



Stronger performance leads to increased full-year outlook; organic sales growth at 5-6% and EBIT margin at around 27%.

Organic sales growth of 6% (Q3: 7%) in 9M 2021: Household Care 0% (Q3: 3%); Food, Beverages & Human Health 15% (Q3: 16%); Bioenergy 12% (Q3: 5%); Grain & Tech Processing 12% (Q3: 4%); Agriculture, Animal Health & Nutrition -3% (Q3: 16%). EBIT margin at 28.8% (Q3: 29.1%). ROIC incl. goodwill at 22.1% (Q3: 21.4%). FCF bef. acq. at DKK 2.7 billion (Q3: DKK 0.9 billion).

Ester Baiget, President & CEO: *"Nine months into the year, our momentum remains strong with double-digit organic sales growth in three of our five business areas, along with strong earnings. Consequently, we are upgrading our full-year outlook. We focus on driving our strategy "Unlocking Growth – Powered by Biotech" forward without compromising the execution and delivery of shorter-term targets. We know there is a growing demand for our biological and sustainable solutions and key for us is to prioritize among the available opportunities to maximize return on investment, while always having a clear sustainability mindset in everything we do. So far, we're clearly heading in the right direction."*

October 26, 2021

Interim report for 9M 2021.
Company announcement
no. 47

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In summary (9M):

- Double-digit growth in Food, Beverages & Human Health across subareas with supportive market conditions. Household Care recovered in Q3 but by less than projected mainly due to softer than expected European performance. The Freshness platform and emerging markets contributed positively and according to plan.
- Double-digit growth in Bioenergy mainly from a recovering U.S. ethanol production and expansion of starch-based ethanol production in Latin America. Double-digit growth in Grain & Tech Processing led by strong demand for ag-processing solutions and solid recovery in textile. Agriculture, Animal Health & Nutrition as expected with double-digit growth in Q3.
- Strong organic sales growth of 20% in emerging markets; developed markets flat.
- Eight products launched year to date, with four launches in the third quarter, including Pristine® for Freshness to the broad markets as well as new solutions for agriculture.
- Strong EBIT margin at 28.8% with strong operational leverage and supportive one-offs and despite higher operating costs, currency headwinds and acquisition effects.
- Free cash flow before acquisitions strong at DKK 2.7 billion and ROIC incl. goodwill was strong at 22.1%.
- Solid balance sheet with NIBD/EBITDA of 0.8x. DKK 1.5bn share buyback program completed on Aug. 27.
- New collaboration with Anuvia Plant Nutrients in the field of bio-nutrients for sustainable agriculture.

2021 outlook raised: Organic sales growth is lifted to the upper end of the previous outlook range to now 5% to 6%, with sales growth in reported DKK roughly on par with the organic sales growth. The EBIT margin outlook is increased from previously ~26% to now around 27%. ROIC incl. goodwill and FCF bef. acq. are raised to 20% to 21% and DKK 2.8 to 3.2 billion respectively.

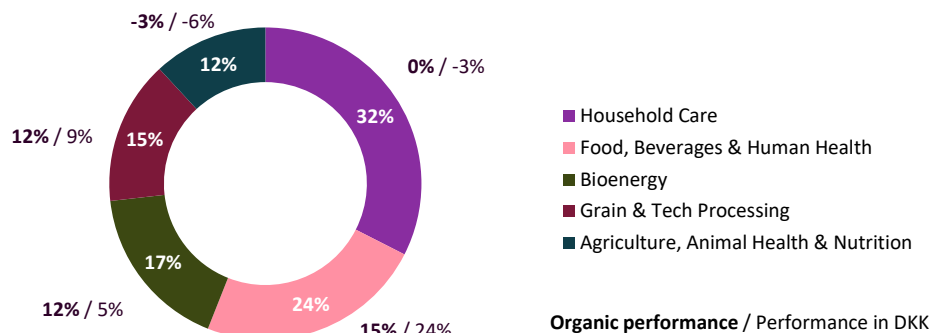
		9M 2021	9M 2020	2021 outlook October 26	2021 outlook August 12
Sales performance, organic	%	6	1	5 to 6	4 to 6
EBIT margin	%	28.8	27.0	~27	~26
ROIC, incl. goodwill	%	22.1	19.2	20 to 21	19 to 20
Free cash flow before acquisitions	DKKbn	2.7	2.7	2.8 to 3.2	2.5 to 2.9

Selected key data

		9M 2021	9M 2020	Q3 2021	Q3 2020
Sales performance, organic	%	6	1	7	-3
Household Care	%	0	7	3	-1
Food, Beverages & Human Health	%	15	3	16	-5
Bioenergy	%	12	-10	5	-4
Grain & Tech Processing	%	12	1	4	9
Agriculture, Animal Health & Nutrition	%	-3	4	16	-19
Sales	DKKm	11,117	10,566	3,761	3,431
Sales performance, DKK	%	5	-1	10	-7
Gross margin	%	58.2	56.2	57.9	56.1
EBITDA	DKKm	4,273	3,775	1,448	1,209
EBIT	DKKm	3,202	2,856	1,095	894
EBIT margin	%	28.8	27.0	29.1	26.1
Net profit	DKKm	2,522	2,172	843	711
Net profit performance	%	16	-3	19	11
Net investments excl. acquisitions	DKKm	638	593	227	229
Free cash flow before acquisitions	DKKm	2,729	2,716	883	665
NIBD/EBITDA (x)		0.8	0.9	0.8	1.0
ROIC, incl. goodwill	%	22.1	19.2	21.4	18.9
EPS	DKK	9.06	7.73	3.04	2.54
EPS (diluted)	DKK	8.99	7.69	3.01	2.53
Avg. USD/DKK		622	663	631	637

Sales by business area

Distribution of sales by business area, 9M 2021



Total sales 9M y/y

Organic: 6%

DKK: 5%

Household Care

Household Care reported a flat organic sales performance for the first nine months of 2021 compared to the same period last year, while sales in reported DKK declined 3% for the period. The overall performance was solid, although below expectations in the third quarter, and against a tough comparator following last year's COVID-19-related sales surge. Emerging markets performed well, with growth mainly driven by increased enzymatic penetration, while developed markets declined mainly due to softer than expected performance in Europe in the third quarter.

Household Care 9M y/y

Organic: 0%

DKK: -3%

Third-quarter sales grew by 3%, both organically and in reported DKK year on year. Growth was driven by emerging markets while developed markets, particularly Europe, declined due to softer than expected end-market demand and certain private-label customers experiencing difficulties.

Food, Beverages & Human Health

Food, Beverages & Human Health performed well and grew 15% organically in the first nine months of 2021 compared to the same period last year. Sales in reported DKK grew 24%, supported by the two recent Human Health acquisitions. Growth was broad based, with all subareas growing by or close to double digits organically. Performance was particularly strong in the health-focused categories such as dairy, plant-based protein and Human Health. In addition, Beverages performed well, driven by customer raw material optimization, low-calorie brews and an increased demand following relaxed COVID-19 lockdown measures.

Food, Beverages & Human Health 9M y/y

Organic: 15%

DKK: 24%

In the third quarter, sales grew 16% organically and 27% in reported DKK year on year. The performance was broad based and exceeded expectations, with less-than-expected destocking. Food, and particularly baking, performed especially well, driven by raw material optimization and ingredient replacement. All major regions grew in the third quarter, with emerging markets outgrowing developed markets. The business benefitted from high consumer retail spending, continued elevated stock levels, and positive timing effects in Beverages. Human Health performed very well and according to expectations.

Bioenergy

Bioenergy sales grew 12% organically in the first nine months of the year and by 5% in reported DKK year on year. The strong performance was driven by a recovery of U.S. ethanol production volumes following last year's severe COVID-19-related disruption, and the continued expansion of starch-based ethanol production capacity in Latin America. Sales of solutions used for biodiesel production grew strongly in the first nine months, although from a relatively low absolute level.

Bioenergy 9M y/y

Organic: 12%

DKK: 5%

Third-quarter Bioenergy sales grew 5% on top of a somewhat more normalized baseline following last year's severe disruption of North American ethanol production volumes in the second quarter. Sales in reported DKK

grew 4% year on year. Sales benefitted from good developments in Latin America and from sales of solutions for biodiesel production.

Grain & Tech Processing

In the first nine months of 2021, Grain & Tech Processing sales grew 12% organically and 9% in reported DKK compared to the same period last year. The performance was above expectations, with both Grain and Tech Processing growing in the double digits. Growth in Grain was driven by strong performance in starch and vegetable oil processing, while growth in Tech Processing was driven by a recovery in the global textile business following last year's severe COVID-19-related disruption.

Grain & Tech Processing 9M y/y
Organic: 12%
DKK: 9%

Grain & Tech Processing sales grew 4% organically and 5% in reported DKK in the third quarter compared to the same period last year. The performance was better than expected, mainly driven by Grain with less-than-expected destocking after a very strong second quarter. Tech Processing declined slightly in line with expectations.

Agriculture, Animal Health & Nutrition

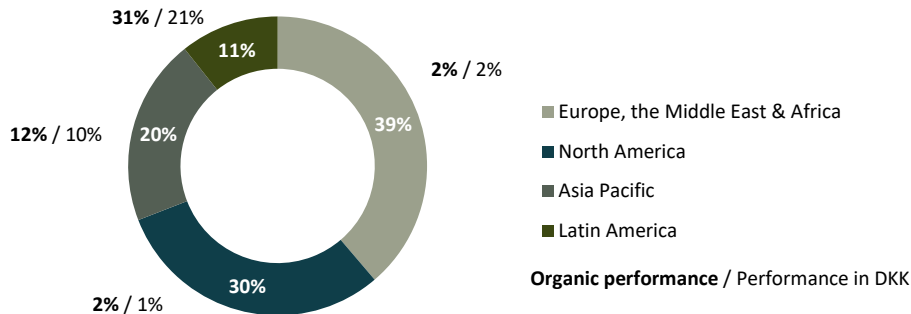
Sales in Agriculture, Animal Health & Nutrition declined 3% organically and 6% in reported DKK in the first nine months compared to the same period last year. The decline was expected and mainly due to a negative base effect from last year's DKK ~60 million one-off related to the former BioAg setup. Animal Health & Nutrition grew slightly following a demanding year-to-date comparator in Animal Nutrition. Adjusted for the BioAg one-off, Agriculture, Animal Health & Nutrition organic sales grew slightly compared to the first nine months of last year.

Agriculture, Animal Health & Nutrition 9M y/y
Organic: -3%
DKK: -6%

Third-quarter sales grew 16% organically and 15% in reported DKK year on year. Growth was mainly driven by a strong performance in Animal Health & Nutrition as last year's challenging comparator eased in the third quarter. Agriculture also performed well and grew at close to double digits compared to the third quarter of last year.

Sales by geography

Distribution of sales by geography, 9M 2021



Novozymes' organic sales grew 6% year on year in the first nine months of 2021. Sales in emerging markets grew 20% while developed markets were flat. The strong performance in emerging markets was broad based with all five business areas growing organically relative to low single-digit growth comparators from last year. 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. The strong growth in emerging markets was inflated by a year on year change in ship-to destination for Agriculture, Animal Health & Nutrition.

In the third quarter, emerging markets grew 25% while developed markets declined 1% organically. All five business areas delivered solid growth in emerging markets, while Household Care, Grain & Tech Processing and Agriculture, Animal Health & Nutrition declined in developed markets.

Europe, the Middle East & Africa

Sales grew 2% organically in the first nine months of the year compared to the same period last year. The performance was mixed with growth in Food, Beverages & Human Health and Bioenergy while Agriculture, Animal Health & Nutrition, Household Care and Grain & Tech Processing declined.

Europe, the Middle East & Africa 9M y/y
Organic: 2%
DKK: 2%

Third-quarter sales grew 3%, mainly driven by Food, Beverages & Human Health while Grain & Tech Processing and Household Care declined.

North America

North America grew 2% organically year on year in the first nine months. Bioenergy and Grain & Tech Processing were the main growth drivers while Household Care and Agriculture, Animal Health & Nutrition declined.

North America 9M y/y
Organic: 2%
DKK: 1%

Sales in the third quarter grew 1% year on year with the same performance across business areas as in the first nine months.

Asia Pacific

Sales grew 12% organically in the first nine months of the year, driven by broad based growth. Food, Beverages & Human Health, Grain & Tech Processing and Household Care were particularly strong.

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

Sales in the third quarter grew 11% with all business areas contributing except for Grain & Tech Processing which was roughly flat.

Latin America

Organic sales in Latin America grew by 31% in the first nine months of the year compared to the same period last year. The strong performance was broad based and especially strong in Animal Nutrition and in starch-based ethanol.

Latin America 9M y/y
Organic: 31%
DKK: 21%

In the third quarter, sales in Latin America grew 41%, with strong growth across all business areas.

Income statement

Total costs, excluding net other operating income, net financials, share of losses in associates and taxes amounted to DKK 8,065 million in the first nine months and DKK 2,676 million in the third quarter of 2021. This was DKK 302 million (4%) and DKK 131 million (5%) higher compared to the respective periods of 2020.

Total costs
+4%

The gross margin ended at 58.2% in the first nine months and at 57.9% in the third quarter of 2021, corresponding to an increase of 2.0 and 1.8 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 nine months and the third quarter. Higher raw material costs had a slight negative impact on the gross margin for the first nine months and a bit more of a negative impact in the third quarter.

Gross margin
58.2%

Operating costs totaled DKK 3,422 million in the first nine months and DKK 1,092 million in the third quarter of 2021. This was an increase of DKK 283 million (9%) and DKK 53 million (5%) compared to the corresponding 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.

Operating costs
+9%

- Sales and distribution costs increased by 12% and made up 12% of sales for the first nine months of the year and were up by 19% to make up 12% of sales in the third quarter.
- Research and development costs increased by 6%, making up 13% of sales, and fell by 9% in the third quarter to make up 12% of sales.
- Administrative costs were up by 10%, accounting for 5% of sales, and were up by 12% to make up 5% of sales in the third quarter.

Other operating income amounted to DKK 150 million in the first nine months and DKK 10 million in the third quarter of 2021. This was DKK 97 million and DKK 2 million more respectively than in the corresponding periods of 2020. The DKK 97 million 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.

Depreciation and amortization amounted to DKK 1,071 million in the first nine months and DKK 353 million in the third quarter of 2021. This was 17% and 12% 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 1,071 million

EBIT amounted to DKK 3,202 million in the first nine months and DKK 1,095 million in the third quarter of 2021 for EBIT margins of 28.8% and 29.1% respectively. This was an increase of DKK 346 million, or 1.8 percentage points, in the first nine months and an increase of DKK 201 million, or 3.0 percentage points, in the third quarter compared to EBIT and the EBIT margins for the same periods of 2020. Higher operating costs, mainly due to the aforementioned R&D one-off and the inclusion of acquisitions, were more than offset by the higher gross profit and the increase in other operating income. Currencies provided a slight headwind in the first nine months and a slight tailwind in the third quarter.

EBIT
DKK 3,202 million
EBIT margin
28.8%

The 2021 first quarter one-offs (the contingent income from the divested pharma-related royalty, the sale of a non-core administration building and the R&D reorganization) and the effect of the two recent Human Health acquisitions had a roughly net neutral effect on the reported EBIT margin for the first nine months of the year. The third-quarter EBIT margin was not impacted by any one-offs but had a negative impact from the Microbiome Labs acquisition of roughly a half percentage point, mainly due to the M&A related depreciation not being included in the 2020 base. The EBIT margin effect from the acquisition of Precisionbiotics Group was annualized in the third quarter of 2021 and the effect from the Microbiome Labs acquisitions will be annualized in the first quarter of 2022.

Net financial costs and share of losses in associates totaled DKK 49 million in the first nine months, corresponding to a decrease in costs of DKK 92 million year on year. In the third quarter, net financial costs and

Net financial costs and share of losses in associates
DKK 49 million

share of losses in associates totaled DKK 41 million. This was an increase in costs of DKK 36 million compared to the third quarter of last year.

Profit before tax amounted to DKK 3,153 million in the first nine months and DKK 1,054 million in the third quarter of 2021. This was DKK 438 million (16%) and DKK 166 million (19%) respectively more than in the same periods of 2020, primarily driven by higher operating profit and lower net financial costs in the first nine months.

The effective tax rate was 20.0% in both the first nine months and the third quarter of 2021. This was on par compared to the same periods of 2020. **Effective tax rate**
20.0%

Net profit amounted to DKK 2,522 million in the first nine months and DKK 843 million in the third quarter of 2021. This was an increase of DKK 350 million (16%) and DKK 132 million (19%) respectively compared to the same periods of 2020 due to the increase in profit before tax. **Net profit**
DKK 2,522 million

Cash flows and balance sheet

Cash flow from operating activities amounted to DKK 3,367 million in the first nine months and DKK 1,110 million in the third quarter of 2021. This was an increase of DKK 58 million and DKK 216 million respectively compared to the same periods of 2020 and mainly driven by the higher net profit, including an improved earnings quality, and despite an increase in net working capital.

Operating cash flow
DKK 3,367 million

Net investments excluding acquisitions totaled DKK 638 million in the first nine months of 2021, which was DKK 45 million higher than in the same period of 2020. In the third quarter, net investments amounted to DKK 227 million, which was roughly on par with the third quarter of last year.

Net investments excl. acq.
DKK 638 million

Free cash flow before acquisitions amounted to DKK 2,729 million in the first nine months and DKK 883 million in the third quarter of 2021. This was an increase of DKK 13 million and DKK 218 million compared to the same periods of 2020. The changes in the first nine months and in the third quarter compared to the same periods last year were mainly attributable to changes in cash flow from operations.

Free cash flow before acquisitions
DKK 2,729 million

Shareholders' equity including minority interests was DKK 11,578 million on September 30, 2021, corresponding to an equity ratio of 53.0%. This was an increase of DKK 767 million, corresponding to a decrease of 0.7 percentage point compared to the shareholders' equity of DKK 10,811 million and the 53.7% equity ratio reported at September 30, 2020.

Equity ratio
53.0%

Net interest-bearing debt (NIBD) and the NIBD-to-EBITDA ratio were DKK 4,707 million and 0.8x respectively at September 30, 2021. This was an increase of DKK 105 million and a decrease of 0.1x respectively compared to the net interest-bearing debt and the NIBD-to-EBITDA ratio at September 30, 2020.

NIBD/EBITDA
0.8x

Return on invested capital (ROIC) including goodwill was 22.1% in the first nine months and 21.4% in the third quarter of 2021. This was 2.9 and 2.5 percentage points higher respectively than in the same periods of 2020. The improvement in ROIC, both in the first nine months and in the third quarter, 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
22.1%

The holding of treasury stock was 5,059,286 B shares at September 30, 2021, equivalent to 1.8% of the common stock.

Treasury stock
1.8%

2021 outlook

		2021 outlook October 26*	2021 outlook August 12	2021 outlook February 2
Sales performance, organic	%	5 to 6	4 to 6	2 to 6
EBIT margin	%	~27	~26	25 to 26
ROIC (including goodwill)	%	20 to 21	19 to 20	~19
Free cash flow before acquisitions	DKKbn	2.8 to 3.2	2.5 to 2.9	2.7 to 3.1
<i>For modeling purposes:</i>				
Effective tax rate	%	~20	~20	~20
Net financial costs	DKKm	~100	~75	~50
Net investments	DKKbn	1.3 to 1.5	1.3 to 1.5	1.0 to 1.2
Stock buyback program	DKKbn	completed at 1.5	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 full-year sales outlook is narrowed to the upper end of the former range following a strong first-nine-month performance and including the assumptions for the fourth quarter. The updated outlook is for organic sales to grow by 5% to 6% in 2021. Primarily Food, Beverages & Human Health and Grain & Tech Processing have performed better than expected, and Bioenergy is now indicated to end the year at the upper end of the previous range. Household Care saw a somewhat softer performance relative to expectations in the third quarter following weakness in the European laundry market, which is expected to carry over into the fourth quarter. The full-year indication for Agriculture, Animal Health & Nutrition is maintained. Sales growth in reported DKK, including currency and M&A, are expected to be roughly on par with the organic sales growth. The full-year outlook does not consider another extended global lockdown situation.

Household Care (organic 0% in 9M 2021) organic sales performance will benefit from market penetration, particularly in emerging markets, and the continued rollout of the Freshness technology. The broad-market version of the Freshness technology was successfully launched in the third quarter, marking an important milestone, and is expected to become a significant growth contributor in future years. As demand in the European laundry market looks softer than previously expected, including some specific private-label customers experiencing difficulties, Household Care is now expected to close the year at around flat performance following 5% organic sales growth in 2020.

Food, Beverages & Human Health (organic 15% in 9M 2021) organic sales growth is expected to be broad based across subareas. Innovation, emerging market penetration, increasing consumer dietary health awareness and plant-based proteins are the main drivers of growth in Food. Beverages is expected to gradually recover from last year's COVID-19 impacted performance and Human Health is estimated to grow organically at strong double-digit rates. Following a better underlying momentum with high consumption levels and less-than-expected destocking, indications are for Food, Beverages & Human Health to grow by low double-digits organically in 2021.

Bioenergy (organic 12% in 9M 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. Biodiesel is expected to do well and grow by double digits organically, although from a relatively low absolute level. The full-year indication for Bioenergy is expected at high single-digit organic sales growth.

Grain & Tech Processing (organic 12% in 9M 2021) organic sales growth is expected to come from a broad base across most subareas in both Grain and Tech Processing. Growth in Grain 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 Processing. Following an improved underlying momentum and less-than-expected destocking, Grain & Tech Processing is now indicated to grow organically by high single-digits in 2021.

Agriculture, Animal Health & Nutrition (organic -3% in 9M 2021) organic sales growth will be driven by innovation in Animal Health & Nutrition. The agriculture business 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, with continued expansion across crops and regions. The full-year indication for Agriculture, Animal Health & Nutrition is maintained at low single-digit organic growth.

Profit outlook

For 2021, Novozymes expects a reported EBIT margin of around 27% (2020: 26.1%). The EBIT margin outlook includes a slightly negative year on year impact from currencies and close to a ~1 percentage point negative impact from M&A. The M&A-related effects are attributable to amortization and integration costs. Supportive margin contribution from sales growth and productivity improvements are expected to be partly offset by continued re-investments as well as higher freight costs and raw material prices, which at current levels are expected to have a negative impact over the coming quarters.

EBIT margin
~27%

The outlook for the return on invested capital (ROIC) including goodwill is expected at 20% to 21% (2020: 18.9%).

ROIC, incl. goodwill
20% to 21%

The 2021 outlook for free cash flow (FCF) before acquisitions is raised and is now expected to be DKK 2.8-3.2 billion (2020: DKK 3.4 billion) following improved operating results.

FCF before acquisitions
DKK 2.8 to 3.2 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 now expected to be DKK ~100 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 ~100 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 well as DKK 300 million impacting 2021 as part of the DKK 2 billion investment in the new production line for Alternative Protein Solutions in Blair, Nebraska, US.

Net investments
DKK 1.3 to 1.5 billion

The stock buyback program of up to DKK 1.5 billion was initiated effective February 8, 2021 and completed on August 27, 2021.

Stock buyback program
DKK 1.5 billion completed

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

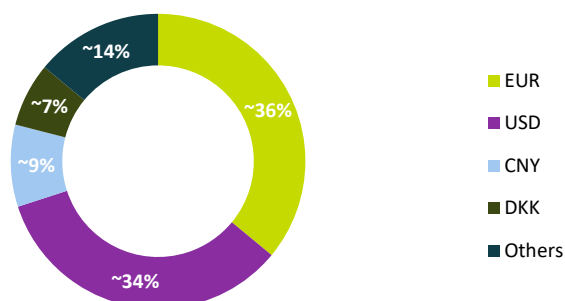
⁴ Index calculated based on gender and national representation at various professional levels

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, 9M 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				63% hedged via forward contracts at average USD/DKK 6.18			

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 October 25 for the full year.

DKK	EUR	USD	BRL	CNY
Average exchange rate 9M 2021	744	622	117	96
Average exchange rate 9M 2020	746	663	133	95
Average exchange rate 9M 2021 compared to 9M 2020	0%	-7%	-14%	1%
Rate on October 25, 2021	744	641	114	100
Estimated average exchange rate 2021*	744	627	116	97
Estimated average exchange rate 2021 compared to 2020	0%	-4%	-10%	3%

* Estimated average exchange rate on October 25, 2021

Accounting policies

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

The interim report for the first nine 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 September 30, 2021, and of the results of the Group's operations and cash flows for the first nine months of 2021. Other than as disclosed in the interim report for the first nine 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, October 26, 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	9M 2021	9M 2020	% change	Q3 2021	Q3 2020	% change
Revenue	11,117	10,566	5%	3,761	3,431	10%
Gross profit	6,474	5,942	9%	2,177	1,925	13%
Gross margin	58.2%	56.2%		57.9%	56.1%	
EBITDA	4,273	3,775	13%	1,448	1,209	20%
EBITDA margin	38.4%	35.7%		38.5%	35.2%	
Operating profit / EBIT	3,202	2,856	12%	1,095	894	22%
EBIT margin	28.8%	27.0%		29.1%	26.1%	
Share of result in associates	(2)	(2)		-	(1)	
Net financials	(47)	(139)		(41)	(5)	
Profit before tax	3,153	2,715	16%	1,054	888	19%
Tax	(631)	(543)	16%	(211)	(177)	19%
Net profit	2,522	2,172	16%	843	711	19%
Earnings per DKK 2 share	9.06	7.73	17%	3.04	2.54	19%
Earnings per DKK 2 share (diluted)	8.99	7.69	17%	3.01	2.53	19%
Net investments excl. acq.	638	593	8%	227	229	(1)%
Free cash flow before net acq. and purchase of financial assets	2,729	2,716	0%	883	665	33%
Return on invested capital (ROIC) incl. goodwill	22.1%	19.2%				
Net interest-bearing debt	4,707	4,602				
Equity ratio	53.0%	53.7%				
Return on equity	29.5%	26.0%				
Debt-to-equity	40.7%	42.6%				
NIBD / EBITDA	0.8	0.9				
Number of employees	6,369	6,180				
Novozymes' stock				Sep. 30, 2021	Sep. 30, 2020	
Common stock (million)				282.0	285.0	
Net worth per share (DKK)				41.01	37.89	
Denomination of share (DKK)				2.00	2.00	
Nominal value of common stock (DKK million)				564.0	570.0	
Treasury stock (million)				5.1	5.9	

1.2 Income statement

DKK million	9M 2021	9M 2020	Q3 2021	Q3 2020
Revenue	11,117	10,566	3,761	3,431
Cost of goods sold	(4,643)	(4,624)	(1,584)	(1,506)
Gross profit	6,474	5,942	2,177	1,925
Sales and distribution costs	(1,327)	(1,187)	(456)	(383)
Research and development costs	(1,497)	(1,407)	(435)	(477)
Administrative costs	(598)	(545)	(201)	(179)
Other operating income, net	150	53	10	8
Operating profit / EBIT	3,202	2,856	1,095	894
Share of result in associates	(2)	(2)	-	(1)
Net financials	(47)	(139)	(41)	(5)
Profit before tax	3,153	2,715	1,054	888
Tax	(631)	(543)	(211)	(177)
Net profit	2,522	2,172	843	711
Attributable to				
Shareholders in Novozymes A/S	2,521	2,171	842	711
Non-controlling interests	1	1	1	-
Specification of net financials				
Foreign exchange gain/(loss), net	50	(69)	(11)	20
Interest income/(costs)	(31)	(40)	(9)	(15)
Other financial items	(66)	(30)	(21)	(10)
Net financials	(47)	(139)	(41)	(5)
Earnings per DKK 2 share	9.06	7.73	3.04	2.54
Average no. of A/B shares outstanding (million)	278.2	280.8	277.1	279.5
Earnings per DKK 2 share (diluted)	8.99	7.69	3.01	2.53
Average no. of A/B shares, diluted (million)	280.4	282.4	279.8	281.4

1.3 Statement of comprehensive income

DKK million	9M 2021	9M 2020	Q3 2021	Q3 2020
Net profit	2,522	2,172	843	711
Currency translation of subsidiaries and non-controlling interests	498	(509)	203	(310)
Currency translation adjustments	498	(509)	203	(310)
Fair value adjustments	(136)	58	(57)	81
Tax on fair value adjustments	30	(13)	12	(18)
Cash flow hedges reclassified to financial costs	(63)	27	7	(19)
Tax on reclassified fair value adjustments	14	(6)	(1)	4
Cash flow hedges	(155)	66	(39)	48
Other comprehensive income	343	(443)	164	(262)
Comprehensive income	2,865	1,729	1,007	449
Attributable to				
Shareholders in Novozymes A/S	2,863	1,729	1,006	450
Non-controlling interests	2	-	1	(1)

Appendix 2 Distribution of revenue

2.1 Business areas

DKK million	2021 9M	2020 9M	% change	% currency impact	% M&A impact	% organic growth
Consumer Biosolutions						
Household Care	3.613	3.709	(3)	(3)	0	0
Food, Beverages & Human Health	2.613	2.101	24	(3)	12	15
Agriculture & Industrial Biosolutions						
Bioenergy	1.914	1.829	5	(7)	0	12
Grain & Tech Processing	1.657	1.520	9	(3)	0	12
Agriculture, Animal Health & Nutrition	1.320	1.407	(6)	(3)	0	(3)
Sales	11.117	10.566	5	(4)	3	6

DKK million	2021 Q3	2020 Q3	% change	% currency impact	% M&A impact	% organic growth
Consumer Biosolutions						
Household Care	1.247	1.211	3	0	0	3
Food, Beverages & Human Health	870	684	27	0	11	16
Agriculture & Industrial Biosolutions						
Bioenergy	675	647	4	(1)	0	5
Grain & Tech Processing	539	515	5	1	0	4
Agriculture, Animal Health & Nutrition	430	374	15	(1)	0	16
Sales	3.761	3.431	10	0	3	7

DKK million	2021 Q3	2021 Q2	2021 Q1	2020 Q4	2020 Q3	2020 Q2	2020 Q1	% change Q3/Q3
Consumer Biosolutions								
Household Care	1.247	1.125	1.241	1.173	1.211	1.227	1.271	3
Food, Beverages & Human Health	870	878	865	666	684	680	737	27
Agriculture & Industrial Biosolutions								
Bioenergy	675	651	588	693	647	463	719	4
Grain & Tech Processing	539	529	589	487	515	467	538	5
Agriculture, Animal Health & Nutrition	430	397	493	427	374	512	521	15
Sales	3.761	3.580	3.776	3.446	3.431	3.349	3.786	10

2.2 Geography

DKK million	2021 9M	2020 9M	% change	% currency impact	% M&A impact	% organic growth
Europe, Middle East & Africa	4.309	4.204	2	0	0	2
North America	3.373	3.335	1	(6)	5	2
Asia Pacific	2.247	2.047	10	(2)	0	12
Latin America	1.188	980	21	(10)	0	31
Sales	11.117	10.566	5	(4)	3	6
Developed markets	7.017	7.021	0	(3)	3	0
Emerging markets	4.100	3.545	16	(4)	0	20
Sales	11.117	10.566	5	(4)	3	6

DKK million	2021 Q3	2020 Q3	% change	% currency impact	% M&A impact	% organic growth
Europe, Middle East & Africa	1.443	1.403	3	0	0	3
North America	1.131	1.060	7	(1)	7	1
Asia Pacific	728	642	13	2	0	11
Latin America	459	326	41	0	0	41
Sales	3.761	3.431	10	0	3	7
Developed markets	2.311	2.283	1	(1)	3	(1)
Emerging markets	1.450	1.148	26	1	0	25
Sales	3.761	3.431	10	0	3	7

DKK million	2021			2020			% change	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q3/Q3
Europe, Middle East & Africa	1.443	1.409	1.457	1.332	1.403	1.347	1.454	3
North America	1.131	1.076	1.166	1.106	1.060	1.011	1.264	7
Asia Pacific	728	733	786	708	642	697	708	13
Latin America	459	362	367	300	326	294	360	41
Sales	3.761	3.580	3.776	3.446	3.431	3.349	3.786	10
Developed markets	2.311	2.289	2.417	2.280	2.283	2.201	2.537	1
Emerging markets	1.450	1.291	1.359	1.166	1.148	1.148	1.249	26
Sales	3.761	3.580	3.776	3.446	3.431	3.349	3.786	10

Appendix 3 Statement of cash flows

3.1 Statement of cash flows

DKK million	9M 2021	9M 2020	Q3 2021	Q3 2020
Net profit	2,522	2,172	843	711
Reversals of non-cash items	1,839	1,646	690	446
Tax paid	(285)	(405)	(65)	(90)
Interest received	5	8	2	2
Interest paid	(39)	(48)	(14)	(20)
Cash flow before change in working capital	4,042	3,373	1,456	1,049
Change in working capital				
(Increase)/decrease in receivables and contract assets	(437)	245	(280)	(22)
(Increase)/decrease in inventories	(445)	33	(148)	70
Increase/(decrease) in payables, deferred income and contract liabilities	216	(330)	96	(201)
Currency translation adjustments	(9)	(12)	(14)	(2)
Cash flow from operating activities	3,367	3,309	1,110	894
Investments				
Purchase of intangible assets	(107)	(94)	(34)	(32)
Sale of property, plant and equipment	3	3	1	2
Purchase of property, plant and equipment	(534)	(502)	(194)	(199)
Cash flow from investing activities before acquisitions, divestments and purchase of financial assets	(638)	(593)	(227)	(229)
Free cash flow before acquisitions, divestments and purchase of financial assets	2,729	2,716	883	665
Business acquisitions, divestments and purchase of financial assets	(761)	(585)	-	(1)
Free cash flow	1,968	2,131	883	664
Financing				
Borrowings	1,494	999	(4)	-
Repayment of borrowings	(1,196)	(298)	(663)	(231)
Overdraft facilities, net	208	(45)	14	(98)
Repayment of lease liabilities	(77)	(86)	(25)	(27)
Shareholders:				
Purchase of treasury stock	(1,500)	(1,500)	(368)	(573)
Sale of treasury stock	259	457	58	112
Dividend paid	(1,466)	(1,483)	-	-
Cash flow from financing activities	(2,278)	(1,956)	(988)	(817)
Net cash flow	(310)	175	(105)	(153)
Unrealized gain/(loss) on currencies and financial assets, included in cash and cash equivalents	(8)	(30)	(1)	(15)
Change in cash and cash equivalents, net	(318)	145	(106)	(168)
Cash and cash equivalents - Beginning of period	1,181	711	969	1,024
Cash and cash equivalents at September 30	863	856	863	856

Undrawn committed credit facilities at September 30, 2021 were DKK 4,489 million.

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

DKK million	Sep. 30, 2021	Sep. 30, 2020	Dec. 31, 2020
Completed IT development projects	173	177	205
Acquired patents, licenses and know-how	1,732	1,250	1,167
Goodwill	1,506	1,106	1,098
IT development projects in progress	133	83	84
Intangible assets	3,544	2,616	2,554
Land and buildings	3,946	3,897	3,853
Plant and machinery	4,211	4,198	4,136
Other equipment	1,038	922	941
Assets under construction and prepayments	560	700	682
Property, plant and equipment	9,755	9,717	9,612
Deferred tax assets	1,248	1,127	1,339
Other financial assets (non-interest-bearing)	29	21	21
Investment in associate	31	35	33
Other receivables	30	29	40
Non-current assets	14,637	13,545	13,599
Raw materials and consumables	398	376	353
Goods in progress	970	787	720
Finished goods	1,492	1,365	1,288
Inventories	2,860	2,528	2,361
Trade receivables	2,832	2,687	2,549
Contract assets	13	21	6
Tax receivables	88	112	460
Other receivables	480	278	212
Receivables	3,413	3,098	3,227
Other financial assets (non-interest-bearing)	41	78	119
Cash and cash equivalents	863	856	1,181
Assets held for sale	12	22	23
Current assets	7,189	6,582	6,911
Assets	21,826	20,127	20,510

4.2 Balance sheet, Liabilities

DKK million	Sep. 30, 2021	Sep. 30, 2020	Dec. 31, 2020
Common stock	564	570	570
Currency translation adjustments	(230)	(451)	(727)
Cash flow hedges	(28)	85	127
Retained earnings	11,260	10,596	11,263
Equity attributable to shareholders in Novozymes A/S	11,566	10,800	11,233
Non-controlling interests	12	11	11
Shareholders' equity	11,578	10,811	11,244
Deferred tax liabilities	944	882	1,204
Provisions	106	106	115
Contingent consideration	587	146	146
Deferred income	97	-	-
Other financial liabilities (interest-bearing)	3,712	3,485	3,245
Other financial liabilities (non-interest-bearing)	12	11	9
Non-current lease liabilities	377	403	386
Non-current liabilities	5,835	5,033	5,105
Other financial liabilities (interest-bearing)	1,325	1,431	1,285
Other financial liabilities (non-interest-bearing)	92	23	24
Lease liabilities	156	139	136
Provisions	20	101	90
Trade payables	1,162	992	1,100
Contract liabilities	138	64	67
Deferred income	33	25	22
Tax payables	318	336	336
Other payables	1,169	1,172	1,101
Current liabilities	4,413	4,283	4,161
Liabilities	10,248	9,316	9,266
Liabilities and shareholders' equity	21,826	20,127	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				2,521	2,521	1	2,522
Other comprehensive income for the period		497	(155)		342	1	343
Total comprehensive income for the period		497	(155)	2,521	2,863	2	2,865
Purchase of treasury stock				(1,500)	(1,500)		(1,500)
Sale of treasury stock				259	259		259
Write-down of common stock	(6)			6	-		-
Dividend				(1,465)	(1,465)	(1)	(1,466)
Stock-based payment				52	52		52
Tax related to equity items				124	124		124
Changes in shareholders' equity	(6)	497	(155)	(3)	333	1	334
Shareholders' equity at September 30, 2021	564	(230)	(28)	11,260	11,566	12	11,578
Shareholders' equity at January 1, 2020	582	57	19	10,810	11,468	12	11,480
Net profit for the period				2,171	2,171	1	2,172
Other comprehensive income for the period		(508)	66		(442)	(1)	(443)
Total comprehensive income for the period		(508)	66	2,171	1,729	-	1,729
Purchase of treasury stock				(1,500)	(1,500)		(1,500)
Sale of treasury stock				457	457		457
Write-down of common stock	(12)			12	-		-
Dividend				(1,482)	(1,482)	(1)	(1,483)
Stock-based payment				33	33		33
Tax related to equity items				95	95		95
Changes in shareholders' equity	(12)	(508)	66	(214)	(668)	(1)	(669)
Shareholders' equity at September 30, 2020	570	(451)	85	10,596	10,800	11	10,811

4.4 Investment in new production line

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

Novozymes is committed to establishing a new production line at its US site in Blair, Nebraska. The investment follows an agreement by Novozymes to enter into a long-term contract with an anchor customer and key player in the plant-based industry and delivers on Novozymes' stated purpose of creating better lives in a growing world, by feeding the world sustainably.

The capital investment of roughly DKK 2 billion will span over the period 2021-2023, starting in the second half of 2021 and with expected completion by the end of 2023. Most of the investment activities are planned for 2022 and 2023, and DKK 16 million had been incurred at September 30, 2021.

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

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.
Pristine®	Pristine® is a phosphodiesterase enzyme (PDE) that breaks down invisible layers of body grime. Clothes get hygienically clean, and are less prone to yellowing, decolorization, and forming that lingering odor.	By removing and preventing odor and dinginess over time, consumers are motivated to keep their clothing and home textiles for longer. With an extended lifetime of clothes, fewer textiles need to be produced and disposed of to benefit the environment. Pristine® acts at low temperatures enabling energy savings during wash. It also provides a biological alternative to chemical ingredients used in detergents today.
Optimize FXC	Optimize FXC liquid inoculant combines Bradyrhizobia and fortified LCO promoter technology to increase nitrogen fixation, accessibility to soil nutrients and water absorption in soybean plants.	Optimize FXC gives higher soybean yields with the same inputs and thereby reduces soybeans' environmental footprint.
BioniQ	BioniQ is a family of inoculants that enhance nitrate, phosphate, and potassium availability. The products in the BioniQ family work on corn, sorghum, canola, all cereals crops, mustard, barley, and pulse crops.	Producing more from the same inputs reduces the environmental impact per kg of output.
Taegro 2	Taegro 2 is an OMRI-certified, broad-spectrum, foliar fungicide for fruit and vegetable crops that controls against powdery mildew and botrytis, among others, to maximize marketable yields.	Taegro2 is safe for natural pollinators and can be used right before harvest without the risk of residues in the crops.

* The sustainability benefits are based on quantitative and/or qualitative evaluations where applicable.

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
August 12, 2021	Interim report for the first half of 2021
October 26, 2021	Interim report for the first nine months of 2021