 332 million in the third quarter, corresponding to decreases of DKK 91 million and DKK 45 million respectively compared to the corresponding periods of 2022. The decreases were mainly driven by fully depreciated intellectual property from prior-year acquisitions.

Depreciation and amortization
DKK 1,024 million

EBIT before special items was DKK 3,395 million for the first nine months of 2023 and DKK 1,184 million for the third quarter, representing an EBIT margin before special items of 25.5% for the nine-month period and 26.6% for the third quarter. This was a decrease of DKK 175 million (-5%) in the first nine months and a decrease of DKK 134 million (-10%) in the third quarter compared to the corresponding periods of 2022. In the first nine months, the EBIT margin b.s.i. was adversely impacted by a lower gross margin resulting from higher input prices as well as a slightly higher operating costs-to-sales ratio. Currencies had a minor negative impact on the EBIT margin during the first nine months of 2023.

**EBIT
before special items**
DKK 3,395 million

**EBIT margin
before special items**
25.5%

The two one-off effects affecting the EBIT margin in the 9M period were the gain related to the divestment of selected waste-water treatment solutions and a negative impact related to resource realignment in the commercial organization, both occurring in the first quarter of this year. Adjusting for one-off effects for the first nine months of both years, the underlying EBIT margin b.s.i. for the first nine months of 2023 was approximately 25%, roughly 1 percentage point lower than the underlying EBIT margin b.s.i. from last year, mainly explained by the lower gross margin.

The underlying EBIT margin b.s.i. in the third quarter was roughly on par with the reported margin b.s.i. Currencies had a minor negative effect on the margin for the quarter. Adjusting for one-off effects for the third quarter in both years, the underlying margin b.s.i. was more than 1 percentage point higher than the underlying EBIT margin b.s.i. for the third quarter of last year, mainly explained by a lower operating-cost-to-sales ratio.

Special items amounted to DKK 374 million in the first nine months of the year and DKK 162 million in the third quarter and only included costs related to the proposed combination with Chr. Hansen.

Reported EBIT was DKK 3,021 million for the first nine months and DKK 1,022 million for the third quarter, corresponding to a reported EBIT margin of 22.7% for the first nine months and 22.9% for the third quarter. This corresponds to year-on-year decreases of DKK 518 million (-15%) for the first nine months and of DKK 245 million (-21%) for the third quarter. The decline was driven by special items related to the proposed combination with Chr. Hansen and lower non-recurring income.

EBIT
DKK 3,021 million

EBIT margin
22.7%

Net financials including the share of losses in associates was a cost of DKK 35 million in the first nine months and an income of DKK 126 million in the third quarter. This represents a DKK 7 million higher cost for the first nine months and a DKK 25 million higher income for the third quarter compared to the corresponding periods of the previous year. For the nine month period, the amount included higher interest expenses and lower currency hedging losses compared to the same period last year, whereas a small hedging gain and interest income was posted for the third quarter. Additionally, the year-on-year developments in net financials include the one-off gain from the sale of Novozymes' minority ownership in Albumedix in the third quarter of last year, and a beneficial reduction in the value of the earn-out model for the previous owners of Precisionbiotics Group, benefitting Q3 by roughly DKK 120 million. Additionally, accumulated interest income from the settlement of a long-standing tax case had a positive effect in the third quarter of roughly DKK 45 million.

**Net financial cost and share
of losses in associates**
DKK 35 million

Profit before tax amounted to DKK 2,986 million in the first nine months and DKK 1,148 million in the third quarter, which was DKK 525 million (-15%) less than in the first nine months of 2022 and DKK 240 million (-17%) less than in the third quarter of last year and primarily driven by the lower EBIT for the period, including the impact from special items.

The effective tax rate was 21.5% for the first nine months and 19.1% for the third quarter. This was an increase of 1.5 percentage points and 2.2 percentage points respectively compared to the corresponding periods of last year and largely driven by merger-related transaction costs, which are not deductible for tax purposes. In the third quarter, the effective tax rate was positively impacted by the settlement of the aforementioned long-standing tax case.

Effective tax rate
21.5%

Net profit totaled DKK 2,344 million for the first nine months and DKK 929 million for the third quarter. This was DKK 465 million (-17%) less than for the first nine months of 2022 and DKK 224 million (-19%) less than for the third quarter. The development was due to the reduced profit before tax including higher one-off benefits in 2022 as well as the increase in special items related to costs for the combination with Chr. Hansen.

Net profit
DKK 2,344 million

Cash flows and balance sheet

Cash flow from operating activities amounted to DKK 3,030 million in the first nine months of the year and DKK 1,586 million in the third quarter. This was a decrease of DKK 392 million and an increase of DKK 366 million respectively compared to the corresponding periods of 2022. For the first nine months, developments were mainly driven by lower net profit and changes in working capital mainly from lower payables. The lower net profit for the third quarter was more than offset by higher payables and lower inventories.

Operating cash flow
DKK 3,030 million

Net investments excluding acquisitions totaled DKK 1,449 million for the first nine months and DKK 475 million for the third quarter. This was DKK 515 million less for the nine-month period and DKK 256 million less for the third quarter than in the corresponding periods of 2022. The decrease follows the lower investment level expected for 2023 compared to the year before.

Net investments excluding acquisitions
DKK 1,449 million

Free cash flow before acquisitions was DKK 1,581 million in the first nine months of the year and DKK 1,111 million in the third quarter, corresponding to an increase of DKK 123 million and DKK 622 million respectively, compared to the corresponding periods of 2022. The improvement was a result of reduced investments. In the third quarter, the change in net working capital was positive.

Free cash flow before acquisitions
DKK 1,581 million

Total equity was DKK 14,890 million at September 30, 2023, corresponding to an equity ratio of 52.2%. This was an increase of DKK 847 million and 2 percentage points respectively compared to September 30, 2022.

Equity ratio
52.2%

Net interest-bearing debt (NIBD) and the NIBD-to-EBITDA ratio were DKK 5,979 million and 1.1x respectively at September 30, 2023, corresponding to an increase of DKK 450 million in NIBD and a slight increase in the NIBD-to-EBITDA ratio from 1.0x at September 30, 2022.

NIBD/EBITDA
1.1x

Return on invested capital (ROIC) b.s.i. and including goodwill, was 16.3%. This was 1.6 percentage points less than for the corresponding period of 2022. The decrease was mainly driven by the lower operating profit and the increase in capital invested.

ROIC incl. goodwill, before special items
16.3%

The holding of treasury stock at September 30, 2023 was 3,942,340 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 4-6%. Full-year growth is expected to be driven mainly by pricing. Positive pricing is expected across all business areas, including in the fourth quarter, whereas innovation and increased market penetration are expected to be volume supportive. As initially expected, growth declined in the first half of the year, with an acceleration anticipated for the second half. The outlook assumes no major changes to the current state of the global economic situation and reflects an anticipated levelling-off of destocking (including in the fourth quarter) and mainly in the food-exposed areas. Sales in reported DKK are forecasted to be roughly 3 percentage points lower than the organic sales growth range expected for the full-year 2023.

Organic sales performance
4% to 6%

Household Care (organic 3% in 9M 2023) organic sales growth is expected to be supported by a combination of pricing and increased penetration in emerging markets. The outlook includes expectations that consumer down-trading will stabilize and that developed market volumes will also be stable in the second half of the year. Emerging markets are expected to continue to grow, while market penetration with solutions from the Freshness platform will continue. The full-year indication for organic sales in Household Care remains for growth in the low single digits.

Food, Beverages & Human Health (organic -2% in 9M 2023) organic sales growth is expected to be driven by Food. Pricing, recent innovations, solutions focused on health, and increased demand for quality and clean label solutions will continue to be the main drivers. The second-half growth acceleration of the business area is based on a continued levelling off of destocking in the fourth quarter, as experienced in the third quarter. Growth acceleration in the second half of the year in Human Health is supported by the resolved supply constraints negatively impacting the first half of the year and the gradually improving North American probiotics market. Human Health remains supported by innovation, cross-selling, and segment expansion. The full-year organic sales growth indication for the business area is maintained at low single digit.

Bioenergy (organic 25% in 9M 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 rate of around 20% (previously mid-teens). The mid-point of the range assumes flat U.S. ethanol production growth year on year.

Grain & Tech Processing (organic -9% in 9M 2023) organic sales growth is expected to be supported by pricing. Performance in Grain will be led by market penetration in vegetable oil processing, while destocking is adversely impacting the grain processing subarea. 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 now indicated to decline at a high single digit rate (previously low single-digit decline), in particular following a slower recovery in textile as well as softer grain processing performance compared to previous expectations.

Agriculture, Animal Health & Nutrition (organic 7% in 9M 2023) organic sales growth is expected to be driven by Animal Health & Nutrition, with growth supported by pricing, innovation, and higher end-market demand. For Agriculture, pricing will support growth but is not expected to fully offset the negative impact from destocking and volatile end-markets. The indication for Agriculture, Animal Health & Nutrition is maintained for growth at a rate in the mid-to-high single digits.

Financial outlook

For 2023, Novozymes maintains expectations of a solid EBIT margin b.s.i. of 25% to 26% (2022: 26.4%, and roughly 1 percentage point below 26.4% when excluding one-offs). 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 that of 2022, with the

EBIT margin, before special items
25% to 26%

negative impact of higher energy and other input costs to be offset by price increases and productivity improvements during the year.

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 developments.

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

The following is provided for modeling purposes:

Special items are expected to be in the DKK 0.5-0.7 billion range and to include costs related to the proposed combination with Chr. Hansen.

Special items
DKK 0.5 to 0.7 billion

Net financial costs are now expected to be around DKK 100 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. Supporting the net financials are the tax-exempt reduction in the value of the earn-out model for the previous owners of Precisionbiotics Group and the interest received on the settlement of the long-standing tax case.

Net financial costs
DKK ~100 million

The effective tax rate is now expected at 21% to 22% for 2023 (2022: 19.1%) including an impact of the beneficial tax settlement.

Effective tax rate
21-22%

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 the production line for Advanced Protein Solutions in Blair, Nebraska, U.S.

Net investments
DKK 2.1 to 2.4 billion

Free cash flow (FCF) before acquisitions is now expected at DKK 1.8 to 2.2 billion (2022: DKK 1.1 billion), mainly impacted by lower net investments and a narrowing of the cost-range for special items.

FCF before acquisitions
DKK 1.8 to 2.2 billion

		2023 Outlook *** October 26	2023 Outlook *** August 9
Sales performance, organic	%	4-6	4-6
EBIT margin before special items*	%	25-26	25-26
ROIC** before special items*	%	16-17	16-17
For modeling purposes:			
Special items*	DKKbn	0.5-0.7	0.3-0.7
Net financial costs	DKKm	~100	~200
Effective tax rate	%	21-22	~23
Free cash flow before acquisitions	DKKbn	1.8-2.2	1.8-2.4
Net investments	DKKbn	2.1-2.4	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 b.s.i. of 26% or higher, and ROIC including goodwill, b.s.i. 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%	4-6%	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, 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	Two key circular projects in pilots with demonstrated benefits	Achieve by 2030
		Key circular projects		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).

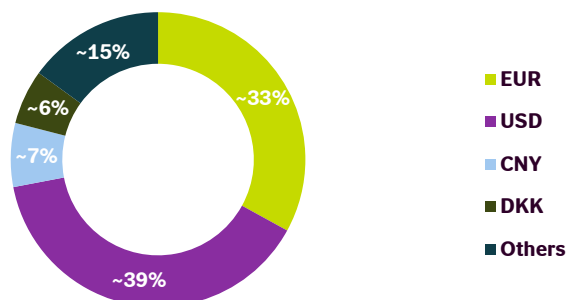
⁵ Percentage of women and men across professional, manager and senior leadership levels.

⁶ Lost-time injuries per million working hours.

⁷ Developed from specific questions in our annual employee survey.

Currency exposure

Sales by currency, 9M 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 6.96.

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

DKK	EUR	USD	BRL	CNY
Average exchange rate, 9M 2023	745	688	137	98
Average exchange rate, 9M 2022	744	701	137	106
Estimated average exchange rate 2023*	745	692	138	97
Estimated average exchange rate 2023 compared to 2022	0%	-2%	1%	-7%

*At October 25, 2023.

Accounting policies

The interim report for the first nine 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 nine 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, 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 to market 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.

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Statement of the Board of Directors and the Executive Management

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

The interim report for the first nine 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 September 30, 2023, and of the results of the Group's operations and cash flows for the first nine months of 2023. Other than as disclosed in the interim report for the first nine 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, October 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	9M 2023	9M 2022	% change	Q3 2023	Q3 2022	% change
Revenue	13,296	13,024	2%	4,456	4,367	2%
Gross profit	7,237	7,154	1%	2,398	2,348	2%
Gross margin	54.4%	54.9%		53.8%	53.8%	
EBITDA	4,045	4,654	(13)%	1,354	1,664	(19)%
EBITDA margin	30.4%	35.7%		30.4%	38.1%	
Operating profit (EBIT) before special items*	3,395	3,570	(5)%	1,184	1,318	(10)%
EBIT margin before special items*	25.5%	27.4%		26.6%	30.2%	
Operating profit (EBIT)	3,021	3,539	(15)%	1,022	1,287	(21)%
EBIT margin	22.7%	27.2%		22.9%	29.5%	
Share of result in associates	(12)	(4)		(8)	(1)	
Net financials	(23)	(24)		134	102	
Profit before tax	2,986	3,511	(15)%	1,148	1,388	(17)%
Tax	(642)	(702)	(9)%	(219)	(235)	(7)%
Net profit	2,344	2,809	(17)%	929	1,153	(19)%
Earnings per DKK 2 share	8.40	10.09	(17)%	3.38	4.17	(19)%
Earnings per DKK 2 share (diluted)	8.37	10.01	(16)%	3.37	4.14	(19)%
Net investments excl. acq.	1,449	1,964	(26)%	475	731	(35)%
Free cash flow before net acq. and purchase of financial assets	1,581	1,458	8%	1,111	489	127%
ROIC** before special items*	16.3%	17.9%				
ROIC**	14.7%	17.8%				
Net interest-bearing debt	5,979	5,529				
Equity ratio	52.2%	50.2%				
Return on equity	22.8%	27.1%				
Debt-to-equity	40.2%	39.4%				
NIBD / EBITDA	1.1	1.0				
Number of employees	6,820	6,741				

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

** Including goodwill.

Novozymes' stock	Sep. 30, 2023	Sep. 30, 2022
Common stock (million)	281.0	281.0
Net worth per share (DKK)	51.54	48.60
Denomination of share (DKK)	2.00	2.00
Nominal value of common stock (DKK million)	562.0	562.0
Treasury stock (million)	3.9	4.6

1.2 Income statement

DKK million	9M 2023	9M 2022	Q3 2023	Q3 2022
Revenue	13,296	13,024	4,456	4,367
Cost of goods sold	(6,059)	(5,870)	(2,058)	(2,019)
Gross profit	7,237	7,154	2,398	2,348
Sales and distribution costs	(1,764)	(1,679)	(531)	(542)
Research and development costs	(1,493)	(1,466)	(461)	(475)
Administrative costs	(718)	(710)	(236)	(253)
Other operating income, net	133	271	14	240
Operating profit (EBIT) before special items	3,395	3,570	1,184	1,318
Special items	(374)	(31)	(162)	(31)
Operating profit (EBIT)	3,021	3,539	1,022	1,287
Share of result in associates	(12)	(4)	(8)	(1)
Net financials	(23)	(24)	134	102
Profit before tax	2,986	3,511	1,148	1,388
Tax	(642)	(702)	(219)	(235)
Net profit	2,344	2,809	929	1,153
Attributable to				
Shareholders in Novozymes A/S	2,326	2,793	936	1,152
Non-controlling interests	18	16	(7)	1
Specification of net financials				
Foreign exchange gain/(loss), net	(51)	(221)	2	(93)
Interest income/(costs)	(53)	(31)	11	(10)
Other financial items	81	228	121	205
Net financials	(23)	(24)	134	102
Earnings per DKK 2 share	8.40	10.09	3.38	4.17
Average no. of A/B shares outstanding (million)	277.0	276.7	277.0	276.3
Earnings per DKK 2 share (diluted)	8.37	10.01	3.37	4.14
Average no. of A/B shares, diluted (million)	277.7	279.0	277.7	278.4

1.3 Statement of comprehensive income

DKK million	9M 2023	9M 2022	Q3 2023	Q3 2022
Net profit	2,344	2,809	929	1,153
Currency translation of subsidiaries and non-controlling interests	(47)	1,206	278	502
Currency translation adjustments	(47)	1,206	278	502
Fair value adjustments	(126)	(292)	(101)	(135)
Tax on fair value adjustments	27	64	21	29
Cash flow hedges reclassified to cost of good sold	75	-	18	-
Cash flow hedges reclassified to financial costs	(24)	191	(36)	82
Tax on reclassified fair value adjustments	(11)	(42)	5	(18)
Cash flow hedges	(59)	(79)	(93)	(42)
Other comprehensive income	(106)	1,127	185	460
Comprehensive income	2,238	3,936	1,114	1,613
Attributable to				
Shareholders in Novozymes A/S	2,222	3,919	1,121	1,612
Non-controlling interests	16	17	(7)	1

Appendix 2 Distribution of sales

2.1 Business areas

DKK million	2023 9M	2022 9M	% change	% currency impact	% M&A impact	% organic growth
Consumer Biosolutions						
Household Care	3,783	3,756	1	(2)	0	3
Food, Beverages & Human Health	2,965	3,083	(4)	(2)	0	(2)
Agriculture & Industrial Biosolutions						
Bioenergy	3,247	2,688	21	(4)	0	25
Grain & Tech Processing	1,689	1,973	(14)	(4)	(1)	(9)
Agriculture, Animal Health & Nutrition	1,612	1,522	6	(3)	0	7
Sales	13,296	13,024	2	(3)	0	5

DKK million	2023 Q3	2022 Q3	% change	% currency impact	% M&A impact	% organic growth
Consumer Biosolutions						
Household Care	1,326	1,300	2	(4)	0	6
Food, Beverages & Human Health	996	990	2	(5)	0	7
Agriculture & Industrial Biosolutions						
Bioenergy	1,139	1,017	12	(9)	0	21
Grain & Tech Processing	544	626	(13)	(8)	(2)	(3)
Agriculture, Animal Health & Nutrition	449	444	1	(5)	0	6
Sales	4,456	4,367	2	(6)	0	8

DKK million	2023			2022			% change Q3/Q3	
	Q3	Q2	Q1	Q4	Q3	Q2		Q1
Consumer Biosolutions								
Household Care	1,326	1,200	1,267	1,230	1,300	1,228	1,230	2
Food, Beverages & Human Health	996	951	1,016	1,061	980	1,004	1,099	2
Agriculture & Industrial Biosolutions								
Bioenergy	1,139	1,060	1,048	1,060	1,017	874	797	12
Grain & Tech Processing	544	546	599	634	626	679	668	(13)
Agriculture, Animal Health & Nutrition	449	460	703	554	444	501	577	1
Sales	4,456	4,217	4,623	4,529	4,367	4,286	4,371	2

2.2 Geography

DKK million	2023 9M	2022 9M	% change	% currency impact	% M&A impact	% organic growth
Europe, Middle East & Africa	4,700	4,591	2	(1)	0	3
North America	4,429	4,246	4	(3)	0	7
Asia Pacific	2,455	2,650	(7)	(6)	0	(1)
Latin America	1,712	1,537	11	(5)	0	16
Sales	13,296	13,024	2	(3)	0	5
Developed markets	8,578	8,230	4	(2)	0	6
Emerging markets	4,718	4,794	(2)	(5)	0	3
Sales	13,296	13,024	2	(3)	0	5

DKK million	2023 Q3	2022 Q3	% change	% currency impact	% M&A impact	% organic growth
Europe, Middle East & Africa	1,573	1,489	6	(1)	0	7
North America	1,465	1,465	0	(8)	0	8
Asia Pacific	805	843	(5)	(11)	0	6
Latin America	613	570	8	(8)	0	16
Sales	4,456	4,367	2	(6)	0	8
Developed markets	2,818	2,748	3	(5)	0	8
Emerging markets	1,638	1,619	1	(9)	0	10
Sales	4,456	4,367	2	(6)	0	8

DKK million	2023			2022			% change Q3/Q3	
	Q3	Q2	Q1	Q4	Q3	Q2		Q1
Europe, Middle East & Africa	1,573	1,462	1,665	1,504	1,489	1,469	1,633	6
North America	1,465	1,422	1,542	1,583	1,465	1,395	1,386	0
Asia Pacific	805	791	869	916	843	913	894	(6)
Latin America	613	542	557	526	570	509	458	8
Sales	4,456	4,217	4,623	4,529	4,367	4,286	4,371	2
Developed markets	2,818	2,718	3,042	2,882	2,748	2,688	2,794	3
Emerging markets	1,638	1,499	1,581	1,647	1,619	1,598	1,577	1
Sales	4,456	4,217	4,623	4,529	4,367	4,286	4,371	2

Appendix 3 Statement of cash flows

3.1 Statement of cash flows

DKK million	9M 2023	9M 2022	Q3 2023	Q3 2022
Net profit	2,344	2,809	929	1,153
Reversals of non-cash items	1,622	1,741	520	328
Tax paid	(300)	(445)	(65)	(100)
Interest received	28	10	11	5
Interest etc. paid	(73)	(75)	(18)	(50)
Cash flow before change in working capital	3,621	4,040	1,377	1,336
Change in working capital				
(Increase)/decrease in receivables and contract assets	(95)	(172)	(1)	(51)
(Increase)/decrease in inventories	(78)	(674)	103	(258)
Increase/(decrease) in payables, deferred income and contract liabilities	(420)	230	117	195
Currency translation adjustments	2	(2)	(10)	(2)
Cash flow from operating activities	3,030	3,422	1,586	1,220
Investments				
Purchase of intangible assets	(83)	(60)	(38)	(19)
Sale of intangible assets	1	-	-	-
Sale of property, plant and equipment	2	26	-	25
Purchase of property, plant and equipment	(1,369)	(1,930)	(437)	(737)
Cash flow from investing activities before acquisitions, divestments and purchase of financial assets	(1,449)	(1,964)	(475)	(731)
Free cash flow before acquisitions, divestments, purchase and sale of financial assets	1,581	1,458	1,111	489
Business acquisitions, divestments and purchase and sale of financial assets	(81)	190	(11)	267
Free cash flow	1,500	1,648	1,100	756
Financing				
Borrowings	2,444	2,040	-	150
Repayment of borrowings	(1,865)	(1,366)	(703)	(520)
Overdraft facilities, net	(243)	59	(251)	(31)
Repayment of lease liabilities	(95)	(89)	(31)	(31)
Shareholders:				
Purchase of treasury stock	-	(500)	-	-
Sale of treasury stock	88	108	8	18
Dividend paid	(1,663)	(1,525)	-	-
Cash flow from financing activities	(1,334)	(1,273)	(977)	(414)
Net cash flow	166	375	123	342
Unrealized gain/(loss) on currencies and financial assets, included in cash and cash equivalents	(32)	39	4	22
Change in cash and cash equivalents, net	134	414	127	364
Cash and cash equivalents - Beginning of period	1,041	963	1,048	1,013
Cash and cash equivalents at September 30	1,175	1,377	1,175	1,377

Undrawn committed credit facilities at September 30, 2023 were DKK 5,934 million.

Appendix 4 Balance sheet and Statement of equity

4.1 Balance sheet, Assets

DKK million	Sep. 30, 2023	Sep. 30, 2022	Dec. 31, 2022
Goodwill	2,011	2,107	2,007
Acquired patents, licenses and know-how	2,158	2,505	2,307
Completed IT development projects	165	204	204
IT development projects in progress	228	139	180
Intangible assets	4,562	4,955	4,698
Land and buildings	3,931	4,129	3,999
Plant and machinery	4,005	4,418	4,151
Other equipment	947	1,036	1,028
Assets under construction and prepayments	3,796	2,379	2,896
Property, plant and equipment	12,679	11,962	12,074
Deferred tax assets	1,521	1,429	1,623
Other financial assets (non-interest-bearing)	91	48	92
Investment in associates	211	226	223
Other receivables	33	34	32
Non-current assets	19,097	18,654	18,742
Raw materials and consumables	522	574	603
Goods in progress	1,418	1,304	1,333
Finished goods	1,938	1,879	1,867
Inventories	3,878	3,757	3,803
Trade receivables	3,662	3,462	3,454
Contract assets	110	106	151
Tax receivables	296	132	352
Other receivables	304	380	360
Receivables	4,372	4,080	4,317
Other financial assets (non-interest-bearing)	16	107	80
Cash and cash equivalents	1,175	1,377	1,041
Current assets	9,441	9,321	9,241
Assets	28,538	27,975	27,983

4.2 Balance sheet, Liabilities

DKK million	Sep. 30, 2023	Sep. 30, 2022	Dec. 31, 2022
Common stock	562	562	562
Currency translation adjustments	87	1,197	132
Cash flow hedges	22	(111)	81
Retained earnings	13,813	12,008	13,062
Equity attributable to shareholders in Novozymes A/S	14,484	13,656	13,837
Non-controlling interests	406	387	391
Total equity	14,890	14,043	14,228
Share purchase liability	826	821	760
Deferred tax liabilities	1,693	1,326	1,653
Provisions	120	168	119
Contingent consideration	-	221	224
Deferred income	106	114	129
Other financial liabilities (interest-bearing)	4,422	3,710	3,619
Non-current lease liabilities	258	328	288
Non-current liabilities	7,425	6,688	6,792
Other financial liabilities (interest-bearing)	2,358	2,729	2,818
Other financial liabilities (non-interest-bearing)	113	279	101
Lease liabilities	116	139	123
Provisions	11	16	10
Contingent consideration	108	391	158
Trade payables	1,460	1,816	1,869
Contract liabilities	84	120	94
Deferred income	72	23	44
Tax payables	514	490	326
Other payables	1,387	1,241	1,420
Current liabilities	6,223	7,244	6,963
Liabilities	13,648	13,932	13,755
Liabilities and equity	28,538	27,975	27,983

4.3 Statement of shareholders' equity

DKK million	Attributable to shareholders in Novozymes A/S				Total	Non-controlling interests	Total
	Common stock	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				2,326	2,326	18	2,344
Other comprehensive income for the period		(45)	(59)		(104)	(2)	(106)
Total comprehensive income for the period		(45)	(59)	2,326	2,222	16	2,238
Purchase of treasury stock				-	-		-
Sale of treasury stock				88	88		88
Dividend				(1,662)	(1,662)	(1)	(1,663)
Stock-based payment				115	115		115
Non-controlling interests and share purchase liability				(66)	(66)	-	(66)
Tax related to equity items				(50)	(50)		(50)
Changes in equity	-	(45)	(59)	751	647	15	662
Equity at September 30, 2023	562	87	22	13,813	14,484	406	14,890
Equity at January 1, 2022	564	(8)	(32)	11,303	11,827	379	12,206
Net profit for the period				2,793	2,793	16	2,809
Other comprehensive income for the period		1,205	(79)		1,126	1	1,127
Total comprehensive income for the period		1,205	(79)	2,793	3,919	17	3,936
Purchase of treasury stock				(500)	(500)		(500)
Sale of treasury stock				108	108		108
Write-down of common stock	(2)			2	-		-
Dividend				(1,524)	(1,524)	(1)	(1,525)
Stock-based payment				93	93		93
Non-controlling interests and share purchase liability				(104)	(104)	(8)	(112)
Tax related to equity items				(163)	(163)		(163)
Changes in equity	(2)	1,205	(79)	705	1,829	8	1,837
Equity at September 30, 2022	562	1,197	(111)	12,008	13,656	387	14,043

4.4 Special items

DKK million	9M 2023	9M 2022	Q3 2023	Q3 2022
Transaction costs	(170)	(31)	(70)	(31)
Integration costs	(204)	-	(92)	-
Special items	(374)	(31)	(162)	(31)

Appendix 5 Miscellaneous

5.1 Publicly announced product launches in 2023

In the first nine months of 2023, ten new products were launched of which four were in Q3. Of the ten products, four were public.

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 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.
Protide® L	Protide® L is a natural solution that helps customers elevate the nutritional value of their feed ingredients as well as save cost during production. With this innovation, it will now be possible to improve protein absorption and therefore increase nutritional value, as well as broaden the choice of feed ingredients through enzymatic hydrolysis.	Protide® L contributes to sustainable development by turning agricultural by-products into feed resources and increasing the nutritional value of feed. Additionally, the enzymatic hydrolysis process allows our customers to use less harsh chemicals in their production process.
ProSilienc™ HU58	ProSilienc™ HU58 is a unique probiotic strain that provides health benefits related to digestion and immunity. Unlike many existing strains which are not sufficiently stable, ProSilienc HU58 offers superior stability, enabling new application areas in food.	ProSilienc™ HU58 health benefits relate to digestion and immunity across a broad range of food products.
Vertera® ProBite	Vertera® ProBite enhances the texture of plant-based meat products while at the same time enabling the removal of methylcellulose and other hydrocolloids, resulting in a simpler label. It elevates the consumer experience as the texture is stable across temperatures, meaning consumers can experience the great texture from unpacking, to cooking and finally eating the product.	Vertera® ProBite aims at transforming food systems by encouraging more consumers to choose plant-based alternatives

* 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
April 26, 2023	Interim report for Q1 2023
May 4, 2023	Change to the Executive Leadership Team
August 9, 2023	Interim report for 1H 2023
October 10, 2023	Executive Leadership Team and organizational structure announced for the future combined company of Novozymes and Chr. Hansen