

Strong 2022 organic sales growth at 9% (Q4: 11%). 2023 outlook with 4-7% organic sales growth and 25-26% EBIT margin before special items

Ester Baiget, President & CEO: “Novozymes continues to build momentum through clear priorities and enhanced commercial capabilities. The 9% organic sales growth in 2022 makes us confident about our 2023 outlook, despite the volatile market environment. We continue to drive positive change to ensure Novozymes captures the right opportunities, and on December 12, we announced the proposal of the highly complementary combination with Chr. Hansen, as another significant step on our strategic journey. The combination would allow us to develop and unlock even more novel biological solutions for the benefit of shareholders, customers, employees, and the planet we live on”.

Sales and financial performance

- Sales growth in DKK at 17% (9% organic, 7% currency, 1% M&A), Q4 DKK sales growth at 18% (11% organic, 6% currency, 1% M&A).
- Broad-based and strong organic sales growth across the business:
 - Bioenergy 25% (Q4: 22%): Strong growth across regions and solutions, led by North and Latin America and driven by an innovative and impactful portfolio in a favorable market environment.
 - Food, Beverages & Human Health 10% (Q4: 16%): Broad-based growth, led by innovation, consumers focusing on healthy choices, and supported by an environment focused on optimization. Human Health performed well, delivering double-digit growth in Q4.
 - Grain & Tech Processing 10% (Q4: 5%): Strong performance led by double-digit growth in Grain, driven by innovation and favorable market conditions. Tech was flat as textile business was soft.
 - Agriculture, Animal Health & Nutrition 8% (Q4: 11%): Solid performance driven by strong growth in Animal Health & Nutrition and a strong Q4 in Agriculture.
 - Household Care 1% (Q4: 4%): Performance in line with expectations, including a negative impact from the war in Ukraine. Growth across main markets except for EMEA.
- Organic sales growth in developed markets 9% (Q4: 9%); emerging markets 9% (Q4: 15%).
- Solid EBIT margin at 26.0% (Q4: 22.6%). EBIT margin before special items* (b.s.i.) at 26.4% for the year (Q4: 23.4%). Additionally, adjusted for nonrecurring items affecting y/y comparability, the underlying EBIT margin b.s.i. was around 1.5pp lower (Q4: ~1.5p.p. higher) than the underlying margins for 2021. Gross margin impacted by higher input, logistics and energy costs, partly offset by productivity improvements and price increases.
- Net profit growth at a strong 17% (Q4: 41%), driven by one-off benefits, also in Q4.
- ROIC incl. goodwill at 17.6% (17.9% b.s.i.*), impacted by acquisitions and growth investments.
- FCF bef. acq. at DKK 1.1bn, including somewhat higher than expected cash tax payments (in Q4), and net investments of DKK 2.9bn, including the Advanced Protein Solutions production line in Blair, Nebraska, U.S.
- A solid balance sheet with a NIBD/EBITDA ratio of 1.0x and in line with the capital structure policy.
- Proposed dividend payout of DKK 6.00/share, an increase of 9% year-on-year.

Key events

- Announced the proposal to combine with Chr. Hansen on December 12 ([link to announcement](#)) to create a leading global biosolutions partner. EGM expected during 1H 2023 and closing expected in Q4 2023/Q1 2024, subject to customary regulatory approvals.
- 26 product launches of which 13 were public, including 13 product launches in Q4 of which 4 were public.
- Among one of the first companies in the world to have its 2050 net-zero targets across scopes 1,2 and 3 validated by the Science Based Targets initiative. Renewed ESG milestones announced for 2025 on key metrics towards 2030 and 2050 ambitions. 76% of 2022 revenue came from solutions that contribute to reducing CO₂ emissions, 34% of revenue enabled healthier foods, and 8% of revenue enabled healthier lives.

2023 outlook

- Solid organic sales growth outlook at 4-7% driven by pricing as well as volume growth. Pricing is expected to contribute more than half of the organic sales growth. Modest growth expected in Q1 as the comparator was positively impacted by the timing of sales, particularly in Food, Beverages & Human Health.
- EBIT margin b.s.i.* expected at 25-26%. ROIC incl. goodwill b.s.i.* at 16-17%.

		12M 2022	12M 2021	Q4 2022	Q4 2021	Latest 2022 outlook	Initial 2022 outlook
Sales performance, organic	%	9	6	11	7	8-9	3-7
EBIT margin, before special items*	%	26.4	26.8	23.4	21.0		
EBIT margin	%	26.0	26.8	22.6	21.0	26-27	25-26
ROIC incl. goodwill, before special items*	%	17.9	19.3				
ROIC incl. goodwill	%	17.6	19.3			17-18	16-17
FCF, before acquisitions	DKKbn	1.1	2.9	(0.3)	0.2	1.3-1.7	1.7-2.1

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



12M 2022

9%

Organic sales growth

26.4%

EBIT margin b.s.i.

17.9%

ROIC, incl. goodwill b.s.i.

1.1

FCF before acq. DKKbn

Conference call

January 26, 2023
9.00 CET

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

[Webcast](#)

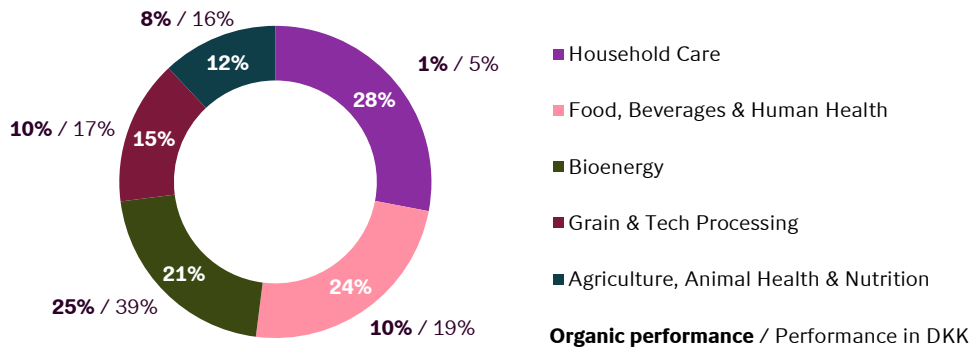
Selected key data

		12M 2022	12M 2021	Q4 2022	Q4 2021
Sales performance, organic	%	9	6	11	7
Household Care	%	1	(1)	4	(3)
Food, Beverages & Human Health	%	10	14	16	13
Bioenergy	%	25	11	22	10
Grain & Tech Processing	%	10	13	5	15
Agriculture, Animal Health & Nutrition	%	8	0	11	7
Sales	DKKkm	17,553	14,951	4,529	3,834
Sales performance, DKK	%	17	7	18	11
Gross margin	%	54.6	57.7	53.5	56.1
EBITDA	DKKkm	6,046	5,423	1,392	1,150
EBIT	DKKkm	4,561	4,007	1,022	805
EBIT margin	%	26.0	26.8	22.6	21.0
EBIT margin before special items*	%	26.4	26.8	23.4	21.0
Net profit	DKKkm	3,686	3,145	877	623
Net profit performance	%	17	11	41	(5)
Net investments excl. acquisitions	DKKkm	2,862	1,116	898	478
Free cash flow before acquisitions	DKKkm	1,144	2,946	(314)	217
NIBD/EBITDA	x	1.0	1.0		
ROIC, incl. goodwill	%	17.6	19.3		
ROIC, incl. goodwill, before special items*	%	17.9	19.3		
Special items*	DKKkm	68		37	
EPS		13.29	11.32	3.19	2.26
EPS (diluted)		13.19	11.23	3.18	2.24
Avg. USD/DKK		708	629	730	650

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

Sales by business area

Distribution of sales by business area, 12M 2022



Total sales 12M y/y

Organic: 9%
DKK: 17%

Household Care

In 2022, Household Care sales grew 1% organically and 5% in reported DKK. The performance was in line with expectations and the growth indication from the beginning of the year, adjusted for the negative impact of the war in Ukraine. Emerging markets performed well, growing primarily from increased penetration. In developed markets, sales were flat due to the volume softness in Europe, whereas North America grew. The Freshness platform performed broadly in line with expectations, and the recently launched exclusive partner solution provided additional traction despite general volume softness in the European detergent market.

Household Care 12M y/y

Organic: 1%
DKK: 5%

Sales in the fourth quarter grew 4% organically and 7% in reported DKK. Performance was solid in developed markets across most subareas. Emerging markets grew in the fourth quarter, especially in Latin America, and despite the negative impact from the war in Ukraine.

Food, Beverages & Human Health

Food, Beverages & Human Health grew 10% organically and 19% in reported DKK. Growth was broad-based, with all subareas performing very well in both developed and emerging markets, with particularly strong performance in Latin America and Asia Pacific.

Food, Beverages & Human Health 12M y/y

Organic: 10%
DKK: 19%

Growth in Food was driven by innovation, optimization of raw materials and penetration in emerging markets with solutions such as fresh keeping, sugar reduction and plant-based protein extraction. Additionally, Beverages performed very well, particularly in emerging markets, benefiting from similar trends of raw material optimization, increased use of locally sourced materials and stronger demand for low-carb beer. Performance in Human Health was solid with underlying double-digit growth, driven by cross-selling of solutions as well as geographical expansion.

In the fourth quarter, sales grew 16% organically and 24% in reported DKK. Growth was broad-based, driven by similar trends as seen throughout the year including increased penetration driven by innovation and an increased need for raw material optimization and ingredient replacement solutions. Additionally, Human Health had a strong quarter.

Bioenergy

Bioenergy sales grew 25% organically in 2022 and 39% in reported DKK. The strong performance was driven by a broad and innovative solution toolbox allowing for higher yields, throughput, and by-product value-capture for producers in a favorable market environment. The North American market experienced strong developments overall, supported by a roughly 2% increase in U.S. ethanol production in 2022, according to the EIA. Performance was also strong outside of North America, driven by innovation, capacity expansion of corn-based ethanol production in Latin America and

Bioenergy 12M y/y

Organic: 25%
DKK: 39%

supported by growth in solutions for biodiesel production. In addition, sales of enzymes used in second-generation biofuels, commonly referred to as biomass conversion, contributed to growth.

In the fourth quarter, Bioenergy sales grew 22% organically and 35% in reported DKK. Despite a more difficult comparator than in previous quarters, growth was strong and mainly driven by innovation supported by market volume growth in Latin America. Sales of enzymes used in second-generation biofuels also contributed to growth. As estimated by the EIA, U.S. ethanol production declined by around 5% in the fourth quarter compared to the same quarter of last year.

Grain & Tech Processing

In 2022, Grain & Tech Processing sales grew 10% organically and 17% in reported DKK. The strong development was driven by double-digit growth in Grain with a strong performance in both developed and emerging markets supported by innovation and favorable market conditions. Tech was roughly flat as the decline in textile from lower end-market demand was offset by stronger sales of enzymes used for COVID-19 testing kits.

Grain & Tech Processing
12M y/y
 Organic: 10%
 DKK: 17%

In the fourth quarter, Grain & Tech Processing sales grew 5% organically and 9% in reported DKK. Similar to the full-year performance, growth in Grain was broad-based, with double-digit growth in both developed and emerging markets, whereas sales in Tech declined due to lower end-market demand in textile.

Agriculture, Animal Health & Nutrition

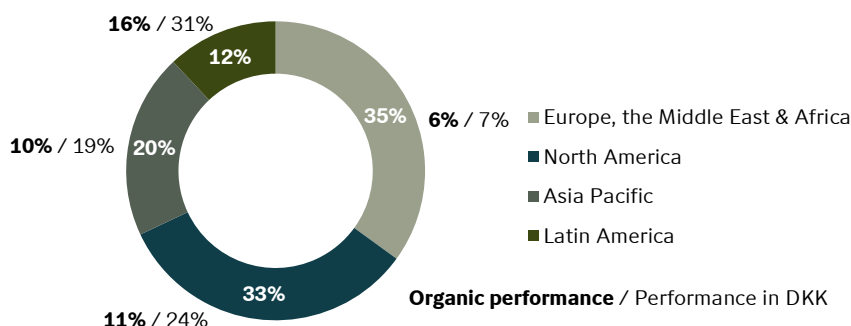
Sales in Agriculture, Animal Health & Nutrition grew 8% organically and 16% in reported DKK in 2022. Innovation and favorable market conditions, partly linked to higher soft commodity prices, increased demand for yield-enhancing solutions across subareas. The overall performance was solid and driven by strong growth in Animal Health & Nutrition, especially in developed markets, while Agriculture delivered a softer performance.

Agriculture, Animal Health & Nutrition 12M y/y
 Organic: 8%
 DKK: 16%

Fourth-quarter sales increased by 11% organically and grew 19% in reported DKK. Animal Health & Nutrition grew moderately, while Agriculture performed strongly and in line with expectations after a timing-related decline in third-quarter organic sales.

Sales by geography

Distribution of sales by geography, 12M 2022



Novozymes grew sales 9% organically in 2022 compared to the previous year, with both developed and emerging markets up by 9%. Most business areas improved in developed markets, with Bioenergy, Agriculture, Animal Health & Nutrition and Grain & Tech all delivering double-digit growth, whereas Household Care was flat. In emerging markets, growth was broad-based with double-digit growth in Bioenergy and Food, Beverages & Human Health while Agriculture, Animal Health & Nutrition declined.

Organic sales were up 11% in the fourth quarter with emerging markets growing 15% and developed markets advancing 9%. Sales in developed markets were especially strong in Bioenergy, Animal Health & Nutrition and Food, Beverages & Human Health while Grain & Tech Processing posted modest growth. In emerging markets, performance was strong across all segments, led by Bioenergy and Food, Beverages & Human Health.

Europe, the Middle East & Africa

Organic sales for the full year grew 6%, driven by strong performances in Agriculture, Animal Health & Nutrition, Bioenergy, and Food, Beverages & Human Health, while Household Care declined, due to the soft volume developments in Europe and the impact from the war in Ukraine. Fourth quarter sales were up by 8% with a similar performance as for the full year, with Agriculture, Animal Health & Nutrition, Bioenergy and Food, Beverages & Human Health growing double digit. Household Care was flat, and Grain & Tech Processing declined.

Europe, the Middle East & Africa 12M y/y

Organic: 6%

DKK: 7%

North America

Full-year organic sales in North America increased by 11% in 2022 compared to the previous year. Bioenergy and Grain & Tech Processing were the main drivers of growth while Agriculture, Animal Health & Nutrition was soft. Organic sales in the fourth quarter grew 8%, driven by Bioenergy and Grain & Tech Processing.

North America 12M y/y

Organic: 11%

DKK: 24%

Asia Pacific

Organic sales for the full year grew 10% in 2022 compared to 2021 with all five business areas contributing positively. Performance was especially strong in Food, Beverages & Human Health, growing double-digit. Fourth quarter organic sales increased by 17%. Similar to the full-year, growth was driven by Food, Beverages & Human Health, whereas Bioenergy and Agriculture, Animal Health & Nutrition also performed well. Household Care grew single digit.

Asia Pacific 12M y/y

Organic: 10%

DKK: 19%

Latin America

Sales in Latin America increased by 16% organically for the full year in 2022 with broad-based growth across business areas. Performance was especially strong for Bioenergy. Organic sales in the fourth quarter increased by 20%, with a similar performance for the full year, and most areas performing in the double digits, led by Bioenergy.

Latin America 12M y/y

Organic: 16%

DKK: 31%

Income statement

Total costs excluding net other operating income, net financials, share of losses in associates and taxes amounted to DKK 13,200 million in 2022 and DKK 3,475 million in the fourth quarter of 2022. This was DKK 2,068 million (19%) and DKK 408 million (13%) higher, respectively, than in the corresponding periods of 2021. The year-on-year increase in 2022 was mainly due to the higher cost of goods sold, which increased due to higher raw material, energy, and logistics costs, currencies, as well as increased sales activity. The same drivers applied in the fourth quarter as for the full year.

Total costs
DKK 13,200 million

The gross margin was 54.6% for 2022 and 53.5% for the fourth quarter. This corresponds to a decrease of 3.1 percentage points compared to 2021 and a 2.6 percentage point decrease compared to the fourth quarter of 2021. The lower year-on-year gross margins were mainly a result of higher input, energy, and logistics costs. This was partly offset by productivity improvements and operating leverage as well as a positive impact from higher sales prices with increasing contributions over the quarters. The decline in the fourth quarter gross margin was driven by higher input and logistics costs and a negative mix, partly offset by operating leverage and a positive impact from higher sales prices. Currencies provided slightly positive effects for both the full year and the fourth quarter.

Gross margin
54.6%

Operating costs totaled DKK 5,224 million for the full year and DKK 1,369 million for the fourth quarter of 2022. This was an increase of DKK 420 million (9%) and a decrease of DKK 13 million (-1%), respectively, compared to the same periods of 2021. Overall, currencies explain part of the increase in operating costs. Higher sales and distribution costs, including initial investments in customer co-creation centers, as well as higher administrative costs were the key drivers. M&A-related effects from the acquisition of Synergia Life Sciences had a minor impact on all three operating cost lines. In addition, the increase in sales and distribution costs was due to higher logistics costs and continued investments in commercial activities. In the fourth quarter, the modest decrease in operating costs was driven by slightly lower sales and distribution costs as well as administrative costs, partly offset by slightly higher research and development costs. Additionally, the operating costs in the fourth quarter of last year were elevated due to timing factors.

Operating costs
DKK 5,224 million

Total operating costs for 2022 were 30% of sales, a decrease of 2 percentage points compared to the same period last year. In the fourth quarter, total operating costs amounted to 30% of sales, a decrease of 6 percentage points compared to the same period last year. Year-on-year currency developments added to the higher operating costs for both the full year of 2022 and the fourth quarter.

- Sales and distribution costs increased by 17% to make up 13% of sales for the full year of 2022 and decreased by 3% to make up 13% of sales in the fourth quarter.
- Research and development costs for the full year of 2022 were unchanged to make up 11% of sales and increased by 4% in the fourth quarter to make up 12% of sales.
- Administrative costs increased by 11% to make up 5% of sales for the full year of 2022 and decreased by 7% to make up 5% of sales in the fourth quarter.

Other operating income amounted to DKK 276 million for the full year and DKK 5 million for the fourth quarter of 2022. This was an increase of DKK 88 million for 2022 and a decrease of DKK 33 million for the fourth quarter compared to the corresponding periods of 2021. The full-year increase was due to the non-cash accounting gain related to the 21st.BIO transaction in the third quarter of 2022.

Depreciation and amortization amounted to DKK 1,485 million for 2022, corresponding to an increase of DKK 69 million compared to 2021. In the fourth quarter, depreciation and amortization amounted to DKK 370 million, which was DKK 25 million higher than in the same period of 2021.

Depreciation and amortization
DKK 1,485 million

EBIT was DKK 4,561 million for 2022 and DKK 1,022 million for the fourth quarter of 2022, corresponding to EBIT margins of 26.0% and 22.6%, respectively. This was an increase of DKK 554 million and a decrease of 0.8 percentage point for the full year of 2022 and an increase of DKK 217 million or 1.6 percentage points for the fourth quarter compared to the EBIT and the EBIT margins for the corresponding periods of 2021.

EBIT
DKK 4,561 million
EBIT margin
26.0%

Special items amounted to DKK 68 million for the full year and DKK 37 million for the fourth quarter, consisting entirely of transaction costs related to the proposed combination with Chr. Hansen.

EBIT before special items was DKK 4,629 million for 2022 and DKK 1,059 million for the fourth quarter of 2022, corresponding to EBIT margins of 26.4% and 23.4%, respectively. This was an increase of DKK 622 million and a decrease of 0.4 percentage point for the full year of 2022 and an increase of DKK 254 million or 2.4 percentage points for the fourth quarter compared to the corresponding periods of 2021. The decrease in the EBIT margin before special items for 2022 was mainly the result of a reduced gross margin. The positive impact of the accounting gain from the 21st.BIO transaction recognized under other operating income added about 1 percentage point to the EBIT margin in 2022. M&A had a roughly neutral impact and currencies provided a tailwind. Additionally, adjusted for one-off effects, the underlying EBIT margin before special items was around 1 percentage point lower than the EBIT margin before special items, which is approximately 1.5 percentage points below the underlying EBIT margin for 2021, explained predominantly by a lower gross margin. The fourth quarter EBIT margin before special items increased as the decrease in operating costs and a tailwind from currencies were only partly offset by the lower gross margin. With no underlying adjustment items in the fourth quarter, the underlying EBIT margin before special items was approximately 1.5 percentage points above the underlying EBIT margin for the fourth quarter of 2021.

EBIT before special items
DKK 4,629 million

EBIT margin before special items
26.4%

Net financials including the share of losses in associates was a cost of DKK 5 million for 2022 and an income of DKK 23 million for the fourth quarter of 2022. This equals an improvement of DKK 78 million for the full year and DKK 57 million for the fourth quarter compared to the corresponding periods of 2021. The full year was positively impacted by the previously announced divestment of Novozymes' minority ownership in Albumedix in the third quarter as well as a tax-exempt reduction from an adjustment of the value of the demanding earn-out model for the previous owners of Microbiome Labs impacting the fourth quarter. Additionally, net financials were impacted negatively from debt re-financing cost.

Net financial and share of losses in associates
DKK 5 million

Profit before tax amounted to DKK 4,556 million for the full year and DKK 1,045 million in the fourth quarter of 2022. This was DKK 632 million (16%) and DKK 274 million (36%) higher, respectively, than in the corresponding periods of 2021. For both periods, the increases were driven by higher EBIT.

The effective tax rate was 19% for 2022 and 16% for the fourth quarter of 2022 for decreases of roughly 1 percentage point and 3 percentage points compared to the corresponding periods of 2021. The lower tax rate in the fourth quarter can be explained by the previously mentioned non-recurring gain being tax-exempt.

Effective tax rate
19%

Net profit totaled DKK 3,686 million for 2022 and DKK 877 million for the fourth quarter of 2022. This was DKK 541 million (17%) higher and DKK 254 million (41%) higher than for the respective corresponding periods of 2021. The higher net profit was due to an increase in EBIT, positive one-off financial gains, and a lower effective tax rate.

Net profit
DKK 3,686 million

Cash flows and balance sheet

Cash flow from operating activities amounted to DKK 4,006 million for 2022 and DKK 584 million for the fourth quarter of 2022 for decreases of DKK 56 million and DKK 111 million respectively compared to the corresponding periods of 2021. The increase in net profit was more than offset by higher tax paid and lower reversals of non-cash items. The fourth quarter decrease was driven by the higher tax paid and a lower reversal of non-cash items, partly offset by the higher net profit, which included costs related to the proposed combination with Chr. Hansen. Additionally, cost related to debt re-financing impacted operating free cash flow negatively.

Operating cash flow
DKK 4,006 million

Net investments excluding acquisitions totaled DKK 2,862 million for 2022 and DKK 898 million for the fourth quarter of 2022. This was DKK 1,746 million and DKK 420 million higher respectively than for the corresponding periods of 2021. For both the full year and the fourth quarter, the increase was mainly due to investments in the new production line for Advanced Protein Solutions in Blair, Nebraska, U.S. The net investments came in slightly lower than expected, partly driven by the depreciation of USD/DKK in the fourth quarter.

Net investments excluding acquisitions
DKK 2,862 million

Free cash flow before acquisitions was DKK 1,144 million for 2022 and for the fourth quarter of 2022 there was an outflow of DKK 314 million impacted by higher net working capital and higher cash taxes paid. The respective declines of DKK 1,802 million and DKK 531 million relative to the corresponding periods of 2021 were mainly due to an increase in net investments.

Free cash flow before acquisitions
DKK 1,144 million

Total equity was DKK 14,228 million at December 31, 2022, corresponding to an equity ratio of 50.8%. This was an increase of DKK 2,022 million and 1.5 percentage points respectively compared to the total equity of DKK 12,206 million and the 49.3% equity ratio reported at December 31, 2021.

Equity ratio
50.8%

Net interest-bearing debt (NIBD) and the NIBD-to-EBITDA ratio were DKK 5,807 million and 1.0x respectively at December 31, 2022 and in line with Novozymes' capital structure target. This was an increase of DKK 582 million in NIBD and an unchanged NIBD-to-EBITDA ratio compared to December 31, 2021. The increase in NIBD was driven by the cash outflows relating to the elevated CAPEX.

NIBD/EBITDA
1.0x

Return on invested capital (ROIC) including goodwill was 17.6% in 2022. This was 1.7 percentage points lower than in 2021 mainly due to the increase in invested capital, including acquisitions and growth investments. Return on invested capital including goodwill before special items was 17.9% in 2022.

ROIC incl. goodwill
17.6%

The holding of treasury stock at December 31, 2022 was 4,401,011 B shares, which was equivalent to 1.6% of the common stock.

Treasury stock
1.6%

Nonfinancial targets

In 2022, Novozymes' concluded the nonfinancial milestone targets for 2022 with an improvement in the environmental impact of our operations, engagement, and development of employees, and continuously enabling customers to reduce their CO₂ emissions across industries.

Out of the twelve quantitative targets and milestones, eleven were reached. New, ambitious milestones and commitments are communicated on the journey towards the 2030 and 2050 ambitions.

	Targets	2022 Milestones	2022 Performance	Status
Operations	Reduce absolute CO ₂ emissions from operations ¹	40%	63%	Achieved
	Develop context-based water management programs	100% of sites ²	100% of sites ²	Achieved
	Manage biomass in circular systems	100%	100%	Achieved
	Develop circular management plans for key packaging materials	100%	100%	Achieved
	Develop programs to reach zero waste by 2030	100% of sites ²	100% of sites ²	Achieved
Zymers & Society	Nurture diversity ³	86	86	Achieved
	Occupational injury ⁴	≤1.5	1.5	Achieved
	Zymer spirit index score ⁵	81	83	Achieved
	Enable learning ⁵	80	80	Achieved
	Pledge our time to local outreach activities	1% of time	Multiple activities	Qualitative reporting
World	Save CO ₂ emissions by enabling low-carbon fuels in the transport sector	60 million tonnes of CO ₂	65 million tonnes of CO ₂	Achieved
	Reach people by providing laundry solutions that replace chemicals	>4 billion people	>4.2 billion people	Achieved
	Gain food by improving efficiency from farm to table	500,000 tonnes of food	215,000 tonnes of food	Not achieved

¹ From a 2018 baseline.

² The targets do not include sites with activities not considered to have a significant environmental impact, e.g. sales offices, R&D labs, etc.

³ Index calculated based on gender and international representation at various professional levels.

⁴ Defined as the three-year rolling average of lost time injuries per million working hours.

⁵ Measured by score to relevant questions in annual survey.

Sales Outlook

Organic sales growth is expected to be in the range of 4-7%. The full year growth is expected to be driven by a combination of stronger pricing relative to 2022 as well as volume growth. Positive pricing across business areas is expected to contribute more than half of the total organic sales growth, whereas innovation and increased market penetration will be the main components of the volume growth. The outlook assumes no major changes to the current state of the global economic situation. Overall, modest growth is expected in the beginning of the year as the comparator from last year in Food, Beverages & Human Health was impacted by strong sales across subareas, and there was a positive timing impact from a large sales order. Additionally, the Q1 comparator in 2022 for Household Care include sales to Russia and Ukraine. Sales in reported DKK including currencies are forecasted to be roughly 2 percentage points lower than the expected organic sales growth range for 2023.

Household Care (organic 1% in 12M 2022) organic sales growth is expected to be driven by a combination of pricing and increased penetration in emerging markets. As commodity prices continue to fluctuate and consumers' buying habits adapt to the rising inflation, an expectation of volume contraction in North America and Europe is included, particularly for the first half of the year. Emerging markets are expected to continue to grow, while the market penetration with Freshness solutions will continue. The full-year indication for organic sales in Household Care is to grow in the low single digits.

Food, Beverages & Human Health (organic 10% in 12M 2022) organic sales growth is expected across all subareas, driven by Food and Human Health. Solutions focused on health and increased quality as well as clean label will continue to be the main drivers while market conditions favoring industrial bread consumptions, demand for locally sourced products and raw material optimization are expected to support growth. Human Health is estimated to grow organically in the solid double digits, driven by innovation, cross-selling, and segment expansion, supported by the acquisitions of Synergia, Microbiome Labs and PrecisionBiotics Group. Pricing will be a strong component of growth across all sub-areas. Organic sales are indicated to grow in the high single digits.

Bioenergy (organic 25% in 12M 2022) organic sales growth is expected to be driven by pricing, market penetration enabled by innovation, capacity expansion of corn-based ethanol production in Latin America, and market penetration with enzymatic solutions for biodiesel production. Organic growth will also be supported to a degree by growing sales of solutions for 2G ethanol production. Bioenergy is indicated to grow by a mid-to-high single digit rate. The mid-point of the range assumes flat to slightly declining performance in U.S. ethanol production.

Grain & Tech Processing (organic 10% in 12M 2022) organic sales growth is expected to be driven by pricing and growth in Grain led by market penetration in vegetable oil processing, and innovation in starch. Tech is expected to decline, driven by reduced sales of enzymes for Covid-19 test kits and a soft textile market. The sales development in Grain & Tech Processing is indicated to grow by a low-to-mid-single digit rate.

Agriculture, Animal Health & Nutrition (organic 8% in 12M 2022) organic sales growth is expected to be broad-based with solid growth in both Agriculture and Animal Health & Nutrition. Pricing will be a solid component of growth, and innovation and a more diversified commercial model are enablers for increased market penetration of sustainable BioAg solutions. Growth in Animal Health & Nutrition will primarily be driven by pricing, innovation, and end-market growth. The indication for Agriculture, Animal Health & Nutrition is for growth at a rate in the mid-to-high single digits.

Financial outlook

For 2023, Novozymes expects a solid EBIT margin before special items of 25 to 26% (2022: 26.4%, and additionally excluding one-offs, at roughly 1p.p below the 26.4%). Compared to 2022, the EBIT margin will benefit from price increases, sales growth, and productivity improvements. Significantly higher input costs, especially those that are energy-related, a currency headwind, and continued investments in the business as well as lower other operating income are expected to have a negative year-on-year impact. The gross margin is expected to be at a similar level as in 2022, as the positive impact from price increases and productivity improvements are expected to be offset by higher input costs.

EBIT margin, b.s.i.
25% to 26%

Return on invested capital (ROIC), including goodwill, before special items is expected at 16% to 17% (2022: 17.9%). Lower NOPAT and higher invested capital, mainly from acquisitions, are the main drivers of the expected year-on-year development.

ROIC, incl. goodwill, b.s.i
16% to 17%

Free cash flow (FCF) before acquisitions is expected at DKK 1.8 to 2.4 billion (2022: DKK 1.1 billion), mainly impacted by lower net investments.

FCF before acquisitions
DKK 1.8 to 2.4 billion

The following is provided for modeling purposes:

The effective tax rate is expected at around 23% for 2023 (2022: 19%).

Effective tax rate
~23%

Net financial costs are expected to be around DKK 250 million (2022: DKK 2 million income) mainly driven by hedging costs and primarily related to USD forward contracts, as well as somewhat higher interest expenses.

Net financial costs
DKK ~250 million

Net investments are expected at DKK 2.1 to 2.4 billion (2022: DKK 2.9 billion). This reflects maintenance, optimization and expansion investments, including in new food and health-related customer co-creation centers, as well as roughly DKK 0.4 billion related to the investment in a new state of the art production line for Advanced Protein Solutions in Blair, Nebraska, U.S.

Net investments
DKK 2.1 to 2.4 billion

Special items are expected at a range between DKK 0.3-0.7 billion and include cost related to the proposed combination with Chr. Hansen.

Special items
DKK 0.3 to 0.7 billion

		2023 Outlook ***
Sales performance, organic	%	4-7
EBIT margin before special items*	%	25-26
ROIC** before special items*	%	16-17
For modelling purposes:		
Special items*	DKKbn	0.3-0.7
Net financial costs	DKKbn	~250
Effective tax rate	%	~23
Free cash flow before acquisitions	DKKbn	1.8-2.4
Net investments	DKKbn	2.1-2.4

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

**Including goodwill.

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

Long-term financial targets

Novozymes is fully committed to its long-term targets until 2025 as they were introduced in 2021. These are: An organic sales CAGR of 5% or higher, an EBIT margin of 26% or higher, and a ROIC including goodwill of 20% or higher. Following the announcement of the proposed combination with Chr. Hansen, Novozymes has assessed costs related to the combination as special items to enable transparent reporting of Novozymes' recurring activities. As such, the financial targets will exclude these costs, which will also be specified separately.

	2021	2022	2023 outlook	2025 target*
Organic sales growth	6%	9%	4-7%	Grow our sales organically by a compounded annual growth rate (CAGR) of 5% or higher.
EBIT margin, before special items**	26.8%	26.4%	25-26%	26% or higher, and not below 25% in any individual year.
ROIC***, before special items**	19.3%	17.9%	16-17%	20% or higher by 2025.

* All targets assume constant currencies, no additional acquisitions or divestments beyond what has already been communicated/proposed, no major unusual items, a gradual normalization of the global economy and supply chain, and no new severe disruptions of the global economy or geopolitical environment.

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

*** Including goodwill

Nonfinancial milestones, commitments, and targets

As a guide to Novozymes' journey towards achieving its long-term commitments, new nonfinancial milestones and targets have been set for 2025 on Operations and on Employees & society. Novozymes is committed to high standards and ambitious actions to improve its climate, water and waste footprint.

The nonfinancial aspect of the company combines integrated shorter-term milestones and commitments leading towards clearly defined long-term targets until 2030 as well as 2050. The net-zero target covers scopes 1, 2 and 3 emissions and has been validated by the Science Based Targets initiative¹.

Additionally, focus will be on the continued promotion of an inclusive and diverse workplace where employees can stay safe, thrive and grow.

	Targets & commitments	2025 Milestones	Long-term	
Operations	Climate	Reduce absolute CO ₂ emissions ¹	65% from operations 75% from operations by 2030 35% from supply chain by 2030 Net-zero by 2050	
	Water	Purchase renewable electricity	100%	100% by 2030
		Restore water in basins close to our production sites where WASH is a challenge ²	10 billion liters	30 billion liters by 2030
	Circular	Improve freshwater withdrawal by recycling more water ²	10%	15% by 2030 20% by 2035
Zero waste to landfill from operations ³		Two key circular projects in pilots with demonstrated benefits	Achieve by 2030	
Employees & society	Include	Key circular projects	Three key circular projects successfully implemented by 2030	
		Women and men in senior management ⁴	≥ 35% women	≥ 45% women and 45% men by 2030
	Thrive & Inspire	Women and men across all professionals ⁵	≥ 45% women	≥ 45% women and 45% men by 2030
		Three-year rolling average of occupational injuries with absence ⁶	≤ 1.5	A workplace where employees stay safe, thrive and grow
	Thrive index ⁷	Achieve same score as benchmark	Pledge 1% of our time to community outreach	

¹ Novozymes commits to reach net-zero GHG emissions across the value chain by 2050. Near-Term Targets: Novozymes commits to reduce absolute scopes 1 and 2 GHG emissions 75% by 2030 from a 2018 base year. Novozymes also commits to increase annual sourcing of renewable electricity from 37% in 2018 to 100% by 2025. Novozymes further commits to reduce absolute scope 3 GHG emissions from purchased goods and services, fuel and energy related activities, upstream transportation and distribution, waste generated in operations and business travel 35% by 2030 from a 2018 base year. Long-Term Targets: Novozymes commits to reduce absolute scopes 1 and 2 GHG emissions by 90% by 2050 from a 2018 base year. Novozymes also commits to reduce absolute scope 3 GHG emissions from purchased goods and services, fuel and energy related activities, upstream transportation and distribution, waste generated in operations and business travel by 90% within the same timeframe. The target boundary includes biogenic emissions and removals associated with the use of bioenergy.

² From a 2021 baseline.

³ The targets do not include sites with activities not considered to have a significant environmental impact, e.g. sales offices, R&D labs, etc.

⁴ Percentage of women and men in director positions or higher (i.e. director, vice president or executive vice president).

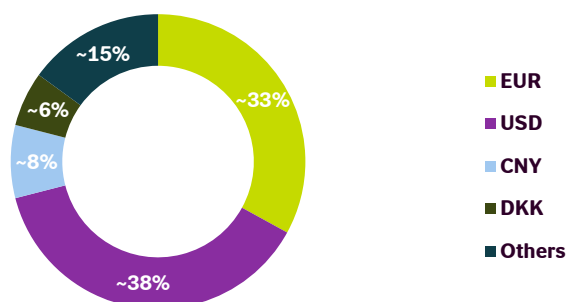
⁵ Percentage of women and men across professional, manager and senior leadership levels.

⁶ Lost-time injuries per million working hours.

⁷ Developed from specific questions in our annual employee survey.

Currency exposure

Sales by currency, 12M 2022



Other things being equal, a 5% movement in USD/DKK is expected to have an annual positive/negative impact on EBIT of around DKK 130-160 million, and a 5% movement in EUR/DKK is expected to have an annual positive/negative impact on EBIT of DKK ~200 million.

Hedging of net currency exposure and currency exchange rates

In 2022, the full currency exposure was hedged at an average rate of USD/DKK 6.29. For 2023, the exposure is 88% hedged at an average rate of USD/DKK 6.98.

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

DKK	EUR	USD	BRL	CNY
Average exchange rate, 12M 2021	744	629	117	98
Average exchange rate, 12M 2022	744	708	137	105
Estimated average exchange rate 2023*	744	684	133	101
Estimated average exchange rate 2023 compared to 2022	0%	(3)%	(3)%	(4)%

*On January 25, 2023.

Dividend

At the Annual Shareholders' Meeting to be held on March 3, 2023, the Board of Directors intends to propose a dividend payment of DKK 6.00 per share for a total payout of approximately DKK 1,660 million for the 2022 financial year. This is 9%, or DKK 0.50, higher per share than the dividend paid for 2021 and corresponds to a payout ratio of 45.0% of the net profit generated in 2022. Adjusted for non-recurring items with no cash flow impact related to 21st.Bio and the Microbiome Labs earnout, the payout ratio is 50.9%.

If approved, the 2022 dividend will be disbursed on March 7, 2023, with March 2, 2023, as the last trading day with dividend for 2022.

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

Incentive program for the Executive Leadership Team 2020-2022

The long-term incentive program covering the performance period 2020-2022 was finally allocated in 2022. The program was an equal stock and stock option program, and awards were subject to average

organic sales growth (40%), accumulated economic profit generated (40%) and non-financial targets (20%).

As described in the Novozymes Remuneration Report 2021, the targets for sales growth and economic profit have been adjusted to exclude the 2020 performance due to the extraordinary impact of COVID-19, and the allocations related to these targets have been reduced by one third. The adjustment resulted in a maximum potential allocation of 73% of the original 100% maximum.

Average organic sales growth during the two-year period (2021-2022) was 7.5%, resulting in 100% of target being met (26.5% of the total program). The accumulated economic profit generated in the two-year period was DKK 4.6 billion, resulting in 100% of the economic profit pool (26.5% of the total program) being awarded. 80% of the sustainability targets were reached (20% of the total program). In total, an allocation of 69% is being awarded reflecting a very strong performance in 2021– 2022.

Incentive program for the Executive Leadership Team 2023-2025

A new long-term incentive program (LTIP) for the Executive Leadership Team covering the performance period 2023-2025 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 before special items, 20% weight 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 2022. Potential shares and share options will be awarded at the beginning of 2026 subject to achievements relative to the performance targets. The value of the 2023 program at a 50/50 split between shares and share options is approximately DKK 42 million, corresponding to approximately 60,000 shares and 214,000 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 2023-2025 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 55 million, corresponding to approximately 78,000 shares and 280,000 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 2023. 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 8,500 shares or 30,000 share options.

Accounting policies

The Group financial statements for 2022 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 2022 follows the same accounting policies as the Annual Report of 2022. The Annual Report for 2022 has been audited by the company's independent auditor.

Forward-looking statements

This company announcement and its related comments contain forward-looking statements, contain forward-looking statements, including statements about future events, future financial performance, plans, strategies and expectations. Forward-looking statements are associated with words such as, but not limited to, "believe", "anticipate", "expect", "estimate", "intend", "plan", "project", "could", "may", "might" and other words of a similar meaning. Forward-looking statements are by their very nature associated with risks and uncertainties that may cause actual results to differ materially from expectations, both positively and negatively. Such risks and uncertainties may include unexpected developments in **i)** the ability to develop and market new products; **ii)** the demand for Novozymes' products, market-driven price decreases, industry consolidation, and launches of competing products or disruptive technologies in Novozymes' core areas; **iii)** the ability to protect and enforce the company's intellectual property rights; **iv)** significant litigation or breaches of contract; **v)** the materialization of the company's growth platforms, notably the opportunity for marketing biomass conversion technologies or the development of microbial solutions for broad-acre crops; **vi)** political conditions, such as acceptance of enzymes produced by genetically modified organisms; **vii)** global economic and capital market conditions, including, but not limited to, currency exchange rates (USD/DKK and EUR/DKK in particular, but not exclusively), interest rates and inflation; and **viii)** significant price decreases for inputs and materials that compete with Novozymes' biological solutions. The company undertakes no duty to update any forward-looking statements as a result of future developments or new information.

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Statement of the Board of Directors and the Executive Management

The Board of Directors and the Executive Management have considered and approved the Annual Report of Novozymes A/S for 2022, including the audited consolidated financial statements. The Board of Directors and the Executive Management have also approved these Group financial statements for 2022, which contain condensed financial information. These Group financial statements for 2022 have not been audited or reviewed by the company's independent auditors.

The consolidated financial statements set out in the Annual Report 2022 have been prepared in accordance with International Financial Reporting Standards as adopted by the EU, and further requirements of the Danish Financial Statements Act.

These Group financial statements for 2022 have been prepared in accordance with IAS 34, the accounting policies as applied in the audited consolidated financial statements for 2022 and further requirements of 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 these Group financial statements are adequate, and these Group financial statements give 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, 2022, and of the results of the Group's operations and cash flows for 2022. Furthermore, these Group financial statements for 2022 provide, together with the information disclosed in the Annual Report 2022, a description of the most significant risks and uncertainties to which the Group is subject.

Bagsvaerd, January 26, 2023

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

Morten Alexander Sommer

Kim Stratton

Jens Øbro

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Appendix 1 Main items and key figures

1.1 Key figures

DKK million	2022	2021	% change	Q4 2022	Q4 2021	% change
Revenue	17,553	14,951	17%	4,529	3,834	18%
Gross profit	9,577	8,623	11%	2,423	2,149	13%
Gross margin	54.6%	57.7%		53.5%	56.1%	
EBITDA	6,046	5,423	11%	1,392	1,150	21%
EBITDA margin	34.4%	36.3%		30.7%	30.0%	
Operating profit (EBIT) before special items*	4,629	4,007	16%	1,059	805	32%
EBIT margin before special items*	26.4%	26.8%		23.4%	21.0%	
Operating profit (EBIT)	4,561	4,007	14%	1,022	805	27%
EBIT margin	26.0%	26.8%		22.6%	21.0%	
Share of result in associates	(7)	(4)		(3)	(2)	
Net financials	2	(79)		26	(32)	
Profit before tax	4,556	3,924	16%	1,045	771	36%
Tax	(870)	(779)	12%	(168)	(148)	14%
Net profit	3,686	3,145	17%	877	623	41%
Earnings per DKK 2 share	13.29	11.32	17%	3.19	2.26	42%
Earnings per DKK 2 share (diluted)	13.19	11.23	17%	3.18	2.24	42%
Net investments excl. acq.	2,862	1,116	156%	898	478	88%
Free cash flow before net acq. and purchase of financial assets	1,144	2,946	(61)%	(314)	217	(245)%
ROIC** before special items*	17.9%	19.3%				
ROIC**	17.6%	19.3%				
Net interest-bearing debt	5,807	5,225				
Equity ratio	50.8%	49.3%				
Return on equity	28.6%	27.3%				
Debt-to-equity	40.8%	42.8%				
NIBD / EBITDA	1.0	1.0				
Number of employees	6,781	6,527				

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

** Including goodwill.

Novozymes' stock	Dec. 31, 2022	Dec. 31, 2021
Common stock (million)	281.0	282.0
Net worth per share (DKK)	49.24	41.94
Denomination of share (DKK)	2.00	2.00
Nominal value of common stock (DKK million)	562.0	564.0
Treasury stock (million)	4.4	4.9

1.2 Five-year statement 2018-2022

DKK million	2022	2021	2020	2019	2018
Revenue	17,553	14,951	14,012	14,374	14,390
Gross profit	9,577	8,623	7,853	7,954	8,255
Gross margin	54.6%	57.7%	56.0%	55.3%	57.4%
Operating profit (EBIT) before special items*	4,629	4,007	3,652	4,039	4,070
EBIT margin before special items*	26.4%	26.8%	26.1%	28.1%	28.3%
Operating profit (EBIT)	4,561	4,007	3,652	4,039	4,070
EBIT margin	26.0%	26.8%	26.1%	28.1%	28.3%
Share of result in associates	(7)	(4)	(4)	(5)	(17)
Net financials	2	(79)	(127)	(235)	(117)
Profit before tax	4,556	3,924	3,521	3,799	3,936
Tax	(870)	(779)	(695)	(644)	(709)
Net profit	3,686	3,145	2,826	3,155	3,227
Non-controlling interests	10	(1)	1	1	1
Net profit to shareholders in Novozymes A/S	3,676	3,146	2,825	3,154	3,226
Foreign exchange gain/(loss), net	(330)	(4)	(35)	(205)	(89)
Interest income/(costs)	(84)	(84)	(53)	4	(3)
Other financial items	416	9	(39)	(34)	(25)
Net financials	2	(79)	(127)	(235)	(117)
Earnings per DKK 2 share	13.29	11.32	10.07	11.06	11.11
Average no. of A/B shares outstanding (million)	276.6	277.9	280.4	285.1	290.4
Earnings per DKK 2 share (diluted)	13.19	11.23	10.02	11.01	11.03
Average no. of A/B shares diluted (million)	278.7	280.2	282.0	286.6	292.4
ROIC** before special items*	17.9%	19.3%	18.9%	21.1%	24.2%
ROIC**	17.6%	19.3%	18.9%	21.1%	24.2%
Net interest-bearing debt	5,807	5,225	3,871	4,049	2,535
Equity ratio	50.8%	49.3%	54.8%	56.2%	58.1%
Return on equity	28.6%	27.3%	24.9%	27.5%	28.4%
NIBD/EBITDA	1.0	1.0	0.8	0.8	0.5

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

** Including goodwill.

1.3 Income statement

DKK million	2022	2021	Q4 2022	Q4 2021
Revenue	17,553	14,951	4,529	3,834
Cost of goods sold	(7,976)	(6,328)	(2,106)	(1,685)
Gross profit	9,577	8,623	2,423	2,149
Sales and distribution costs	(2,271)	(1,936)	(592)	(609)
Research and development costs	(2,001)	(2,009)	(535)	(512)
Administrative costs	(952)	(859)	(242)	(261)
Other operating income, net	276	188	5	38
Operating profit (EBIT) before special items	4,629	4,007	1,059	805
Special items	(68)	-	(37)	-
Operating profit (EBIT)	4,561	4,007	1,022	805
Share of result in associates	(7)	(4)	(3)	(2)
Net financials	2	(79)	26	(32)
Profit before tax	4,556	3,924	1,045	771
Tax	(870)	(779)	(168)	(148)
Net profit	3,686	3,145	877	623
Attributable to				
Shareholders in Novozymes A/S	3,676	3,146	883	625
Non-controlling interests	10	(1)	(6)	(2)
Specification of net financials				
Foreign exchange gain/(loss), net	(330)	(4)	(109)	(54)
Interest income/(costs)	(84)	(84)	(53)	(53)
Other financial items	416	9	188	75
Net financials	2	(79)	26	(32)
Earnings per DKK 2 share	13.29	11.32	3.19	2.26
Average no. of A/B shares outstanding (million)	276.6	277.9	276.5	277.0
Earnings per DKK 2 share (diluted)	13.19	11.23	3.18	2.24
Average no. of A/B shares, diluted (million)	278.7	280.2	278.0	279.6

1.4 Statement of comprehensive income

DKK million	2022	2021	Q4 2022	Q4 2021
Net profit	3,686	3,145	877	623
Currency translation of subsidiaries and non-controlling interests	155	723	(1,051)	225
Tax on currency translation of subsidiaries	(15)	(2)	(15)	(2)
Currency translation adjustments	140	721	(1,066)	223
Fair value adjustments	(150)	(173)	142	(37)
Tax on fair value adjustments	33	38	(31)	8
Cash flow hedges reclassified to financial costs	295	(31)	104	32
Tax on reclassified fair value adjustments	(65)	7	(23)	(7)
Cash flow hedges	113	(159)	192	(4)
Other comprehensive income	253	562	(874)	219
Comprehensive income	3,939	3,707	3	842
Attributable to				
Shareholders in Novozymes A/S	3,929	3,706	10	843
Non-controlling interests	10	1	(7)	(1)

Appendix 2 Distribution of sales

2.1 Business areas

DKK million	2022 12M	2021 12M	% change	% currency impact	% M&A impact	% organic growth
Consumer Biosolutions						
Household Care	4,988	4,763	5	4	0	1
Food, Beverages & Human Health	4,134	3,464	19	5	4	10
Agriculture & Industrial Biosolutions						
Bioenergy	3,748	2,702	39	14	0	25
Grain & Tech Processing	2,607	2,236	17	7	0	10
Agriculture, Animal Health & Nutrition	2,076	1,786	16	8	0	8
Sales	17,553	14,951	17	7	1	9

DKK million	2022 Q4	2021 Q4	% change	% currency impact	% M&A impact	% organic growth
Consumer Biosolutions						
Household Care	1,230	1,150	7	3	0	4
Food, Beverages & Human Health	1,051	851	24	6	2	16
Agriculture & Industrial Biosolutions						
Bioenergy	1,060	788	35	13	0	22
Grain & Tech Processing	634	579	9	4	0	5
Agriculture, Animal Health & Nutrition	554	466	19	8	0	11
Sales	4,529	3,834	18	6	1	11

DKK million	2022				2021				% change Q4/Q4
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	
Consumer Biosolutions									
Household Care	1,230	1,300	1,228	1,230	1,150	1,247	1,125	1,241	7
Food, Beverages & Human Health	1,051	980	1,004	1,099	851	870	878	865	24
Agriculture & Industrial Biosolutions									
Bioenergy	1,060	1,017	874	797	788	675	651	588	35
Grain & Tech Processing	634	626	679	668	579	539	529	589	9
Agriculture, Animal Health & Nutrition	554	444	501	577	466	430	397	493	19
Sales	4,529	4,367	4,286	4,371	3,834	3,761	3,580	3,776	18

2.2 Geography

DKK million	2022 12M	2021 12M	% change	% currency impact	% M&A impact	% organic growth
Europe, Middle East & Africa	6,095	5,681	7	1	0	6
North America	5,829	4,683	24	12	1	11
Asia Pacific	3,566	3,009	19	8	1	10
Latin America	2,063	1,578	31	14	1	16
Sales	17,553	14,951	17	7	1	9
Developed markets	11,112	9,503	17	7	1	9
Emerging markets	6,441	5,448	18	8	1	9
Sales	17,553	14,951	17	7	1	9

DKK million	2022 Q4	2021 Q4	% change	% currency impact	% M&A impact	% organic growth
Europe, Middle East & Africa	1,504	1,372	10	2	0	8
North America	1,583	1,310	21	13	0	8
Asia Pacific	916	762	20	2	1	17
Latin America	526	390	35	14	1	20
Sales	4,529	3,834	18	6	1	11
Developed markets	2,882	2,486	16	7	0	9
Emerging markets	1,647	1,348	22	6	1	15
Sales	4,529	3,834	18	6	1	11

DKK million	2022				2021				% change Q4/Q4
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	
Europe, Middle East & Africa	1,504	1,489	1,469	1,633	1,372	1,443	1,409	1,457	10
North America	1,583	1,465	1,395	1,386	1,310	1,131	1,076	1,166	21
Asia Pacific	916	843	913	894	762	728	733	786	20
Latin America	526	570	509	458	390	459	362	367	35
Sales	4,529	4,367	4,286	4,371	3,834	3,761	3,580	3,776	18
Developed markets	2,882	2,748	2,688	2,794	2,486	2,311	2,289	2,417	16
Emerging markets	1,647	1,619	1,598	1,577	1,348	1,450	1,291	1,359	22
Sales	4,529	4,367	4,286	4,371	3,834	3,761	3,580	3,776	18

Appendix 3 Statement of cash flows

3.1 Statement of cash flows

DKK million	2022	2021	Q4 2022	Q4 2021
Net profit	3,686	3,145	877	623
Reversals of non-cash items	1,935	2,198	194	359
Tax paid	(910)	(627)	(465)	(342)
Interest received	18	18	8	13
Interest etc. paid	(131)	(52)	(56)	(13)
Cash flow before change in working capital	4,598	4,682	558	640
Change in working capital				
(Increase)/decrease in receivables and contract assets	(330)	(574)	(158)	(137)
(Increase)/decrease in inventories	(787)	(556)	(113)	(111)
Increase/(decrease) in payables, deferred income and contract liabilities	534	518	304	302
Currency translation adjustments	(9)	(8)	(7)	1
Cash flow from operating activities	4,006	4,062	584	695
Investments				
Purchase of intangible assets	(130)	(169)	(70)	(62)
Sale of property, plant and equipment	28	124	2	121
Purchase of property, plant and equipment	(2,760)	(1,071)	(830)	(537)
Cash flow from investing activities before acquisitions, divestments and purchase of financial assets	(2,862)	(1,116)	(898)	(478)
Free cash flow before acquisitions, divestments, purchase and sale of financial assets	1,144	2,946	(314)	217
Business acquisitions, divestments, purchase and sale of financial assets	190	(1,631)	-	(870)
Free cash flow	1,334	1,315	(314)	(653)
Financing				
Borrowings	2,140	2,144	100	650
Repayment of borrowings	(1,602)	(1,283)	(236)	(87)
Overdraft facilities, net	193	313	134	105
Repayment of lease liabilities	(120)	(103)	(31)	(26)
Shareholders:				
Purchase of treasury stock	(500)	(1,500)	-	-
Sale of treasury stock	164	309	56	50
Dividend paid	(1,525)	(1,466)	-	-
Cash flow from financing activities	(1,250)	(1,586)	23	692
Net cash flow	84	(271)	(291)	39
Unrealized gain/(loss) on currencies and financial assets, included in cash and cash equivalents	(6)	53	(45)	61
Change in cash and cash equivalents, net	78	(218)	(336)	100
Cash and cash equivalents - Beginning of period	963	1,181	1,377	863
Cash and cash equivalents at December 31	1,041	963	1,041	963

Undrawn committed credit facilities at December 31, 2022 were DKK 17,502 million.

Appendix 4 Balance sheet and Statement of equity

4.1 Balance sheet, Assets

DKK million	Dec. 31, 2022	Dec. 31, 2021
Completed IT development projects	204	200
Acquired patents, licenses and know-how	2,307	2,654
Goodwill	2,007	2,020
IT development projects in progress	180	150
Intangible assets	4,698	5,024
Land and buildings	3,999	3,980
Plant and machinery	4,151	4,290
Other equipment	1,028	1,039
Assets under construction and prepayments	2,896	876
Property, plant and equipment	12,074	10,185
Deferred tax assets	1,623	1,637
Other financial assets (non-interest-bearing)	92	30
Investment in associate	223	29
Other receivables	32	39
Non-current assets	18,742	16,944
Raw materials and consumables	603	433
Goods in progress	1,333	979
Finished goods	1,867	1,580
Inventories	3,803	2,992
Trade receivables	3,454	2,948
Contract assets	151	40
Tax receivables	352	286
Other receivables	360	519
Receivables	4,317	3,793
Other financial assets (non-interest-bearing)	80	75
Cash and cash equivalents	1,041	963
Current assets	9,241	7,823
Assets	27,983	24,767

4.2 Balance sheet, Liabilities

DKK million	Dec. 31, 2022	Dec. 31, 2021
Common stock	562	564
Currency translation adjustments	132	(8)
Cash flow hedges	81	(32)
Retained earnings	13,062	11,303
Equity attributable to shareholders in Novozymes A/S	13,837	11,827
Non-controlling interests	391	379
Total equity	14,228	12,206
Share purchase liability	760	717
Deferred tax liabilities	1,653	1,337
Provisions	119	153
Contingent consideration	224	543
Deferred income	129	98
Other financial liabilities (interest-bearing)	3,619	3,676
Other financial liabilities (non-interest-bearing)	-	4
Non-current lease liabilities	288	360
Non-current liabilities	6,792	6,888
Other financial liabilities (interest-bearing)	2,818	2,030
Other financial liabilities (non-interest-bearing)	101	109
Lease liabilities	123	122
Provisions	10	21
Contingent consideration	158	-
Trade payables	1,869	1,490
Contract liabilities	94	129
Deferred income	44	34
Tax payables	326	486
Other payables	1,420	1,252
Current liabilities	6,963	5,673
Liabilities	13,755	12,561
Liabilities and equity	27,983	24,767

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, 2022	564	(8)	(32)	11,303	11,827	379	12,206
Net profit for the year				3,676	3,676	10	3,686
Other comprehensive income for the period		140	113		253	-	253
Total comprehensive income for the period		140	113	3,676	3,929	10	3,939
Purchase of treasury stock				(500)	(500)		(500)
Sale of treasury stock				164	164		164
Write-down of common stock	(2)			2	-		-
Dividend				(1,524)	(1,524)	(1)	(1,525)
Stock-based payment				123	123		123
Non-controlling interests and share purchase liability				(43)	(43)	3	(40)
Tax related to equity items				(139)	(139)		(139)
Changes in equity	(2)	140	113	1,759	2,010	12	2,022
Equity at December 31, 2022	562	132	81	13,062	13,837	391	14,228
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
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

Appendix 5 Miscellaneous

5.1 Publicly announced product launches in 2022

Product	Description	Sustainability benefit*
HiPhorius™	HiPhorius™ is a fourth generation phytase resulting from the Feed Alliance with DSM. Phosphorus is essential for animal metabolism but is often inaccessible to swine and poultry in the most common animal feedstocks. Farmers often add inorganic phosphates, but this increases feed costs and leads to environmental pollution through phosphorous emissions.	A phytase is an enzyme that releases natural-bound phosphorus from raw materials in feed. This reduces the need for inorganic phosphorus supplementation. The primary benefit is the saving of rare phosphorus resources and lower phosphorous emissions to water bodies and reduced algae growth.
Valena Pulse G	Valena Pulse G enables better inclusion of pulse ingredients in bread and reduces reliance on emulsifiers. Inclusion of pulses in bread increases the protein and fiber content of breads while reducing carbohydrates and retaining texture and appearance.	Inclusion of pulses in bread addresses the plant-based food segment and may potentially result in a reduction of greenhouse gas emissions. Pulses improve the soil's ability to absorb natural CO ₂ emissions. Because pulses can fix nitrogen, they also need less fertilizer. Fixing nitrogen makes the soil more fertile, which helps other plants flourish. Furthermore, when pulses are sourced locally, the need for transportation of crops is also reduced.
Innova® Turbo	Innova® Turbo is the fastest, high-yielding advanced yeast in the industry designed for ethanol fermentation times of <52 hours. The solution is unmatched for breaking fermentation bottlenecks, to generate more revenue by increasing plant conversion rates and efficiency.	Innova® Turbo improves energy efficiency due to shorter fermentation times, reduced need for DGS drying and higher ethanol yield. This in turn results in a lower carbon intensity of the ethanol. Also, reduced emissions of acetaldehyde from the fermentation off-gas may reduce potential photochemical smog.
Innova® Apex	Innova® Apex is a robust yeast solution that allows ethanol producers to maneuver through process turns confidently with sustained top performance.	Due to the higher ethanol yield obtained with Innova® Apex, the carbon intensity of the ethanol is reduced.
Progress Crystal	Progress Crystal is a protease for the soap bar segment with excellent enzyme activity and stability, resulting in strong washing performance even when the soap bar is stored over long periods of time.	Progress Crystal enables the soap bar producers to eliminate the stabilizers that they would need with traditional protease formulations to keep the protease stable in the soap bar.
Torque® IF Ratchet®	Torque® IF and Ratchet® are two new LCO promoters for BioAg that improve yields by stimulating the natural growth process above and below the soil for corn and other key broad-acres crops.	The ability to achieve higher yields with unchanged agricultural inputs results in several environmental benefits including reduced GHG emissions per kg of crop produced and reduced pressure on natural habitats.
Prefur Odorelief	Short and long term effective natural cat litter odor control. Easy spray application with long shelf life and no impact on cat litter physical appearance.	Potential benefits are related to reduced content of perfume and frequency of replacing cat litter.

Carezyme® Essential	New solution to help reshape the softener category, not only caring for consumers' clothes but also the environment by offering a greener solution and helping to meet new consumer demands.	By maintaining and restoring the look and feel of fabrics, consumers are motivated to keep their clothing and home textiles for longer. With an extended lifetime, fewer textiles need to be produced and disposed of to the benefit of the environment. Additionally, reformulation of the softener reduces the use of chemicals.
Fiberlife®	Solution for textile biopolishing improving anti-pilling, fabric quality (no hairballs, Clean and smoother surface, good washability, improved gloss).	Through improving the look and feel of fabrics, Fiberlife® contributes to extending their lifetime. In consequence, the demand for new textiles is lower and less textiles require waste treatment. Both these aspects lower the pressure on environment.
BioFresh™ Clean	BioFresh™ Clean is an innovative oral health solution that keeps teeth clean by removing and reducing plaque. It is a clinically proven, patent-pending and naturally effective enzymatic formula. The solution is designed to fit into existing oral care formats as well as new innovative formats and promotes a healthy oral immune system.	By effectively promoting a balanced oral microbiome and thereby supporting oral health, the solution contributed to better general human health. Good oral hygiene is also defined by WHO to be intrinsically linked to general health.
Carezyme® Elite	Carezyme® Elite is a new care cellulase developed for increased stability in liquid care detergents to help customers avoid build-up of fuzz and thus keep their clothes newer for longer. This care cellulase leaves fabrics smooth and soft, making garments look fresh without needing to be replaced.	By maintaining the look and feel of fabrics, consumers are motivated to keep their clothing and home textiles for longer. With an extended lifetime, fewer textiles need to be produced and disposed – saving water, energy, and chemicals in the textile/fashion industry.
Frontia® Prime	Frontia® Prime is the next generation technology in corn separation, helping grain milling customers double their corn protein yield, bringing it to the next level. The solution reduces starch left in fiber by up to 60% and increases protein release by up to 30% compared to mechanical separation.	Frontia® Prime is the next generation technology in corn separation, helping grain milling customers double their corn protein yield, bringing it to the next level. The solution reduces starch left in fiber by up to 60% and increases protein release by up to 30% compared to mechanical separation.
P201 P208	A first-generation biological fertilizer product launched together with Anuvia Plant Nutrients. The product enables a more sustainable solution to farmers by replacing a portion of the phosphorus derived from synthetic fertilizers.	The partial replacement of phosphorus fertilizer leads to reduced environmental impacts from phosphate mining as well as reduced use of this finite resource, which is only available in very limited places on the globe.

* 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 2022 financial year

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

February 1, 2022	Group financial statement for 2021
February 21, 2022	Initiation of stock buyback
March 16, 2022	Resolutions from Novozymes A/S' Annual Shareholders' Meeting 2022
April 20, 2022	Reduction of share capital
April 26, 2022	Interim report for Q1 2022
June 29, 2022	Novozyymes' financial calendar 2023
August 11, 2022	Interim report for the first half of 2022
October 7, 2022	Company announcement
November 3, 2022	Interim report for 9M 2022
December 12, 2022	Novozyymes and Chr. Hansen to combine

5.3 Special items

Special items are used in the presentation of the income statement and include income or costs from the proposed combination of Novozymes and Chr. Hansen.

DKK million	2022	2021
Transaction costs related to the proposed combination of Novozymes and Chr. Hansen	(68)	-
Special items	(68)	-

Special items reconcile to the income statement as specified below:

DKK million	2022			2021		
	Reported income statement	Special items	Adjusted income statement	Reported income statement	Special items	Adjusted income statement
Revenue	17,553	-	17,553	14,951	-	14,951
Cost of goods sold	(7,976)	-	(7,976)	(6,328)	-	(6,328)
Gross profit	9,577	-	9,577	8,623	-	8,623
Sales and distribution costs	(2,271)	(67)	(2,338)	(1,936)	-	(1,936)
Research and development costs	(2,001)	-	(2,001)	(2,009)	-	(2,009)
Administrative costs	(952)	(1)	(953)	(859)	-	(859)
Other operating income, net	276	-	276	188	-	188
Operating profit (EBIT) before special items	4,629	(68)	4,561	4,007	-	4,007
Special items	(68)	68	-	-	-	-
Operating profit (EBIT)	4,561	-	4,561	4,007	-	4,007

5.4 Final opening balance, Synergia Life Sciences

DKK million	Synergia Life Sciences
Intangible assets excluding goodwill	991
Property, plant and equipment	75
Inventories	8
Trade and other receivables	42
Cash and cash equivalents	112
Deferred tax liabilities, net	(243)
Financial and other liabilities	(60)
Non-controlling interests	(371)
Acquired net assets	554
Purchase price:	
Cash	982
Deferred consideration	77
Total purchase price	1,059
Goodwill	505
Cash flow for acquisition:	
Cash payment	982
Less cash and cash equivalents in acquired business	(112)
Cash outflow for acquisition	870

Synergia Life Sciences

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

The fair value and allocation of acquired assets, liabilities and non-controlling interests in Synergia Life Sciences was finalized in 2022, which led to a reduction of goodwill of DKK 2 million at the acquisition date.

The final opening balance mainly includes changes to Property, plant and equipment, Deferred tax liabilities and Financial and other liabilities as provisionally presented in 2021.