

## Novozymes delivers results within expectations in the first half of 2023 and narrows the full year outlook

**After the first half of 2023, Novozymes sees overall stability in a volatile environment and delivers 3% organic sales growth. Following destocking and lower consumer demand, the organic full-year sales growth outlook is slightly narrowed from 4-7% to 4-6%. Growth is expected to be driven mainly by pricing.**

**COPENHAGEN, Denmark – August 9, 2023.** Novozymes delivers 3% organic sales growth, an EBIT-margin of 25% before special items, and ROIC including goodwill of 17% before special items in the first half of the 2023 financial year. Novozymes benefits from a diverse portfolio of solutions and broad end-market exposure in a volatile market. Following a higher level of destocking and lower consumer demand, the company's full year organic sales growth outlook is narrowed from of 4-7% to 4-6%.

"We have succeeded in building a diverse and unique portfolio of solutions as well as a broad end-market exposure, which creates stability and profitability even in a volatile market. Novozymes is delivering results for the first half of 2023 within expectations. However, following a higher level of destocking than previously anticipated as well as lower consumer demand, mainly in food-related areas, we are narrowing our guidance from 4-7% to 4-6%," says Ester Baiget, President & CEO, and continues:

"We continue to expect a stronger second half of the year supported by pipeline innovation and increased market penetration, as well as a softer comparator and a levelling-off in customer destocking. Across Novozymes, we experience an ongoing high demand for our biosolutions, enabling our customers to grow their businesses, safeguarding the planet's resources, and making better lives in a growing world."

In December 2022, Novozymes and Chr. Hansen agreed to combine and create a leading, global biosolutions partner with a broad biological toolbox, strong innovation and application expertise, and world-class production capabilities. As previously communicated, the closing of the combination is expected to be completed in the fourth quarter of 2023 or the first quarter of 2024.

"The combination with Chr. Hansen is progressing as planned, and we have currently filed for approval with main jurisdictions. I am extremely excited about the potential of the combination and the opportunities it will bring to our customers, our employees, and the world. We want to unleash the full potential of biosolutions while accelerating our operational and financial performance," says Ester Baiget, President & CEO.

During the first half of the 2023 financial year, Novozymes has launched six new products, two of which were public. Novozymes also entered into a new consortium with the purpose of developing a climate-neutral way of converting CO<sub>2</sub> into protein for human consumption bypassing the use of agricultural land, water, and fertilizer. Novozymes' research and participation in the consortium are funded by the Bill & Melinda Gates Foundation.

### Business area results

For the first half of the 2023 financial year, organic performance by business area were 1% in Household Care, -6% in Food, Beverages & Human Health, 27% in Bioenergy, -11% in Grain & Tech Processing and 7% in Agriculture, Animal Health & Nutrition.

Sales growth in the first half of 2023 was within expectations, benefitting from a diverse portfolio of solutions and broad end-market exposure. While the sales mix has changed relative to initial expectations, Novozymes also delivers on its first half profitability targets as a result of a unique portfolio with similar earnings profiles across business areas and robust production setup.

Organic sales growth continues to be strong in Bioenergy delivering double-digit growth. In Agriculture, Animal Health & Nutrition, the sales growth is driven by performance in Animal Health & Nutrition with strong demand for

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sustainable yield and health solutions. In Household Care, the growth is driven by developed markets from increased penetration and despite declining in-market detergent volumes. Sales growth declined in Food, Beverages, and Human Health impacted by destocking and lower consumer demand, as well as supply-chain constraints and a soft North American probiotics market in Human Health. Sales growth also declined in Grain & Tech Processing despite a stable grain performance and was due to expected softness in tech from reduced sales of solutions for COVID-19 test kits and declining demand in textile.

## Regional results

For the first half of the 2023 financial year, organic growth rates by geography were 1% in Europe, Middle East & Africa, 6% in North America, -5% in Asia Pacific, and 16% in Latin America.

Sales in developed markets grew 5% organically and the performance in emerging markets was flat. 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 as well as Grain & Tech Processing declined.

In emerging markets, growth was driven by Bioenergy, while Agriculture, Animal Health & Nutrition and Household Care also contributed positively. This was offset by negative growth in Food, Beverages & Human Health, and Grain & Tech Processing.

## Financial outlook for 2023

The organic sales growth outlook is narrowed from 4-7% to 4-6% following a higher level of destocking than previously anticipated and lower consumer demand, mainly in food-related areas. Full-year growth is expected to be driven mainly by pricing. Positive pricing is expected across all business areas, also in the second half, whereas innovation and increased market penetration will be volume supportive.

As expected, growth in the first half of the year was lower, with a stronger performance expected in 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 in the second half, mainly in the food-related areas.

EBIT margin before special items is maintained at 25-26%. ROIC incl. goodwill before special items is maintained at 16-17%.

## 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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