



Stronger-than-expected start to the year; 3% organic sales growth and strong earnings. 2021 outlook maintained.

Organic sales growth of 3% in Q1 2021: Household Care 2%, Food, Beverages & Human Health 11%, Bioenergy -9%, Grain & Tech Processing 16%, Agriculture, Animal Health & Nutrition 0%. EBIT margin at 29.6%. ROIC incl. goodwill at 23.4%. FCF bef. acq. at DKK 0.7 billion.

April 27, 2021
Interim report for Q1 2021.
Company announcement
no. 21

Ester Baiget, President & CEO: *"I am very pleased with the strong start we've had in a year where the COVID-19 pandemic continues to create an uncertain environment. Customers have been building stock from supply-chain concerns and the recovery seem faster in emerging markets, but we also recognize a better momentum in the underlying performance of some businesses. While we are off to a good start, we maintain our full-year outlook due to timing factors, supply-chain volatility and continued COVID-19 uncertainty. I am sincerely impressed by the organization's ability to rapidly adapt to changing conditions and being there to serve our customers."*

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In summary:

- Organic sales grew 3% while sales in reported DKK ended flat from positive M&A impact in line with expectations, and negative currency effects. Organic sales in emerging markets grew 17% and declined 3% in developed markets
- Household Care benefitted from customer stock building, especially in emerging markets, as well as a recovery in China
- Performance in Food, Beverages & Human Health and Grain & Tech Processing benefitted from customer stock building, a faster recovery in emerging markets as well as a better underlying momentum
- Bioenergy remained negatively affected by weak U.S. ethanol demand due to COVID-19 restrictions. Agriculture, Animal Health & Nutrition performed better than expected due to timing of orders with growth in Agriculture offsetting a decline in Animal Health & Nutrition
- Three product launches including ProAct 360™ in animal nutrition, making poultry production more cost-efficient and sustainable
- EBIT margin of 29.6%, mainly due to gross margin expansion and despite higher R&D costs, currency headwinds and negative M&A-related effects. One-offs had a net positive effect of roughly 1.5 pp. Free cash flow before acquisitions was solid at DKK 0.7 billion and ROIC including goodwill was strong at 23.4%
- Strong balance sheet with low gearing (0.9x NIBD/EBITDA). The Microbiome Labs acquisition was closed and the Biota technology asset was purchased. DKK 1.5 billion stock buy back program is ongoing
- Amy Byrick and Morten Enggaard Rasmussen joined the executive leadership team on April 1 as new EVPs of Strategy & Business Transformation and People, Sustainability & Brand, respectively

2021 outlook: The improved underlying momentum seen for some businesses in the first quarter does not change the full-year sales outlook due to timing factors, supply-chain volatility and continued COVID-19-related uncertainty. Organic sales are expected to grow by 2% to 6%, with sales in reported DKK ~1 pp lower. One-offs, net, benefit the EBIT margin outlook slightly, supporting the maintained 25% to 26% range. The margin outlook also includes negative y/y impacts from currency, as well as M&A-related effects of around 1 pp each. ROIC incl. goodwill at ~19%. FCF bef. acq. at DKK 2.7-3.1 billion.

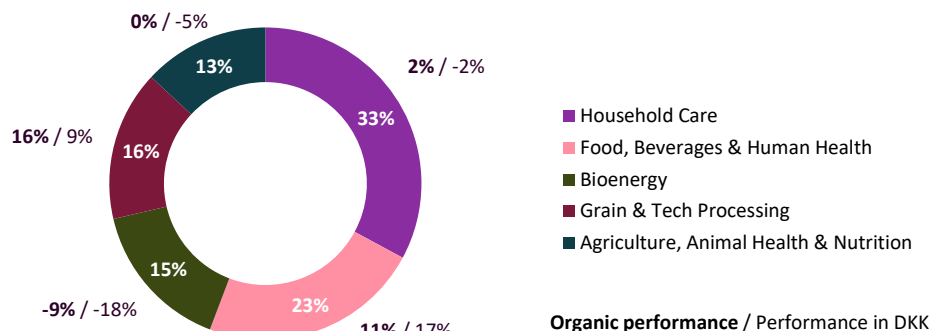
		Q1 2021	Q1 2020	2021 outlook
Sales performance, organic	%	3	10	2 to 6
EBIT margin	%	29.6	28.9	25 to 26
ROIC, incl. goodwill	%	23.4	21.3	~19
Free cash flow before acquisitions	DKKbn	0.7	0.8	2.7 to 3.1

Selected key data

		Q1 2021	Q1 2020
Sales performance, organic	%	3	10
Household Care	%	2	11
Food, Beverages & Human Health	%	11	11
Bioenergy	%	-9	12
Grain & Tech Processing	%	16	2
Agriculture, Animal Health & Nutrition	%	0	8
Sales	DKKm	3,776	3,786
Sales performance, DKK	%	0	9
Gross margin	%	58.2	57.1
EBITDA	DKKm	1,457	1,394
EBIT	DKKm	1,117	1,095
EBIT margin	%	29.6	28.9
Net profit	DKKm	885	815
Net profit performance	%	9	17
Net investments excl. acquisitions	DKKm	194	138
Free cash flow before acquisitions	DKKm	704	825
NIBD/EBITDA (x)		0.9	0.9
ROIC, incl. goodwill	%	23.4	21.3
EPS	DKK	3.17	2.89
EPS (diluted)	DKK	3.15	2.88
Avg. USD/DKK		617	678

Sales by business area

Distribution of sales by business area, Q1 2021



Total sales Q1 y/y
Organic: 3%
DKK: 0%

Household Care

Performance in Household Care exceeded expectations. Sales grew 2% organically and declined 2% in reported DKK in the first quarter of 2021. While penetration in emerging markets and the continued rollout of the Freshness technology in Europe contributed to growth as expected, an element of customer stock building, especially in emerging markets, and a faster recovery in China also benefitted sales. Sales in developed markets declined roughly as expected compared to the double-digit organic sales growth recorded in the first quarter of last year.

Household Care Q1 y/y
Organic: 2%
DKK: -2%

Food, Beverages & Human Health

Sales in Food, Beverages & Human Health grew 11% organically and 17% in reported DKK in the first quarter of 2021. The performance was strong and significantly exceeded expectations, mainly due to customer stock building and a faster recovery, particularly in emerging markets. The first quarter performance also benefitted from a better underlying momentum.

Food, Beverages & Human Health Q1 y/y
Organic: 11%
DKK: 17%

All subareas grew, apart from an expected decline in baking. Outside of baking, food performed very well led by especially dairy and protein ingredients. Beverages grew slightly, whereas sales in human health posted strong growth driven by innovation, cross-selling and customer stock building.

Bioenergy

First-quarter sales in Bioenergy declined 9% organically and 18% in reported DKK year on year. The performance in the quarter was due to the negative effects of COVID-19 restrictions leading to reduced demand for gasoline and thereby for ethanol in the U.S. Although U.S. ethanol production remains depressed, it has gradually improved since the major disruption caused by the first round of COVID-19 restrictions in the final weeks of March last year. Performance in Novozymes' U.S Bioenergy business was lower than external first-quarter estimates for the industry's production decline due to a more difficult comparator. Sales outside of the U.S grew, mainly driven by Latin America, from the continued capacity expansion of corn-based ethanol production and market penetration with the Innova® yeast solutions.

Bioenergy Q1 y/y
Organic: -9%
DKK: -18%

Grain & Tech Processing

Grain & Tech Processing sales grew 16% organically and 9% in reported DKK in the first quarter compared to the same quarter last year. This was significantly above expectations and across most subareas driven by growth from customer stock building, a faster recovery, especially in emerging markets, as well as a better momentum in underlying performance. Strong growth in grain was driven by grain milling, vegetable oil and starch processing. Tech grew from positive timing factors in the sales of diagnostic enzymes for COVID-19 test kits and growth in textile, which benefitted from the continued recovery of the global textile industry following the COVID-19-induced disruption in 2020.

Grain & Tech Processing Q1 y/y
Organic: 16%
DKK: 9%

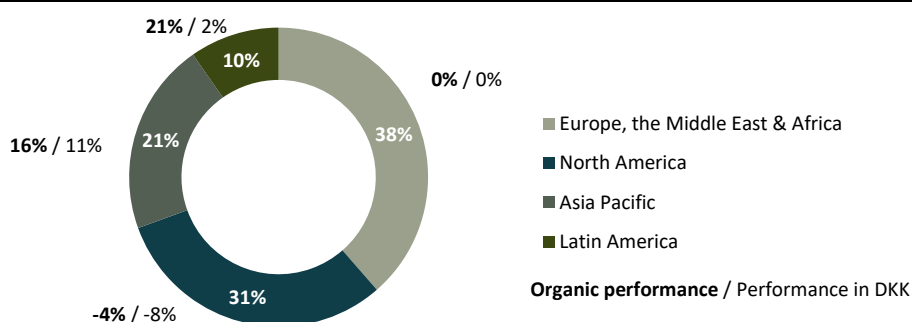
Agriculture, Animal Health & Nutrition

Sales in Agriculture, Animal Health & Nutrition were flat organically and declined 5% in reported DKK in the first quarter of the year compared to the same period last year. Performance was stronger than expected due to timing of orders in the value-chain. Growth in agriculture was led by stronger demand for both corn and soy solutions, whereas animal health & nutrition declined, although by less than expected. Balancius™, the enzymatic solution for improved gut health, grew, as expected.

Agriculture, Animal Health & Nutrition Q1 y/y
Organic: 0%
DKK: -5%

Sales by geography

Distribution of sales by geography, Q1 2021



Novozymes' organic sales grew 3% in the first quarter of 2021 compared to 2020. Sales in emerging markets grew 17% organically while developed markets declined 3%. The strong performance in emerging markets with broad growth across business areas exceeded expectations mainly due to customer stock building, a faster recovery and a better underlying momentum in some businesses. Sales in developed markets declined mainly due to Bioenergy and Animal Nutrition.

Europe, the Middle East & Africa

First quarter sales were flat organically year on year. Growth in Food, Beverages & Human Health, Bioenergy and Household Care was offset by a decline in Agriculture, Animal Health & Nutrition and Grain & Tech Processing. Growth in Food, Beverages & Human Health was impacted by customer stock building, a faster recovery, and a better momentum in underlying performance. Agriculture, Animal Health & Nutrition declined as expected.

Europe, the Middle East & Africa Q1 y/y
Organic: 0%
DKK: 0%

North America

North America declined 4% in the first quarter of 2021. The decline was due to the severe effects of COVID-19 restrictions on U.S. ethanol production. The decline was partly mitigated by growth in Grain & Tech Processing which was supported by positive timing in the sales of diagnostic enzymes for COVID-19 test kits. Agriculture, Animal Health & Nutrition and Food, Beverages & Human Health also grew.

North America Q1 y/y
Organic: -4%
DKK: -8%

Asia Pacific

Organic sales grew 16% in the first quarter of 2021 compared to the same period last year. Customer stock building, a faster recovery particularly in China, and better momentum in underlying performance were the primary drivers. Also, the textile business performed well, driven by a gradual recovery in textile production.

Asia Pacific Q1 y/y
Organic: 16%
DKK: 11%

Latin America

Sales in Latin America grew 21% organically in the first quarter of 2021 compared to the same period last year. Growth was broad across business areas and benefitted from customer stock building and a faster recovery, especially in Grain & Tech Processing. The continued capacity expansion of corn-based ethanol production, primarily in Brazil, was a solid growth driver in the quarter.

Latin America Q1 y/y
Organic: 21%
DKK: 2%

Income statement

Total costs excluding net other operating income, net financials, share of losses in associates and taxes amounted to DKK 2,780 million in the first quarter of 2021. This was DKK 66 million (+2%) more than in the corresponding period of 2020.

Total costs
+2%

The gross margin was 58.2% in the first quarter of 2021, corresponding to an increase of 1.1 percentage point compared to the same period of 2020. Production efficiencies and productivity improvements were the main drivers of the margin improvement between the two periods. Currencies had a negative effect, whereas recent acquisitions benefitted the gross margin in the first quarter of 2021.

Gross margin
58.2%

Operating costs totaled DKK 1,200 million in the first three months of 2021. This was an increase of DKK 112 million (+10%) compared to the same period of 2020. The increase in operating costs was mainly due a one-off charge following a consolidation of R&D activities to fewer and larger sites, and the inclusion of acquisitions. Sales and distribution costs increased slightly and administrative costs were flat compared to the same period last year.

Operating costs
+10%

For the first quarter of 2021:

- Sales and distribution costs increased by 2% and made up 12% of sales
- Research and development costs increased by 22% mainly due to the aforementioned one-off, and made up 15% of sales
- Administrative costs were flat and made up 5% of sales

Other operating income amounted to DKK 121 million in the first quarter of 2021, which was DKK 98 million higher than in the first quarter of 2020. The increase in other operating income was partly due to a realized gain from the sale of an non-core administration building and partly due to contingent income from the divested pharma-related royalty.

Depreciation and amortization amounted to DKK 340 million in the first three months of 2021. This was 14% higher than in the corresponding period of 2020 and mainly due to amortizations from the PrecisionBiotics Group and the Microbiome Labs acquisitions.

Depreciation and amortization
DKK 340 million

EBIT was DKK 1,117 million in the first three months of 2021, which corresponded to an EBIT margin of 29.6%. This was an increase of DKK 22 million, or 0.7 percentage point, compared to the EBIT and EBIT margin for the same period of 2020. While sales in reported DKK were roughly flat, higher operating costs mainly due to the aforementioned R&D one-off, and the inclusion of acquisitions, were more than offset by higher gross profit and higher other operating income. Currencies provided headwinds, mainly from a weakening of the average USD/DKK exchange rate. Adjusting for the quarterly one-off benefits, net, of roughly 1.5 percentage point, as well as first quarter year-on-year currency developments and M&A-related effects, the EBIT margin in the first quarter of 2021 was ~29%.

EBIT
DKK 1,117 million
EBIT margin
29.6%

Net financial costs and share of losses in associates totaled DKK 11 million in the first quarter of 2021. This was DKK 65 million less than in the first quarter of 2020 and mainly due to gains on USD cash flow hedges.

Net financial costs and share of losses in associates
DKK 11 million

Profit before tax amounted to DKK 1,106 million in the first quarter of 2021. This was DKK 87 million or 9% higher than in the first quarter of 2020.

The effective tax rate was 20.0% in the first quarter of 2021 and on par with the first quarter of 2020.

Effective tax rate
20.0%

Net profit grew by DKK 70 million, or 9%, to DKK 885 million in the first quarter of 2021 compared to the same period last year, due to a higher EBIT and lower net financial costs.

Net profit
DKK 885 million

Cash flows and balance sheet

Cash flow from operating activities amounted to DKK 898 million in the first quarter of 2021. This was a decrease of DKK 65 million from DKK 963 million in the first quarter of 2020. The decrease between the two periods was mainly due to change in net working capital, partly offset by higher net profit.

Operating cash flow
DKK 898 million

Net investments excluding acquisitions totaled DKK 194 million in the first quarter of 2021, which was DKK 56 million more than in the same period of 2020.

Net investments excl. acq.
DKK 194 million

Free cash flow before acquisitions amounted to DKK 704 million in the first quarter of 2021. This was a decrease of DKK 121 million compared to the DKK 825 million in the same period of 2020. The decrease was driven by lower cash flows from operating activities and the change in net working capital.

Free cash flow before acquisitions
DKK 704 million

Shareholders' equity including minority interests was DKK 10,782 million at March 31, 2021, corresponding to an equity ratio of 49.7%. This was an increase of DKK 18 million and a decrease of 3.0 percentage points respectively compared to the shareholders' equity of DKK 10,764 million and the 52.7% equity ratio reported at March 31, 2020.

Equity ratio
49.7%

Net interest-bearing debt (NIBD) and the NIBD-to-EBITDA ratio were DKK 5,381 million and 0.9 respectively at March 31, 2021. This was an increase of DKK 583 million compared to the net interest-bearing debt at March 31, 2020, while the NIBD-to-EBITDA ratio was unchanged. The increase in net interest-bearing debt was mainly due to dividend payments and stock buybacks.

NIBD/EBITDA
0.9

Return on invested capital (ROIC) including goodwill was 23.4% in the first quarter of 2021, which was 2.1 percentage points higher than in the same period of 2020. The improvement in ROIC between the two periods was due to the higher net operating profit after tax which more than offset an increase in average invested capital following the PrecisionBiotics Group and Microbiome Labs acquisitions.

ROIC
23.4%

The holding of treasury stock was 6,100,345 B shares at March 31, 2021, equivalent to 2.1% of the common stock.

Treasury stock
2.1%

2021 outlook

		2021 outlook April 27*	2021 outlook February 2
Sales performance, organic	%	2 to 6	2 to 6
EBIT margin	%	25 to 26	25 to 26
ROIC (including goodwill)	%	~19	~19
Free cash flow before acquisitions	DKKbn	2.7 to 3.1	2.7 to 3.1
<i>For modeling purposes:</i>			
Effective tax rate	%	~20	~20
Net financial costs	DKKbn	~75	~50
Net investments	DKKbn	1.0 to 1.2	1.0 to 1.2
Stock buyback program	DKKbn	up to 1.5	up to 1.5

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

Sales outlook

The first-quarter sales performance benefitted from customer stock building from general supply-chain concerns, as well as a faster recovery in emerging markets. While we also recognized a better momentum in the underlying performance of some businesses in the first quarter, we maintain our full-year outlook for 2% to 6% organic sales growth due to timing factors, supply-chain volatility, and continued COVID-19 uncertainty.

The outlook continues to be based on a gradual recovery from the pandemic impact in 2020. An incremental pickup or a further slowdown of the expected gradual recovery, especially in the areas most impacted by the pandemic in 2020, would imply a performance in the high- respectively the low-end of the outlook range. However, the outlook range does not cover another extended global lockdown situation. Sales in reported DKK are expected to be ~1 pp less, net of currency and M&A-related effects, compared to the 2% to 6% organic sales growth outlook.

Food, Beverages & Human Health and Grain & Tech Processing are expected to grow organically by mid-single-digits while Bioenergy is expected to grow by mid-to-high single digits in 2021. In Household Care, the organic sales growth outlook is low-single-digits. Agriculture, Animal Health & Nutrition is expected to see flat-to-low-single-digit organic sales growth.

Household Care (organic 2% in Q1 2021) organic sales growth will be driven by market penetration, particularly in emerging markets, and the continued rollout of the Freshness technology in Europe, with a broad-market powder launch expected in the second half of the year. The broad-market launch is an important milestone that is expected to become a significant growth contributor in future years.

Food, Beverages & Human Health (organic 11% in Q1 2021) 2021 organic sales growth is expected to be broad across subareas. Innovation and emerging market penetration, supported by increasing consumer dietary-health-awareness, are the main drivers of growth in the food business. Beverages is expected to gradually recover following a year in 2020 that was severely affected by COVID-19 restrictions. Human Health, including the PrecisionBiotics Group and Microbiome Labs acquisitions, will contribute to growth in reported DKK and is estimated to grow organically in the solid double-digits.

Bioenergy (organic -9% in Q1 2021) organic sales growth is expected to be driven by a gradual recovery of U.S. ethanol production as COVID-19 restrictions are lifted, continued capacity expansion of corn-based ethanol production in Latin America, and market penetration supported by innovations such as the advanced yeast solutions. The mid-point of the Bioenergy organic sales growth range roughly corresponds to mid-single-digit growth in US ethanol production.

Grain & Tech Processing (organic +16 % in Q1 2021) organic sales growth is expected across subareas in both grain and tech. Growth in the grain business will be driven by innovation and increased local presence, while a gradual recovery of the global textile industry will contribute to growth in tech.

Agriculture, Animal Health & Nutrition (organic 0% in Q1 2021) organic sales performance is expected to be led by the agriculture business with continued expansion across crops and regions. Agriculture is expected to deliver solid underlying double-digit organic sales growth in 2021 when adjusted for the DKK ~60 million one-off in the second quarter of 2020.

Profit outlook

For 2021, Novozymes expects a solid reported EBIT margin of 25% to 26% (2020: 26.1%). The net positive contribution from the first-quarter one-offs adds to the full-year EBIT margin, which is maintained within the 25% to 26% range. The EBIT margin outlook includes a negative year-on-year impact from currencies of ~1 percentage point as well as a ~1 percentage point negative impact from M&A. The M&A effect is attributable to amortization and integration costs. Supportive margin contributions from sales growth and productivity improvements are expected to be partly offset by slightly higher input costs and continued re-investments.

EBIT margin
25 to 26%

Return on invested capital (ROIC), including goodwill, is expected at ~19% (2020: 18.9%; underlying ~20%) and includes a ~2 percentage points negative effect from year-on-year currencies and M&A.

ROIC, incl. goodwill
~19%

Free cash flow (FCF) before acquisitions is expected to be DKK 2.7-3.1 billion (2020: DKK 3.4 billion), supported by higher sales and an improved operating cash flow. Cash flow is expected to be somewhat lower than in 2020 as higher net investments and the timing of working capital will lower the 2021 cash generation following a stronger-than-expected performance in 2020, including the Q2 2020 positive cash effect from the settlement related to the former BioAg setup.

FCF before acquisitions
DKK 2.7 to 3.1 billion

For modeling purposes, the following is provided:

The effective tax rate is expected at ~20% for 2021 (2020: 19.7%).

Effective tax rate
~20%

Net financial costs are expected to be DKK ~75 million (2020: DKK 127 million), with DKK ~150 million relating to interest expenses, banking fees, lease and financial costs related to acquisition earnouts. The DKK ~150 million is partly offset by a positive effect from USD/DKK currency hedging.

Net financial costs
DKK ~75 million

Net investments during 2021 will amount to DKK 1.0-1.2 billion (2020: DKK 0.9 billion), reflecting maintenance, optimization and expansion investments.

Net investments
DKK 1.0 to 1.2 billion

A stock buyback program of up to DKK 1.5 billion was initiated effective February 8, 2021.

Stock buyback program
up to DKK 1.5 billion

Sustainability outlook

In 2021, we will continue to invest in developing solutions that support better lives in a growing world as well as progress on our 2022 targets on climate, water, production and consumption. We will expand the reach and benefits of our solutions and expect to deliver an even greater impact by replacing chemicals and enabling CO₂ reductions. We will further develop our employee programs focused on learning, well-being and improving their engagement towards our sustainability commitment.

		2022 targets
World	Save CO ₂ emissions by enabling low carbon fuels in the transport sector	60 million tons of CO ₂
	Reach people by providing laundry solutions that replace chemicals	>4 billion people
	Gain food by improving efficiency from farm to table	500,000 tons of food
Operations	Reduce absolute CO ₂ emissions from operations ¹	40%
	Develop context-based water management programs	100% of sites ²
	Develop zero waste programs	100% of sites ²
	Manage biomass in circular systems	100%
	Develop circular management plans for key packaging materials	100%
Employees	Enable learning ³	80
	Nurture diversity ⁴	86
	Occupational injuries ⁵	≤ 1.5
	Pledge employee time to local outreach ⁶	~ 1% of time
	Excite employees ³	81

¹ Compared to 2018 baseline

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

³ Measured by score to relevant questions in annual survey

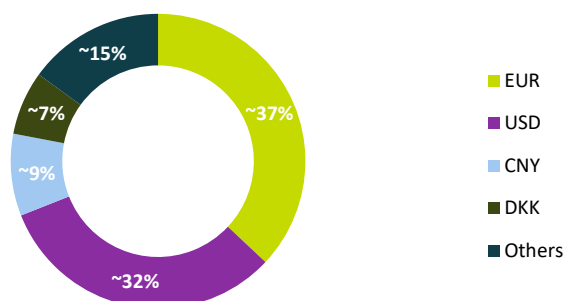
⁴ Index calculated based on gender and national representation at various professional levels

⁵ Defined as the three-year rolling average of lost time injuries per million working hours

⁶ Qualitative reporting only

Currency exposure

Sales by currency, Q1 2021



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

Hedging of net currency exposure

	2021				2022			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
USD	100% hedged via forward contracts at average USD/DKK 6.38				13% hedged via forward contracts at average USD/DKK 6.13			

The expected USD currency exposure for 2021 is 100% hedged at an average of USD/DKK 6.38. The 2021 outlook is based on expected exchange rates for the company's key currencies remaining at the closing rates on April 26 for the full year.

DKK	EUR	USD	BRL	CNY
Average exchange rate Q1 2021	744	617	113	95
Average exchange rate Q1 2020	747	678	153	97
Average exchange rate Q1 2021 compared to Q1 2020	0%	-9%	-26%	-2%
Rate on April 26, 2021	744	615	113	95
Estimated average exchange rate 2021*	744	616	113	95
Estimated average exchange rate 2021 compared to 2020	0%	-6%	-12%	0%

* Estimated average exchange rate on April 26, 2021

Stock buyback program in 2021

Novozymes targets a 50% dividend payout ratio over the coming years with excess cash, after investments and M&A, to be returned to shareholders via stock buybacks at a NIBD-to-EBITDA ratio of ~1x. Consequently, a stock buyback program of up to DKK 1.5 billion has been decided for 2021. The program was initiated on February 8, 2021 as per company announcement no. 5.

Novo Holding A/S intends to participate in Novozymes' stock buyback program in 2021

Novozymes' majority shareholder, Novo Holdings A/S, a holding company wholly owned by the Novo Nordisk Foundation, considers its participation in Novozymes' stock buyback program on a year-by-year basis and plans to participate in the 2021 program. Novo Holdings A/S intends to reduce its holding of B shares so that it will continue to hold around 25.5% of the total shares.

Accounting policies

The interim report for the first three months of 2021 has been prepared in accordance with IAS 34 and additional Danish regulations for the presentation of quarterly interim reports by listed companies. The interim report for the first three months of 2021 follows the same accounting policies as the annual report for 2020, 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, 2021. These IFRSs have not had any impact on the Group's interim report.

Forward-looking statements

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

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Statement of the Board of Directors and the Executive Management

The Board of Directors and the Executive Leadership Team have considered and approved the interim report of Novozymes A/S for the first three months of 2021. This interim report has not been audited or reviewed by the company's independent auditor.

The interim report for the first three months of 2021 has been prepared in accordance with International Financial Reporting Standards and IAS 34 as adopted by the EU, and further requirements in the Danish Financial Statements Act for the presentation of quarterly interim reports by listed companies.

In our opinion, the accounting policies used are appropriate, the Group's internal controls relevant for the preparation and presentation of this Group financial statement are adequate, and this Group financial statement gives 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 March 31, 2021, and of the results of the Group's operations and cash flows for the first three months of 2021. Other than as disclosed in the interim report for the first three months of 2021, no changes in the Group's most significant risks and uncertainties have occurred relative to what was disclosed in the annual report for 2020.

Bagsværd, April 27, 2021

EXECUTIVE MANAGEMENT

Ester Baiget
President & CEO

Lars Green
CFO

BOARD OF DIRECTORS

Jørgen Buhl Rasmussen
Chair

Cornelis (Cees) de Jong
Vice Chair

Anne Breum

Heine Dalsgaard

Sharon James

Anders Hentze Knudsen

Kasim Kutay

Preben Nielsen

Kim Stratton

Mathias Uhlén

Jens Øbro

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Appendix 1 Main items and key figures**1.1 Key figures**

DKK million	Q1 2021	Q1 2020	% change
Revenue	3,776	3,786	(0)%
Gross profit	2,196	2,160	2%
Gross margin	58.2%	57.1%	
EBITDA	1,457	1,394	5%
EBITDA margin	38.6%	36.8%	
Operating profit / EBIT	1,117	1,095	2%
EBIT margin	29.6%	28.9%	
Share of result in associates	(1)	-	
Net financials	(10)	(76)	
Profit before tax	1,106	1,019	9%
Tax	(221)	(204)	8%
Net profit	885	815	9%
Earnings per DKK 2 share	3.17	2.89	10%
Earnings per DKK 2 share (diluted)	3.15	2.88	10%
Net investments excl. acq.	194	138	
Free cash flow before net acq. and purchase of financial assets	704	825	
Return on invested capital (ROIC) incl. goodwill	23.4%	21.3%	
Net interest-bearing debt	5,381	4,798	
Equity ratio	49.7%	52.7%	
Return on equity	32.1%	29.3%	
Debt-to-equity	49.9%	44.6%	
NIBD / EBITDA	0.9	0.9	
Number of employees	6,274	6,066	
Novozymes' stock	Mar. 31, 2021	Mar. 31, 2020	
Common stock (million)	285.0	285.0	
Net worth per share (DKK)	37.79	37.73	
Denomination of share (DKK)	2.00	2.00	
Nominal value of common stock (DKK million)	570.0	570.0	
Treasury stock (million)	6.1	3.3	

1.2 Income statement

DKK million	Q1 2021	Q1 2020
Revenue	3,776	3,786
Cost of goods sold	(1,580)	(1,626)
Gross profit	2,196	2,160
Sales and distribution costs	(439)	(430)
Research and development costs	(563)	(460)
Administrative costs	(198)	(198)
Other operating income, net	121	23
Operating profit / EBIT	1,117	1,095
Share of result in associates	(1)	-
Net financials	(10)	(76)
Profit before tax	1,106	1,019
Tax	(221)	(204)
Net profit	885	815
Attributable to		
Shareholders in Novozymes A/S	885	815
Non-controlling interests	-	-
Specification of net financials		
Foreign exchange gain/(loss), net	27	(59)
Interest income/(costs)	(10)	(13)
Other financial items	(27)	(4)
Net financials	(10)	(76)
Earnings per DKK 2 share	3.17	2.89
Average no. of A/B shares outstanding (million)	279.2	282.0
Earnings per DKK 2 share (diluted)	3.15	2.88
Average no. of A/B shares, diluted (million)	280.9	283.4

1.3 Statement of comprehensive income

DKK million	Q1 2021	Q1 2020
Net profit	885	815
Currency translation of subsidiaries and non-controlling interests	339	13
Currency translation adjustments	339	13
Fair value adjustments	(102)	(56)
Tax on fair value adjustments	22	13
Cash flow hedges reclassified to financial costs	(42)	26
Tax on reclassified fair value adjustments	9	(6)
Cash flow hedges	(113)	(23)
Other comprehensive income	226	(10)
Comprehensive income	1,111	805
Attributable to		
Shareholders in Novozymes A/S	1,110	805
Non-controlling interests	1	-

Appendix 2 Distribution of revenue

2.1 Business areas

DKK million	2021 Q1	2020 Q1	% change	% currency impact	% M&A impact	% organic growth
Consumer Biosolutions						
Household Care	1.241	1.271	(2)	(4)	0	2
Food, Beverages & Human Health	865	737	17	(5)	11	11
Agriculture & Industrial Biosolutions						
Bioenergy	588	719	(18)	(9)	0	(9)
Grain & Tech Processing	589	538	9	(7)	0	16
Agriculture, Animal Health & Nutrition	493	521	(5)	(5)	0	0
Sales	3.776	3.786	0	(6)	3	3

DKK million	2021 Q1	2020 Q4	2020 Q3	2020 Q2	2020 Q1	% change Q1/Q1
Consumer Biosolutions						
Household Care	1.241	1.173	1.211	1.227	1.271	(2)
Food, Beverages & Human Health	865	666	684	680	737	17
Agriculture & Industrial Biosolutions						
Bioenergy	588	693	647	463	719	(18)
Grain & Tech Processing	589	487	515	467	538	9
Agriculture, Animal Health & Nutrition	493	427	374	512	521	(5)
Sales	3.776	3.446	3.431	3.349	3.786	0

2.2 Geography

DKK million	2021 Q1	2020 Q1	% change	% currency impact	% M&A impact	% organic growth
Europe, Middle East & Africa	1.457	1.454	0	(1)	1	0
North America	1.166	1.264	(8)	(7)	3	(4)
Asia Pacific	786	708	11	(5)	0	16
Latin America	367	360	2	(19)	0	21
Sales	3.776	3.786	0	(6)	3	3
Developed markets	2.417	2.537	(5)	(5)	3	(3)
Emerging markets	1.359	1.249	9	(8)	0	17
Sales	3.776	3.786	0	(6)	3	3

DKK million	2021 Q1	2020 Q4	2020 Q3	2020 Q2	2020 Q1	% change Q1/Q1
Europe, Middle East & Africa	1.457	1.332	1.403	1.347	1.454	0
North America	1.166	1.106	1.060	1.011	1.264	(8)
Asia Pacific	786	708	642	697	708	11
Latin America	367	300	326	294	360	2
Sales	3.776	3.446	3.431	3.349	3.786	0
Developed markets	2.417	2.280	2.283	2.201	2.537	(5)
Emerging markets	1.359	1.166	1.148	1.148	1.249	9
Sales	3.776	3.446	3.431	3.349	3.786	0

Appendix 3 Statement of cash flows**3.1 Statement of cash flows**

DKK million	Q1 2021	Q1 2020
Net profit	885	815
Reversals of non-cash items	573	686
Tax paid	(195)	(290)
Interest received	1	3
Interest paid	(13)	(16)
Cash flow before change in working capital	1,251	1,198
Change in working capital		
(Increase)/decrease in receivables and contract assets	(342)	(49)
(Increase)/decrease in inventories	(41)	40
Increase/(decrease) in payables, deferred income and contract liabilities	39	(203)
Currency translation adjustments	(9)	(23)
Cash flow from operating activities	898	963
Investments		
Purchase of intangible assets	(45)	(30)
Sale of property, plant and equipment	1	-
Purchase of property, plant and equipment	(150)	(108)
Cash flow from investing activities before acquisitions, divestments and purchase of financial assets	(194)	(138)
Free cash flow before acquisitions, divestments and purchase of financial assets	704	825
Business acquisitions, divestments and purchase of financial assets	(753)	-
Free cash flow	(49)	825
Financing		
Borrowings	997	847
Repayment of borrowings	(66)	(28)
Overdraft facilities, net	444	124
Repayment of lease liabilities	(23)	(30)
Shareholders:		
Purchase of treasury stock	(284)	(281)
Sale of treasury stock	73	243
Dividend paid	(1,465)	(1,482)
Withheld dividend tax	250	-
Cash flow from financing activities	(74)	(607)
Net cash flow	(123)	218
Unrealized gain/(loss) on currencies and financial assets, included in cash and cash equivalents	5	(3)
Change in cash and cash equivalents, net	(118)	215
Cash and cash equivalents at January 1	1,181	711
Cash and cash equivalents at March 31	1,063	926

Undrawn committed credit facilities at March 31, 2021 were DKK 3,907 million.

Appendix 4 Balance sheet and Statement of shareholders' equity**4.1 Balance sheet, Assets**

DKK million	Mar. 31, 2021	Mar. 31, 2020	Dec. 31, 2020
Completed IT development projects	189	193	205
Acquired patents, licenses and know-how	1,874	704	1,167
Goodwill	1,537	963	1,098
IT development projects in progress	109	40	84
Intangible assets	3,709	1,900	2,554
Land and buildings	3,886	4,018	3,853
Plant and machinery	4,148	4,467	4,136
Other equipment	936	965	941
Assets under construction and prepayments	766	653	682
Property, plant and equipment	9,736	10,103	9,612
Deferred tax assets	1,143	1,151	1,339
Other financial assets (non-interest-bearing)	21	22	21
Investment in associate	32	37	33
Other receivables	31	30	40
Non-current assets	14,672	13,243	13,599
Raw materials and consumables	357	384	353
Goods in progress	773	788	720
Finished goods	1,313	1,388	1,288
Inventories	2,443	2,560	2,361
Trade receivables	2,934	2,861	2,549
Contract assets	14	228	6
Tax receivables	269	261	460
Other receivables	253	298	212
Receivables	3,470	3,648	3,227
Other financial assets (non-interest-bearing)	25	23	119
Cash and cash equivalents	1,063	926	1,181
Assets held for sale	11	23	23
Current assets	7,012	7,180	6,911
Assets	21,684	20,423	20,510

4.2 Balance sheet, Liabilities

DKK million	Mar. 31, 2021	Mar. 31, 2020	Dec. 31, 2020
Common stock	570	570	570
Currency translation adjustments	(389)	70	(727)
Cash flow hedges	14	(4)	127
Retained earnings	10,575	10,116	11,263
Equity attributable to shareholders in Novozymes A/S	10,770	10,752	11,233
Non-controlling interests	12	12	11
Shareholders' equity	10,782	10,764	11,244
Deferred tax liabilities	889	907	1,204
Provisions	116	90	115
Contingent consideration	560	-	146
Other financial liabilities (interest-bearing)	3,901	3,515	3,245
Other financial liabilities (non-interest-bearing)	14	12	9
Non-current lease liabilities	372	439	386
Non-current liabilities	5,852	4,963	5,105
Other financial liabilities (interest-bearing)	2,036	1,616	1,285
Other financial liabilities (non-interest-bearing)	70	55	24
Lease liabilities	135	154	136
Provisions	23	147	90
Trade payables	1,163	1,078	1,100
Contract liabilities	124	54	67
Deferred income	31	29	22
Tax payables	154	328	336
Other payables	1,314	1,235	1,101
Current liabilities	5,050	4,696	4,161
Liabilities	10,902	9,659	9,266
Liabilities and shareholders' equity	21,684	20,423	20,510

4.3 Statement of shareholders' 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			
Shareholders' equity at January 1, 2021	570	(727)	127	11,263	11,233	11	11,244
Net profit for the period				885	885	-	885
Other comprehensive income for the period		338	(113)		225	1	226
Total comprehensive income for the period		338	(113)	885	1,110	1	1,111
Purchase of treasury stock				(284)	(284)		(284)
Sale of treasury stock				73	73		73
Write-down of common stock	-			-	-		-
Dividend				(1,465)	(1,465)		(1,465)
Stock-based payment				18	18		18
Tax related to equity items				85	85		85
Changes in shareholders' equity	-	338	(113)	(688)	(463)	1	(462)
Shareholders' equity at March 31, 2021	570	(389)	14	10,575	10,770	12	10,782
Shareholders' equity at January 1, 2020	582	57	19	10,810	11,468	12	11,480
Net profit for the period				815	815	-	815
Other comprehensive income for the period		13	(23)		(10)	-	(10)
Total comprehensive income for the period		13	(23)	815	805	-	805
Purchase of treasury stock				(281)	(281)		(281)
Sale of treasury stock				243	243		243
Write-down of common stock	(12)			12	-		-
Dividend				(1,482)	(1,482)		(1,482)
Stock-based payment				15	15		15
Tax related to equity items				(16)	(16)		(16)
Changes in shareholders' equity	(12)	13	(23)	(694)	(716)	-	(716)
Shareholders' equity at March 31, 2020	570	70	(4)	10,116	10,752	12	10,764

4.4 Final opening balance, PrecisionBiotics Group Limited

(DKK million)

Assumed fair value of aquired assets and liabilities are as follows:

Intangible assets excluding goodwill	639
Property, plant and equipment	1
Inventories	5
Trade and other receivables	37
Cash	64
Deferred tax liabilities	(80)
Financial and other liabilities	(26)
Acquired net assets	640
Purchase price:	
Cash	652
Contingent consideration	190
Total purchase price	842
Goodwill	202

The purchase agreement includes a contingent consideration of up to DKK 298 million.

The consideration is contingent on the achievement of sales and EBITDA targets for 2023, and is recognized at the anticipated fair value at acquisition date. Fair value is assessed by using the earn-out from the most probable sales and EBITDA target in 2023 discounted using a 7% discount rate.

The most probable sales and EBITDA target have been reassessed in Q1 2021. The reassessment has led to an increase of the purchase price and goodwill of DKK 44 million.

Other than the reassessment of the contingent consideration no changes has been made to the opening balance as presented in the Annual Report 2020 in Note 3.5.

4.5 Provisional opening balance, Microbiome Labs

(DKK million)

Assumed fair value of aquired assets and liabilities are as follows:

Intangible assets excluding goodwill	718
Property, plant and equipment	8
Inventories	19
Trade and other receivables	23
Cash	13
Financial and other liabilities	(46)
Acquired net assets	735

Purchase price:

Cash	766
Contingent consideration	338
Total purchase price	1.104

Goodwill **369**

The opening balance is provisional and no material changes has been made to the opening balance as presented in the Annual Report 2020 in Note 3.5.

Appendix 5 Miscellaneous

5.1 Product launches in 2021

Product	Description	Sustainability benefit*
ProAct 360™	ProAct 360™ is a protease solution helping poultry producers to achieve sustainable and profitable production by improving amino acid digestibility.	ProAct 360™ reduces nitrogen emissions into the environment via manure by improving the digestibility of proteins in animal feed.

* 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 and news in the 2021 financial year

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

February 2, 2021	Group financial statement for 2020
February 2, 2021	Election of employee representatives to the Board of Directors of Novozymes A/S
February 8, 2021	Initiation of stock buyback
March 11, 2021	Novozymes A/S Annual Shareholders' Meeting 2021
April 12, 2021	Reduction of share capital