

H1 organic pro forma sales growth at 7%, with pro forma adjusted EBITDA margin at 35.3%. Full-year outlook increased.

- H1 organic pro forma sales growth of 7% and 8% on IFRS reported basis.
- Q2 organic pro forma sales growth of 10%; Food & Health Biosolutions at 9%; and Planetary Health Biosolutions at 11%.
- H1 pro forma adjusted EBITDA margin of 35.3%, with 34.0% for Food & Health Biosolutions and 36.3% for Planetary Health Biosolutions. H1 adjusted EBITDA on IFRS reported base of 35.5%.
- H1 pro forma cash flow from operating activities was strong at EUR 540.7 million including a one-off item.
- Integration is progressing very well; cost synergies continue to be on track with an 80% run-rate. Sales synergies on track to contribute from 2025 onwards.
- Full organizational structure in place throughout regions and functions.
- Interim dividend approved for 2024 at DKK 2.00/share (EUR 0.27). The dividend will be disbursed on September 3, 2024, with August 29, 2024, as the last trading day with dividend.

Ester Baiget, President & CEO: "We continue to execute strongly across the business, and I am very pleased with the first half-year performance delivering a broad-based 7% organic sales growth and an adjusted EBITDA margin of 35.3% on a pro forma basis. We increase full-year expectations and now expect an organic sales growth of 7-8% with an adjusted EBITDA margin of 35.5%-36.5%. Synergy realization and prioritization continues to be in focus throughout the company. We see good progress on the integration, including high employee engagement, and the momentum with customers continues to be strong."



H1 2024

7%

Pro forma organic sales growth

35.3%

Pro forma adjusted EBITDA margin

Pro forma sales and financial performance (H1 comments unless otherwise indicated)

Novonesis realized 7% pro forma organic sales growth in H1 2024. Volumes increased -5% and pricing contributed -2%. Pro forma sales amounted to EUR 1,943.7 million, an increase of 5% (organic +7%, currency -1%, M&A -1%). Emerging markets grew 15% organically, and developed markets increased by 3%. The pro forma adjusted EBITDA margin increased by 150bps to 35.3%, and the gross margin, excluding PPA inventory step-up and PPA depreciation and amortization, increased by 70bps to 55.7%. Pro forma adjusted EPS was EUR 0.64 for H1 2024.

- **Food & Health Biosolutions** realized pro forma organic sales growth of 6% for H1 2024. Pro forma sales were EUR 875.5 million, an increase of 2% (organic +6%, currency -1%, M&A -3% from the merger-related divestment of the lactase enzyme business). Food & Beverages grew 8% organically, and Human Health was flat, in line with expectations.
- **Planetary Health Biosolutions** realized pro forma organic sales growth of 8% for H1 2024. Pro forma sales were EUR 1,068.2 million, an increase of 7% (organic +8%, currency -1%). Household Care grew 15% organically, and Agriculture, Energy & Tech increased by 4%.

2024 outlook*

Novonesis increases its full-year sales and profitability outlook based on the first half year performance coupled with strong momentum going into the first months of the second half. Pro forma organic sales growth is now expected at 7-8% and the pro forma adjusted EBITDA margin is expected of 35.5%-36.5%. Both Food & Health Biosolutions and Planetary Health Biosolutions are expected to grow around the same range as indicated for the Group.

* The outlook 2024 is based on 12 months pro forma numbers for the consolidated business. The 2024 Reported (IFRS) numbers for organic sales growth and adjusted EBITDA margin are expected to be similar, i.e. same outlook. Refer to Company Announcement no. 21 - June 17, 2024 for further details.

Pro forma figures	H1 2024	H1 2023	Q2 2024	Q2 2023	2024 Outlook August 28	2024 outlook June 17
Sales, EURm	1,943.7	1,858.2	978.2	901.7		
Sales performance, organic	7%	5%	10%	4%	7-8%	Upper end of 5-7%
Adjusted EBITDA, EURm	685.8	627.2				
Adjusted EBITDA margin	35.3%	33.8%			35.5-36.5%	35-36%

Reported IFRS figures	H1 2024	H1 2023
Sales, EURm	1,831.7	1,187.1
Sales performance, organic	8%	3%
Adjusted EBITDA, EURm	649.4	389.8
Adjusted EBITDA margin	35.5%	32.8%

Conference call

August 28, 2024
9.00 CEST

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

[Webcast](#)

This announcement includes information that is presented on a pro forma basis (pro forma figures) as well as other alternative performance measures (APMs) and information that is presented according to IFRS Accounting Standards ("IFRS"), as issued by the International Accounting Standards Board (reported basis). Please refer to section 2.10 "Definitions of non-IFRS financial measures and key ratios" for the definitions applied. Novonesis mainly comments on pro forma figures for year-on-year performance for better comparability and transparency following the combination with Chr. Hansen on January 29, 2024. These pro forma figures including the basis of preparation are presented in Appendix 1. Where comments refer to actual IFRS financial statements figures, the term "reported basis" is used. Our condensed consolidated interim financial statements prepared in accordance with IAS 34 are included in Appendix 2. As a reader guide, please note that these are significantly impacted by the combination with Chr. Hansen on January 29, 2024, which impacts the comparability of the reported financial development year-on-year. Commentary on the reported basis figures is included in Appendix 2.

Company Announcement no. 27 - August 27, 2024

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CVR number: 10 00 71 27 - LEI: 529900T6WNZXD2R3JW381

Selected key data

		Pro forma H1 2024	Pro forma H1 2023	IFRS H1 2024	IFRS H1 2023
Income statement					
Net sales	EURm	1,943.7	1,858.2	1,831.7	1,187.1
Adjusted EBITDA	EURm	685.8	627.2	649.4	389.8
Adjusted EBIT	EURm	433.8	477.5	407.4	296.9
Special items	EURm	(129.5)	(42.0)	(88.5)	(28.5)
Net profit	EURm	34.7	302.6	63.9	190.0
Adjusted net profit	EURm	297.1	331.5		
Key ratios					
Gross margin	%	42.6	55.0	41.9	54.7
Adjusted EBITDA margin	%	35.3	33.8	35.5	32.8
Adjusted EBIT margin	%	22.3	25.7	22.2	25.0
NIBD/EBITDA*	x			1.8	1.2
Adjusted EPS, diluted	EUR	0.64	0.71		
Cash flow and investments					
Cash flow from operating activities	EURm	540.7	384.4	528.1	193.9
Net investments excl. acquisitions (capex)	EURm	153.7	201.8	147.7	130.7
Free cash flow before acquisitions	EURm	387.0	182.6	473.2	53.8

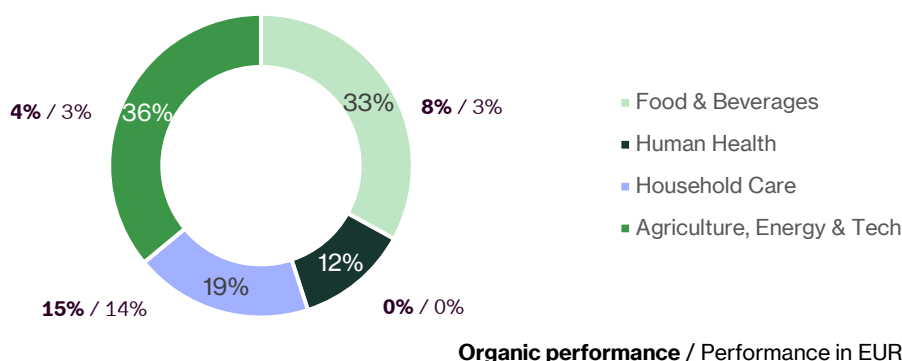
*NIBD/EBITDA for H1 2024 is calculated on last 12 months' pro forma EBITDA

		Pro forma H1 2024	Pro forma H1 2023	IFRS H1 2024	IFRS H1 2023
Group sales					
Net sales	EURm	1,943.7	1,858.2	1,831.7	1,187.1
Organic sales growth	%	7	5	8	3
Food & Health Biosolutions					
Net sales	EURm	875.5	859.7	772.7	264.1
Organic sales growth	%	6	4	7	(6)
Adjusted EBITDA	EURm	297.6	285.0	261.4	73.5
Adjusted EBITDA margin	%	34.0	33.2	33.8	27.8
Planetary Health Biosolutions					
Net sales	EURm	1,068.2	998.5	1,059.0	923.0
Organic sales growth	%	8	6	8	9
Adjusted EBITDA	EURm	388.2	342.2	388.0	316.3
Adjusted EBITDA margin	%	36.3	34.3	36.6	34.3

		Pro forma Q2 2024	Pro forma Q2 2023		
Group sales					
Net sales	EURm	978.2	901.7		
Organic sales growth	%	10	4		
Food & Health Biosolutions					
Net sales	EURm	450.7	426.9		
Organic sales growth	%	9	5		
Planetary Health Biosolutions					
Net sales	EURm	527.5	474.8		
Organic sales growth	%	11	3		

Pro forma sales by area

Distribution of pro forma sales by area, H1 2024



Total sales H1 y/y (pro forma)
 Organic: 7%
 EUR: 5%

FOOD & HEALTH BIOSOLUTIONS

Food & Health Biosolutions organic pro forma sales increased 6% in the first half of 2024, driven by a solid 8% growth in Food & Beverages and partly mitigated by flat development in Human Health. The pro forma adjusted EBITDA margin increased by 0.8 percentage points to 34.0%, compared to the same period in 2023.

In the second quarter, Food & Health Biosolutions increased organic pro forma sales by 9%, driven by strong growth of 11% in Food & Beverages, while Human Health grew 5%.

Food & Beverages

Food & Beverages grew organic pro forma sales 8% in H1 2024, and sales in EUR were up 3%. The divestment of part of the lactase enzyme business had a negative 4 percentage point impact. The organic performance was driven by strong growth in Dairy and a solid development in Baking. The destocking impacting last year's performance has leveled off. Growth in Dairy was supported by both fresh dairy and cheese, driven by upselling and strong customer adoption of innovation. In Dairy, China was a positive contributor as well, driven by innovation. Baking showed solid growth, driven by innovation, while the remaining subareas were led by Meat and by good developments in both Beverages and Plant-based solutions.

Food & Beverages H1 y/y (pro forma)
 Organic: 8%
 EUR: 3%

Food & Beverages grew organic pro forma sales 11% in Q2 2024, and sales in EUR were up 6%. The divestment of part of the lactase enzyme business had a negative 4 percentage point impact in the quarter. The organic performance was driven by strong growth across subareas, partly supported by more favorable end markets. Strong performance in Dairy benefited from both cheese and fresh dairy driven by upselling and strong customer adoption of innovation, including live-in-ambient in China mitigating a soft Chinese dairy market. Baking was very strong, driven by the continued penetration of innovation. Beverages, Meat and Plant-based also showed strong developments.

Human Health

Human Health organic pro forma sales were flat in H1 2024, and sales in EUR were also flat. Sales to the anchor customer in Advanced Protein Solutions contributed strongly, as expected. However, this was offset by an expected soft start to the year in HMO and in Dietary supplements, due to a strong comparable and order timing. Performance of Dietary supplements in Asia Pacific was strong, while the US continues to be impacted by a soft end market. Additionally, sales benefited from the recognition of deferred revenue at a low single-digit million EUR amount following an

Human Health H1 y/y (pro forma)
 Organic: 0%
 EUR: 0%

updated contractual agreement with the anchor customer in Advanced Protein Solutions for plant-based meat.

Human Health organic pro forma sales increased 5% in Q2 2024, and sales in EUR were up 5%. Growth was driven by strong performance in Advanced Protein Solutions, as expected, and a positive development in Dietary Supplements, while HMO faced a strong comparable. Additionally, sales benefited from the recognition of deferred revenue following an updated contractual agreement with the anchor customer in Advanced Protein Solutions for plant-based meat. Growth in Dietary Supplements was led by probiotic solutions for women and infants, with an improving momentum during the quarter.

PLANETARY HEALTH BIOSOLUTIONS

Planetary Health Biosolutions organic pro forma sales increased 8% in the first half of 2024, driven by strong growth in Household Care of 15%, while Agriculture, Energy & Tech grew 4%. The pro forma adjusted EBITDA margin increased by 2 percentage points to 36.3%, compared to the same period in 2023.

In the second quarter, Planetary Health Biosolutions increased organically 11%, led by Household Care with 16% growth, while Agriculture, Energy & Tech grew 9%.

Household Care

Household Care organic pro forma sales grew 15% in H1 2024, and sales in EUR were up 14%. All regions contributed to the double-digit growth, and the performance was driven by increased penetration and innovation, supported by pricing and timing. The year-on-year industry volume growth across markets was also supportive, including Europe.

**Household Care H1 y/y
(pro forma)**
Organic: 15%
EUR: 14%

Household Care organic pro forma sales grew 16% in Q2 2024, and sales in EUR were up 15%. All regions contributed to the double-digit growth, which was driven by increased penetration and innovation, supported by some stock-building ahead of customer product launches as well as pricing. The year-on-year industry volume growth across markets was also supportive.

Agriculture, Energy & Tech

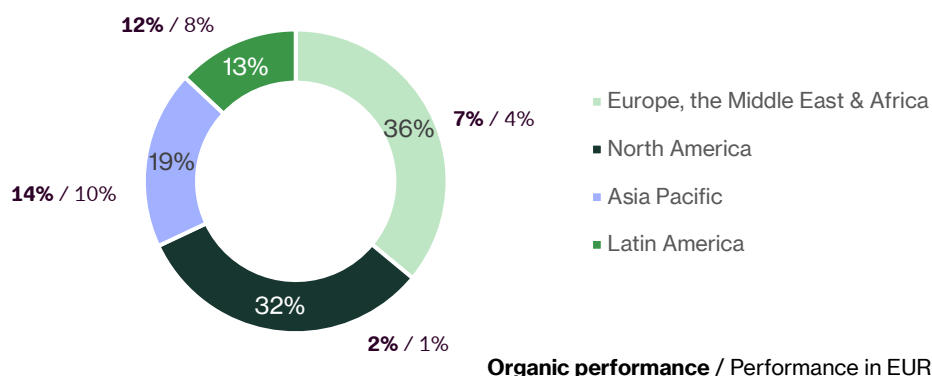
Agriculture, Energy & Tech organic pro forma sales grew 4% in H1 2024, and sales in EUR were up 3%. Growth was driven by double-digit growth in Energy and supported by solid growth in Tech, while Agriculture was soft. Performance in Energy was driven by strong growth in Latin America and increased penetration of innovation in North America and was aided by supportive market conditions. Latin America was driven by capacity expansion of ethanol production, including volumes for second-generation ethanol. Performance in Agriculture was soft, as the comparable was demanding due to timing of orders in Animal Nutrition, while destocking impacted the performance in Plant Solutions. Tech was driven by grain processing.

**Agriculture, Energy & Tech
H1 y/y
(pro forma)**
Organic: 4%
EUR: 3%

Agriculture, Energy & Tech organic pro forma sales grew 9% in Q2 2024, and sales in EUR were up 9%. Growth was led by double-digit growth in Energy and supported by good growth in both Agriculture and Tech. Energy performance was driven by strong growth in Latin America and in North America, driven by increased penetration of innovation and aided by supportive market conditions. Latin America was driven by capacity expansion of ethanol production, including volumes for second-generation ethanol. Growth in Agriculture was supported by both Animal and Plant and driven by penetration and innovation, whereas growth in Tech was driven by grain processing.

Pro forma sales by region

Distribution of pro forma sales by region, H1 2024



Organic pro forma sales in developed markets increased 3% in the first half of 2024, driven by strong growth in Household Care and good growth in Food & Beverages. This was partly offset by a soft performance in Human Health and Agriculture, Energy & Tech, due to both timing and a tough comparable. Emerging markets reported organic pro forma sales growth of 15% in the first half of 2024, driven by double-digit growth across all sales areas.

Developed markets H1 y/y (pro forma)
Organic: 3%
EUR: 1%

Organic pro forma sales in developed markets increased 7% in the second quarter of 2024, driven by growth in all sales areas, with the strongest performance in Household Care followed by Food & Beverages. Emerging markets reported organic pro forma sales growth of 16% in the second quarter of 2024, driven by double-digit growth across all sales areas.

Emerging markets H1 y/y (pro forma)
Organic: 15%
EUR: 11%

Europe, the Middle East & Africa

Organic pro forma sales for Europe, the Middle East & Africa grew 7% in H1 2024, driven by Household Care and Food & Beverages. Agriculture, Energy & Tech and Human Health declined due to a tough comparable in Agriculture and timing in Human Health.

Europe, the Middle East & Africa H1 y/y (pro forma)
Organic: 7%
EUR: 4%

Organic pro forma sales for Europe, the Middle East & Africa grew 12% in Q2 2024, driven by all sales areas and led by Household Care, Food & Beverages and Agriculture, Energy & Tech.

North America

Organic pro forma sales in North America grew 2% in H1 2024. The performance was driven by strong growth in Household Care and supported by growth in Food & Beverages and Agriculture, Energy & Tech. Human Health declined, driven by timing and a demanding comparable.

North America H1 y/y (pro forma)
Organic: 2%
EUR: 1%

Organic pro forma sales in North America grew 5% in Q2 2024. The performance was driven by strong growth in Household Care and Food & Beverages and supported by Agriculture, Energy & Tech, while Human Health was soft, driven by timing in HMO.

Asia Pacific

Asia Pacific reported 14% organic pro forma sales growth in H1 2024, driven by all sales areas, with Agriculture, Energy & Tech, Household Care and Human Health as the strongest contributors.

Asia Pacific H1 y/y (pro forma)
Organic: 14%
EUR: 10%

Asia Pacific reported 15% organic pro forma sales growth in Q2 2024, driven by all sales areas, with Household Care, Human Health and Agriculture, Energy & Tech as the strongest contributors.

Latin America

Organic pro forma sales for Latin America grew 12% in H1 2024, driven by growth across all sales areas, with Agriculture, Energy & Tech, Food & Beverages and Human Health as the strongest contributors.

**Latin America H1 y/y
(pro forma)**
Organic: 12%
EUR: 8%

Organic pro forma sales for Latin America grew 15% in Q2 2024, driven by growth across all sales areas and led by Agriculture, Energy & Tech and Human Health.

Pro forma income statement

Total costs, excluding net other operating income, special items, net financials, share of losses in associates, and taxes, amounted to EUR 1,704.3 million in the first half of the year. Adjusting for the inventory step-up that resulted from the purchase price allocation (PPA), total costs were EUR 1,520.4 million. This was EUR 121.1 million, or 9%, higher than in the corresponding period of 2023. The year-on-year increase was mainly due to the higher cost of goods sold from higher sales, and higher operating costs, that now includes additional depreciation and amortization from the PPA, compared to the same period last year.

The pro forma gross margin was 42.6% for the first half of the year. Adjusting for the one-time inventory step-up resulting from the PPA, the gross margin was 55.7%, an increase of 70bps compared to the same period last year. The stronger gross margin was related to the lower cost of raw materials and lower logistics costs compared to last year. The cost of energy still had a negative impact in the year-on-year comparison. Pricing impacted positively, and leverage on the fixed cost base was also beneficial.

Gross margin, excluding effects from the PPA one-time inventory step-up
55.7%

Operating costs totaled EUR 588.6 million for the first half of the year. This was an increase of EUR 25.5 million, or 5%, compared to the first half of last year. Operating costs now include the impact from additional amortization stemming from the combination and made up 30.3% of sales, similar to the same period last year.

Operating costs
EUR 588.6 million

- Sales and distribution costs increased by 3%, amounting to a ratio of 14.2% of sales compared to 14.4% in H1 last year.
- Research and development costs increased by 9%, amounting to a ratio of 10.5% of sales compared to 10.1% in H1 last year.
- Administrative costs were flat year-on-year, making up 5.6% of sales compared to 5.8% in H1 last year.

Other net operating income amounted to EUR 10.5 million for the first half of the year, mainly derived from grants and other income. The amount was lower than last year, mainly due to last year's inclusion of income related to the divestment of selected waste-water treatment solutions.

Special items amounted to EUR 129.5 million in the first half of the year and included items related to the combination with Chr. Hansen; a non-cash impairment amounting to EUR 31 million relating to the announced discontinuation of activities in Russia; and a gain on the divestment of the lactase enzyme business.

Depreciation and amortization, including impairment losses, amounted to EUR 283.0 million on a pro forma basis for the first half of the year, compared to EUR 149.7 million in the same period of 2023. The increase is mainly due to additional depreciation and amortization as a result of the PPA triggered by the combination with Chr. Hansen. Additionally, an impairment loss of EUR 31 million associated with the discontinuation of activities in Russia was recognized in special items.

Depreciation and amortization
EUR 283.0 million

Pro forma adjusted EBITDA was EUR 685.8 million for the first half of 2024, representing an adjusted pro forma EBITDA margin of 35.3%, compared to EUR 627.2 million and an adjusted pro forma EBITDA margin of 33.8% for the first half of 2023. This was an increase of EUR 58.6 million, or 9%. In the first half of the year, the adjusted pro forma EBITDA margin benefited from a higher gross margin and a lower adjusted opex-to-sales ratio.

Adjusted EBITDA
EUR 685.8 million

Adjusted EBITDA margin
35.3%

Pro forma adjusted EBIT was EUR 433.8 million for the first half of the year, representing an adjusted pro forma EBIT margin of 22.3%, compared to an adjusted pro forma EBIT of 477.5 million and an adjusted pro forma EBIT margin of 25.7% in the same period last year. The first half year-on-year decrease was due to amortization and depreciation resulting from the PPA relating to the combination with Chr. Hansen.

Adjusted EBIT
EUR 433.8 million

Adjusted EBIT margin
22.3%

Net financials pro forma were negative EUR 51.5 million in the first half of the year. This represents an increase of EUR 11 million in the first half of the year, compared to the corresponding period last year. The increase was mainly due to higher interest expenses and hedging costs.

Net financials, etc.
EUR 51.5 million

Profit before tax pro forma amounted to EUR 68.9 million in the first half of the year, compared to EUR 395.0 million in the first half of 2023. The decrease was related to the impact from the acquisition, with higher amortization and special items resulting from the combination with Chr. Hansen.

The pro forma effective tax rate (ETR) was extraordinarily high at 49.6%. The higher-than-normal ETR was driven by merger-related transaction and integration costs which occurred in the first half of the year which are not fully deductible for tax purposes.

Effective tax rate
49.6%

Net profit pro forma totaled EUR 34.7 million for the first half of the year. Adjusting for special items and the PPA related inventory step-up following the combination, as well as the associated tax impact of this, the pro forma adjusted net profit was EUR 297.1 million, compared to EUR 331.5 million in the first half of 2023.

Net profit
EUR 34.7 million

Pro forma cash flow and leverage

Cash flow from operating activities amounted to EUR 540.7 million on a pro forma basis for the first half of the year. This was an increase of EUR 156.3 million compared to the same period of 2023. This was partly driven by positive developments in working capital. In addition, a one-time payment related to the updated agreement with the anchor customer in Advanced Protein Solutions (APS) in plant-based meat, contributed roughly one-fifth towards the operating cashflow in the period. The investment case for the APS facility in Blair, US, continues to be intact.

Cash flow from operating activities
EUR 540.7 million

Net investments excluding acquisitions (capex) on a pro forma basis totaled EUR 153.7 million, or 7.9% of sales, for the first half of the year. This was EUR 48.1 million lower compared to the first half of 2023, where the capex-to-sales ratio was 10.9%.

Net investments excluding acquisitions
EUR 153.7 million

Pro forma free cash flow before acquisitions was EUR 387.0 million in the first half of the year, corresponding to an increase of EUR 204.4 million, compared to the first half of last year. The stronger cash flow generation in the first half of the year was predominantly due to better working capital, including the payment from the anchor customer in APS.

Free cash flow before acquisitions
EUR 387.0 million

The pro forma NIBD/EBITDA ratio was 1.8x at June 30, 2024, compared to 1.2x at June 30, 2023. The increase was due to higher interest-bearing debt and lower reported EBITDA.

NIBD/EBITDA
1.8x

Pro forma outlook

The outlook 2024 is based on 12 months pro forma numbers for the consolidated business. The 2024 Reported (IFRS) numbers for organic sales growth and adjusted EBITDA margin are expected to be similar. Refer to Company Announcement no. 21 – June 17, 2024 for further details.

Pro forma organic sales

Novonosis increases its full-year sales and profitability outlook based on the first half year performance coupled with strong momentum going into the first months of the second half. Organic pro forma sales growth for full-year 2024 is now expected at 7-8%. Growth is expected across all subareas and is expected overall to be predominately volume-driven, supported by pricing. De-stocking in the food exposed areas has levelled off.

Food & Health Biosolutions is now indicated to deliver organic sales growth around the same range as for the Group. Growth in **Food & Beverages** is expected to be driven by broad performance across subareas. Growth in **Human Health** is expected to be driven by sales of Advanced Protein Solutions to the anchor customer and by Dietary supplements.

Planetary Health Biosolutions is now indicated to deliver organic sales growth around the same range as for the Group. **Household Care** growth is expected to be driven by increased penetration in both developed and emerging markets, supported by pricing. **Agriculture, Energy & Tech** growth is expected to be driven by growth across subareas, led by Energy.

Pro forma adjusted EBITDA margin

The pro forma adjusted EBITDA margin is now expected at 35.5-36.5%, supported by stronger gross margin development and including cost synergies contributing around one percentage point to the adjusted EBITDA margin.

The following is provided for modeling purposes for 2024:

- Special items include costs related to both the integration and combination with Chr. Hansen, expected to be around EUR 90 million, and transaction costs, expected to be around EUR 70 million. Additionally, the discontinuation of activities in Russia at EUR 31 m is included in special items.
- Net financial costs are expected to be around EUR 75 million.
- The effective tax rate is expected to be around 30%, due to non-deductible transaction-related costs. A normalized tax rate is expected to be around 24%.
- The CAPEX-to-revenue ratio is expected to be between 9% and 11%.
- NIBD/EBITDA ratio is expected to be around 1.5x at the end of the year.

Interim dividend

The Board of Directors of Novonesis has approved an interim dividend for 2024 of DKK 2.00 (EUR 0.27) for each Novonesis A and B share, to be disbursed on September 3, 2024. The last trading day with dividend is on August 29, 2024.

Financial ambitions communicated on December 12, 2022

- An expected organic revenue growth of 6-8% (CAGR) through 2025.¹
- An expected EBIT margin of 29% by 2025, excluding integration costs and PPA amortization.² The adjusted EBIT margin of 29% is translated into an adjusted EBITDA margin of around 37% in 2025.
- Annual revenue synergies are estimated at EUR 200 million, with an EUR 80-90 million EBIT impact achievable within four years of completion and an estimated EUR 80-90 million in cost synergies achievable within three years of completion.
- Beyond 2025, the ambition is to continue to deliver accelerated sustainable growth from the underlying business, coupled with new, and de-risked, innovation and growth opportunities.
- Adjusted EPS³ is expected to be mid-single digit percentage accretive in the third year of completion.
- Leverage (NIBD/EBITDA) at a future range of between 1.3-1.7x.
- The dividend payout ratio is reflected in a dividend payout range of 40-60%.

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

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

³ See definition in section 2.10 "Non-IFRS financial measures and definitions".

Forward-looking statements

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

Financial calendar 2024

November 7, 2024: Trading statement 9M 2024

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Statement of the Board of Directors and the Executive Management

The Board of Directors and the Executive Management have considered and approved the interim report of Novonesis A/S for the first half of 2024. This interim report has not been audited or reviewed by the company's independent auditors.

The interim report for the first half of 2024 has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU, and additional requirements of the Danish Financial Statements Act for the presentation of quarterly interim reports by listed companies.

In our opinion, the accounting policies applied are appropriate, the Group's internal controls relevant for the preparation and presentation of this Group financial statement are adequate, and the condensed consolidated interim financial statements give a true and fair view of the development in the Group's activities and business and of the Group's assets, liabilities, net profit and financial position at June 30, 2024, and of the results of the Group's operations and cash flows for the first half of 2024. Other than as disclosed in the interim report for the first half of 2024, no changes in the Group's most significant risks and uncertainties have occurred relative to what was disclosed in the annual report for 2023.

Bagsværd, August 27, 2024

EXECUTIVE MANAGEMENT

Ester Baiget
President & CEO

Rainer Lehmann
CFO

BOARD OF DIRECTORS

Cornelis (Cees) de Jong
Chair

Jesper Brandgaard
Vice Chair

Anne Breum

Heine Dalsgaard

Sharon James

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Kim Stratton

Jens Øbro

Appendices

Appendix 1 Pro forma financials prepared for better comparability and transparency following the combination with Chr. Hansen on January 29, 2024	14
1.1 Pro forma financials prepared by Management	14
1.2 Pro forma key figures	16
1.3 Pro forma income statement	18
1.4 Pro forma sales by area	19
1.5 Pro forma sales by region	20
Appendix 2 Reported IFRS figures in accordance with IAS 34 – Interim condensed consolidated financial statements of Novonesis	21
2.1 Financial performance	21
2.2 Key figures	23
2.3 Condensed consolidated income statement	25
2.4 Condensed consolidated statement of comprehensive income	26
2.5 Condensed consolidated statement of cash flows	27
2.6 Condensed consolidated balance sheet, Assets	28
2.7 Condensed consolidated balance sheet, Liabilities and equity	29
2.8 Condensed consolidated statement of shareholders' equity	30
2.9 Accounting policies	31
2.10 Non-IFRS financial measures and key ratios	32
2.11 Segments	34
2.12 Sales by area	35
2.13 Sales by region	35
2.14 Special items	35
2.15 Business acquisitions	36
2.16 Sale of the lactase enzyme business	38

Appendix 1 Pro forma financials prepared for better comparability and transparency following the combination with Chr. Hansen on January 29, 2024

1.1 Pro forma financials prepared by Management

The pro forma financials for Novonesis are reported as prepared and presented by management as if the merger of Novozymes A/S and Chr. Hansen Holding A/S became effective from January 1, 2023 (instead of January 29, 2024) and with purchase price allocation adjustments included as of January 29, 2024.

The pro forma financials are not intended to revise past performance but to provide a comparative basis for the assessment of the current performance of the combined businesses. The pro forma financials are illustrative and do not represent what the actual result of Novonesis would have been had the merger been effective from January 1, 2023.

The pro forma financials are unaudited and include approximations due to different reporting currencies.

The pro forma financials reflect Novonesis' internal reporting and management structure. The historical financials have been restated into the following two operating segments:

Food & Health Biosolutions

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

Planetary Health Biosolutions

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

To reconcile key reported (IFRS) figures to the presented pro forma figures, the following adjustments have been made to harmonize reporting between Novozymes A/S and Chr. Hansen Holding A/S:

- Elimination of intercompany sales of EUR 0.1 million (H1 2023: EUR 10.4 million).
- Harmonization of freight cost allocation of EUR 1.2 million (H1 2023: EUR 11.2 million) from net sales to sales & distribution costs.

Please refer to section 2.10 for the definitions of non-IFRS financial measures and key ratios.

Reconciliation of pro forma non-IFRS measures

The below tables provide reconciliations of the pro forma non-IFRS financial measures to the nearest pro forma IFRS measures applied in the interim report for H1 2024:

EUR million	Pro forma	
	H1 2024	H1 2023
Operating profit (EBIT)	120.4	435.5
Amortization	132.6	45.4
Depreciation	119.4	104.3
Impairment losses	31.0	-
EBITDA	403.4	585.2
EBITDA margin	20.8%	31.5%
Special items excluding impairment losses	98.5	42.0
Inventory step-up	183.9	-
Adjusted EBITDA	685.8	627.2
Adjusted EBITDA margin	35.3%	33.8%

EUR million	Pro forma	
	H1 2024	H1 2023
Operating profit (EBIT)	120.4	435.5
Special items	129.5	42.0
Inventory step-up	183.9	-
Adjusted EBIT	433.8	477.5
Adjusted EBIT margin	22.3%	25.7%

EUR million	Pro forma	
	H1 2024	H1 2023
Net profit attributable to the shareholders of Novonesis A/S	34.7	299.3
Special items	129.5	42.0
Inventory step-up	183.9	-
Tax impact	(51.0)	(9.8)
Adjusted net profit	297.1	331.5
Average number of shares in circulation, diluted, million	277.9	277.9
Correction to reflect pro forma average number of shares end of period*, million	187.3	187.3
Pro forma average number of shares, diluted, million	465.2	465.2
Adjusted earnings per share, diluted, EUR	0.64	0.71

* Merger Consideration Shares issued in connection with the statutory merger between Novozymes A/S and Chr. Hansen Holding A/S.

1.2 Pro forma key figures

EUR million	Pro forma		
	H1 2024	H1 2023	
Income statement			
Net sales	1,943.7	1,858.2	
Adjusted EBITDA	685.8	627.2	
Adjusted EBIT	433.8	477.5	
Net profit	34.7	302.6	
Adjusted net profit	297.1	331.5	
Cash flow and investments			
Cash flow from operating activities	540.7	384.4	
Net investments excl. acquisitions (capex)	153.7	201.8	
Free cash flow before acquisitions	387.0	182.6	
Business acquisitions and divestments	92.8	(27.8)	
Free cash flow	479.8	154.8	
Key ratios			
Organic sales growth	%	7	5
Gross margin	%	42.6	55.0
Adjusted EBITDA margin	%	35.3	33.8
Adjusted EBIT margin	%	22.3	25.7
R&D costs (% of net sales)	%	10.5	10.1
Capex (% of net sales)	%	7.9	10.9
Adjusted earnings per share, diluted	EUR	0.64	0.71

Please refer to section 2.10 for the definitions of non-IFRS financial measures and key ratios and to section 1.1 for reconciliations of pro forma non-IFRS financial measures to nearest pro forma IFRS measure.

EUR million	Pro forma	
	H1 2024	H1 2023
Food & Health Biosolutions		
Net sales	875.5	859.7
Food & Beverages	650.9	634.4
Human Health	224.6	225.3
Organic sales growth	% 6	4
Food & Beverages	% 8	4
Human Health	% 0	6
Adjusted EBITDA	297.6	285.0
Adjusted EBITDA margin	% 34.0	33.2
Planetary Health Biosolutions		
Net sales	1,068.2	998.5
Agriculture, Energy & Tech	690.5	668.5
Household Care	377.7	330.0
Organic sales growth	% 8	6
Agriculture, Energy & Tech	% 4	8
Household Care	% 15	1
Adjusted EBITDA	388.2	342.2
Adjusted EBITDA margin	% 36.3	34.3
Net sales by geography		
Europe, Middle East & Africa	702.3	677.3
North America	626.7	617.6
Asia Pacific	374.4	340.1
Latin America	240.3	223.2
Organic sales growth by geography		
Europe, Middle East & Africa	% 7	6
North America	% 2	6
Asia Pacific	% 14	(3)
Latin America	% 12	14

1.3 Pro forma income statement

EUR million	Pro forma	
	H1 2024	H1 2023
Net sales	1,943.7	1,858.2
Cost of goods sold	(1,115.7)	(836.2)
Gross profit	828.0	1,022.0
Sales and distribution costs	(276.2)	(267.1)
Research and development costs	(204.2)	(188.1)
Administrative costs	(108.2)	(107.9)
Other operating income, net	10.5	18.6
Operating profit (EBIT) before special items	249.9	477.5
Special items	(129.5)	(42.0)
Operating profit (EBIT)	120.4	435.5
Financial items etc., net	(51.5)	(40.5)
Profit before tax	68.9	395.0
Tax	(34.2)	(92.4)
Net profit	34.7	302.6

1.4 Pro forma sales by area

EUR million	Pro forma					
	H1 2024	H1 2023	% change	% currency impact	% M&A impact	% organic growth
Food & Health Biosolutions						
Food & Beverages	650.9	634.4	3	(1)	(4)	8
Human Health	224.6	225.3	0	0	0	0
	875.5	859.7	2	(1)	(3)	6
Planetary Health Biosolutions						
Agriculture, Energy & Tech	690.5	668.5	3	(1)	0	4
Household Care	377.7	330.0	14	(1)	0	15
	1,068.2	998.5	7	(1)	0	8
Net sales	1,943.7	1,858.2	5	(1)	(1)	7

EUR million	Pro forma					
	Q2 2024	Q2 2023	% change	% currency impact	% M&A impact	% organic growth
Food & Health Biosolutions						
Food & Beverages	333.5	315.8	6	(1)	(4)	11
Human Health	117.2	111.1	5	0	0	5
	450.7	426.9	6	0	(3)	9
Planetary Health Biosolutions						
Agriculture, Energy & Tech	341.7	313.7	9	0	0	9
Household Care	185.8	161.1	15	(1)	0	16
	527.5	474.8	11	0	0	11
Net sales	978.2	901.7	8	(1)	(1)	10

1.5 Pro forma sales by region

EUR million	Pro forma					
	H1 2024	H1 2023	% change	% currency impact	% M&A impact	% organic growth
Europe, Middle East & Africa	702.3	677.3	4	(1)	(2)	7
North America	626.7	617.6	1	0	(1)	2
Asia Pacific	374.4	340.1	10	(3)	(1)	14
Latin America	240.3	223.2	8	(2)	(2)	12
Net sales	1,943.7	1,858.2	5	(1)	(1)	7
Developed markets	1,253.8	1,235.6	1	(1)	(1)	3
Emerging markets	689.9	622.6	11	(3)	(1)	15
Net sales	1,943.7	1,858.2	5	(1)	(1)	7

EUR million	Pro forma					
	Q2 2024	Q2 2023	% change	% currency impact	% M&A impact	% organic growth
Europe, Middle East & Africa	356.9	327.2	9	(1)	(2)	12
North America	315.6	299.1	6	2	(1)	5
Asia Pacific	185.2	164.7	12	(2)	(1)	15
Latin America	120.5	110.7	9	(4)	(2)	15
Net sales	978.2	901.7	8	(1)	(1)	10
Developed markets	632.9	594.3	6	1	(2)	7
Emerging markets	345.3	307.4	12	(3)	(1)	16
Net sales	978.2	901.7	8	(1)	(1)	10

Appendix 2 Reported IFRS figures in accordance with IAS 34 – Interim condensed consolidated financial statements of Novonesis

2.1 Financial performance

Income statement

Our condensed consolidated interim financial statements are prepared in accordance with IAS 34. Please note that the condensed consolidated interim financials are significantly impacted by the acquisition of Chr. Hansen on January 29, 2024, which impacts the comparability of the reported financial development year-on-year.

Novonesis reported 8% organic sales growth in H1 2024. Sales amounted to EUR 1,831.7 million, an increase of 54% (organic +8%, currency -2%, M&A +48% from the combination with Chr. Hansen and partly offset by the divestment of the lactase enzyme business). Emerging markets grew 14% organically, and developed markets increased by 4%. The adjusted EBITDA margin increased by 270bps to 35.5%.

- **Food & Health Biosolutions** realized organic sales growth of 7% for H1 2024. Sales were EUR 772.7 million, an increase of 193% (organic +7%, currency -4%, M&A +190% from the combination with Chr. Hansen partly offset by the divestment of the lactase enzyme business). Food & Beverages grew 8% organically, and Human Health grew 4%, in line with expectations.
- **Planetary Health Biosolutions** realized organic sales growth of 8% for H1 2024. Sales were EUR 1,059.0 million, an increase of 15% (organic +8%, currency -1%, M&A +8% from the combination with Chr. Hansen). Household Care grew 15% organically and Agriculture, Energy & Tech increased by 5%.

Organic sales in developed markets increased 4% in the first half of 2024, driven by strong growth in Household Care and good growth in Food & Beverages. This was partly offset by a soft performance in Human Health and Agriculture, Energy & Tech due to both timing and a tough comparable. Emerging markets reported organic sales growth of 14% in the first half of 2024 driven by double-digit growth across all sales areas. The reported organic sales growth in H1 2024 was 8% contributed by growth in all regions (Europe, the Middle East & Africa +7%, North America +4%, Asia Pacific +13%, Latin America +12%).

The gross margin was 41.9% for the first half of the year. Gross margin excluding the PPA related inventory step-up and PPA depreciation and amortization was 55.8% an increase of 110 bps compared to the same period last year. The stronger gross margin was related to lower cost of raw materials and lower logistics cost compared to last year. The cost of energy still had a negative impact in the year-on-year comparison. Pricing impacted positively, and leverage on the fixed cost base was also beneficial.

Operating costs totaled EUR 554.0 million for the first half of the year 2024. This was an increase of EUR 185.0 million compared to the first half of last year. Operating costs now include the impact from additional amortization stemming from the combination and made up 30.2% of sales, 90 bps lower than the same period last year.

Other operating income, net, amounted to EUR 10.5 million for the first half of the year mainly derived from grants and other income. The amount was lower than last year mainly due to last year's inclusion of income related to the divestment of selected waste-water activities.

Special items amounted to EUR 88.5 million in the first half of the year and included items related to the combination with Chr. Hansen; cost relating to the discontinuation of activities in Russia; and a gain on the divestment of the lactase enzyme business.

Depreciation and amortization including impairment losses amounted to EUR 273.0 million in the first half of the year compared to EUR 92.9 million in the same period of 2023. The increase is mainly due to additional depreciation and amortization as a result of the PPA triggered by the combination with Chr. Hansen. Additionally, an impairment loss of EUR 31 million associated with the discontinuation of activities in Russia was recognized in special items.

Adjusted EBITDA was EUR 649.4 million for the first half of 2024 representing an adjusted EBITDA margin of 35.5% compared to EUR 389.8 million and an adjusted EBITDA margin of 32.8% in the first half of 2023. On a divisional level, Food & Health Biosolutions reported an adjusted EBITDA margin of 33.8% and Planetary Health Biosolutions reported a margin of 36.6%. Both divisional margins improved compared to the same period last year by 6.0 and 2.3 percentage points respectively.

Net financials were negative EUR 43.4 million in the first half of the year. This represents an increase of EUR 22.3 million in the first half of the year, compared to the corresponding period last year. The increase was mainly due to the combination with Chr. Hansen.

Profit before tax amounted to EUR 90.0 million in the first half of the year, compared to EUR 246.8 million in the first half of 2023. The decrease was related to the impact from the acquisition, with higher amortization, inventory step-up and special items resulting from the combination with Chr. Hansen.

The effective tax rate (ETR) was 29% driven by merger-related transaction and integration costs, which occurred in the first half of the year, that are not fully deductible for tax purposes.

Net profit totaled EUR 63.9 million for the first half of the year compared to EUR 190.0 million in the first half of 2023.

Cash flow and balance sheet

Cash flow from operating activities amounted to EUR 528.1 million in the first half of the year. This was an increase of EUR 334.2 million compared to the same period of 2023. The combination with Chr. Hansen contributed to the positive cash contribution.

Net investments excluding acquisitions (capex) totaled EUR 147.7 million, or 8.0% of sales, for the first half of the year. This was EUR 17 million lower compared to the first half of 2023 where the capex to sales ratio was 11.0%.

Free cash flow before acquisitions was EUR 380.4 million in the first half of the year corresponding to an increase of EUR 317.2 million compared to the first half of last year.

Total assets were EUR 15,252.2 million on June 30, 2024, an increase of EUR 11,461.9 million compared to June 30, 2023. The increase was related to the combination with Chr. Hansen. Please refer to section 2.15 for details on the identified assets and liabilities at the acquisition date including the provisionally fair value of goodwill of EUR 5,304.9 million and other intangible assets of EUR 4,493.9 million.

Net interest-bearing debt was EUR 1,719.0 million on June 30, 2024, compared to EUR 950.2 million on June 30, 2023. The increase was related to the combination with Chr. Hansen. Refer to section 2.15.

Total equity was EUR 11,005.0 million on June 30, 2024 compared to EUR 1,852.8 million. The increase was related to the capital increase of EUR 9,071.8 million (nominal amount EUR 50.3 million) which was completed and registered on January 29, 2024 through the statutory merger with Chr. Hansen Holding A/S. Refer to section 2.15. The increase was partly offset by dividends of EUR 124.9 million paid in H1 2024.

2.2 Key figures

EUR million		H1 2024	H1 2023
Income statement			
Net sales		1,831.7	1,187.1
Adjusted EBITDA		649.4	389.8
Adjusted EBIT		407.4	296.9
Net profit		63.9	190.0
Cash flow and investments			
Cash flow from operating activities		528.1	193.9
Net investments excl. acquisitions (capex)		147.7	130.7
Free cash flow before acquisitions		380.4	63.2
Business acquisitions and divestments		92.8	(9.4)
Free cash flow		473.2	53.8
Balance sheet			
Total assets		15,252.2	3,790.3
Equity		11,005.0	1,852.8
Invested capital		12,695.3	2,897.5
Key ratios			
Organic sales growth	%	8	3
Gross margin	%	41.9	54.7
Adjusted EBITDA margin	%	35.5	32.8
Adjusted EBIT margin	%	22.2	25.0
NIBD/EBITDA*	x	1.8	1.2
Earnings per share, diluted	EUR	0.14	0.67
Total number of employees		10,452	6,852

Following the acquisition method under IFRS 3, Chr. Hansen is included in the consolidated interim financial statements as of the merger date January 29, 2024. This significantly impacts the comparability of the reported financial information.

Please refer to section 2.10 for the definitions of non-IFRS financial measures and key ratios and reconciliations of non-IFRS financial measures to nearest IFRS measure.

* NIBD/EBITDA for H1 2024 is calculated on the last 12 months' pro forma

EUR million		H1 2024	H1 2023
Food & Health Biosolutions			
Net sales		772.7	264.1
Food & Beverages		578.9	223.7
Human Health		193.8	40.4
Organic sales growth	%	7	(6)
Food & Beverages	%	8	(4)
Human Health	%	4	(14)
Adjusted EBITDA		261.4	73.5
Adjusted EBITDA margin	%	33.8	27.8
Planetary Health Biosolutions			
Net sales		1,059.0	923.0
Agriculture, Energy & Tech		681.3	593.0
Household Care		377.7	330.0
Organic sales growth	%	8	9
Agriculture, Energy & Tech	%	5	24
Household Care	%	15	1
Adjusted EBITDA		388.0	316.3
Adjusted EBITDA margin	%	36.6	34.3
Net sales by geography			
Europe, Middle East & Africa		660.7	419.8
North America		595.2	398.1
Asia Pacific		349.3	221.6
Latin America		226.5	147.6
Organic sales growth by geography			
Europe, Middle East & Africa	%	7	1
North America	%	4	6
Asia Pacific	%	13	(5)
Latin America	%	12	16

2.3 Condensed consolidated income statement

EUR million	H1 2024	H1 2023
Net sales	1,831.7	1,187.1
Cost of goods sold	(1,064.7)	(537.2)
Gross profit	767.0	649.9
Sales and distribution costs	(260.2)	(165.7)
Research and development costs	(194.5)	(138.6)
Administrative costs	(99.3)	(64.7)
Other operating income, net	10.5	16.0
Operating profit (EBIT) before special items	223.5	296.9
Special items	(88.5)	(28.5)
Operating profit (EBIT)	135.0	268.4
Share of result in associates	(1.6)	(0.5)
Financial items, net	(43.4)	(21.1)
Profit before tax	90.0	246.8
Tax	(26.1)	(56.8)
Net profit	63.9	190.0
Attributable to		
Shareholders in Novonesis A/S	63.9	186.6
Non-controlling interests	-	3.4
Earnings per share, EUR	0.14	0.67
Earnings per share, diluted, EUR	0.14	0.67

2.4 Condensed consolidated statement of comprehensive income

EUR million	H1 2024	H1 2023
Net profit	63.9	190.0
Subsidiaries and non-controlling interests	30.1	(46.6)
Currency translation adjustments	30.1	(46.6)
Fair value adjustments	(17.8)	(3.4)
Tax on fair value adjustments	3.8	0.8
Cash flow hedges reclassified to cost of goods sold	2.4	7.7
Cash flow hedges reclassified to financial costs	5.4	1.6
Tax on reclassified fair value adjustments	(1.7)	(2.1)
Cash flow hedges	(7.9)	4.6
Other comprehensive income	22.2	(42.0)
Comprehensive income	86.1	148.0
Attributable to		
Shareholders in Novonesis A/S	86.1	144.9
Non-controlling interests	-	3.1

2.5 Condensed consolidated statement of cash flows

EUR million	H1 2024	H1 2023
Net profit	63.9	190.0
Reversals of non-cash items	350.3	147.9
Income tax paid	(69.8)	(32)
Interest paid, net	(10.9)	(5.1)
Change in working capital ¹	194.6	(107.4)
Cash flow from operating activities	528.1	193.9
Investments		
Purchase of intangible assets	(12.5)	(5.9)
Purchase of property, plant and equipment	(135.2)	(124.8)
Business acquisitions ²	15.2	(21.2)
Divestments ³	77.6	11.8
Cash flow from investing activities	(54.9)	(140.1)
Free cash flow	473.2	53.8
Financing		
Borrowings	78.4	328.0
Repayment of borrowings	(265.4)	(163.4)
Shareholders:		
Sale of treasury stock	21.6	10.7
Dividend paid	(124.9)	(223.2)
Purchase of non-controlling interest	(83.1)	-
Cash flow from financing activities	(373.4)	(47.9)
Net cash flow	99.8	5.9
Cash and cash equivalents - beginning of period	149.7	139.7
Unrealized gain/(loss) on currencies included in cash and cash equivalents	11.3	(4.9)
Cash and cash equivalents at June 30	260.8	140.7

Undrawn committed credit facilities at June 30, 2024 were EUR 724.9 million (June 30, 2023 EUR 688.8 million).

¹ Change in Net working capital includes the inventory step-up of EUR 183.9 million that resulted from the purchase price allocation (PPA).

² Cash flow from business acquisitions is positively impacted by EUR 38.1 million from cash obtained from the merger with Chr. Hansen.

³ Reference is made to section 2.16 for details on the divestment of the lactase enzyme business.

2.6 Condensed consolidated balance sheet, Assets

EUR million	Jun. 30, 2024	Jun. 30, 2023	Dec. 31, 2023
Goodwill	5,570.9	268.1	265.0
Other intangible assets	4,692.4	344.7	343.0
Property, plant and equipment	2,866.3	1,656.2	1,653.8
Deferred tax assets	254.8	217.1	236.4
Other financial assets	28.7	11.9	8.3
Investments in associates	25.7	29.4	27.5
Other receivables	5.8	4.2	5.9
Non-current assets	13,444.6	2,531.6	2,539.9
Inventories	687.4	532.1	486.7
Trade receivables	681.5	489.5	496.7
Contract assets	19.1	16.2	9.4
Tax receivables	25.7	36.0	39.7
Other receivables	100.2	35.8	37.4
Receivables	826.5	577.5	583.2
Other financial assets	2.3	8.4	5.4
Cash and cash equivalents	260.8	140.7	149.7
Assets held for sale	30.6	-	44.5
Current assets	1,807.6	1,258.7	1,269.5
Assets	15,252.2	3,790.3	3,809.4

2.7 Condensed consolidated balance sheet, Liabilities and equity

EUR million	Jun. 30, 2024	Jun. 30, 2023	Dec. 31, 2023
Common stock	125.7	75.5	75.4
Reserves and retained earnings	10,877.8	1,721.8	1,800.2
Equity attributable to shareholders in Novonesis A/S	11,003.5	1,797.3	1,875.6
Non-controlling interests	1.5	55.5	50.0
Total equity	11,005.0	1,852.8	1,925.6
Share purchase liability	-	106.3	-
Deferred tax liabilities	1,410.4	233.3	263.6
Provisions	21.8	17.2	15.1
Contract liabilities	111.9	13.8	20.4
Borrowings	1,072.5	650.6	612.0
Non-current liabilities	2,616.6	1,021.2	911.1
Share purchase liability	-	-	78.4
Borrowings	916.7	448.6	432.0
Trade payables	345.8	177.4	216.9
Contract liabilities	18.7	11.3	8.7
Tax payables	89.5	50.6	24.6
Other liabilities	259.9	228.4	212.1
Current liabilities	1,630.6	916.3	972.7
Liabilities	4,247.2	1,937.5	1,883.8
Liabilities and equity	15,252.2	3,790.3	3,809.4

2.8 Condensed consolidated statement of shareholders' equity

EUR million	Attributable to shareholders in Novonesis A/S				Total	Non-controlling interests	Total
	Common stock	Currency translation adjustments	Cash flow hedges	Retained earnings			
Equity at January 1, 2024	75.4	(54.2)	8.8	1,845.6	1,875.6	50.0	1,925.6
Net profit for the period				63.9	63.9	-	63.9
Other comprehensive income for the period	-	31.4	(7.9)	(1.3)	22.2	-	22.2
Total comprehensive income for the period	-	31.4	(7.9)	62.6	86.1	-	86.1
Sale of treasury stock				21.6	21.6		21.6
Capital increase	50.3			9,021.5	9,071.8		9,071.8
Dividends				(124.8)	(124.8)	(0.1)	(124.9)
Stock-based payment				15.4	15.4		15.4
Non-controlling interests and share purchase liability				43.6	43.6	(48.4)	(4.8)
Tax related to equity items				14.2	14.2		14.2
Changes in equity	50.3	31.4	(7.9)	9,054.1	9,127.9	(48.5)	9,079.4
Equity at June 30, 2024	125.7	(22.8)	0.9	10,899.7	11,003.5	1.5	11,005.0
Equity at January 1, 2023	75.6	17.8	10.9	1,756.5	1,860.8	52.6	1,913.4
Net profit for the period				186.6	186.6	3.4	190.0
Other comprehensive income for the period	(0.1)	(43.5)	4.6	(2.6)	(41.6)	(0.4)	(42.0)
Total comprehensive income for the period	(0.1)	(43.5)	4.6	184.0	145.0	3.0	148.0
Sale of treasury stock				10.7	10.7		10.7
Dividend				(223.2)	(223.2)	(0.1)	(223.3)
Stock-based payment				10.7	10.7		10.7
Non-controlling interests and share purchase liability				(4.3)	(4.3)		(4.3)
Tax related to equity items				(2.4)	(2.4)		(2.4)
Changes in equity	(0.1)	(43.5)	4.6	(24.5)	(63.5)	2.9	(60.6)
Equity at June 30, 2023	75.5	(25.7)	15.5	1,732.0	1,797.3	55.5	1,852.8

Common stock increase in 2024

The capital increase of EUR 9,071.8 million (nominal amount EUR 50.3 million) was completed and registered on January 29, 2024 through the statutory merger with Chr. Hansen Holding A/S in which all assets and liabilities of Chr. Hansen Holding A/S were transferred to Novozymes A/S, after which Chr. Hansen Holding A/S was dissolved. Refer to section 2.15.

As a result, the share capital of Novozymes A/S has been increased by nominally DKK 374,597,292 from DKK 562,000,000 to DKK 936,597,292 through the issuance of a total of 187,298,646 new B-shares in the denomination of DKK 2 per share. The per share value of the capital increase was based on the closing share price of Novozymes A/S (DKK 361.40) on Nasdaq Copenhagen on the date of the final registration of the merger (January 29, 2024), net of costs related to issuance of shares.

2.9 Accounting policies

General information

Equity settled acquisition of Chr. Hansen Holding A/S and corresponding share capital increase

On January 29, 2024, the statutory merger between Novozymes A/S and Chr. Hansen Holding A/S was completed.

The statutory merger was effected through an exchange of all shares of Chr. Hansen Holding A/S with a total of 187,298,646 Merger Consideration Shares. The total consideration for Chr. Hansen Holding A/S amounts to EUR 9.1 billion based on a share price of EUR 48.5.

The name of the combined company is Novonesis.

Basis of preparation and comparative information

The merger has been accounted for as a business combination using the acquisition method under IFRS 3 where Novozymes A/S was identified as the acquirer and Chr. Hansen Holding A/S was identified as the acquiree. Following the acquisition method under IFRS 3, the Chr. Hansen results are included in the condensed consolidated interim financial statements as of the merger date January 29, 2024.

The comparative figures reflect the historical financial information as reported by Novozymes A/S in the past, impacting comparability between the financial years 2024 and 2023.

The presentation currency for Novonesis has been changed from Danish Kroner (DKK) to Euro (EUR) and the comparative figures have been restated accordingly.

Accounting policies

These condensed consolidated interim financial statements for the first half of 2024 have been prepared in accordance with IAS 34 and additional Danish regulations for the presentation of interim reports by listed companies. These condensed consolidated interim financial statements for the first half of 2024 follows the same accounting policies as the annual report for 2023 except for all new, amended or revised accounting standards and interpretations (IFRSs) endorsed by the EU effective for the accounting period beginning on January 1, 2024. These IFRSs have not had any impact on the Group's interim report.

With the combination of Novozymes and Chr. Hansen in 2024, the segment disclosures have been changed to reflect the internal reporting in Novonesis. Novonesis has two operating segments: Food & Health Biosolutions and Planetary Health Biosolutions. This segmentation reflects the internal reporting and management structure.

Comparative figures have been restated to reflect the new segmentation but provide very limited comparability due the impact of the combination between Novozymes A/S and Chr. Hansen Holding A/S in 2024.

Food & Health Biosolutions consists of two sales areas: Food & Beverages and Human Health, and Planetary Health Biosolutions consists of two sales areas: Agriculture, Energy & Tech and Household Care.

Food & Health Biosolutions

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

Planetary Health Biosolutions

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

Audit

This interim report has not been audited or reviewed by the company's independent auditors.

2.10 Non-IFRS financial measures and key ratios

Non-IFRS financial measures and definitions

Novone^{is} uses certain financial measures that are not defined in IFRS to describe the Group's financial performance, financial position and cash flows. These financial measures may therefore be defined and calculated differently from similar measures in other companies and may thus not be comparable.

Definitions of non-IFRS financial measures are listed below:

Organic sales growth

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

Special items

To provide transparency regarding the operating performance of Novone^{is}, management presents significant individual items, income and cost, of a special nature as Special items. Special items can include significant integration and transaction costs, restructuring expenses and related impairment losses, and will include all significant non-recurring income or costs not related to Novone^{is}' recurring operating profit.

Operating profit (EBIT) before special items

Net profit before special items, interest and tax.

Adjusted operating profit (EBIT)

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

EUR million	H1 2024	H1 2023
Operating profit (EBIT)	135.0	268.4
Special items	88.5	28.5
Inventory step-up	183.9	-
Adjusted EBIT	407.4	296.9
Adjusted EBIT margin	22.2%	25.0%

EBITDA

Net profit before interest, tax, depreciation, amortization and impairment losses.

Adjusted EBITDA

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

EUR million	H1 2024	H1 2023
Operating profit (EBIT)	135.0	268.4
Amortization	128.6	21.4
Depreciation	113.4	71.5
Impairment losses	31.0	-
EBITDA	408.0	361.3
EBITDA margin	22.3%	30.4%
Special items excluding impairment losses	57.5	28.5
Inventory step-up	183.9	-
Adjusted EBITDA	649.4	389.8
Adjusted EBITDA margin	35.5%	32.8%

Adjusted net profit

Net profit for the period (attributable to shareholders of Novonesis A/S) adjusted for special items and impacts from the accounting for acquisitions, net of tax.

Adjusted net profit is only used for pro forma purposes.

Free cash flow before acquisitions and divestments (FCF)

Cash flow from operating activities less cash flow from investing activities.

EUR million	H1 2024	H1 2023
Cash flow from operating activities	528.1	193.9
Cash flow from investing activities	(54.9)	(140.1)
Business acquisitions	(15.2)	21.2
Divestments	(77.6)	(11.8)
Free cash flow before acquisitions and divestments	380.4	63.2

Invested capital

Total assets excluding interest-bearing assets and minority investments less non-interest-bearing liabilities.

Key ratio definitions**Gross margin**

Gross profit as a percentage of net sales.

Adjusted EBITDA margin

Adjusted EBITDA as a percentage of net sales.

Adjusted earnings per share, diluted (Adjusted EPS, diluted)

Adjusted net profit divided by the weighted average number of shares outstanding (diluted).

R&D costs (% of net sales)

Research and development costs, as a percentage of net sales.

Capex (% of net sales)

Net investments, excl. acquisitions, as a percentage of net sales.

Net interest-bearing debt-to-EBITDA (NIBD/EBITDA)

Net interest-bearing debt as a percentage of last 12 months' EBITDA.

2.11 Segments

Operating segments

With the combination of Novozymes and Chr. Hansen in 2024, the segment disclosures have been changed to reflect the internal reporting in Novonesis for the combined businesses. Novonesis has two operating segments: Food & Health Biosolutions and Planetary Health Biosolutions. This segmentation reflects the internal reporting and management structure.

The activities in the two segments include research, development, manufacturing and distribution.

There are no internal sales between the two segments. Costs have generally been split between segments through a combination of allocation according to specific activities and the use of allocation keys. Certain corporate overhead costs are allocated based on overall allocation keys.

Comparative figures have been restated to reflect the new segmentation, but provide very limited comparability due the impact of the combination with Chr. Hansen in 2024.

EUR million	H1 2024			H1 2023		
	Food & Health Biosolution	Planetary Health Biosolution	Total	Food & Health Biosolution	Planetary Health Biosolution	Total
Net sales	772.7	1,059.0	1,831.7	264.1	923.0	1,187.1
Organic sales growth, %	7%	8%	8%	(6.0%)	9%	3%
Adjusted EBITDA	261.4	388.0	649.4	73.5	316.3	389.8
Adjusted EBITDA margin, %	33.8%	36.6%	35.5%	27.8%	34.3%	32.8%
Depreciation, amortization and impairment losses			(273.0)			(92.9)
Special items excluding depreciation, amortization			(57.5)			(28.5)
PPA inventory step-up			(183.9)			-
Operating profit (EBIT)			135.0			268.4
Share of result in associates			(1.6)			(0.5)
Financial items, net			(43.4)			(21.1)
Profit before tax			90.0			246.8

Accounting policies

The operating segments are consistent with the internal reporting to the Executive Management and the Board of Directors. Executive Management is considered the chief operating decision-maker.

The operating segments are managed primarily on the basis of adjusted EBITDA as profitability measure. Management does not receive reporting on assets and liabilities by reporting segments.

Segment income and segment expenses are those items that, in the internal management reporting, are directly attributable to individual segments or can be indirectly allocated to individual segments on a reliable basis.

2.12 Sales by area

EUR million	H1 2024	H1 2023	% change	% currency impact	% M&A impact	% organic growth
Food & Health Biosolutions						
Food & Beverages	578.9	223.7	159	(4)	155	8
Human Health	193.8	40.4	380	0	376	4
	772.7	264.1	193	(4)	190	7
Planetary Health Biosolutions						
Agriculture, Energy & Tech	681.3	593.0	15	(1)	11	5
Household Care	377.7	330.0	14	(1)	0	15
	1,059.0	923.0	15	(1)	8	8
Net sales	1,831.7	1,187.1	54	(2)	48	8

2.13 Sales by region

EUR million	H1 2024	H1 2023	% change	% currency impact	% M&A impact	% organic growth
Europe, Middle East & Africa	660.7	419.8	57	(1)	51	7
North America	595.2	398.1	50	0	46	4
Asia Pacific	349.3	221.6	58	(4)	49	13
Latin America	226.5	147.6	53	(3)	44	12
Net sales	1,831.7	1,187.1	54	(2)	48	8
Developed markets	1,182.3	773.5	53	0	49	4
Emerging markets	649.4	413.6	57	(4)	47	14
Net sales	1,831.7	1,187.1	54	(2)	48	8

2.14 Special items

EUR million	H1 2024	H1 2023
Transaction costs	(35.5)	(13.4)
Integration costs	(39.8)	(15.1)
Costs related to discontinuation of the activities in Russia	(31.3)	-
Gain on divestment of the lactase enzyme business, net	18.1	-
Special items	(88.5)	(28.5)

2.15 Business acquisitions

Acquisitions in 2024

On January 29, 2024, the final regulatory approvals were obtained and the final registration of the statutory merger between Novozymes A/S (“Novozymes”) and Chr. Hansen Holding A/S (“Chr. Hansen”) was successfully completed with the Danish Business Authority.

The statutory merger was effected through an exchange of all shares of Chr. Hansen (“Chr. Hansen Shares”) with a total of 187,298,646 Merger Consideration Shares. The total consideration for Chr. Hansen Holding A/S amounts to EUR 9.1 billion based on a price per share of EUR 48.5 (DKK 361.4) equal to the closing share price of Novozymes A/S on Nasdaq Copenhagen on the date of the registration of the merger.

Chr. Hansen is a global, differentiated bioscience company that develops natural ingredient solutions for the food, nutritional, pharmaceutical, and agricultural industries. Chr. Hansen’s microbial and fermentation technology platforms, including their broad and relevant collection of around 50,000 microbial strains, have game-changing potential. As the world’s most sustainable food ingredients company, Chr. Hansen touch the lives of more than 1 billion people every day.

The merger is accounted for as a business combination using the acquisition method under IFRS 3 where Novozymes A/S is identified as the acquirer and Chr. Hansen Holding A/S is identified as the acquiree. The fair value and allocation of acquired assets and liabilities are provisional, pending final valuations and ongoing analysis. The purchase price has provisionally been allocated to identifiable assets and liabilities of Chr. Hansen as well as a goodwill amount of EUR 5.3 billion, and other intangible assets of EUR 4.5 billion mainly related to technology-related assets of EUR 3 billion, customer relationships of EUR 1 billion and brands of EUR 0.3 billion.

Provisional fair value of the identified assets and liabilities at the acquisition date:

EUR million	Chr. Hansen
Assets	
Other intangible assets	4,493.9
Property, plant and equipment	1,162.7
Financial assets	20.9
Inventories	393.4
Trade and other receivables	207.3
Cash and cash equivalents	38.1
Assets held for sale	75.2
Assets	6,391.5
Liabilities	
Deferred tax liabilities, net	(1,155.4)
Borrowings	(1,123.5)
Tax payables, net	(92.8)
Provisions and other liabilities	(244.9)
Liabilities	(2,616.6)
Acquired net assets	3,774.9
Purchase price	
Consideration in equity issuance	9,079.8
Purchase price	9,079.8
Goodwill	5,304.9

The following valuation techniques have been applied in the fair value assessment of the significant assets acquired:

- Product technology and development projects: the Multi-period Excess Earnings Method (MEEM)
- Base technology (i.e., process technology and strain library): the Relief from Royalty (RfR) method
- Customer relationships: the Allowed Margin Method
- Brands: the Relief from Royalty (RfR) method

The goodwill arising from the merger relates to synergies from complementary product offerings, especially within Novonesis' new business divisions. The combination of Novozymes and Chr. Hansen will create a leading global biosolutions partner with a broad biological toolbox and a diversified portfolio in attractive markets. The combination is an important step towards unlocking additional growth opportunities as the combined scale, know-how, commercial strengths, and innovation excellence will drive value for the shareholders, customers, and society at large. The goodwill is not tax deductible.

Assets held for sale of EUR 75.2 million are related to the divested lactase enzyme business at the agreed sales price.

The merger contributed EUR 560 million to net sales, approximately EUR 195 million to adjusted EBITDA and approximately EUR -130 million to net profit during the period from January 29 until June 30, 2024. If the merger had occurred on January 1, 2024, the contribution to net sales would have been approximately EUR 672 million, approximately EUR 231 million to adjusted EBITDA and approximately EUR -159 million to net profit. The negative net profit in Chr. Hansen is due to the impact from the PPA inventory step-up and the PPA depreciation and amortization.

Transaction costs of EUR 35.5 million (H1 2023: EUR 13.4 million) are recognized within Special items in the income statement and transactions costs related to the issuance of shares of EUR 5.0 million are recognized within the equity in H1 2024.

2.16 Sale of the lactase enzyme business

The European Commission's approval of the Combination was conditional upon the divestment of a part of Novonesis' global lactase enzyme business. In 2023, a definitive agreement to sell the lactase enzyme business was entered into with Kerry Group plc ("Kerry") and approved by the European Commission on January 26, 2024.

On April 30, 2024, the commercial part of the lactase enzyme business was transferred to Kerry and a consideration of EUR 77.6 million (net of cash sold) was received and EUR 38.9 million is still pending on June 30, 2024.

The remaining sale is expected to be completed in H2 2024, when the agreed carve-out activities have been finalized, transferred and approved by the European Commission. A consideration of approx. EUR 65 million (including the deferred consideration on June 30, 2024) will be received upon completion in 2H 2024.

The gain on sale before tax, of the first disposal step, of EUR 20.1 million is recognized within special items in H1 2024 and partly offset by transaction costs of EUR 2 million. Tax on the gain of EUR 4.6 million is recognized within tax in the income statement.

Details on the sale of the lactase enzyme business:

EUR million	H1 2024
Consideration	
Cash received	78.4
Deferred consideration	38.9
Total consideration	117.3
Carrying amount of net assets sold	(97.2)
Gain on sale before tax	20.1
Tax on gain	(4.6)
Gain on sale after tax	15.5

There were no exchange gains or losses recognized in the income statement nor in OCI in respect to the net assets sold.

The carrying amount of the net assets sold on April 30, 2024 were:

EUR million	Apr. 30, 2024
Intangible assets	75.4
Property, plant and equipment	16.4
Inventories	6.2
Trade and other receivables	0.6
Cash and cash equivalents	0.8
Total assets	99.4
Trade and other payables	2.2
Total liabilities	2.2
Net assets	97.2

Novonesis is a global company leading the era of biosolutions.

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

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