

2024 outlook and pro forma financials

Novonesis provides outlook for 2024 with expected 5-7% organic sales growth and ~35% adj. EBITDA margin. Pro forma financials disclosed.

Ester Baiget, CEO of Novonesis, said: *“Today we provide key pro forma numbers as well as the first outlook for our new company. On a pro forma basis, 2023 was a solid year for Novonesis, including a Chr. Hansen that on a stand-alone basis delivered well in range of its latest full year outlook. We expect a solid 2024 performance with overall organic sales growth of 5-7% including growth across all subareas, and a strong margin development. We will continue to update you with key numbers as we move along, and we are already comfortably building the foundation for a new era in biosolutions.”*

The historical pro forma financials for Novonesis are reported as a combination of the historical financials provided by Novozymes A/S and Chr. Hansen Holding A/S for the period January 1, 2023 – December 31, 2023. The pro forma financials are unaudited and illustrative. The reporting currency for Novonesis is EUR. In 2024, Novonesis will publish sales trading statements for Q1 and Q3 and consolidated financials for 1H and 2H. Quarterly consolidated financials will be shared from 2025.

Sales will be reported at the following detailed level:

Food & Health Biosolutions:

- **Food & Beverages** combines Novozymes’ Food & Beverage and Chr. Hansen’s Food Cultures & Enzymes.
- **Human Health** combines Novozymes’ Human Health and Advanced Specialty Proteins businesses and Chr. Hansen’s Human Health business including HMO.

Planetary Health Biosolutions:

- **Agriculture, Energy & Tech** combines Novozymes’ Bioenergy, Agriculture & Animal Health/ Nutrition, Grain & Tech Processing and Chr. Hansen’s Animal & Plant Health.
- **Household Care** includes Novozymes’ Household Care.

2023 pro forma financials

- 7% organic sales growth in 2023 was driven by price of around 5% and volumes at around 2%.
- Gross Margin is indicated at 55.0% following sales/cost allocation adjustments to harmonize reporting (see under ‘Pro forma financial measures.’)
- Adjusted* EBITDA margin and adjusted* EBIT margin were 33.8% and 25.7% respectively.
- CAPEX-to-sales in 2023 was around 12%.
- NIBD/EBITDA ratio was 1.7x.
- Adjusted EPS was at EUR 1.52.
- Free cashflow before acq. will be published once available, latest in 1H.

* See definition in section “Non-IFRS financial measures and definitions”

Company Announcement no. 11 – March 21, 2024

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CVR number: 10 00 71 27 – LEI: 529900T6WNZXD2R3JW38

Conference call

March 21, 2024
9.00 CET

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

[Webcast](#)

Net sales

EUR million	Pro forma 1H 2023	Pro forma 2H 2023	Pro forma 12M 2023
Food & Health Biosolutions			
Food & Beverages	634.4	646.7	1,281.1
Human Health	225.3	214.4	439.7
	859.7	861.1	1,720.8
Planetary Health Biosolutions			
Agriculture, Energy & Tech	668.5	669.3	1,337.8
Household Care	330.0	355.2	685.2
	998.5	1,024.5	2,023.0
Net sales	1,858.2	1,885.6	3,743.8

EUR million	Pro forma Q1 2023	Pro forma Q2 2023	Pro forma Q3 2023	Pro forma Q4 2023
Food & Health Biosolutions				
Food & Beverages	318.6	315.8	326.3	320.4
Human Health	114.2	111.1	110.1	104.3
	432.8	426.9	436.4	424.7
Planetary Health Biosolutions				
Agriculture, Energy & Tech	354.8	313.7	328.7	340.6
Household Care	168.9	161.1	177.9	177.3
	523.7	474.8	506.6	517.9
Net sales	956.5	901.7	943.0	942.6

Organic sales growth

%	Pro forma 1H 2023	Pro forma 2H 2023	Pro forma 12M 2023
Food & Health Biosolutions			
Food & Beverages	4%	8%	6%
Human Health	6%	6%	6%
	4%	8%	6%
Planetary Health Biosolutions			
Agriculture, Energy & Tech	8%	8%	8%
Household Care	1%	8%	5%
	6%	8%	7%
Organic sales growth	5%	8%	7%

%	Pro forma Q1 2023	Pro forma Q2 2023	Pro forma Q3 2023	Pro forma Q4 2023
Food & Health Biosolutions				
Food & Beverages	2%	5%	9%	8%
Human Health	5%	6%	8%	3%
	3%	5%	9%	7%
Planetary Health Biosolutions				
Agriculture, Energy & Tech	13%	4%	8%	7%
Household Care	2%	0%	6%	10%
	9%	3%	8%	8%
Organic sales growth	6%	4%	8%	8%

Note: See definition of organic sales growth in section “Non-IFRS financial measures and definitions”

Novonesis consolidated numbers

EUR million	Pro forma 1H 2023	Pro forma 2H 2023	Pro forma 12M 2023
Adjusted EBIT	477,5	485,5	963,0
Adjusted EBITDA	627,2	638,4	1.265,6
Adjusted EBIT margin	25,7%	25,7%	25,7%
Adjusted EBITDA margin	33,8%	33,9%	33,8%

Note: Adjusted implies “adjusted for special items and impacts from the accounting for acquisitions” .

Pro forma financial measures

In preparation of the pro forma financials, the historical pro forma financials of Novozymes A/S and Chr. Hansen Holding A/S have been combined for the period January 1, 2023 – December 31, 2023. The pro forma financials have been prepared as if the merger had been completed on January 1, 2023. Purchase price allocation adjustments are only included from January 29, 2024, and onwards. The pro forma figures are presented in EUR and are unaudited and illustrative.

The following adjustments to harmonize reporting between the two companies have been made to the historical pro forma reported net sales, and this will also apply for future reporting:

- Intercompany sales elimination of EUR 21.3 million in 2023
- Harmonization of freight cost allocation of EUR 22.1 million in 2023 from net sales to sales & distribution costs.

Other considerations

The previously announced lactase enzyme business that will be divested (EUR ~40m in 2022 sales), is included in the proforma reported numbers, however, the amount is not part of the organic sales growth. We expect the divestment to be completed during the second quarter of 2024.

2024 Outlook

- 2024 organic sales growth is expected at 5-7% and does not include material revenue synergies.
- 2024 adjusted* EBITDA margin is expected at around 35%. Novonesis will going forward provide outlook on an adjusted* EBITDA margin instead of an EBIT margin b.s.i. excluding PPA amortization.
- Novonesis will provide individual operating profit (EBIT and adjusted EBITDA) performance for the two divisions Food & Health Biosolutions and Planetary Health Biosolutions latest by year end.
- The outlook is for a pro forma period including 12 months of each of the legacy company’s business. As the closing of the combination took place on January 29th, 2024, the month of January will be excluded when reporting according to IFRS.

	Pro forma 2023	Outlook 2024**
Organic sales growth*	7%	5-7%
Adj. EBITDA margin*	33.8%	~35%

* See definition in section “Non-IFRS financial measures and definitions”.

** The outlook 2024 is based on 12 months pro forma numbers for the combined business. The 2024 IFRS reported numbers are expected to be similar.

2024 Sales outlook

The organic sales growth for full year 2024 is expected in the range of 5-7%. Growth is expected across all subareas and is overall expected to be predominately volume driven. Destocking in the food exposed areas has levelled off and organic sales growth is expected for both divisions with Food & Health Biosolutions expected to grow stronger than Planetary Health Biosolutions.

Food & Health Biosolutions is indicated to deliver mid-to-high single digit organic sales growth for the year. Growth in **Food & Beverages** is expected to be driven by broad performance across subareas. Growth in **Human Health** is expected to be driven by the sales of the Advanced Protein Solution to the anchor customer and by Dietary supplements.

Planetary Health Biosolutions is indicated to deliver mid-single digit organic sales growth for the year. **Household Care** growth is expected to be driven by increased penetration in both developed and emerging markets. **Agriculture, Energy & Tech** growth is expected to be driven by growth across subareas led by Energy.

*See definition in section “Non-IFRS financial measures and definitions”

The first quarter of 2024 is expected to be somewhat below the full year outlook range. In Agriculture, Energy & Tech the comparator is demanding as Animal Nutrition had a very strong Q1 2023 performance due to timing. In Human Health a soft start to the year is expected with a decline in Q1 following a strong comparator and order timing in HMO and Dietary supplements.

2024 Profitability outlook

The adjusted* EBITDA margin is expected to be around 35% supported by stronger gross margin development and including cost synergies contributing by close to half a percentage point to the adjusted EBITDA margin.

The gross margin is expected to see solid improvement over 2023 following lower input and energy costs as well as productivity and efficiency improvements, including synergies.

The following is provided for modeling purposes for 2024:

- Special items include costs both related to the integration of combining with Chr. Hansen expected to be around EUR 90 million, as well as transaction costs expected at around EUR 70 million.
- Net financial costs are expected to be around of EUR 65 million.
- The effective tax rate is expected to be around 30% due to non-deductible transaction-related cost. A normalized tax rate is expected to be around 24%.
- The CAPEX-to-revenue ratio is expected to be between 9% and 11%.
- Net-debt-to-EBITDA is expected at around 1.5x at the end of year.

Financial ambitions as communicated on December 12, 2022

- An expected organic revenue growth of 6-8% (CAGR) through 2025.¹
- An expected EBIT margin of 29% by 2025 excluding integration costs and PPA amortization.² The 29% adjusted EBIT margin is translated into an adjusted EBITDA margin of around 37% in 2025.
- Annual revenue synergies are estimated at EUR 200 million with an EUR 80-90 million EBIT impact achievable within four years of completion and an estimated EUR 80-90 million in cost synergies achievable within three years of completion.
- Beyond 2025, the ambition is to continue to deliver accelerated sustainable growth from the underlying business coupled with new, and de-risked, innovation and growth opportunities.
- Adjusted EPS* is expected to be mid-single digit percentage accretive in the third year of completion.
- Leverage (NIBD/EBITDA) at a future range between 1.3-1.7x.
- A continuation of Novozymes' historical shareholder dividend payout ratio of around 50% of net profit.

Future dividend pay-out ratio

Novozyymes' historical dividend payout ratio of around 50% of net profit is going forward reflected in a dividend payout range of 40-60%.

* See definition in section "Non-IFRS financial measures and definitions".

¹ Using 2023 as the base year. Expectation reflects each individual company's previously communicated targets adding synergies from the combination. Note that all expectations assume constant currencies, no additional acquisitions, no divestments, no special items, a gradual normalization of the global economy.

² Estimated integration costs of EUR 250 million, of which approximately EUR 50 million would be capitalized, are expected through 2026. PPA is defined as Purchase Price Allocation. The estimate reflects each individual company's previously communicated targets adding synergies from the combination. Note that all targets assume constant currencies, no additional acquisitions, no divestments, no special items or other extraordinary effects, a gradual normalization of the global economy.

Integration and synergies

The integration is progressing very well, and cost synergies are expected to contribute with close to a half a percentage point to the 2024 adjusted EBITDA margin. The three-year cost synergy target of EUR 80-90 million is already close to a 50% run-rate. The EUR 200 million sales synergy target is assumed to increasingly ramp up over the announced four-year period and is currently not expected to contribute materially to the organic sales growth outlook for 2024.

Dividend for September 1, 2023 – December 31, 2023

As outlined in the exemption document, the combined company is committed to paying out a dividend in respect of the Combined Group's adjusted earnings at an amount reflecting a continuation of Novozymes' shareholder dividend payout ratio. Proposed dividend for the period September 1 - December 31, 2023, will be announced by the board of directors in connection with the notice to convene the Annual Shareholders' Meeting.

Non-IFRS financial measures and definitions

Organic sales growth

Sales growth from existing business excluding divestments in constant currencies and for IAS 29 defined hyperinflation countries with a cap of 26% sales growth. For acquisitions, pro forma sales for the comparative ownership period are included in the calculation. Constant currency values are calculated by translating both the current and the prior period local currency amounts using the same exchange rates into Euro.

Special items

To provide transparency regarding the operating performance of Novonesis, management presents significant individual items, income and cost, of a special nature as Special items.

Special items can amongst others include significant integration and transaction cost, restructuring expenses, and will include all significant non-recurring income or costs not related to Novonesis' recurring operating profit.

Adjusted EBITDA

Operating profit (EBIT) adjusted for amortization, depreciation, special items and impacts from the accounting for acquisitions.

Adjusted earnings per share (adj. EPS)

Net profit for the year (attributable to shareholders of Novonesis A/S) adjusted for special items and impacts from the accounting for acquisitions, net of tax, divided by the weighted average number of shares outstanding (diluted).

Conference call

Following the announcement on pro forma financials and 2024 outlook Novonesis will host a conference call to analysts and investors on March 21, 2024, at 09:00 CET to discuss this announcement.

Q1 trading statement

Novonesis will provide a Q1 revenue trading statement on May 3, 2024. The company will report both on a pro forma basis including three months of both legacy Novozymes and legacy Chr. Hansen results, as well as on an IFRS required basis which include three months of Novozymes results and two months of Chr. Hansen results as the merger was finalized January 29, 2024.

Capital Markets Day

As previously announced in connection with the completion of the combination of Novozymes and Chr. Hansen, Novonesis will host a Capital Markets Day in London on June 18, 2024. The event will start around lunchtime in central London and end late afternoon. Focus will be on the integration, synergies, financials and the power of the combined technology platform. Further details will be shared at a later stage.

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Information Regarding Forward-Looking Statements

This announcement includes forward-looking statements. These forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond the control of the combined group and all of which are based on the combined group's current beliefs and expectations about future events. Forward-looking statements are sometimes identified by the use of forward-looking terminology such as "aim", "annualized", "anticipate", "assess", "assume", "believe", "continue", "could", "estimate", "expect", "goal", "hope", "intend", "may", "objective", "plan", "position", "potential", "predict", "project", "risk", "seek", "should", "target", "will" or "would" or the highlights or the negatives thereof, other variations thereon or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this announcement and other documents regarding the combination and include statements that reflect the combined group's intentions, beliefs, or current expectations and projections about their respective future results of operations, financial condition, liquidity, performance, prospects, anticipated growth, targets, strategies, and opportunities, as well as the markets in which they respectively operate. These forward-looking statements and other statements contained in this announcement regarding matters that are not historical facts involve predictions. No assurance can be given that such future results will be achieved; actual events or results may differ materially as a result of risks and uncertainties facing the combined group. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed, or implied in such forward-looking statements. Forward-looking statements in this announcement speak only as of the date of this announcement. The information contained in this announcement is subject to change without notice, and, except as required by applicable laws and regulations, the combined group expressly disclaims any obligation or undertaking to update or revise the forward-looking statements contained in this announcement to reflect any change in its expectations or any change in events, conditions, or circumstances on which such statements are based, and nor does it intend to. Investors should not place undue reliance on forward-looking statements, which speak only as of the date of this announcement. As a result of these risks, uncertainties, and assumptions,

you should not place undue reliance on these forward-looking statements as a prediction of actual future events or otherwise.

Novonesis is a global company leading the era of biosolutions.

By leveraging the power of microbiology with science, we transform the way the world produces, consumes and lives. In more than 30 industries, our biosolutions are already creating value for thousands of customers and benefiting the planet. Our 10,000 people worldwide work closely with our partners and customers to transform business with biology.

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Novozymes A/S CVR number: 10007127, part of Novonesis Group

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