



Strong Q2 with 9% organic sales growth. Full-year outlook for organic sales and EBIT margin narrowed to high ends of ranges; ROIC incl. goodwill raised.

Organic sales growth of 6% (Q2: 9%) in 1H 2021: Household Care -2% (Q2: -6%); Food, Beverages & Human Health 14% (Q2: 18%); Bioenergy 16% (Q2: 54%); Grain & Tech Processing 17% (Q2: 18%); Agriculture, Animal Health & Nutrition -9% (Q2: -19%). EBIT margin at 28.6% (Q2: 27.7%). ROIC incl. goodwill at 22.2% (Q2: 20.3%). FCF bef. acq. at DKK 1.8 billion (Q2: DKK 1.1 billion).

August 12, 2021
Interim report for 1H 2021.
Company announcement
no. 41

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Ester Baiget, President & CEO: "We delivered a very satisfactory set of results for the first half of 2021. Although uncertainty related to the pandemic remains and some destocking is still expected in the second half, we narrow the outlook range for organic sales growth upwards to 4% to 6% and for the EBIT margin to ~26%. We continue to execute on our strategic direction and today, we reached yet another significant milestone by advancing the strategic opportunity area of Advanced Protein Solutions. We look forward to the upcoming capital markets day in September where we will follow up on our progress and outline strategic priorities to continue driving profitable and sustainable growth."

In summary:

- Strong growth in Food, Beverages & Human Health across all subareas. Household Care declined as expected against a high comparator. The Freshness platform and emerging markets contributed positively
- Strong growth in Bioenergy mainly due to the recovery of the U.S. ethanol production and capacity expansion in Latin America. Strong growth in Grain & Tech Processing led by strong demand for solutions in grain and gradual recovery in textile. Decline in Agriculture, Animal Health & Nutrition mainly due to difficult comparator, BioAg one-off and an expected decline in animal nutrition
- Strong organic sales growth of 17% in emerging markets; developed markets flat
- Six products launched in the first half, including second quarter launches of yeast and fiber solutions in biofuels and a probiotic solution with immune benefits in human health
- Strong EBIT margin at 28.6% despite higher operating costs, currency headwinds and effects of the two recent acquisitions. Strong performance mainly driven by gross margin expansion from operational leverage, supported by timing and one-offs. Free cash flow before acquisitions solid at DKK 1.8 billion and ROIC incl. goodwill was strong at 22.2%
- Solid balance sheet with NIBD/EBITDA leverage of 0.9x
- Novozymes reach a significant milestone by advancing the strategic opportunity area of Advanced Protein Solutions (ann. no. 40, Aug. 12, 2021) with no financial implications for 2021 other than DKK ~300m capex
- Capital markets day to be held virtually on September 28, 2021

2021 outlook: Organic sales growth of 4% to 6%, with sales in reported DKK slightly less than 1p.p. lower. EBIT margin at ~26%, net supported by one-offs but including negative y/y impacts from currency, as well as M&A-related effects of around 1p.p. each. ROIC incl. goodwill between 19% to 20%. FCF bef. acq. at DKK 2.5 to 2.9bn now including DKK ~300m investment in the new production line in Blair, Nebraska.

		1H 2021	1H 2020	2021 outlook August 12	2021 outlook April 27
Sales performance, organic	%	6	4	4 to 6	2 to 6
EBIT margin	%	28.6	27.5	~26	25 to 26
ROIC, incl. goodwill	%	22.2	19.3	19 to 20	~19
Free cash flow before acquisitions	DKKbn	1.8	2.1	2.5 to 2.9*	2.7 to 3.1

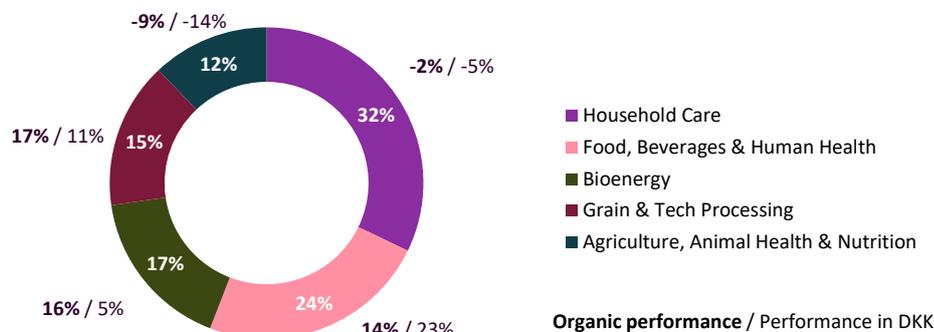
* Includes DKK ~300m of additional CAPEX relating to the new production line in Blair, Nebraska.

Selected key data

		1H 2021	1H 2020	Q2 2021	Q2 2020
Sales performance, organic	%	6	4	9	-2
Household Care	%	-2	11	-6	11
Food, Beverages & Human Health	%	14	7	18	3
Bioenergy	%	16	-14	54	-36
Grain & Tech Processing	%	17	-3	18	-9
Agriculture, Animal Health & Nutrition	%	-9	17	-19	27
Sales	DKKm	7,356	7,135	3,580	3,349
Sales performance, DKK	%	3	3	7	-3
Gross margin	%	58.4	56.3	58.7	55.4
EBITDA	DKKm	2,825	2,566	1,368	1,172
EBIT	DKKm	2,107	1,962	990	867
EBIT margin	%	28.6	27.5	27.7	25.9
Net profit	DKKm	1,679	1,461	794	646
Net profit performance	%	15	-8	23	-28
Net investments excl. acquisitions	DKKm	411	364	217	226
Free cash flow before acquisitions	DKKm	1,846	2,051	1,142	1,226
NIBD/EBITDA (x)		0.9	0.9	1.0	1.0
ROIC, incl. goodwill	%	22.2	19.3	20.3	17.2
EPS	DKK	6.02	5.19	2.85	2.30
EPS (diluted)	DKK	5.98	5.16	2.83	2.28
Avg. USD/DKK		617	678	617	677

Sales by business area

Distribution of sales by business area, 1H 2021



Total sales 1H y/y

Organic: 6%

DKK: 3%

Household Care

Sales in Household Care declined 2% organically in the first half of 2021 compared to the same period last year. Sales in reported DKK declined 5% in the first half of the year. The performance was in line with expectations and came on top of a high comparator following last year's COVID-19 related sales surge. Sales of enzymes for laundry and dishwashing detergents in developed markets declined while increased enzymatic penetration in emerging markets and the Freshness platform contributed to growth.

Household Care 1H y/y

Organic: -2%

DKK: -5%

The second-quarter sales declined 6% organically and 8% in reported DKK year-on-year. The decline was due to destocking on top of a high comparator from the second quarter last year. The continued rollout of the Freshness technology in Europe and enzymatic penetration in emerging markets contributed to growth as expected.

Food, Beverages & Human Health

Food, Beverages & Human Health reported very strong 14% organic sales growth in the first half of 2021 compared to the same period last year. Sales in reported DKK grew 23% in the first half of the year, supported by the two recent Human Health acquisitions. Growth was broad-based across subareas and regions, and it exceeded expectations partly due to higher-than-expected consumer demand and stock building. Performance was particularly strong in the food business with health-focused categories such as dairy and plant-based protein doing very well. Outside of food, beverages performed well, driven by customer raw material optimization and increased demand following relaxed COVID-19 lockdown measures. Human Health grew and performed well, in line with expectations.

Food, Beverages & Human Health 1H y/y

Organic: 14%

DKK: 23%

In the second quarter of 2021, Food, Beverages & Human Health grew 18% organically year-on-year. Sales in reported DKK grew 29%. The performance was better than expected and especially strong for the food and beverage businesses, driven by health-focused solutions and tailwinds from customer raw material optimization. All major regions grew in the second quarter, with emerging markets outgrowing developed markets. The business benefitted from positive timing effects due to higher-than-expected consumer demand and stock building. Human Health performed well and according to expectations.

Bioenergy

Sales in Bioenergy grew 16% organically and 5% in reported DKK in the first half of the year compared to the same period last year. The strong performance was mainly driven by recovering U.S. ethanol production and capacity expansion of corn-based ethanol production in Latin America. U.S. ethanol production was significantly higher in the first half of 2021 than in the first half of 2020 but still below pre-pandemic levels. Sales of solutions for Biodiesel contributed positively to the strong performance although from a small base.

Bioenergy 1H y/y

Organic: 16%

DKK: 5%

Second-quarter sales grew 54% organically and 41% in reported DKK year-on-year. The very strong performance was mainly driven by high volume growth in the U.S. ethanol industry on top of the low production levels seen in the second quarter of 2020, which were severely impacted by the first wave of COVID-19 restrictions. Sales outside the U.S. also contributed positively, led by strong growth in Latin America.

Grain & Tech Processing

Grain & Tech Processing sales grew 17% organically in the first half and 11% in reported DKK year-on-year, which was better than expected and due to customer stock building. The strong performance was based on growth across most subareas in both grain and tech. The strong growth in grain was driven by starch processing and market penetration in vegetable oil processing. Continued recovery in the global textile industry and sales of diagnostic enzymes for COVID-19 test kits were the main drivers behind the strong growth in tech.

Grain & Tech Processing 1H y/y
Organic: 17%
DKK: 11%

Grain & Tech Processing sales grew 18% organically and 13% in reported DKK in the second quarter compared to the same period last year. The strong performance was mainly driven by stock building, increased market penetration in vegetable oil processing and growth in textile.

Agriculture, Animal Health & Nutrition

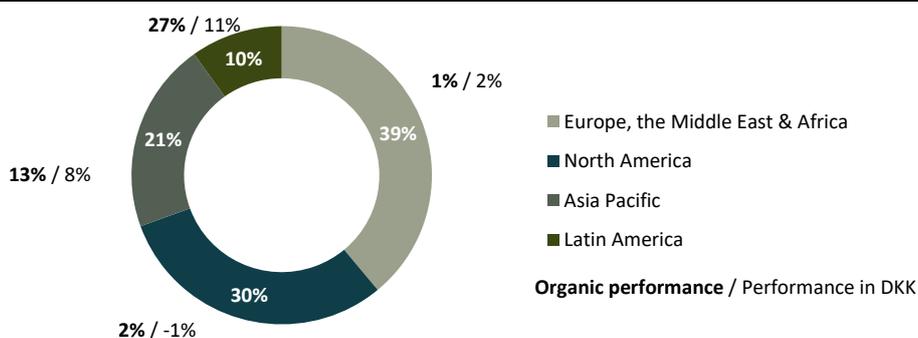
Sales in Agriculture, Animal Health & Nutrition declined 9% organically and 14% in reported DKK in the first half compared to the first half last year. The decline was expected and mainly due to negative base effects from a DKK ~60 million one-off related to the former BioAg setup and a stockpiling-inflated first half of 2020 in animal nutrition.

Agriculture, Animal Health & Nutrition 1H y/y
Organic: -9%
DKK: -14%

Second-quarter sales declined 19% organically and 22% in reported DKK compared to the second quarter last year. The decline was mainly driven by the aforementioned base effect in BioAg. Sales in animal health and nutrition declined against a tough comparator, but by less than expected due to improved in-market demand.

Sales by geography

Distribution of sales by geography, 1H 2021



Novozymes' organic sales grew 6% year-on-year in the first half of 2021. Sales in emerging markets grew 17% while developed markets were flat. The strong performance in emerging markets was broad-based, with all five business areas contributing to growth. Sales in developed markets were mixed with Food, Beverages & Human Health, Bioenergy and Grain & Tech Processing doing well, while Agriculture, Animal Health & Nutrition and Household Care declined.

In the second quarter, emerging markets grew by 17% and developed markets grew by 5%. All five business areas delivered growth in emerging markets, while Agriculture, Animal Health & Nutrition and Household Care declined in developed markets against high comparators from the second quarter last year.

Europe, the Middle East & Africa

Sales grew 1% organically in the first half of the year compared to the same period last year. The performance was mixed with growth in Food, Beverages & Human Health while Household Care and Agriculture, Animal Health & Nutrition declined.

**Europe, the Middle East & Africa
1H y/y**
Organic: 1%
DKK: 2%

Second-quarter sales grew 3% with the same mix across business areas as seen during the first six months. Food, Beverages & Human Health was the main positive while Agriculture, Animal Health & Nutrition declined.

North America

North America grew 2% organically in the first half of 2021 compared to the same period last year. Bioenergy was the primary growth driver following last year's significant second-quarter decline in U.S. ethanol production volumes.

North America 1H y/y
Organic: 2%
DKK: -1%

In the second quarter, North America grew 10%, mainly due to a strong performance in Bioenergy following the recovery of U.S. ethanol production from last year's significant second-quarter decline. Food, Beverages & Human Health and Grain & Tech Processing also grew in the second quarter while Agriculture, Animal Health & Nutrition and Household Care declined.

Asia Pacific

Sales grew 13% organically in the first half of 2020, driven by broad growth with all business areas except Agriculture, Animal Health & Nutrition contributing. Growth in Grain & Tech Processing was particularly strong following last year's weak performance in textile.

Asia Pacific 1H y/y
Organic: 13%
DKK: 8%

Sales in the second quarter grew 10% organically year-on-year. Like the first-half performance, growth was broad-based with all business areas except Agriculture, Animal Health & Nutrition contributing.

Latin America

Organic sales grew 27% year-on-year in Latin America in the first half of the year. Growth was broad-based and led by Bioenergy and the continued capacity expansion of corn-based ethanol production and a strong performance in Agriculture, Animal Health & Nutrition.

Latin America 1H y/y
Organic: 27%
DKK: 11%

In the second quarter, sales to Latin America grew 33% organically compared to the same quarter of last year, mainly driven by Bioenergy, while Household Care declined slightly.

Income statement

Total costs excluding net other operating income, net financials, share of results in associates and taxes amounted to DKK 5,389 million in the first half and DKK 2,609 million in the second quarter of 2021. This was DKK 171 million (+3%) and DKK 105 million (+4%) higher, respectively, than in the corresponding periods of 2020.

Total costs
+3%

The gross margin ended at 58.4% in the first half and at 58.7% in the second quarter of 2021, corresponding to increases of 2.1 and 3.3 percentage points respectively compared to the same periods of 2020. Production efficiencies from stronger sales and productivity improvements were the main drivers of the margin improvement in both the first half and the second quarter. The strong performance was also supported by timing related to capitalization and leverage effects due to inventory build-ups. The net impact from price and mix was neutral while currencies provided headwinds, both in the first half of the year and in the second quarter. Higher raw material costs had only a minor negative effect towards the end of the second quarter.

Gross margin
58.4%

Operating costs totaled DKK 2,330 million in the first half and DKK 1,130 million in the second quarter of 2021, increasing by DKK 230 million (+11%) and DKK 118 million (+12%) respectively compared to the same periods of 2020. The increase in operating costs was due to increased commercial activities, a one-off cost following the consolidation of R&D activities in the first quarter and the inclusion of acquisitions. In addition, the increased operating costs in the first half and in the second quarter came on top of a low COVID-19 impacted comparator.

Operating costs
+11%

- Sales and distribution costs increased by 8% and made up 12% of sales during the first half of the year and were up by 16% and made up 12% of sales in the second quarter
- Research and development costs increased by 14%, making up 14% of first-half sales and were up by 6%, corresponding to 14% of sales in the second quarter
- Administrative costs were up by 8%, accounting for 5% of first-half sales, and were up by 18% and made up 6% of sales in the second quarter.

Other operating income amounted to DKK 140 million in the first half of 2021. This was DKK 95 million more than in the corresponding period of 2020. The increase in other operating income was partly due to a realized gain from the sale of a non-core administration building and partly due to contingent income from the divested pharma-related royalty, both recognized in the first quarter of 2021. Other operating income amounted to DKK 19 million in the second quarter. This was DKK 3 million less than in the corresponding period of 2020.

Depreciation and amortization amounted to DKK 718 million in the first half and DKK 378 million in the second quarter of 2021. This was 19% and 24% higher, respectively, than in the corresponding periods of 2020 and mainly due to amortization related to the PrecisionBiotics Group and the Microbiome Labs acquisitions.

Depreciation and amortization
DKK 718 million

EBIT amounted to DKK 2,107 million in the first half and DKK 990 million in the second quarter of 2021 for EBIT margins of 28.6% and 27.7%, respectively. This marked an increase in EBIT of DKK 145 million (+7%) with 1.1 percentage points higher EBIT margin in the first half compared to the same period of 2020. In the second quarter EBIT grew by DKK 123 million (+14%) and the EBIT margin increased by 1.8 percentage points, compared to the same period of 2020. 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 the increase in other operating income. Currencies provided headwinds, mainly from a weakening of the average USD/DKK exchange rate.

EBIT
DKK 2,107 million
EBIT margin
28.6%

Adjusting for the 2021 first-half one-offs with a net positive impact of close to 1 percentage point, as well as adjusting for currency developments and M&A-related effects, the EBIT margin for the first half of 2021 was ~29%. This was roughly 2 percentage points above the ~27% adjusted EBIT margin for the first half of 2020. The adjusted EBIT margin in the second quarter of 2021 was ~28%, roughly 3 percentage points above the adjusted ~25% EBIT margin for the second quarter of 2020. The adjusted developments in the first half and in the second quarter were driven by an improved gross margin and positive timing effects, partially offset by higher operating costs.

Net financial costs and share of results in associates totaled DKK 8 million in the first half and amounted to an income of DKK 3 million in the second quarter of 2021. Net financial costs in the first half were DKK 127 million lower and the second quarter income was DKK 62 million higher respectively than in the corresponding periods of 2020. The favorable developments in the first half and in the second quarter were mainly due to gains on USD cash flow hedges.

Net financial costs and share of results in associates
DKK 8 million

Profit before tax amounted to DKK 2,099 million in the first half and DKK 993 million in the second quarter of 2021. This was DKK 272 million (+15%) and DKK 185 million (+23%) higher than in the same periods of 2020 and driven by the higher operating profit and lower net financial costs.

The effective tax rate was 20.0% in both the first half and the second quarter of 2021. This was roughly on par with the respective periods of 2020.

Effective tax rate
20.0%

Net profit amounted to DKK 1,679 million in the first half and DKK 794 million in the second quarter of 2021. These equaled increases of DKK 218 million (+15%) and DKK 148 million (+23%) respectively compared to the same periods of 2020 and due to the higher profit before tax.

Net profit
DKK 1,679 million

Cash flows and balance sheet

Cash flow from operating activities amounted to DKK 2,257 million in the first half and DKK 1,359 million in the second quarter of 2021. These were decreases of DKK 158 million and DKK 93 million respectively compared to the same periods of 2020, which were mainly due to a change in net working capital following last year's second quarter positive one-offs from the settlement related to the former BioAg setup and the COVID-19-related postponement of certain tax payments in Denmark. The change in net working capital was partly offset by higher net profit.

Operating cash flow
DKK 2,257 million

Net investments excluding acquisitions totaled DKK 411 million in the first half and DKK 217 million in the second quarter of 2021, which was DKK 47 million more and DKK 9 million less respectively than in the same periods of 2020.

Net investments excl. acq.
DKK 411 million

Free cash flow before acquisitions amounted to DKK 1,846 million in the first half and DKK 1,142 million in the second quarter of 2021. These were decreases of DKK 205 million and DKK 84 million respectively compared to the same periods of 2020. In both the first half and the second quarter, the decrease was driven by lower cash flows from operating activities and the change in net working capital. In addition to the aforementioned one-offs from last year, the net working capital was also impacted by a planned inventory buildup during the second quarter of 2021.

Free cash flow before acquisitions
DKK 1,846 million

Shareholders' equity including minority interests was DKK 10,914 million at June 30, 2021, corresponding to an equity ratio of 50.5%. This was an increase of DKK 98 million and a decrease of 1.7 percentage points respectively compared to the shareholders' equity of DKK 10,816 million and the 52.2% equity ratio reported at June 30, 2020.

Equity ratio
50.5%

Net interest-bearing debt (NIBD) and the NIBD-to-EBITDA ratio were DKK 5,270 million and 0.9 respectively at June 30, 2021. This was an increase of DKK 492 million compared to the net interest-bearing debt at June 30, 2020. The NIBD-to-EBITDA ratio was flat.

NIBD/EBITDA
0.9

Return on invested capital (ROIC) including goodwill was 22.2% in the first half and 20.3% in the second quarter of 2021. This was 2.9 and 3.1 percentage points higher respectively than in the same periods of 2020. The improvement in ROIC, both in the first half and in the second quarter compared to the respective periods last year, 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
22.2%

The holding of treasury stock was 4,526,281 B shares at June 30, 2021, equivalent to 1.6% of the common stock.

Treasury stock
1.6%

2021 outlook

		2021 outlook August 12*	2021 outlook April 27
Sales performance, organic	%	4 to 6	2 to 6
EBIT margin	%	~26	25 to 26
ROIC (incl. goodwill)	%	19 to 20	~19
Free cash flow before acquisitions	DKKbn	2.5 to 2.9**	2.7 to 3.1
<i>For modeling purposes:</i>			
Effective tax rate	%	~20	~20
Net financial costs	DKKbn	~75	~75
Net investments	DKKbn	1.3 to 1.5**	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

** Includes DKK ~300m of additional CAPEX relating to the new production line in Blair, Nebraska.

Sales outlook

The full-year sales outlook is narrowed to the upper end of the former range following a solid first half-year performance. The updated outlook is for organic sales to grow by 4% to 6% in 2021. While the first half was stronger than expected, we assume some destocking in the second half of the year particularly in Food, Beverages & Human Health as well as in Grain & Tech Processing. The outlook assumes a continued recovery from last year's COVID-19 impact but remains subject to pandemic related uncertainty as infection rates are increasing. An incremental pick-up or a further slowdown of the recovery, especially in the areas most impacted by the pandemic in 2020, would imply full-year performance ending at the high or low end, respectively, of the outlook range. However, the outlook does not consider another extended global lockdown situation. Sales in reported DKK, net of currency and M&A-related effects, are expected to be slightly less than 1 percentage point lower than the organic sales growth.

Household Care (organic: -2% in 1H 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 launch expected in the second half of the year. While the broad-market launch is an important milestone, expected to become a significant growth contributor in future years, it is not a material growth driver for 2021. Household Care is expected to grow organically in the low single-digits for the year.

Food, Beverages & Human Health (organic: 14% in 1H 2021) organic sales performance is expected to be moderate in the second half of the year due to destocking after a better-than-expected start to the year. Growth is expected to be broad-based across subareas. Innovation, emerging market penetration, and increasing consumer dietary-health-awareness, are the main drivers of growth in the food business. Beverages is expected to gradually recover from last year's COVID-19 impacted performance. Human Health is estimated to grow organically at solid double-digit rates. Expectations for Food, Beverages & Human Health is increased and now forecasted to grow by high-single-digits organically.

Bioenergy (organic: 16% in 1H 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 innovation. Bioenergy organic sales are expected to grow at a mid-to-high-single-digit rate in 2021 with the mid-point of that range roughly corresponding to mid-single-digit growth in US ethanol production.

Grain & Tech Processing (organic: 17% in 1H 2021) organic sales performance is expected to be moderate in the second half of the year due to destocking and a more difficult comparator. Full-year growth is expected to come from a broad base across most subareas in both grain and tech. Growth in the grain business will be driven by innovation and increased market penetration supported by local presence, whereas a gradual recovery of the global textile industry will be a key contributor to growth in tech. Grain & Tech Processing is expected to grow organically by mid-single-digits in 2021.

Agriculture, Animal Health & Nutrition (organic: -9% in 1H 2021) organic sales growth will 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. Expectations for Agriculture, Animal Health & Nutrition is slightly increased and now forecasted to grow by low-single-digits organically.

Profit outlook

For 2021, Novozymes expects a reported EBIT margin of around 26% (2020: 26.1%). This is a narrowed forecast compared to the April 27 outlook of 25% to 26%, driven by the increased full-year organic sales growth outlook. 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-related effects are attributable to amortization and integration costs. Supportive margin contributions from sales growth and productivity improvements are expected to be partly offset by higher raw material and freight costs as well as continued re-investments. Adjusted for year-on-year currencies and M&A-related effects, the expected margin for 2021 is around 28%, supported by the net positive one-offs in other operating income recognized in the first quarter.

EBIT margin
~26%

The outlook for return on invested capital (ROIC) including goodwill is increased from ~19% and is now expected at 19% to 20% (2020: 18.9%; underlying ~20%). This includes a ~2 percentage point negative effect year-on-year from currencies and M&A-related effects.

ROIC, incl. goodwill
19% to 20%

Free cash flow (FCF) before acquisitions is expected to be DKK 2.5-2.9 billion (2020: DKK 3.4 billion), which is slightly lower than the previous outlook of DKK 2.7-3.1 billion. While the outlook is supported by higher sales and an improved operating cash flow, it is revised down due to higher net investments related to the recently announced (stock exchange announcement no. 40, Aug. 12, 2021) investment in Blair, Nebraska, USA.

FCF before acquisitions
DKK 2.5 to 2.9 billion

For modeling purposes, the following is provided:

The effective tax rate for 2021 is expected at ~20% (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 earn-outs. The DKK ~150 million is expected to be 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 1.3-1.5 billion (2020: DKK 0.9 billion) reflecting maintenance, optimization and expansion investments. As announced earlier today (stock exchange announcement no. 40, Aug 12, 2021), Novozymes is investing DKK 2 billion to build a new production line on Novozymes' existing site in Blair, Nebraska. While the majority of the investment activities are planned for 2022 and 2023, approximately DKK 300 million is expected to impact 2021 and this amount is included in the net investments for the year.

Net investments
DKK 1.3 to 1.5 billion

A stock buyback program of up to DKK 1.5 billion was initiated effective February 8, 2021. As of June 30, a total of 2,647,829 shares at a total value of DKK 1,132,232,450 had been bought back.

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

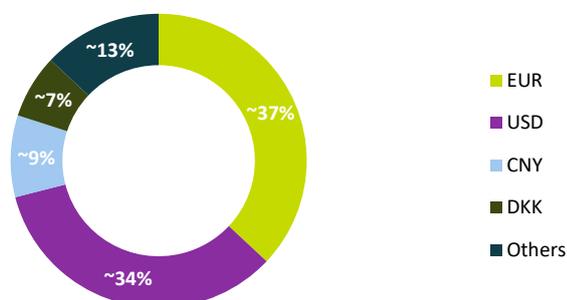
⁴ Index calculated based on gender and national representation at various professional levels

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, 1H 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				38% hedged via forward contracts at average USD/DKK 6.11			

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 August 11 for the full year.

DKK	EUR	USD	BRL	CNY
Average exchange rate 1H 2021	744	617	115	95
Average exchange rate 1H 2020	746	678	140	96
Average exchange rate 1H 2021 compared to 1H 2020	0%	-9%	-18%	-1%
Rate on August 11, 2021	635	744	98	122
Estimated average exchange rate 2021*	626	744	97	118
Estimated average exchange rate 2021 compared to 2020	-4%	0%	2%	-8%

* Estimated average exchange rate on August 11, 2021

Accounting policies

The interim report for the first half 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 half 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 half of 2021. This interim report has not been audited or reviewed by the company's independent auditor.

The interim report for the first half 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 June 30, 2021, and of the results of the Group's operations and cash flows for the first half of 2021. Other than as disclosed in the interim report for the first half 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, August 12, 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	1H 2021	1H 2020	% change	Q2 2021	Q2 2020	% change
Revenue	7,356	7,135	3%	3,580	3,349	7%
Gross profit	4,297	4,017	7%	2,101	1,857	13%
Gross margin	58.4%	56.3%		58.7%	55.4%	
EBITDA	2,825	2,566	10%	1,368	1,172	17%
EBITDA margin	38.4%	36.0%		38.2%	35.0%	
Operating profit / EBIT	2,107	1,962	7%	990	867	14%
EBIT margin	28.6%	27.5%		27.7%	25.9%	
Share of result in associates	(2)	(1)		(1)	(1)	
Net financials	(6)	(134)		4	(58)	
Profit before tax	2,099	1,827	15%	993	808	23%
Tax	(420)	(366)	15%	(199)	(162)	23%
Net profit	1,679	1,461	15%	794	646	23%
Earnings per DKK 2 share	6.02	5.19	16%	2.85	2.30	24%
Earnings per DKK 2 share (diluted)	5.98	5.16	16%	2.83	2.28	24%
Net investments excl. acq.	411	364				
Free cash flow before net acq. and purchase of financial assets	1,846	2,051				
Return on invested capital (ROIC) incl. goodwill	22.2%	19.3%				
Net interest-bearing debt	5,270	4,778				
Equity ratio	50.5%	52.2%				
Return on equity	30.3%	26.2%				
Debt-to-equity	48.3%	44.2%				
NIBD / EBITDA	0.9	0.9				
Number of employees	6,290	6,115				
Novozymes' stock				Jun. 30, 2021	Jun. 30, 2020	
Common stock (million)				282.0	285.0	
Net worth per share (DKK)				38.66	37.91	
Denomination of share (DKK)				2.00	2.00	
Nominal value of common stock (DKK million)				564.0	570.0	
Treasury stock (million)				4.5	4.8	

1.2 Income statement

DKK million	1H 2021	1H 2020	Q2 2021	Q2 2020
Revenue	7,356	7,135	3,580	3,349
Cost of goods sold	(3,059)	(3,118)	(1,479)	(1,492)
Gross profit	4,297	4,017	2,101	1,857
Sales and distribution costs	(871)	(804)	(432)	(374)
Research and development costs	(1,062)	(930)	(499)	(470)
Administrative costs	(397)	(366)	(199)	(168)
Other operating income, net	140	45	19	22
Operating profit / EBIT	2,107	1,962	990	867
Share of result in associates	(2)	(1)	(1)	(1)
Net financials	(6)	(134)	4	(58)
Profit before tax	2,099	1,827	993	808
Tax	(420)	(366)	(199)	(162)
Net profit	1,679	1,461	794	646
Attributable to				
Shareholders in Novozymes A/S	1,679	1,460	794	645
Non-controlling interests	-	1	-	1
Specification of net financials				
Foreign exchange gain/(loss), net	61	(89)	34	(30)
Interest income/(costs)	(22)	(25)	(12)	(12)
Other financial items	(45)	(20)	(18)	(16)
Net financials	(6)	(134)	4	(58)
Earnings per DKK 2 share	6.02	5.19	2.85	2.30
Average no. of A/B shares outstanding (million)	278.8	281.5	278.3	281.0
Earnings per DKK 2 share (diluted)	5.98	5.16	2.83	2.28
Average no. of A/B shares, diluted (million)	280.8	282.9	280.7	282.5

1.3 Statement of comprehensive income

DKK million	1H 2021	1H 2020	Q2 2021	Q2 2020
Net profit	1,679	1,461	794	646
Currency translation of subsidiaries and non-controlling interests	295	(199)	(44)	(212)
Currency translation adjustments	295	(199)	(44)	(212)
Fair value adjustments	(79)	(23)	23	33
Tax on fair value adjustments	18	5	(4)	(8)
Cash flow hedges reclassified to financial costs	(70)	46	(28)	20
Tax on reclassified fair value adjustments	15	(10)	6	(4)
Cash flow hedges	(116)	18	(3)	41
Other comprehensive income	179	(181)	(47)	(171)
Comprehensive income	1,858	1,280	747	475
Attributable to				
Shareholders in Novozymes A/S	1,857	1,279	747	474
Non-controlling interests	1	1	-	1

Appendix 2 Distribution of revenue

2.1 Business areas

DKK million	2021 1H	2020 1H	% change	% currency impact	% M&A impact	% organic growth
Consumer Biosolutions						
Household Care	2,366	2,498	(5)	(3)	0	(2)
Food, Beverages & Human Health	1,743	1,417	23	(4)	13	14
Agriculture & Industrial Biosolutions						
Bioenergy	1,239	1,182	5	(11)	0	16
Grain & Tech Processing	1,118	1,005	11	(6)	0	17
Agriculture, Animal Health & Nutrition	890	1,033	(14)	(5)	0	(9)
Sales	7,356	7,135	3	(5)	2	6

DKK million	2021 Q2	2020 Q2	% change	% currency impact	% M&A impact	% organic growth
Consumer Biosolutions						
Household Care	1,125	1,227	(8)	(2)	0	(6)
Food, Beverages & Human Health	878	680	29	(4)	15	18
Agriculture & Industrial Biosolutions						
Bioenergy	651	463	41	(13)	0	54
Grain & Tech Processing	529	467	13	(5)	0	18
Agriculture, Animal Health & Nutrition	397	512	(22)	(3)	0	(19)
Sales	3,580	3,349	7	(5)	3	9

DKK million	2021 Q2	2020 Q1	2020 Q3	2020 Q2	2020 Q1	% change Q2/Q2
Consumer Biosolutions						
Household Care	1,125	1,241	1,173	1,211	1,227	(8)
Food, Beverages & Human Health	878	865	666	684	680	29
Agriculture & Industrial Biosolutions						
Bioenergy	651	588	693	463	719	41
Grain & Tech Processing	529	589	487	467	538	13
Agriculture, Animal Health & Nutrition	397	493	427	374	521	(22)
Sales	3,580	3,776	3,446	3,431	3,349	7

2.2 Geography

DKK million	2021 1H	2020 1H	% change	% currency impact	% M&A impact	% organic growth
Europe, Middle East & Africa	2,866	2,801	2	(1)	2	1
North America	2,242	2,275	(1)	(8)	5	2
Asia Pacific	1,519	1,405	8	(5)	0	13
Latin America	729	654	11	(16)	0	27
Sales	7,356	7,135	3	(5)	2	6
Developed markets	4,706	4,738	(1)	(6)	5	0
Emerging markets	2,650	2,397	11	(6)	0	17
Sales	7,356	7,135	3	(5)	2	6

DKK million	2021 Q2	2020 Q2	% change	% currency impact	% M&A impact	% organic growth
Europe, Middle East & Africa	1,409	1,347	5	(1)	3	3
North America	1,076	1,011	6	(9)	5	10
Asia Pacific	733	697	5	(5)	0	10
Latin America	362	294	23	(10)	0	33
Sales	3,580	3,349	7	(5)	3	9
Developed markets	2,289	2,201	4	(6)	5	5
Emerging markets	1,291	1,148	12	(4)	(1)	17
Sales	3,580	3,349	7	(5)	3	9

DKK million	2021		Q4	2020		Q1	% change Q2/Q2
	Q2	Q1		Q3	Q2		
Europe, Middle East & Africa	1,409	1,457	1,332	1,403	1,347	1,454	5
North America	1,076	1,166	1,106	1,060	1,011	1,264	6
Asia Pacific	733	786	708	642	697	708	5
Latin America	362	367	300	326	294	360	23
Sales	3,580	3,776	3,446	3,431	3,349	3,786	7
Developed markets	2,289	2,417	2,280	2,283	2,201	2,537	4
Emerging markets	1,291	1,359	1,166	1,148	1,148	1,249	12
Sales	3,580	3,776	3,446	3,431	3,349	3,786	7

Appendix 3 Statement of cash flows

3.1 Statement of cash flows

DKK million	1H 2021	1H 2020	Q2 2021	Q2 2020
Net profit	1,679	1,461	794	646
Reversals of non-cash items	1,149	1,200	576	514
Tax paid	(220)	(315)	(25)	(25)
Interest received	3	6	2	3
Interest paid	(25)	(28)	(12)	(12)
Cash flow before change in working capital	2,586	2,324	1,335	1,126
Change in working capital				
(Increase)/decrease in receivables and contract assets	(157)	267	185	316
(Increase)/decrease in inventories	(297)	(37)	(256)	(77)
Increase/(decrease) in payables, deferred income and contract liabilities	120	(129)	81	74
Currency translation adjustments	5	(10)	14	13
Cash flow from operating activities	2,257	2,415	1,359	1,452
Investments				
Purchase of intangible assets	(73)	(62)	(28)	(32)
Sale of property, plant and equipment	2	1	1	1
Purchase of property, plant and equipment	(340)	(303)	(190)	(195)
Cash flow from investing activities before acquisitions, divestments and purchase of financial assets	(411)	(364)	(217)	(226)
Free cash flow before acquisitions, divestments and purchase of financial assets	1,846	2,051	1,142	1,226
Business acquisitions, divestments and purchase of financial assets	(761)	(584)	(8)	(584)
Free cash flow	1,085	1,467	1,134	642
Financing				
Borrowings	1,498	999	501	152
Repayment of borrowings	(533)	(67)	(467)	(39)
Overdraft facilities, net	194	53	(250)	(71)
Repayment of lease liabilities	(52)	(59)	(29)	(29)
Shareholders:				
Purchase of treasury stock	(1,132)	(927)	(848)	(646)
Sale of treasury stock	201	345	128	102
Dividend paid	(1,466)	(1,483)	(1)	(1)
Withheld dividend tax	-	-	(250)	-
Cash flow from financing activities	(1,290)	(1,139)	(1,216)	(532)
Net cash flow	(205)	328	(82)	110
Unrealized gain/(loss) on currencies and financial assets, included in cash and cash equivalents	(7)	(15)	(12)	(12)
Change in cash and cash equivalents, net	(212)	313	(94)	98
Cash and cash equivalents - Beginning of period	1,181	711	1,063	926
Cash and cash equivalents at June 30	969	1,024	969	1,024

Undrawn committed credit facilities at June 30, 2021 were DKK 3,904 million.

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

DKK million	Jun. 30, 2021	Jun. 30, 2020	Dec. 31, 2020
Completed IT development projects	185	187	205
Acquired patents, licenses and know-how	1,775	1,302	1,167
Goodwill	1,493	1,120	1,098
IT development projects in progress	120	59	84
Intangible assets	3,573	2,668	2,554
Land and buildings	3,846	3,962	3,853
Plant and machinery	4,129	4,336	4,136
Other equipment	969	949	941
Assets under construction and prepayments	737	705	682
Property, plant and equipment	9,681	9,952	9,612
Deferred tax assets	1,198	1,140	1,339
Other financial assets (non-interest-bearing)	29	22	21
Investment in associate	31	36	33
Other receivables	30	30	40
Non-current assets	14,542	13,848	13,599
Raw materials and consumables	373	395	353
Goods in progress	861	767	720
Finished goods	1,467	1,462	1,288
Inventories	2,701	2,624	2,361
Trade receivables	2,798	2,710	2,549
Contract assets	15	50	6
Tax receivables	292	134	460
Other receivables	261	275	212
Receivables	3,366	3,169	3,227
Other financial assets (non-interest-bearing)	28	22	119
Cash and cash equivalents	969	1,024	1,181
Assets held for sale	11	22	23
Current assets	7,075	6,861	6,911
Assets	21,617	20,709	20,510

4.2 Balance sheet, Liabilities

DKK million	Jun. 30, 2021	Jun. 30, 2020	Dec. 31, 2020
Common stock	564	570	570
Currency translation adjustments	(433)	(142)	(727)
Cash flow hedges	11	37	127
Retained earnings	10,761	10,339	11,263
Equity attributable to shareholders in Novozymes A/S	10,903	10,804	11,233
Non-controlling interests	11	12	11
Shareholders' equity	10,914	10,816	11,244
Deferred tax liabilities	857	881	1,204
Provisions	112	98	115
Contingent consideration	567	146	146
Other financial liabilities (interest-bearing)	3,832	3,527	3,245
Other financial liabilities (non-interest-bearing)	12	12	9
Non-current lease liabilities	393	429	386
Non-current liabilities	5,773	5,093	5,105
Other financial liabilities (interest-bearing)	1,858	1,695	1,285
Other financial liabilities (non-interest-bearing)	44	18	24
Lease liabilities	156	151	136
Provisions	23	111	90
Trade payables	1,144	1,112	1,100
Contract liabilities	145	51	67
Deferred income	32	26	22
Tax payables	346	334	336
Other payables	1,182	1,302	1,101
Current liabilities	4,930	4,800	4,161
Liabilities	10,703	9,893	9,266
Liabilities and shareholders' equity	21,617	20,709	20,510

4.3 Statement of shareholders' equity

DKK million	Attributable to shareholders in Novozymes A/S					Non-controlling interests	Total
	Common stock	Currency translation adjustments	Cash flow hedges	Retained earnings	Total		
Shareholders' equity at January 1, 2021	570	(727)	127	11,263	11,233	11	11,244
Net profit for the period				1,679	1,679	-	1,679
Other comprehensive income for the period		294	(116)		178	1	179
Total comprehensive income for the period		294	(116)	1,679	1,857	1	1,858
Purchase of treasury stock				(1,132)	(1,132)		(1,132)
Sale of treasury stock				201	201		201
Write-down of common stock	(6)			6	-		-
Dividend				(1,465)	(1,465)	(1)	(1,466)
Stock-based payment				35	35		35
Tax related to equity items				174	174		174
Changes in shareholders' equity	(6)	294	(116)	(502)	(330)	-	(330)
Shareholders' equity at June 30, 2021	564	(433)	11	10,761	10,903	11	10,914
Shareholders' equity at January 1, 2020	582	57	19	10,810	11,468	12	11,480
Net profit for the period				1,460	1,460	1	1,461
Other comprehensive income for the period		(199)	18		(181)	-	(181)
Total comprehensive income for the period		(199)	18	1,460	1,279	1	1,280
Purchase of treasury stock				(927)	(927)		(927)
Sale of treasury stock				345	345		345
Write-down of common stock	(12)			12	-		-
Dividend				(1,482)	(1,482)	(1)	(1,483)
Stock-based payment				29	29		29
Tax related to equity items				92	92		92
Changes in shareholders' equity	(12)	(199)	18	(471)	(664)	-	(664)
Shareholders' equity at June 30, 2020	570	(142)	37	10,339	10,804	12	10,816

Appendix 5 Miscellaneous

5.1 Public 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.
Innova® Element	Innova® Element targets ethanol plants seeking the highest level of starch and glucose conversion for their fermentation process.	Higher yields reduce the total greenhouse gas emissions from the ethanol, thereby increasing the climate benefit from gasoline displacement.
Fiberex® F2.5	Fiberex® F2.5 is a combination of hemicellulases and cellulases designed to efficiently extract and convert the cellulose found in the corn kernel.	Fiberex F2.5 further improves the feasibility of turning corn kernel fiber, a low-value feed component, into a high-value fuel with a low carbon intensity.
Alflorex® Immune	Alflorex Immune helps support and maintain a normal immune function. It is specifically designed to combat viral infections.	Alflorex Immune is a food supplement that helps people with an irritable bowel against bloating, diarrhea and abdominal pain. It is based on a bacterial culture.

* 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
April 27, 2021	Interim report for Q1 2021
August 12, 2021	Novozymes reaches a strategic milestone in the implementation of its strategy with a significant entry into Advanced Protein Solutions