



Strong overall performance in 2021, including 7% organic sales growth in Q4; solid outlook for 2022; executing on the strategic framework

Organic sales performance of 6% (Q4: 7%) in 2021: Household Care -1% (Q4: -3%), Food, Beverages & Human Health 14% (Q4: 13%), Bioenergy 11% (Q4: 10%), Grain & Tech Processing 13% (Q4: 15%), Agriculture, Animal Health & Nutrition 0% (Q4: 7%). EBIT margin at 26.8% (Q4: 21.0%). ROIC incl. goodwill at 19.3% (Q4: 14.1%). FCF bef. acq. at DKK 2.9 billion (Q4: DKK 0.2 billion).

February 1, 2022
 Group financial statement for 2021.
 Company announcement no. 01

Ester Baiget, President & CEO: *“I am very pleased with our 2021 performance, and we expect continued, solid progress in 2022. We delivered strong financial and non-financial results for 2021 and successfully launched and positioned the company around our purpose and strategy “Unlocking growth – powered by biotech”. We have a strong foundation from which to accelerate our future performance through our people, the strength of our innovation muscle and our strong production capabilities. We are investing and positioning ourselves to unlock the true sustainable, long-term growth potential of Novozymes – and I’m confident that we’re heading in the right direction.”*

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Highlights:

- Organic sales growth at 6% (Q4: 7%) and at 7% (Q4: 11%) in reported DKK.
- Strong double-digit growth in Food, Beverages & Human Health across subareas supported by good market conditions. Household Care came in much as expected and was impacted by more difficult European trading conditions in the second half and had a tough 2020 comparator. Freshness platform and emerging markets were positive contributors.
- Double-digit growth in Bioenergy mainly from recovering U.S. ethanol production and expansion of corn-based ethanol production in Latin America. Double-digit growth in Grain & Tech Processing led by strong demand for ag-processing solutions and recovery in textile. Agriculture, Animal Health & Nutrition much in line with expectations.
- Organic sales growth in emerging markets at 18% (Q4: 12%); developed markets at 1% (Q4: 4%).
- Clear future path established for strategic direction in “Unlocking growth – powered by biotech”.
- 14 new solutions launched during the year across industries, including 6 in the fourth quarter alone. +30% of sales derived from new products launched in the last five years.
- Numerous important partnerships during the year including with Saipem for carbon capture, an anchor customer in the plant-based food industry, and with FMC for sustainable agriculture.
- On track to meet 12 out of 13 non-financial targets for 2022.
- Q4 acquisition of Synergia Life Sciences was the fourth BioHealth-related addition since mid-2020.
- Reported EBIT margin at a solid 26.8% (+70bps); underlying EBIT margin excl. one-offs at ~27%.
- Strong free cash flow at DKK 2.9bn before acquisitions. Solid balance sheet at 1.0 NIBD/EBITDA.
- Proposed dividend at 5.50 DKK/share corresponding to a payout ratio of 48.5%. A new stock buyback program of DKK 0.5bn approved for 2022.

2022 outlook: Organic sales growth of 3-7% with a broad range reflecting uncertainty related to the pandemic and volatile market conditions. Sales ~3 percentage points higher in reported DKK terms. The year is expected to be off to a good start. EBIT margin at 25-26% includes re-investments in the business and despite an impact from significantly higher input costs. ROIC incl. goodwill at 16-17%. FCF bef. acq. at DKK 1.7-2.1bn including DKK 2.5-2.8bn in CAPEX supporting long-term growth, especially in Advanced Protein Solutions.

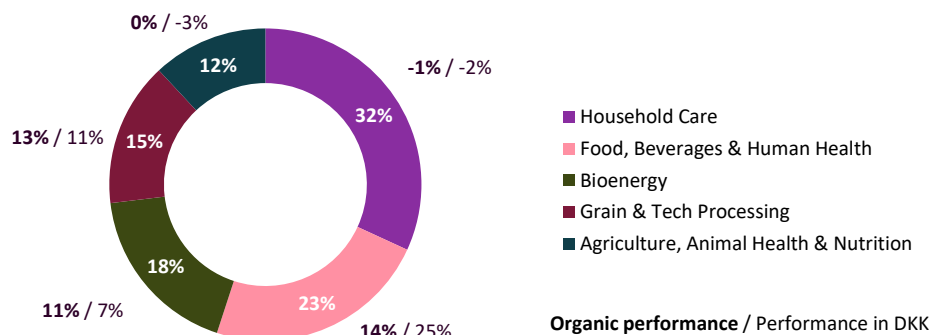
		Initial 2021 outlook	Latest 2021 outlook	Realized 12M 2021	2022 outlook
Sales performance, organic	%	2 to 6	5 to 6	6	3 to 7
EBIT margin	%	25 to 26	~27	26.8	25 to 26
ROIC, incl goodwill	%	~19	19 to 20	19.3	16 to 17
Free cash flow before acquisitions	DKKbn	2.7 to 3.1	2.8 to 3.2	2.9	1.7 to 2.1

Selected key data

		12M 2021	12M 2020	Q4 2021	Q4 2020
Sales performance, organic	%	6	0	7	-3
Household Care	%	-1	5	-3	0
Food, Beverages & Human Health	%	14	1	13	-4
Bioenergy	%	11	-9	10	-4
Grain & Tech Processing	%	13	-1	15	-4
Agriculture, Animal Health & Nutrition	%	0	1	7	-6
	Sales DKKm	14,951	14,012	3,834	3,446
Sales performance, DKK	%	7	-3	11	-8
Gross margin	%	57.7	56.0	56.1	55.5
EBITDA	DKKm	5,423	4,918	1,150	1,143
EBIT	DKKm	4,007	3,652	805	796
EBIT margin	%	26.8	26.1	21.0	23.1
Net profit	DKKm	3,145	2,826	623	654
Net profit performance	%	11	-10	-5	-29
Net investments excl. acquisitions	DKKm	1,116	936	478	343
Free cash flow before acquisitions	DKKm	2,946	3,419	217	703
NIBD/EBITDA	x	1.0	0.8	1.1	0.8
ROIC, incl. goodwill	%	19.3	18.9	14.1	17.6
EPS	DKK	11.32	10.07	2.26	2.34
EPS (diluted)	DKK	11.23	10.02	2.24	2.33
Avg. USD/DKK	DKK	629	654	650	625

Sales by business area

Distribution of sales by business area, 12M 2021



Total sales 12M y/y
Organic: 6%
DKK: 7%

Household Care

In 2021, Household Care sales declined 1% organically and 2% in reported DKK compared to last year. The soft full-year performance came against a strong 2020 performance that grew at 5% organically. Emerging markets performed well, supported by investments to increase our commercial footprint and tailored solutions. The performance in developed markets was subdued and sales declined, mainly due to reduced European consumer demand and certain private-label customers experiencing difficulties. The Freshness technology performed well and in line with expectations. It was made available across several countries in Europe, with the broad market solution successfully launched in the third quarter.

Household Care 12M y/y
Organic: -1%
DKK: -2%

Sales in the fourth quarter declined 3% organically and 2% in reported DKK. Performance was explained by the same factors as for the full-year including the reduced European consumer demand and a continued impact from the two private-label customers that began experiencing difficulties in the third quarter.

Food, Beverages & Human Health

Sales in Food, Beverages & Human Health grew 14% organically and 25% in reported DKK compared to last year. Sales growth was supported by the two Human Health-related acquisitions, PrecisionBiotics Group and Microbiome Labs, and was insignificantly impacted by the Synergia transaction that closed mid-December. Full-year growth was broad-based, with all subareas growing organically in the double digits. Growth in Food was mainly driven by market penetration and was particularly strong for health-focused solutions such as acrylamide reduction in baking, sugar reduction in dairy and solutions for plant-based protein extraction. Additionally, for baking in particular, sales benefited to some extent from raw material optimization and ingredient substitution. Beverages benefitted from a recovery in global brewing volumes following last year's COVID-19 lockdown measures whereas growth in Human Health was strong and driven by cross-selling of in-house and acquired solutions as well as geographical expansion.

Food, Beverages & Human Health 12M y/y
Organic: 14%
DKK: 25%

In the fourth quarter, sales grew 13% organically and 28% in reported DKK, compared to the same period last year. Growth was led by Food and mainly driven by raw material optimization and ingredient replacement in baking while Beverages grew slightly. Human Health performed well and in line with expectations.

Bioenergy

Sales in Bioenergy grew 11% organically and 7% in reported DKK in 2021. U.S ethanol production gradually recovered during 2021 following last year's severe disruption of both gasoline and ethanol

Bioenergy 12M y/y
Organic: 11%
DKK: 7%

demand caused by COVID-19 restrictions. Yet, U.S. ethanol production in 2021 still ended below the 2019 pre-covid level. The main factors behind the strong performance in Bioenergy were the recovery of the U.S. ethanol industry in combination with growth from innovation, capacity expansion of corn-based ethanol production in Latin America, and market penetration with enzymatic solutions for biodiesel production.

In the fourth quarter, sales grew 10% organically and 14% in reported DKK compared to the same quarter last year. The strong performance was mainly driven by the continued recovery of U.S. ethanol production, capacity expansion of corn-based ethanol production in Latin America, and market penetration enabled by innovation. Sales also benefitted from very high crush margins for U.S. ethanol producers leading to higher production and, consequently, demand for Novozymes' solutions.

Grain & Tech Processing

Full-year sales in Grain & Tech Processing grew 13% organically and 11% in reported DKK. Sales in both Grain and Tech grew by double digits with strong performances across subareas. Growth in Grain was mainly driven by increased market penetration with solutions for vegetable oil processing, innovation in starch and particularly in grain milling, as well as increased end-market demand for starch-derived products, especially in emerging markets. Growth in Tech was primarily the result of a recovering global textile industry following last year's severe COVID-19-related disruption complemented by good performance in areas such as pulp & paper, diagnostics, and leather.

Grain & Tech Processing sales grew 15% organically and 19% in reported DKK in the fourth quarter compared to the same period last year. Growth was broad-based across subareas. Innovation, market penetration in vegetable oil processing, and higher end-market demand for starch-derived products were the main contributors to the strong performance in Grain. Tech grew moderately, led by sales of diagnostics enzymes as well as solutions for pulp & paper.

Grain & Tech Processing

12M y/y
Organic: 13%
DKK: 11%

Agriculture, Animal Health & Nutrition

Sales in Agriculture, Animal Health & Nutrition declined 3% in reported DKK and ended the year flat organically compared to 2020. This was despite a negative base effect from the DKK ~60 million one-off related to the former BioAg setup that positively impacted the second quarter of 2020. Sales performance in Animal Health & Nutrition was primarily driven by Innovations such as Balancius® and ProAct 360™, while sales in Agriculture declined due to the aforementioned base effect. Adjusted for the base effect, sales in Agriculture increased led by strong growth in Latin America.

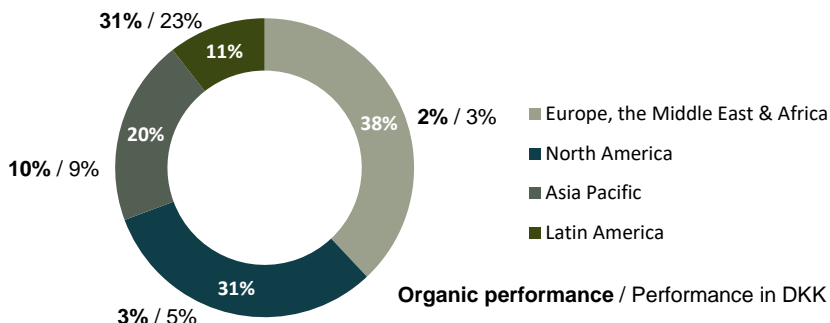
Fourth-quarter sales grew 7% organically and 9% in reported DKK compared to the same quarter last year. Animal Health & Nutrition was the main contributor to overall growth, and sales in Agriculture also grew. Sales in Animal Health & Nutrition increased, primarily due to stronger demand for protein and health solutions, while growth in Agriculture was driven by higher sales of bioyield solutions.

Agriculture, Animal Health & Nutrition 12M y/y

Organic: 0%
DKK: -3%

Sales by geography

Distribution of sales by geography, 12M 2021



Novozymes' sales grew 6% organically in 2021 compared to 2020. Growth was led by emerging markets with 18% growth, while developed markets were up by 1%. The strong performance in emerging markets was broad based, with all business areas growing by, or close to, double digits. In developed markets, Food, Beverages & Human Health and Bioenergy did well while Household Care and Agriculture, Animal Health & Nutrition declined.

Organic sales in the fourth quarter grew 7%, led by 12% growth in emerging markets followed by 4% growth in developed markets. Similar to the full-year performance, growth in emerging markets was broad based with all business areas growing, except for Bioenergy due to a soft fourth quarter. The performance in developed markets was mixed with growth in Bioenergy, Grain & Tech Processing and Food, Beverages & Human Health while Household Care and Agriculture, Animal Health & Nutrition declined.

Europe, the Middle East & Africa

Full-year organic sales grew 2% compared to the previous year with a strong performance in Food, Beverages & Human Health while Household Care, Agriculture and Animal Health & Nutrition was soft. Fourth-quarter sales grew 3% organically. Food, Beverages & Human Health performed well and grew while Household Care declined due to less favorable trading conditions, and continued impact from the two private-label customers going out-of-business.

Europe, the Middle East & Africa 12M y/y
Organic: 2%
DKK: 3%

North America

Full-year organic sales in North America increased by 3% organically in 2021 compared to 2020. Bioenergy and Grain & Tech Processing were the main growth drivers while particularly Agriculture, Animal Health & Nutrition declined. Organic sales in the fourth quarter increased by 7%, driven by Bioenergy and Grain & Tech Processing.

North America 12M y/y
Organic: 3%
DKK: 5%

Asia Pacific

Full-year organic sales increased by 10% in 2021 compared to 2020 with all five business areas contributing positively. Growth was especially strong in Food, Beverages & Human Health and Grain & Tech Processing. Fourth quarter organic sales increased by 3%. Similar to the full-year, growth was driven by Food, Beverages & Human Health and Grain & Tech Processing.

Asia Pacific 12M y/y
Organic: 10%
DKK: 9%

Latin America

Sales in Latin America increased by 31% organically in 2021 with broad-based growth across all business areas. Performance was especially strong for Agriculture, Animal Health & Nutrition, Bioenergy, and Grain & Tech Processing. Organic sales in the fourth quarter increased by 29%, mainly driven by strong performance in Agriculture, Animal Health & Nutrition and Grain & Tech Processing.

Latin America 12M y/y
Organic: 31%
DKK: 23%

Income statement

Total costs excluding net other operating income, net financials, share of losses in associates and taxes amounted to DKK 11,132 million in 2021 and DKK 3,067 million in the fourth quarter. This was DKK 716 million (7%) and DKK 414 million (16%) more, respectively, than in the corresponding periods of 2020.

Total costs
7% higher

The gross margin was 57.7% in 2021 and 56.1% in the fourth quarter. This was an increase of 1.7 percentage points for the full year and an increase of 0.6 percentage point in the fourth quarter compared to the same periods of 2020. Production efficiencies, supported by strong sales and productivity improvements, were the main drivers of the 1.7 percentage points increase. Price/mix and acquisitions also supported the full-year gross margin slightly, while higher input cost and currencies had a negative impact. The fourth-quarter gross margin increase of 0.6 percentage point was driven by production efficiencies from stronger sales, productivity improvements and a positive impact from price/mix, supported by acquisitions. Higher input costs had a negative impact on the fourth quarter performance and currencies caused slight headwinds.

Gross margin
57.7%

Operating costs totaled DKK 4,804 million in 2021, of which DKK 1,382 million was incurred in the fourth quarter. This marked an increase for the full year of DKK 547 million, or 13%, and an increase for the fourth quarter of DKK 264 million, or 24%, both compared to the same periods of 2020. The increase in operating costs was mainly due to the recognition of acquisitions and increased commercial activities, which was accentuated in the fourth quarter, as expected. Additionally, operating costs were impacted by one-off costs related to the Synergia Life Sciences transaction in the fourth quarter, one-off costs following the consolidation of R&D activities in the first quarter, as well as currencies. Research and development costs remained roughly flat compared to last year, both in 2021 and the fourth quarter, while administrative costs increased both in 2021 and the fourth quarter, largely explained by acquisitions and other employee-related costs.

Operating costs
13% higher

For the full year of 2021:

- Sales and distribution costs increased by 22% and made up 13% of sales.
- Research and development costs increased by 4% and made up 13% of sales.
- Administrative costs increased by 16% and made up 6% of sales.

Other operating income amounted to DKK 188 million in 2021, of which DKK 38 million was recognized in the fourth quarter. This was an increase of DKK 132 million for 2021 and DKK 35 million for the fourth quarter, compared to the respective periods of 2020. The increase in 2021 was partly due to a realized gain from the sale of a non-core administrative building in the first quarter and partly due to a contingent income from the divested pharma-related royalty, also realized in the first quarter. The fourth-quarter increase was mainly due to smaller, non-recurring positive items.

Depreciation and amortization amounted to DKK 1,416 million in 2021 and DKK 345 million in the fourth quarter. This was 12% higher and 1% lower, respectively, than in the corresponding periods of 2020. The full-year increase was mainly due to amortization related to the PrecisionBiotics Group and the Microbiome Labs acquisitions.

Depreciation and amortization
DKK 1,416 million

EBIT was DKK 4,007 million in 2021 and DKK 805 million in the fourth quarter, corresponding to EBIT margins of 26.8% and 21.0%, respectively. This was an increase of DKK 355 million and 0.7 percentage point in 2021, and an increase of DKK 9 million translating into a decrease of 2.1 percentage points in the fourth quarter compared to the EBIT and the EBIT margins for the respective periods of 2020. Higher operating costs during the year were more than offset by a higher gross margin and increased other operating income. The fourth-quarter EBIT margin declined year-on-year as a higher gross margin was more than offset by increased operating costs. Currencies had a slightly negative effect on the EBIT margin for the full year, whereas in the fourth quarter, it had a slightly positive effect. The underlying full-year EBIT margin for 2021 adjusted for one-offs was around 27%.

EBIT
DKK 4,007 million
EBIT margin
26.8%

The underlying EBIT margin for the fourth quarter, when adjusted for both the transaction costs related to the acquisition of Synergia Life Sciences and the sale of a non-core building, was around 22%.

Net financial costs and the share of losses in associates amounted to DKK 83 million in 2021 and DKK 34 million in the fourth quarter. The DKK 48 million improvement compared to 2020 was mainly due to currency hedging gains, while the fourth quarter DKK 44 million increase in costs was primarily due to currency hedging losses.

Net financial costs and share of losses in associates
DKK 83 million

Profit before tax amounted to DKK 3,924 million in 2021, of which DKK 771 million was earned in the fourth quarter. This was DKK 403 million (11%) higher and DKK 35 million (-4%) lower than in the corresponding periods of 2020. The increase in 2021 was primarily driven by higher operating profit and lower net financial costs, while the fourth quarter decrease was mainly due to the higher net financial costs more than offsetting the slightly higher operating profit.

The effective tax rate was 19.9% in 2021. This was 0.2 percentage point higher than last year.

Effective tax rate
19.9%

Net profit totaled DKK 3,145 million in 2021, of which DKK 623 million was earned in the fourth quarter. This was DKK 319 million (11%) higher and DKK 31 million (-5%) lower than in the same periods of 2020. The full-year increase is explained by the higher profit before tax while the year-on-year decrease in the fourth quarter was due to the lower profit before tax.

Net profit
DKK 3,145 million

Cash flows and balance sheet

Cash flow from operating activities amounted to DKK 4,062 million in 2021, of which DKK 695 million was generated in the fourth quarter. This was a decrease of DKK 293 million and DKK 351 million, respectively, compared to the corresponding periods of 2020. The lower cash flow from operating activities in 2021 compared to 2020 was mainly due to changes in working capital with higher receivables, inventories as well as payables. This was somewhat mitigated by the higher net profit and improved earnings quality. The year-on-year reduction of the fourth-quarter cash flow from operating activities was due to changes in working capital and lower net profit, including year-end positive changes in the fourth quarter of 2020 with timing effects in working capital.

Operating cash flow
DKK 4,062 million

Net investments excluding acquisitions totaled DKK 1,116 million in 2021, of which DKK 478 million was invested in the fourth quarter. This was DKK 180 million and DKK 135 million higher than in the corresponding periods of 2020, partly due to the investment in a new production line for Advanced Protein Solutions in Blair, Nebraska, USA.

Net investments excluding acquisitions
DKK 1,116 million

Free cash flow before acquisitions was DKK 2,946 million for the full-year and DKK 217 million in the fourth quarter. The respective decreases of DKK 473 million and DKK 486 million compared to the corresponding periods of 2020 were mainly driven by the aforementioned development in cash flows from operating activities and higher net investments.

Free cash flow before acquisitions
DKK 2,946 million

Total equity was DKK 12,206 million at December 31, 2021, corresponding to an equity ratio of 49.3%. This was DKK 962 million more and 5.5 percentage points less, respectively, than the total equity of DKK 11,244 million and the 54.8% equity ratio reported at December 31, 2020.

Equity ratio
49.3%

Net interest-bearing debt (NIBD) and the NIBD-to-EBITDA ratio were DKK 5,225 million and 1.0x respectively at December 31, 2021 and in line with Novozymes' capital structure target. This was an increase of DKK 1,354 million in NIBD and an increase of 0.2x in the NIBD-to-EBITDA ratio compared to December 31, 2020. The increase was due to cash outflows related to stock buybacks, dividend payments, the acquisitions of Microbiome Labs and Synergia Life Sciences as well as the investment in the new production line for Advanced Protein Solutions in Blair, Nebraska, USA.

NIBD/EBITDA
1.0

Return on invested capital (ROIC) including goodwill was 19.3% for the full year and 14.1% for the fourth quarter. This was 0.4 percentage point higher and 3.5 percentage points lower, respectively, than in the same periods of 2020. The improvement in ROIC including goodwill was due to the higher net operating profit after tax which more than offset an increase in average invested capital following the PrecisionBiotics Group, Microbiome Labs and Synergia Life Sciences acquisitions. The fourth-quarter decrease in ROIC was due to the higher average invested capital and lower net operating profit after tax.

ROIC
19.3%

The holding of treasury stock was 4,894,362 B shares at December 31, 2021, which was equivalent to 1.7% of the common stock.

Treasury stock
1.7%

Sustainability

In 2019, we defined our non-financial targets for the period 2019-2022. In 2021, despite the continued challenges brought on by the pandemic, we made solid progress and stayed on course to meet most of our 2022 targets and long-term commitments.

	Milestones	2021	2022 Targets
Zymers & Society	Nurture diversity ¹	85	86
	Occupational injury ²	1.5	≤1.5
	Zymer spirit index score ³	82	81
	Enable learning ³	79	80
	Pledge our time to local outreach activities	In progress	1% of time ⁴
Operations	Reduce absolute CO ₂ emissions from operations ⁵	42%	40%
	Develop context-based water management programs	73%	100% of sites ⁶
	Manage biomass in circular systems	99%	100%
	Develop circular management plans for key packaging materials	On track ⁷	100%
	Develop programs to reach zero waste by 2030	67%	100% of sites ⁶
World	Save CO ₂ emissions by enabling low-carbon fuels in the transport sector	60 million tonnes of CO ₂	60 million tonnes of CO ₂
	Reach people by providing laundry solutions that replace chemicals	4.1 billion people	>4 billion people
	Gain food by improving efficiency from farm to table	206,000 tonnes of food	500,000 tonnes of food

¹ Index calculated based on gender and national representation at various professional levels.

² Defined as three-year rolling average of lost time injuries per million working hours.

³ Measured by score to relevant questions in annual survey.

⁴ Qualitative reporting only.

⁵ From a 2018 baseline.

⁶ The targets do not include sites with activities not considered to have a significant environmental impact, e.g. sales offices, R&D labs, etc.

⁷ We are progressing as planned in the development of circular plans to make our key packaging recyclable, reusable or compostable.

2022 outlook

		2022 outlook*
Sales performance, organic	%	3 to 7
EBIT margin	%	25 to 26
ROIC, incl goodwill	%	16 to 17
Free cash flow before acquisitions	DKKbn	1.7 to 2.1
For modeling purposes:		
Effective tax rate	%	~22%
Net financials costs	DKKbn	~250
Net investments	DKKbn	2.5 to 2.8
Stock buyback program	DKKbn	0.5

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

Sales outlook

Novozymes expects to grow sales organically by 3% to 7% in 2022 and the year is expected to be off to a good start. Growth is supported by innovation and increased market penetration, especially in emerging markets.

The full-year indications per business area are well aligned with the mid-term 2025 outlook presented at the Capital Markets Day in September 2021. Food, Beverages & Human Health and Agriculture, Animal Health & Nutrition are expected to be the main growth drivers, while Household Care, Bioenergy and Grain & Tech Processing are expected to grow at or below the group average. The indicated ranges per business area are broader for the agriculturally-exposed areas due in part to higher end-market volatility. Sales in reported DKK net of currency and M&A-related effects are forecasted to be roughly 3 percentage points higher relative to the 3% to 7% organic sales growth range.

Household Care (organic -1% 12M 2021) organic sales growth is expected to be driven by increased penetration in emerging markets and the continued rollout of the Freshness technology. Areas outside of laundry, such as enzymes and microbes used in professional & medical cleaning as well as dishwash are also expected to contribute to growth. The first broad market Freshness solution was successfully launched in 2021, marking a significant milestone, and will contribute more to growth as the year progresses and increasingly so in the years to come. The full-year indication for organic sales in Household Care is to grow by 2% to 4%.

Food, Beverages & Human Health (organic 14% 12M 2021) organic sales growth is expected to be driven by continued strong performance in Food and Human Health while Beverages is expected to grow slightly. Growth in Food is expected to be broad based and driven primarily by our health-focused solutions, including strong performance in baking and food & protein, partly benefitting from raw material optimization and other ingredient substitutions. Human Health is estimated to grow organically in the solid double-digits and the Synergia acquisition that closed on December 10, 2021, is expected to contribute to growth. Organic sales in Food, Beverages & Human Health is expected to grow by a high-single digit rate.

Bioenergy (organic 11% 12M 2021) organic sales growth is expected to be driven by the continued recovery of U.S. ethanol production, market penetration enabled by innovation, capacity expansion of corn-based ethanol production in Latin America, and market penetration with enzymatic solutions for biodiesel production. Bioenergy is projected to grow in the low-to-mid-single-digits. Uncertainties

related to the pandemic and volatile market conditions are the main reasons for the relatively broad range. The mid-point of the range assumes moderate growth in U.S. ethanol production with full-year volumes still slightly below 2019 production levels.

Grain & Tech Processing (organic 13% 12M 2021) organic sales are expected to develop more moderately following a very strong performance in 2021. Performance is expected to be driven by growth in Grain mainly led by market penetration in vegetable oil processing and innovation in starch, such as solutions for grain milling. The sales development in Grain & Tech Processing is expected to range from flat to low-single-digit growth. Uncertainties related to the pandemic and volatile market conditions are the main reasons for the sales growth range.

Agriculture, Animal Health & Nutrition (organic 0% 12M 2021) organic sales growth will be led by double-digit growth in Agriculture. Good market conditions and a beneficial sustainability pull are expected to drive higher usage of inoculants supporting increased market penetration of both bioyield and biocontrol solutions that will also be enabled through innovation and a more direct go-to-market model. Growth in Animal Health & Nutrition will primarily be driven by innovation as well as end-market-driven volume growth. The indication for Agriculture, Animal Health & Nutrition is to grow at a rate in the high-single-digits to low-teens. Uncertainties related to the pandemic and volatile market conditions are the main reasons for the relatively broad range.

Financial outlook

For 2022, Novozymes expects a solid EBIT margin between 25% to 26% (2021: 26.8%). Compared to 2021, the EBIT margin will benefit from sales growth and productivity improvements, targeted price increases, as well as a slightly positive currency effect. Significantly higher input costs, continued investments in the business and lower other operating income are expected to have a negative year-on-year impact. Due to the aforementioned increase in input costs, the gross margin is expected to decline by 1.5 to 2 percentage points compared to 2021.

EBIT margin
25% to 26%

Return on invested capital (ROIC), including goodwill, is expected between 16% to 17% (2021: 19.3%) following lower NOPAT and higher invested capital, mainly from acquisitions.

ROIC, incl. goodwill
16% to 17%

Free cash flow (FCF) before acquisitions is expected to be between DKK 1.7 and 2.1 billion (2021: DKK 2.9 billion), mainly impacted by higher net investments to support long-term growth ambitions.

FCF before acquisitions
DKK 1.7 to 2.1 billion

For modeling purposes, the following is provided:

The effective tax rate is expected at around 22% for 2022 (2021: 20%).

Effective tax rate
~22%

Net financial costs are expected to be around DKK 250 million (2021: DKK 83 million) mainly driven by higher hedging costs, primarily related to USD forward contracts, and somewhat higher interest expenses.

Net financial costs
DKK 250 million

Net investments in 2022 are expected to be between DKK 2.5 to 2.8 billion (2021: DKK 1.1 billion). This reflects maintenance, optimization and expansion investments, also in new food and health-related customer co-creation centers, as well as roughly DKK 1 billion related to the investment in a new state of the art production line for Advanced Protein Solutions in Blair, Nebraska.

Net investments
DKK 2.5 to 2.8 billion

A stock buyback program of up to DKK 0.5 billion is approved for 2022.

Stock buyback program
up to DKK 0.5 billion

Sustainability outlook

With our refreshed strategy, 'Unlocking growth – powered by biotech', we introduced a new set of long-term commitments to a healthy planet. The commitments will help accelerate towards a climate-neutral society, transform food systems, and enable healthier lives. We also recognize the urgent need for action and are raising our commitment on climate change to include all emissions from our supply chain as well, and we will now strive for a 50% reduction in absolute emissions from operations & supply chain across Scope 1, 2 and 3 by 2030. This is in line with the climate guidance from the Science Based Targets Initiative defined in 2021. We are also committed to continue to ensuring that our employees develop in a thriving, diverse and inclusive community. For the post-2022 period, we will communicate new non-financial targets and milestones to further guide our journey towards our long-term commitments. You can find more information about our long-term commitments in our 2021 Annual Report.

In 2022, we will continue to work towards our long-term commitments by investing in the development of solutions that contribute to a healthy planet, that improve our climate, water and waste footprints as well as promoting an inclusive and diverse workplace where employees can stay safe, thrive and grow. We will develop our roadmap further towards net zero emissions by 2050 and implement employee programs focused on inclusion. Furthermore, we will continue to work together with partners to drive the global sustainability agenda, such as the U.N. Global Compact, World Wide Fund for Nature, World Economic Forum, The B-team and the Science-Based Targets Initiative.

	Milestones	2022 Targets	Status
Zymers & Society	Nurture diversity ¹	86	On track
	Occupational injury ²	≤1.5	On track
	Zymer spirit index score ³	81	On track
	Enable learning ³	80	On track
	Pledge our time to local outreach activities	1% of time ⁴	On track
Operations	Reduce absolute CO ₂ emissions from operations ⁵	40%	On track
	Develop context-based water management programs	100% of sites ⁶	On track
	Manage biomass in circular systems	100%	On track
	Develop circular management plans for key packaging materials	100%	On track
	Develop programs to reach zero waste by 2030	100% of sites ⁶	On track
World	Save CO ₂ emissions by enabling low-carbon fuels in the transport sector	60 million tonnes of CO ₂	On track
	Reach people by providing laundry solutions that replace chemicals	>4 billion people	On track
	Gain food by improving efficiency from farm to table	500,000 tonnes of food	More to do

¹ Index calculated based on gender and national representation at various professional levels.

² Defined as three-year rolling average of lost time injuries per million working hours.

³ Measured by score to relevant questions in annual survey.

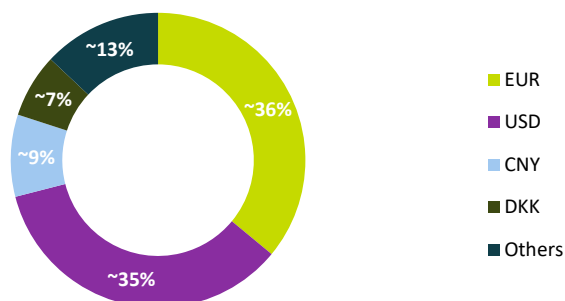
⁴ Qualitative reporting only.

⁵ From a 2018 baseline.

⁶ The targets do not include sites with activities not considered to have a significant environmental impact, e.g. sales offices, R&D labs, etc.

Currency exposure

Sales by currency, 12M 2021



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

The currency exposure was hedged at 88% at an average of USD/DKK 6.41 in 2021. For 2022, the exposure is 88% hedged at an average of USD/DKK 6.26.

The 2022 outlook is based on exchange rates for the company's key currencies remaining at the closing rates on January 31 for the full year.

DKK	EUR	USD	BRL	CNY
Average exchange rate 12M 2020	745	654	128	95
Average exchange rate 12M 2021	744	629	117	98
Average exchange rate 12M 2021 compared to 12M 2020	0%	-4%	-9%	3%
Estimated average exchange rate 2022*	744	667	124	105
Estimated average exchange rate 2022 compared to 2021	0%	6%	6%	7%

* At January 31, 2022.

Dividend

At the Annual Shareholders' Meeting to be held on March 16, 2022, the Board of Directors intends to propose a dividend payment of DKK 5.50 per share for the 2021 financial year. This is 5%, or DKK 0.25, higher per share compared to the dividend paid for 2020, and corresponds to a payout ratio of 48.5% of the net profit generated in 2021.

New stock buyback program in 2022

Novozymes targets a 50% dividend payout ratio over the coming years with excess cash to be returned to shareholders via stock buybacks at a NIBD-to-EBITDA ratio of ~1x. Consequently, a stock buyback program of up to DKK 0.5 billion has been approved for 2022. The specific starting date will be communicated once decided.

The shares acquired in the program will be used to meet obligations arising from employee stock-based incentive programs and/or to reduce the common stock. The buyback program will run in accordance with Regulation (EU) No 596/2014 of April 16, 2014, also known as the "Market Abuse Regulation," and Commission Delegated Regulation (EU) 1052/2016 of March 8, 2016. Subject to

approval at the Annual Shareholders' Meeting, consideration of the level of cancellation of stock bought back will take place after the program expires.

The maximum number of shares to be purchased by the company per daily market session will be equivalent to a maximum of 25% of the average volume of the company's stock traded on Nasdaq Copenhagen during the preceding 20 business days.

The new stock buyback program will allow Novozymes to maintain its financial flexibility in terms of pursuing investment opportunities. However, the program is contingent on no major strategic initiatives being decided upon that would require a significant amount of capital, such as a major acquisition.

Incentive programs for the Executive Leadership Team, the Senior Leadership Team and directors, and other employees

Incentive program for the Executive Leadership Team

A new long-term incentive program (LTIP) for the Executive Leadership Team covering the performance period 2022-2024 has been established. The program complies with the Remuneration policy for the Executive Management and the Board of Directors of Novozymes A/S, as approved at Novozymes' Annual Shareholders' Meeting on February 26, 2020.

The LTIP consists of 50% shares and 50% share options. The LTIP reflects a 40% weight on organic sales growth, 20% weight on EBIT margin, 20% on ROIC, and 20% weight on non-financial targets. The annual LTIP cannot exceed 19 months' base salary (value at conditional grant). Further, the program includes a maximum clause and final awards may be scaled back at the discretion of the Board of Directors if the intrinsic value exceeds twice the annual conditional grant. The total cash amount is converted into Novozymes A/S B shares and B share options at market price. The market price for shares and the exercise price for the share options are calculated as the average trading price for Novozymes A/S B shares on Nasdaq OMX Copenhagen during the first five trading days following the release of the financial results for 2021. Potential shares and share options will be awarded at the beginning of 2025 subject to achievements relative to the performance targets. The value of the 2022 program at a 50/50 split between shares and share options is approximately DKK 40 million, corresponding to approximately 43,000 shares and 210,000 share options.

The LTIP encourages retention through long-term share exposure over the three-year performance period and vesting period for the shares as well as the three-year performance and four-year vesting period for the share options. The share options will have a five-year exercise period starting on expiry of the vesting period.

Incentive program for the Senior Leadership Team and directors

A new incentive program for the Senior Leadership Team and directors covering the period 2022-2024 has also been established. The new program is a combined share and share option program and based on the same requirements and targets as for the Executive Leadership Team's LTIP. The value of the program with a 50/50 split between shares and share options is approximately DKK 50 million, corresponding to approximately 54,000 shares and 265,000 share options.

Incentive program for other employees

In addition to the new incentive programs for the Executive Leadership Team and the Senior Leadership Team and directors, Novozymes launched in 2020 a share option-based incentive program for other employees. The employee program will be repeated in 2022 and follows the same requirements and targets as the program for the Executive Leadership Team and the Senior Leadership Team. Potential share options will be awarded at the beginning of 2025, subject to performance targets, and will have a four-year vesting period starting in 2022 and a subsequent five-

year exercise period. The value of the program is approximately DKK 40 million, corresponding to 420,000 share options.

Incentive program for selected employees

As in previous years, the Board of Directors has renewed the non-executive annual incentive program, now established for 2022. The aim of the program is for the executive management to be able to award shares or share options to employees as a personal bonus for outstanding efforts or for retention purposes. Given the nature of the program, the recipients of the incentives are not known at this point. Members of the Executive Management cannot be awarded incentives under this program. The program has a three-year performance period as well as a four-year vesting and a five-year exercise period for share options. The total cost of the program cannot exceed DKK 3 million, which at the current valuation corresponds to about 6,500 shares or 32,000 share options.

Alternations to the incentive program 2020-2022 for all employees

The Board of Directors has reviewed 2020-2021 performance and progress as well as the financial outlook for 2022 and recognizes that 2020 was an exceptional year due to the extraordinary impact from the COVID-19 pandemic. The Board of Directors acknowledges that the purpose of the LTI 2020 should continue to be to align remuneration with performance by having sufficiently stretched but realistic performance targets for the program. Therefore, the Board of Directors has approved the below adjustment to be made to the LTI 2020 program with respect to the targets for sales growth and economic profit (performance period 2020-2022).

In order to ensure a continued motivational effect of the LTI 2020 program, while at the same time maintaining the purpose of the program as a retention tool and to recognize the true value generation through the period, the LTI 2020 program has been adjusted as follows:

- For the two financial KPIs (80% weight), the target allocation and maximum potential will be reduced by one third. From a performance perspective, the year 2020 will be disregarded as it represents a truly extraordinary year from a market condition and financial results perspective.
- The non-financial targets are left unchanged, i.e. covering the full three-year period.

As a result of these adjustment, the aggregate target performance for LTI 2020 would result in an allocation of 48% of maximum allocation against an original target allocation of 65% and a maximum allocation of 73% of the original 100% maximum.

New candidate proposed for the Board of Directors

With reference to stock exchange announcement no. 53 of December 14, 2021, the Board is proposing the election of Morten Sommer as a new independent member of the Board of Directors. With a PhD in Biophysics from Harvard University and more than ten years of experience in biotechnology research as a professor at the Technical University of Denmark (DTU), Morten brings extensive knowledge within the areas of biotechnology, the human microbiome, pipeline management and intellectual property rights. Morten also commands very strong business acumen and is a co-founder of several biotech businesses.

Accounting policies

The Group financial statements for 2021 have been prepared in accordance with IAS 34 and additional Danish regulations for the presentation of quarterly interim reports by listed companies. The Group financial statement for 2021 follows the same accounting policies as the Annual Report of 2020. The Annual Report for 2021 has been audited by the company's independent auditor.

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 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. The risks and uncertainties may, among other things, 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 business 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 market-expanding growth platforms, notably 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; viii) significant price decreases for inputs and materials that compete with Novozymes' biological solutions. The company undertakes no obligation 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 Annual Report of Novozymes A/S for 2021, including the audited consolidated financial statements. The Board of Directors and the Executive Management have also approved this Group financial statement for 2021, which contains condensed financial information. This Group financial statement for 2021 has not been audited or reviewed by the company's independent auditors.

The consolidated financial statements set out in the Annual Report 2021 have been prepared in accordance with International Financial Reporting Standards as adopted by the EU, and further requirements in the Danish Financial Statements Act.

This Group financial statement for 2021 has been prepared in accordance with IAS 34, the accounting policies as applied in the audited consolidated financial statements for 2021 and further requirements in the Danish Financial Statements Act.

In our opinion, the accounting policies used are appropriate, the Group's internal controls relevant to the preparation and presentation of this Group financial statement are adequate, and this Group financial statement gives a true and fair view of the developments in the Group's activities and business and of the Group's assets, liabilities, net profit and financial position at December 31, 2021, and of the results of the Group's operations and cash flows for 2021. Furthermore, this Group financial statement for 2021 provides, together with the information disclosed in the Annual Report 2021, a description of the most significant risks and uncertainties to which the Group is subject.

Bagsværd, February 1, 2022

EXECUTIVE MANAGEMENT

Ester Baiget
President & CEO

Lars Green
CFO

BOARD OF DIRECTORS

Jørgen Buhl Rasmussen
Chair

Cornelis (Cees) de Jong
Vice Chair

Anne Breum

Heine Dalsgaard

Sharon James

Anders Hentze Knudsen

Kasim Kutay

Preben Nielsen

Kim Stratton

Mathias Uhlén

Jens Øbro

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Appendix 1 Main items and key figures

1.1 Key figures

DKK million	2021	2020	% change	Q4 2021	Q4 2020	% change
Revenue	14,951	14,012	7%	3,834	3,446	11%
Gross profit	8,623	7,853	10%	2,149	1,911	12%
Gross margin	57.7%	56.0%		56.1%	55.5%	
EBITDA	5,423	4,918	10%	1,150	1,143	1%
EBITDA margin	36.3%	35.1%		30.0%	33.2%	
Operating profit / EBIT	4,007	3,652	10%	805	796	1%
EBIT margin	26.8%	26.1%		21.0%	23.1%	
Share of result in associates	(4)	(4)		(2)	(2)	
Net financials	(79)	(127)		(32)	12	
Profit before tax	3,924	3,521	11%	771	806	(4)%
Tax	(779)	(695)	12%	(148)	(152)	(3)%
Net profit	3,145	2,826	11%	623	654	(5)%
Earnings per DKK 2 share	11.32	10.07	12%	2.26	2.34	(4)%
Earnings per DKK 2 share (diluted)	11.23	10.02	12%	2.24	2.33	(4)%
Net investments excl. acq.	1,116	936	19%	478	343	39%
Free cash flow before net acq. and purchase of financial assets	2,946	3,419	(14)%	217	703	(69)%
Return on invested capital (ROIC) incl. goodwill	19.3%	18.9%				
Net interest-bearing debt	5,225	3,871				
Equity ratio	49.3%	54.8%				
Return on equity	27.3%	24.9%				
Debt-to-equity	42.8%	34.4%				
NIBD / EBITDA	1.0	0.8				
Number of employees	6,527	6,185				
Novozymes' stock				Dec. 31, 2021	Dec. 31, 2020	
Common stock (million)				282.0	285.0	
Net worth per share (DKK)				41.94	39.41	
Denomination of share (DKK)				2.00	2.00	
Nominal value of common stock (DKK million)				564.0	570.0	
Treasury stock (million)				4.9	5.7	

1.2 Five-year statement 2017 – 2021

DKK million	2021	2020	2019	2018	2017
Revenue	14,951	14,012	14,374	14,390	14,531
Gross profit	8,623	7,853	7,954	8,255	8,413
Gross margin	57.7%	56.0%	55.3%	57.4%	57.9%
Operating profit / EBIT	4,007	3,652	4,039	4,070	4,047
Operating profit margin	26.8%	26.1%	28.1%	28.3%	27.9%
Share of result in associates	(4)	(4)	(5)	(17)	(14)
Net financials	(79)	(127)	(235)	(117)	(157)
Profit before tax	3,924	3,521	3,799	3,936	3,876
Tax	(779)	(695)	(644)	(709)	(756)
Net profit	3,145	2,826	3,155	3,227	3,120
Non-controlling interests	(1)	1	1	1	1
Net profit to shareholders in Novozymes A/S	3,146	2,825	3,154	3,226	3,119
Foreign exchange gain/ (loss), net	(4)	(35)	(205)	(89)	27
Interest income/ (costs)	(84)	(53)	4	(3)	(20)
Other financial items	9	(39)	(34)	(25)	(164)
Net financials	(79)	(127)	(235)	(117)	(157)
Earnings per DKK 2 share	11.32	10.07	11.06	11.11	10.56
Average no. of A/B shares outstanding (million)	277.9	280.4	285.1	290.4	295.3
Earnings per DKK 2 share (diluted)	11.23	10.02	11.01	11.03	10.49
Average no. of A/B shares diluted (million)	280.2	282.0	286.6	292.4	297.2
Return on invested capital (ROIC) incl. goodwill	19.3%	18.9%	21.1%	24.2%	25.6%
Net interest-bearing debt	5,225	3,871	4,049	2,535	1,642
Equity ratio	49.3%	54.8%	56.2%	58.1%	61.3%
Return on equity	27.3%	24.9%	27.5%	28.4%	27.1%
NIBD/ EBITDA	1.0	0.8	0.8	0.5	0.3

1.3 Income statement

DKK million	2021	2020	Q4 2021	Q4 2020
Revenue	14,951	14,012	3,834	3,446
Cost of goods sold	(6,328)	(6,159)	(1,685)	(1,535)
Gross profit	8,623	7,853	2,149	1,911
Sales and distribution costs	(1,936)	(1,581)	(609)	(394)
Research and development costs	(2,009)	(1,937)	(512)	(530)
Administrative costs	(859)	(739)	(261)	(194)
Other operating income, net	188	56	38	3
Operating profit / EBIT	4,007	3,652	805	796
Share of result in associates	(4)	(4)	(2)	(2)
Net financials	(79)	(127)	(32)	12
Profit before tax	3,924	3,521	771	806
Tax	(779)	(695)	(148)	(152)
Net profit	3,145	2,826	623	654
Attributable to				
Shareholders in Novozymes A/S	3,146	2,825	625	654
Non-controlling interests	(1)	1	(2)	-
Specification of net financials				
Foreign exchange gain/ (loss), net	(4)	(35)	(54)	34
Interest income/ (costs)	(84)	(53)	(53)	(13)
Other financial items	9	(39)	75	(9)
Net financials	(79)	(127)	(32)	12
Earnings per DKK 2 share	11.32	10.07	2.26	2.34
Average no. of A/ B shares outstanding (million)	277.9	280.4	277.0	279.3
Earnings per DKK 2 share (diluted)	11.23	10.02	2.24	2.33
Average no. of A/ B shares, diluted (million)	280.2	282.0	279.6	280.8

1.4 Statement of comprehensive income

DKK million	2021	2020	Q4 2021	Q4 2020
Net profit	3,145	2,826	623	654
Currency translation of subsidiaries and non-controlling interests	723	(786)	225	(277)
Tax on currency translation of subsidiaries	(2)	1	(2)	1
Currency translation adjustments	721	(785)	223	(276)
Fair value adjustments	(173)	154	(37)	96
Tax on fair value adjustments	38	(34)	8	(21)
Cash flow hedges reclassified to financial costs	(31)	(15)	32	(42)
Tax on reclassified fair value adjustments	7	3	(7)	9
Cash flow hedges	(159)	108	(4)	42
Other comprehensive income	562	(677)	219	(234)
Comprehensive income	3,707	2,149	842	420
Attributable to				
Shareholders in Novozymes A/S	3,706	2,149	843	420
Non-controlling interests	1	-	(1)	-

Appendix 2 Distribution of sales

2.1 Business areas

DKK million	2021 12M	2020 12M	% change	% currency impact	% M&A impact	% organic growth
Consumer Biosolutions						
Household Care	4,763	4,882	(2)	(1)	0	(1)
Food, Beverages & Human Health	3,464	2,767	25	0	11	14
Agriculture & Industrial Biosolutions						
Bioenergy	2,702	2,522	7	(4)	0	11
Grain & Tech Processing	2,236	2,007	11	(2)	0	13
Agriculture, Animal Health & Nutrition	1,786	1,834	(3)	(3)	0	0
Sales	14,951	14,012	7	(1)	2	6

DKK million	2021 Q4	2020 Q4	% change	% currency impact	% M&A impact	% organic growth
Consumer Biosolutions						
Household Care	1,150	1,173	(2)	1	0	(3)
Food, Beverages & Human Health	851	666	28	4	11	13
Agriculture & Industrial Biosolutions						
Bioenergy	788	693	14	4	0	10
Grain & Tech Processing	579	487	19	4	0	15
Agriculture, Animal Health & Nutrition	466	427	9	2	0	7
Sales	3,834	3,446	11	2	2	7

DKK million	2021				2020				% change Q4/Q4
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	
Consumer Biosolutions									
Household Care	1,150	1,247	1,125	1,241	1,173	1,211	1,227	1,271	(2)
Food, Beverages & Human Health	851	870	878	865	666	684	680	737	28
Agriculture & Industrial Biosolutions									
Bioenergy	788	675	651	588	693	647	463	719	14
Grain & Tech Processing	579	539	529	589	487	515	467	538	19
Agriculture, Animal Health & Nutrition	466	430	397	493	427	374	512	521	9
Sales	3,834	3,761	3,580	3,776	3,446	3,431	3,349	3,786	11

2.2 Geography

DKK million	2021 12M	2020 12M	% change	% currency impact	% M&A impact	% organic growth
Europe, Middle East & Africa	5,681	5,536	3	0	1	2
North America	4,683	4,441	5	(4)	6	3
Asia Pacific	3,009	2,755	9	(1)	0	10
Latin America	1,578	1,280	23	(8)	0	31
Sales	14,951	14,012	7	(1)	2	6
Developed markets	9,503	9,301	2	(2)	3	1
Emerging markets	5,448	4,711	16	(2)	0	18
Sales	14,951	14,012	7	(1)	2	6

DKK million	2021 Q4	2020 Q4	% change	% currency impact	% M&A impact	% organic growth
Europe, Middle East & Africa	1,372	1,332	3	0	0	3
North America	1,310	1,106	18	5	6	7
Asia Pacific	762	708	8	5	0	3
Latin America	390	300	30	1	0	29
Sales	3,834	3,446	11	2	2	7
Developed markets	2,486	2,280	9	2	3	4
Emerging markets	1,348	1,166	16	4	0	12
Sales	3,834	3,446	11	2	2	7

DKK million	2021				2020				% change Q4/Q4
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	
Europe, Middle East & Africa	1,372	1,443	1,409	1,457	1,332	1,403	1,347	1,454	3
North America	1,310	1,131	1,076	1,166	1,106	1,060	1,011	1,264	18
Asia Pacific	762	728	733	786	708	642	697	708	8
Latin America	390	459	362	367	300	326	294	360	30
Sales	3,834	3,761	3,580	3,776	3,446	3,431	3,349	3,786	11
Developed markets	2,486	2,311	2,289	2,417	2,280	2,283	2,201	2,537	9
Emerging markets	1,348	1,450	1,291	1,359	1,166	1,148	1,148	1,249	16
Sales	3,834	3,761	3,580	3,776	3,446	3,431	3,349	3,786	11

Appendix 3 Statement of cash flows

3.1 Statement of cash flows

DKK million	2021	2020	Q4 2021	Q4 2020
Net profit	3,145	2,826	623	654
Reversals of non-cash items	2,198	2,220	359	574
Tax paid	(627)	(951)	(342)	(546)
Interest received	18	10	13	2
Interest paid	(52)	(62)	(13)	(14)
Cash flow before change in working capital	4,682	4,043	640	670
Change in working capital				
(Increase)/ decrease in receivables and contract assets	(574)	395	(137)	150
(Increase)/ decrease in inventories	(556)	181	(111)	148
Increase/ (decrease) in payables, deferred income and contract liabilities	518	(265)	302	65
Currency translation adjustments	(8)	1	1	13
Cash flow from operating activities	4,062	4,355	695	1,046
Investments				
Purchase of intangible assets	(169)	(146)	(62)	(52)
Sale of property, plant and equipment	124	4	121	1
Purchase of property, plant and equipment	(1,071)	(794)	(537)	(292)
Cash flow from investing activities before acquisitions, divestments and purchase of financial assets	(1,116)	(936)	(478)	(343)
Free cash flow before acquisitions, divestments and purchase of financial assets	2,946	3,419	217	703
Business acquisitions, divestments and purchase of financial assets	(1,631)	(588)	(870)	(3)
Free cash flow	1,315	2,831	(653)	700
Financing				
Borrowings	2,144	999	650	-
Repayment of borrowings	(1,283)	(434)	(87)	(136)
Overdraft facilities, net	313	(293)	105	(248)
Repayment of lease liabilities	(103)	(111)	(26)	(25)
Shareholders:				
Purchase of treasury stock	(1,500)	(1,500)	-	-
Sale of treasury stock	309	508	50	51
Dividend paid	(1,466)	(1,483)	-	-
Cash flow from financing activities	(1,586)	(2,314)	692	(358)
Net cash flow	(271)	517	39	342
Unrealized gain/ (loss) on currencies and financial assets, included in cash and cash equivalents	53	(47)	61	(17)
Change in cash and cash equivalents, net	(218)	470	100	325
Cash and cash equivalents - Beginning of period	1,181	711	863	856
Cash and cash equivalents at December 31	963	1,181	963	1,181

Undrawn committed credit facilities at December 31, 2021 were DKK 3,785 million.

Appendix 4 Balance sheet and Statement of equity

4.1 Balance sheet, Assets

DKK million	Dec. 31, 2021	Dec. 31, 2020
Completed IT development projects	200	205
Acquired patents, licenses and know-how	2,654	1,167
Goodwill	2,020	1,098
IT development projects in progress	150	84
Intangible assets	5,024	2,554
Land and buildings	3,980	3,853
Plant and machinery	4,290	4,136
Other equipment	1,039	941
Assets under construction and prepayments	876	682
Property, plant and equipment	10,185	9,612
Deferred tax assets	1,637	1,339
Other financial assets (non-interest-bearing)	30	21
Investment in associate	29	33
Other receivables	39	40
Non-current assets	16,944	13,599
Raw materials and consumables	433	353
Goods in progress	979	720
Finished goods	1,580	1,288
Inventories	2,992	2,361
Trade receivables	2,948	2,549
Contract assets	40	6
Tax receivables	286	460
Other receivables	519	212
Receivables	3,793	3,227
Other financial assets (non-interest-bearing)	75	119
Cash and cash equivalents	963	1,181
Assets held for sale	-	23
Current assets	7,823	6,911
Assets	24,767	20,510

4.2 Balance sheet, Liabilities

DKK million	Dec. 31, 2021	Dec. 31, 2020
Common stock	564	570
Currency translation adjustments	(8)	(727)
Cash flow hedges	(32)	127
Retained earnings	11,303	11,263
Equity attributable to shareholders in Novozymes A/ S	11,827	11,233
Non-controlling interests	379	11
Total equity	12,206	11,244
Share purchase liability	717	-
Deferred tax liabilities	1,337	1,204
Provisions	153	115
Contingent consideration	543	146
Deferred income	98	-
Other financial liabilities (interest-bearing)	3,676	3,245
Other financial liabilities (non-interest-bearing)	4	9
Non-current lease liabilities	360	386
Non-current liabilities	6,888	5,105
Other financial liabilities (interest-bearing)	2,030	1,285
Other financial liabilities (non-interest-bearing)	109	24
Lease liabilities	122	136
Provisions	21	90
Trade payables	1,490	1,100
Contract liabilities	129	67
Deferred income	34	22
Tax payables	486	336
Other payables	1,252	1,101
Current liabilities	5,673	4,161
Liabilities	12,561	9,266
Liabilities and equity	24,767	20,510

4.3 Statement of equity

DKK million	Attributable to shareholders in Novozymes A/S				Total	Non-controlling interests	Total
	Common stock	Currency translation adjustments	Cash flow hedges	Retained earnings			
Equity at January 1, 2021	570	(727)	127	11,263	11,233	11	11,244
Net profit for the year				3,146	3,146	(1)	3,145
Other comprehensive income for the period		719	(159)		560	2	562
Total comprehensive income for the period		719	(159)	3,146	3,706	1	3,707
Purchase of treasury stock				(1,500)	(1,500)		(1,500)
Sale of treasury stock				309	309		309
Write-down of common stock	(6)			6	-		-
Dividend				(1,465)	(1,465)	(1)	(1,466)
Stock-based payment				75	75		75
Non-controlling interests and share purchase liability				(717)	(717)	368	(349)
Tax related to equity items				186	186		186
Changes in equity	(6)	719	(159)	40	594	368	962
Equity at December 31, 2021	564	(8)	(32)	11,303	11,827	379	12,206
Equity at January 1, 2020	582	57	19	10,810	11,468	12	11,480
Net profit for the year				2,825	2,825	1	2,826
Other comprehensive income for the period		(784)	108		(676)	(1)	(677)
Total comprehensive income for the period		(784)	108	2,825	2,149	-	2,149
Purchase of treasury stock				(1,500)	(1,500)		(1,500)
Sale of treasury stock				508	508		508
Write-down of common stock	(12)			12	-		-
Dividend				(1,482)	(1,482)	(1)	(1,483)
Stock-based payment				53	53		53
Tax related to equity items				37	37		37
Changes in equity	(12)	(784)	108	453	(235)	(1)	(236)
Equity at December 31, 2020	570	(727)	127	11,263	11,233	11	11,244

4.4 Provisional opening balance, Synergia Life Sciences

DKK million	
Assumed fair value of acquired assets and liabilities are as follows:	
Intangible assets excluding goodwill	991
Property, plant and equipment	84
Inventories	8
Trade and other receivables	44
Cash and cash equivalents	112
Deferred tax liabilities, net	(236)
Financial and other liabilities	(83)
Non-controlling interests	(368)
Acquired net assets	552
Purchase price:	
Cash	982
Deferred consideration	77
Total purchase price	1,059
Goodwill	507

On December 10, 2021, Novozymes acquired 60% of the shares in Synergia Life Sciences.

Synergia Life Sciences is a leading player within spore probiotics and vitamin K2-7. Synergia Life Sciences has a global footprint and add strong developing and manufacturing capabilities in spore probiotics and vitamin K2-7 from three production sites in India. Synergia Life Sciences is the producer and supplier to Microbiome Labs, acquired by Novozymes early in 2021.

The vitamin K2-7 portfolio is a strong complementary enabler to support growth in Novozymes' BioHealth platform. The acquisition offers a scientifically proven spore strain portfolio that strengthens Novozymes' human health business and accelerates its functional food offerings.

Goodwill of DKK 507 million is attributable to expected synergies with Novozymes' existing business operations and technologies within spore probiotics for human health and is highly synergistic to the previous acquisition of Microbiome Labs within the human health business. The goodwill is not tax deductible. The fair value and allocation of acquired assets, liabilities and non-controlling interests are provisional, pending receipt of the final valuations. The purchase price includes a deferred consideration of DKK 77 million expected to be paid in 2022.

Net revenue and profit contributed from Synergia Life Sciences to the consolidated income statement are immaterial for the reporting period. On a pro forma basis, if the acquisition had been effective from January 1, 2021 Synergia Life Sciences would have contributed DKK ~130 million (adjusted for Novozymes related sales) to revenue and an EBIT margin above Novozymes' EBIT margin. Transaction costs incurred in 2021 amounted to DKK 46 million and are included in Sales and distribution costs.

The remaining 40% of the shares in Synergia Life Sciences are held by non-controlling interests. The non-controlling interests are recognized at its proportionate share of the acquired net identifiable assets and amount to DKK 368 million. The remaining 40% of Synergia Life Sciences is to be acquired in 2025 and Novozymes has recognized a liability of DKK 717 million at December 31, 2021. The consideration payable on exercise is contingent on the achievement of sales targets for Synergia Life Sciences for the period April 1, 2024 to March 31, 2025. The consideration is within the range of DKK 625 million to 1,174 million. Fair value of the Share purchase liability is assessed by using the most probable consideration payable on exercise, discounted at a rate of 11%. The share purchase liability is denominated in INR.

4.5 Investment in a new state of the art production line in Blair, Nebraska

Novozymes is committed to establishing a new production line in Blair Nebraska. The investment follows the agreement by Novozymes to enter a long-term contract with an anchor customer and key player in the plant-based industry.

The capital investment of roughly DKK 2 billion will span over the period 2021-2023, and started in the second half of 2021 with expected completion towards the end of 2023. The majority of the investment activities are planned for 2022 and 2023, and as of December 31, 2021 DKK 170 million was incurred.

The current contractual obligations to third parties relating to property, plant and equipment amounts to DKK 1.2 billion.

Appendix 5 Miscellaneous

5.1 Publicly announced product launches in 2021

In 2021, we launched a total of 14 products of which 8 were publicly announced launches and described below.

Product	Description	Sustainability benefit*
ProAct 360™	ProAct 360™ is a protease solution helping poultry producers to achieve sustainable and profitable production by improving amino acid digestibility.	ProAct 360™ reduces nitrogen emissions into the environment via manure by improving the digestibility of proteins in animal feed.
Innova® Element	Innova® Element is a yeast that targets ethanol plants seeking the highest level of starch and glucose conversion for their fermentation process.	Higher yields reduce the total greenhouse gas emissions from the ethanol, thereby increasing the climate benefit from gasoline displacement.
Fiberex® F2.5	Fiberex® F2.5 is a combination of hemicellulases and cellulases designed to efficiently extract and convert the cellulose found in the corn kernel.	Fiberex F2.5 further improves the feasibility of turning corn kernel fiber, a low-value feed component, into a high-value fuel with a low carbon intensity.
Alflorex® Immune	Alflorex Immune is a probiotic supplement that helps support and maintain a normal immune function. It is specifically designed to combat viral infections.	Alflorex Immune is a probiotic supplement that helps people with an irritable bowel against bloating, diarrhea and abdominal pain. It is based on a bacterial culture.
Pristine®	Pristine® is a phosphodiesterase enzyme (PDE) that breaks down invisible layers of body grime. Clothes get hygienically clean, and are less prone to yellowing, decolorization, and forming that lingering odor.	By removing and preventing odor and dinginess over time, consumers are motivated to keep their clothing and home textiles for longer. With an extended lifetime of clothes, fewer textiles need to be produced and disposed of to benefit the environment. Pristine® acts at low temperatures enabling energy savings during wash. It also provides a biological alternative to chemical ingredients used in detergents today.
Optimize FXC	Optimize FXC liquid inoculant increases nitrogen fixation, accessibility to soil nutrients and water absorption in soybean plants, thereby reducing the need for fertilizer.	Optimize FXC gives higher soybean yields with the same inputs and thereby reduces soybeans' environmental footprint.
BioniQ	BioniQ is a family of inoculants that enhance nitrate, phosphate, and potassium availability. The products in the BioniQ family reduce the fertilizer usage and work on corn, sorghum, canola, all cereals crops, mustard, barley, and pulse crops.	Producing more from the same inputs reduces the environmental impact per kg of output.
Taegro 2	Taegro 2 is an OMRI-certified, broad-spectrum, foliar fungicide for fruit and vegetable crops that controls against powdery mildew and botrytis, among others, to maximize yields.	Taegro2 is safe for natural pollinators and can be used right before harvest without the risk of residues in the crops.

* 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 2021 financial year

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

February 2, 2021	Group financial statement for 2020
February 2, 2021	Election of employee representatives to the Board of Directors of Novozymes A/S
February 8, 2021	Initiation of stock buyback
March 11, 2021	Novozymes A/S Annual Shareholders' Meeting 2021
April 12, 2021	Reduction of share capital
April 27, 2021	Interim report for Q1 2021
August 12, 2021	Novozymes reaches a strategic milestone in the implementation of its strategy with a significant entry into Advanced Protein Solutions
August 12, 2021	Interim report for the first half of 2021
August 16, 2021	Novozymes' financial calendar 2022
September 27, 2021	Novozymes announces its 2025 strategy: Unlocking growth – powered by biotech
October 26, 2021	Interim report for the first nine months of 2021
November 30, 2021	Novozymes strengthens and expands position in human health and functional foods by acquiring a majority stake in Synergia Life Sciences
December 10, 2021	Novozymes announces closing of transaction of majority stake in Synergia Life Sciences
December 14, 2021	Proposal of candidates to the Board of Directors

5.3 Adjustment of quarterly and year-to-date calculation method for ROIC and NIBD/EBITDA

From January 1 2022, Novozymes has changed the calculation of the ROIC and NIBD/EBITDA as the former calculation for interim periods was subject to one-offs due to quarterly annualization of earnings and EBITDA for calculation of ROIC and NIBD/EBITDA respectively. Full-year figures are unaffected by the change.

Going forward ROIC is calculated as adjusted operating profit (NOPAT) after tax for the last 4 quarters as a percentage of average invested capital. Similarly, NIBD/EBITDA is calculated as, Net interest-bearing debt as a percentage of last 4 quarters' EBITDA.

	2021				2020			
	12M	9M	1H	Q1	12M	9M	1H	Q1
ROIC (new calculation)	19.3%	20.6%	19.7%	18.8%	18.9%	20.4%	19.6%	21.0%
ROIC, YTD (former calculation)	19.3%	22.1%	22.2%	23.4%	18.9%	19.2%	20.7%	21.3%
ROIC, quarter (former calculation)	14.1%	21.4%	20.3%	23.4%	17.6%	18.9%	17.2%	21.3%
NIBD/EBITDA (new calculation)	1.0	0.9	1.0	1.1	0.8	0.9	0.9	0.9
NIBD/EBITDA, YTD (former calculation)	1.0	0.8	0.9	0.9	0.8	0.9	0.9	0.9
NIBD/EBITDA, quarter (former calculation)	1.1	0.8	1.0	0.9	0.8	1.0	1.0	0.9