



**Strong first quarter results across key financial parameters; agile organization enables Novozymes to meet customer demand despite COVID-19 disruptions. 2020 outlook remains suspended.**

Organic sales growth of 10% in Q1 2020. Household Care +11%, Food & Beverages +11%, Bioenergy +11%, Agriculture & Feed +8%, Tech. & Pharma -10%. EBIT margin 28.9%. Free cash flow before acquisitions DKK 0.8 billion.

**April 29, 2020**  
Interim report for Q1 2020.  
Company announcement  
no. 27

**Ester Baiget, President & CEO:** *“Starting the year at 10% organic sales growth with solid contribution from new innovation and with strong financials, we are showcasing our strengths and ability to deliver to our customers. It’s rewarding to see that we can capture growth opportunities as they arise, even in these difficult times when supply chains are under stress and consumer access is difficult. Uncertainty continues to prevail, especially around the U.S. ethanol production as gasoline demand declines. The 2020 outlook remains suspended but despite the uncertain times we’re making solid progress in the implementation of our strategy, Better business with biology. I am very impressed by the hard and diligent work across the organization allowing us to drive sustainable and profitable growth, even during these difficult times”.*

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- Organic sales growth of 10% and 9% in reported DKK. New innovation performing very well.
- Solid growth in Agriculture & Feed and Bioenergy; Household Care and Food & Beverages particularly strong and above expectations; Technical & Pharma declined
- Growth in Household Care and Food & Beverages supported by stockpiling in developed markets
- Solid Bioenergy growth across key geographies
- Emerging markets grew organically by a strong 13% and developed markets by a solid 8%
- Two new product launches, including the recent launch of Taegro® in BioAg for biocontrol
- EBIT margin solid at 28.9% driven by stronger gross margin and operational cost leverage
- Free cash flow before acquisitions strong at DKK 0.8 billion; net investments at DKK 0.1 billion
- Strong balance sheet allows for share buyback and dividend policy commitment

As communicated on April 7, the Novozymes 2020 outlook has been suspended. Based on current insight and the assumption that Novozymes’ and its customers’ logistics will continue to function relatively normally, full-year sales growth indications for Household Care and Food & Beverages remain largely intact, but with higher volatility. Social distancing and ‘stay-at-home’ orders following efforts to contain the COVID-19 virus lowers gasoline and ethanol demand, especially in the U.S., and creates uncertainty about full-year developments, mainly in our Bioenergy business. While actively managing and aligning cost and capex levels to ensure efficient use of our resources, also in the first quarter, Novozymes remains committed to investing for long-term growth, including headcount investments that were part of the January 23 outlook, but which have been postponed due to the COVID-19 situation. The stock buyback program totaling up to DKK 1.5 billion will continue as planned and the dividend policy and capital structure policy are unchanged.

	Q1 2020	Q1 2019
Sales performance, organic	10%	-4%
EBIT margin	28.9%	25.7%
ROIC, incl. goodwill	21.3%	18.3%
Free cash flow before acquisitions, DKKbn	0.8	0.4

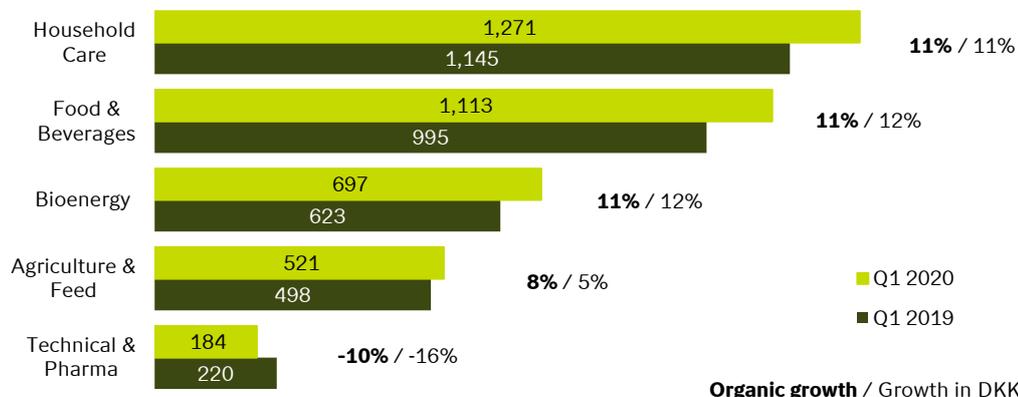
## Selected key data

	Q1 2020	Q1 2019
<b>Sales performance, organic</b>	<b>10%</b>	<b>-4%</b>
Household Care	11%	-3%
Food & Beverages	11%	-2%
Bioenergy	11%	-8%
Agriculture & Feed	8%	-6%
Technical & Pharma	-10%	5%
<b>Sales, DKKm</b>	<b>3,786</b>	<b>3,481</b>
Sales growth, DKK	9%	-1%
Gross margin	57.1%	55.5%
EBITDA, DKKm	1,394	1,165
EBIT, DKKm	1,095	895
EBIT margin	28.9%	25.7%
Net profit, DKKm	815	697
Net profit growth	17%	-14%
Net investments excl. acquisitions, DKKm	138	143
Free cash flow (FCF) before acquisitions, DKKm	825	420
NIBD/EBITDA (x)	0.9	0.9
ROIC, incl. goodwill	21.3%	18.3%
EPS, DKK	2.89	2.42
EPS (diluted), DKK	2.88	2.41
Avg. USD/DKK	678	657

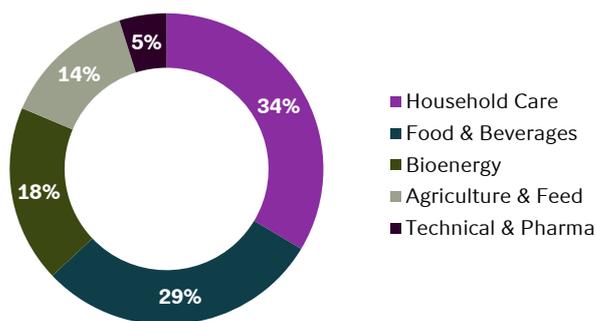
## Sales by business area

### Sales in DKK million and organic/DKK growth rates, Q1 year-on-year (y/y)

**Total sales Q1 y/y**  
Organic: 10%  
DKK: 9%



### Distribution of sales by business area, Q1 2020



### Household Care

Sales in Household Care grew 11% organically year-on-year in the first quarter of 2020. The strong sales performance was driven by the freshness platform, increased enzymatic penetration of detergents, especially in emerging markets, and an unexpected surge in sales driven by COVID-19-related effects. Sales in DKK grew 11% in the first quarter.

**Household Care Q1 y/y**  
Organic: 11%  
DKK: 11%

The first-quarter sales growth was broad-based across customer segments and geographies. Performance in emerging markets was particularly strong in Latin America, the Middle East and Africa while sales declined in China. Updosing and increased penetration of detergents with enzymatic solutions were the main reasons for the good momentum in emerging markets.

In developed markets, the COVID-19 pandemic amplified sales as consumers likely stockpiled and detergent manufacturers made sure they had access to critical raw materials. The freshness platform reached another important milestone with the launch of a new format for liquid and pod format detergents. The new enzyme has been launched in selected European markets.

### Food & Beverages

Food & Beverages reported 11% growth year-on-year in organic sales in the first quarter of 2020. The strong sales growth was led by baking, accompanied by solid results in both beverages and grain. Sales in food & nutrition declined slightly. The strong results for Food & Beverages in the first quarter of 2020

**Food & Beverages Q1 y/y**  
Organic: 11%  
DKK: 12%

were supported by demand changes related to the COVID-19 pandemic although it is difficult to assess the impact. Sales in DKK grew by 12% in the first quarter.

The good momentum in baking from the second half of 2019 continued in the first quarter of 2020. The performance was broad-based with growth in both fresh-keeping and flour correction technologies as well as in offerings targeting consumer health trends such as acrylamide reduction.

The positive results in grain were driven by enzymes for vegetable oil processing and by growth in Frontia® for improved yield in grain milling. Starch refining grew modestly. Beverages sales grew driven by brewing and distilling.

## Bioenergy

In the first quarter of 2020, Bioenergy grew its sales by 11% organically and by 12% in DKK compared to the first quarter of 2019.

### Bioenergy Q1 y/y

Organic: 11%  
DKK: 12%

The business performed well and roughly as expected and there were no significant negative impacts from the lower gasoline and ethanol demand in the U.S. Growth in Bioenergy was mainly driven by the continued capacity expansion of corn-based ethanol production in Brazil, increased penetration of our yeast technology and the overall year-on-year growth of the U.S ethanol market during the quarter. The year-on-year improvement in the U.S. ethanol production comes after a first quarter of 2019 that was negatively impacted by severe weather in the U.S. Midwest.

## Agriculture & Feed

Sales in Agriculture & Feed grew 8% organically and by 5% in DKK in the first quarter of the year compared to the same period last year. Both the agricultural and the feed business contributed to growth, with the former outgrowing the latter in relative terms.

### Agriculture & Feed Q1 y/y

Organic: 8%  
DKK: 5%

The agricultural business progressed well, transitioning to the new partnership setup. The partnership with Bayer is focused on the joint development and commercialization of corn inoculants, and commercial distribution of inoculant solutions in core soy markets in North and South America. Further, progress has also been made with complementary partnerships, including with Univar Nexus BioAg in Canada and Syngenta, such as the recent launch of Taegro® for Europe and South America. Growth in the first quarter was mainly driven by inoculant sales to the North American market but was also based on last year's relatively easy comparator.

Sales of enzymes for animal feed grew and were positively impacted by timing in the first quarter of the year. Growth was supported by Balancius™ for improved gut health in poultry as well as inventory moves across the value chain. Sales of microbials for animal health was roughly flat compared to the same period of last year.

Novozymes did not recognize any deferred income as revenue in the first quarter of 2020, compared with DKK 24 million in Q1 2019. The remaining balance of DKK 287 million was recognized as other operating income in the second quarter of last year, and the balance sheet no longer includes any deferred income related to The BioAg Alliance.

## Technical & Pharma

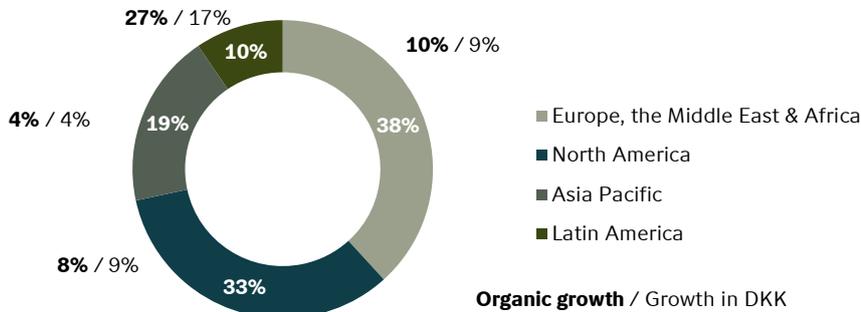
Sales in Technical & Pharma declined by 10% organically and by 16% in DKK in the first quarter of 2020 compared with the same period last year. This was due to the expected continuation of last year's decline in Chinese textile production, with volumes shifting away from China to countries with lower enzyme penetration, in addition to the uncertainty caused by COVID-19. The decline during the first quarter of the year in our Pharma business was mainly due to timing.

### Technical & Pharma Q1 y/y

Organic: -10%  
DKK: -16%

## Sales by geography

### Distribution of sales by geography, Q1 2020



Novozymes grew sales 10% organically year-on-year in the first quarter of 2020. Emerging markets grew 13% and developed markets grew 8% compared to the same period last year. The strong performance was a result of broad-based geographical growth across all regions.

The strong increase in demand within Household Care and Food & Beverages in Europe, the Middle East & Africa and North America was likely driven by a combination of additional end-user consumption and timing-related customer and consumer stockpiling. In Latin America, the Bioenergy and Agriculture & Feed segments performed well and were the main contributors to the 27% organic growth for the region. In the Asia Pacific region, the broad-based growth in Food & Beverages was enough to compensate for the negative impact the textile industry was expected to have on Technical & Pharma.

### Europe, the Middle East & Africa

Sales grew 10% organically in the first three months of the year compared to the same period last year. The strong regional growth was mainly driven by Household Care, Food & Beverages and Agriculture & Feed. Sales within Technical & Pharma were somewhat challenged compared to the same period last year.

**Europe, the Middle East & Africa Q1 y/y**  
Organic: 10%  
DKK: 9%

### North America

North America posted strong organic sales growth of 8% compared to the first quarter of last year. Growth was driven by Household Care, Food & Beverages, and Bioenergy, whereas Technical & Pharma reported somewhat weaker performances. Growth in Food & Beverages was driven by enzyme sales to both the baking and the beverage industries.

**North America Q1 y/y**  
Organic: 8%  
DKK: 9%

### Asia Pacific

Sales grew 4% organically in the first quarter of 2020, which was driven by broad-based growth in Food & Beverages and a strong quarter for Bioenergy. Growth was impacted by the decline in sales to the textile industry as production shifted from China to geographies with less enzyme usage in addition to uncertainty caused by COVID-19.

**Asia Pacific Q1 y/y**  
Organic: 4%  
DKK: 4%

### Latin America

Organic sales grew 27% year-on-year in Latin America in the first quarter. The strong growth was driven by Bioenergy, Household Care, and Agriculture & Feed.

**Latin America Q1 y/y**  
Organic: 27%  
DKK: 17%

## Income statement

Total costs excluding net financials, share of losses in associates and taxes amounted to DKK 2,691 million in the first quarter of 2020, which was DKK 105 million, or 4%, higher than in the first quarter of 2019. The increase was mainly attributable to the higher cost of goods sold driven by the increase in sales.

**Total costs**  
+4%

The gross margin was 57.1% for the first quarter of 2020, a 1.6 percentage point increase from 55.5% in the first quarter of 2019. Improved production efficiencies, higher operational leverage and lower input costs were the main drivers of the improved gross margin between the two periods. Changes in price and product mix had a minor negative effect on the gross margin in the first quarter of 2020.

**Gross margin**  
57.1%

Operating costs amounted to DKK 1,088 million in the first quarter of 2020. This was DKK 40 million, or 4%, more than in the first quarter of 2019. The increase was mainly driven by higher logistics costs related to sales and distribution, and included a provision for a more prudent approach relating to the difficult situation faced by the U.S. ethanol producers. Operating costs accounted for 29% of sales in the first quarter, which was roughly 1 percentage point less than for the same period of 2019.

**Operating costs**  
+4%

- Sales and distribution costs increased 8% and made up 11.4% of sales
- Research and development costs were flat and made up 12.2% of sales
- Administrative costs increased 4% and made up 5.2% of sales

Other operating income amounted to DKK 23 million in the first quarter of 2020, which was DKK 13 million higher than in the first quarter of 2019.

Depreciation and amortization charges were DKK 299 million in the first quarter of 2020. This was an increase of DKK 29 million compared with the same period of 2019, mainly driven by increased depreciation from the Innovation Campus in Lyngby that was inaugurated last year.

**Depreciation and amortization**  
DKK 299 million

EBIT and the EBIT margin were DKK 1,095 million and 28.9% respectively in the first quarter of 2020. EBIT was DKK 200 million higher compared to the EBIT of DKK 895 million in the first quarter of 2019, whilst the EBIT margin increased 3.2 percentage points from 25.7% in 2019. The EBIT margin for the first quarter of 2020 benefited from an improved gross margin and a higher leverage on the operating cost base compared to 2019.

**EBIT**  
DKK 1,095 million  
**EBIT margin**  
28.9%

Net financial costs and share of losses in associates totaled DKK 76 million in the first quarter of 2020. This was DKK 41 million more than in the same period of 2019 which benefitted from a non-recurring interest income relating to a favorable tax settlement. Currency hedging costs were roughly flat year-on-year and if adjusting for the non-recurring interest income in Q1 2019, net financial costs was only slightly higher in Q1 2020.

**Net financial costs and share of losses in associates**  
DKK 76 million

Profit before tax amounted to DKK 1,019 million in the first quarter of 2020. This was DKK 159 million, or 18%, higher than in the same period of 2019.

The effective tax rate was 20.0% in the first quarter of 2020, which was an increase of 1 percentage point compared to the effective tax rate of 19.0% in the first quarter of 2019. The increase had been expected and was due to the transfer of intellectual property from Switzerland to Denmark, which over time will move the effective tax rate in the direction of the Danish corporate tax rate of 22%.

**Effective tax rate**  
20.0%

Net profit grew by DKK 118 million, or 17%, to DKK 815 million in the first quarter of 2020 compared to the same period of 2019, as the higher EBIT level more than offset the increase in tax and net financial costs.

**Net profit**  
DKK 815 million

## Cash flows and balance sheet

Cash flow from operating activities amounted to DKK 963 million in the first quarter of 2020. This was an increase of DKK 400 million from DKK 563 million in the first quarter of 2019. The improvement between the two periods was mainly due to higher sales and margin expansion. Changes in net working capital affected cash flows negatively in the first quarter of 2020, mainly driven by a decrease in payables.

**Operating cash flow**  
DKK 963 million

Net investments excluding acquisitions totaled DKK 138 million in the first quarter of 2020, which was DKK 5 million less than in the same period of 2019.

**Net investments excl. acq.**  
DKK 138 million

Free cash flow before acquisitions amounted to DKK 825 million in the first quarter of 2020. This was an increase of DKK 405 million compared to the DKK 420 million free cash flow before acquisitions in the same period of 2019. The increase was attributable to higher cash flows from operating activities.

**Free cash flow before acquisitions**  
DKK 825 million

Shareholders' equity was DKK 10,764 million at March 31, 2020, corresponding to an equity ratio of 52.7%. This was a decrease of DKK 164 million and 0.9% percentage point respectively compared to the shareholders' equity of DKK 10,928 million and the 53.6% equity ratio reported at March 31, 2019. The decrease in shareholders' equity reflects Novozymes' capital structure strategy of higher dividend payments and continued stock buybacks.

**Equity ratio**  
52.7%

Net interest-bearing debt (NIBD) and the NIBD-to-EBITDA ratio was DKK 4,798 million and 0.9x respectively at March 31, 2020. This was an increase of DKK 553 million compared to the net interest-bearing debt at March 31, 2019. The increase in net interest-bearing debt was mainly due to dividend payments and stock buybacks.

**NIBD/EBITDA**  
0.9x

Return on invested capital (ROIC) including goodwill was 21.3% in the first quarter of 2020, which was 3.0 percentage points higher than in the same period of 2019. The improvement in ROIC between the two periods was due to the higher net operating profit after tax that more than offset an increase in average invested capital.

**ROIC**  
21.3%

The holding of treasury stock was 3,281,355 B shares at March 31, 2020, which was equivalent to 1.2% of the common stock.

**Treasury stock**  
1.2%

## 2020 outlook

As communicated on April 7, the Novozymes 2020 outlook has been suspended. Based on current insight and the assumption that Novozymes' and its customers' logistics will continue to function relatively normally, full-year sales growth indications for Household Care and Food & Beverages remain largely intact, but with higher volatility. Social distancing and 'stay-at-home' orders following efforts to contain the COVID-19 virus lowers gasoline and ethanol demand, especially in the US, and creates uncertainty about full-year developments, mainly in our Bioenergy business. While actively managing costs, Novozymes remains committed to investing for long-term growth opportunities, including headcount investments that were part of the January 23 outlook, but which have been postponed due to the COVID-19 situation. The stock buyback program totaling up to DKK 1.5 billion will continue as planned and the company's dividend policy and its capital structure policy are unchanged.

	<b>2020 outlook April 29</b>	<b>2020 outlook April 7</b>	<b>2020 outlook January 24</b>
Sales growth, organic	suspended	suspended	1-5%
EBIT margin	suspended	suspended	~27%
ROIC (including goodwill)	suspended	suspended	20-21%
Free cash flow before acquisitions, DKKbn	suspended	suspended	2.5-2.9
For modeling purposes:			
Effective tax rate	suspended	suspended	19-21%
Net financials, DKKm	suspended	suspended	~ -200
Net investments, DKKbn	suspended	suspended	0.8-1.0
Stock buyback program	up to DKK 1.5bn	up to DKK 1.5bn	up to DKK 1.5bn

## Sustainability outlook

Sustainability is at the core of the Novozymes business and as a part of the updated strategy, the company has strengthened its commitment further via the launch of a set of ambitious sustainability targets.

The targets reflect the opportunity of having a positive impact through commercial solutions as well as our responsibility to minimize the negative impact of our operations. Novozymes will focus on people as well as on three global environmental challenges: climate, water and production & consumption.

For each global environmental challenge, Novozymes has defined long-term 2030 commitments to set the direction and mid-term-2022 targets to drive performance. Based on this, Novozymes will define a set of annual internal targets to prioritize and guide implementation in a given year.

In 2020, Novozymes will continue to focus on climate change in its operations and intends to invest further in energy-efficiency projects, increase its share of renewable electricity and explore opportunities to generate energy from waste streams. Novozymes will also start developing programs to achieve zero waste and manage water in balance with local conditions in the long term at its production sites.

Novozymes will continue to have a strong focus on safety and wellbeing in the workplace and will strive to maintain a low number of occupational injuries. On the people side, Novozymes will enable learning and growth for employees and nurture diversity within the organization. Novozymes will also focus on employee engagement and motivation to ensure the employee spirit remains high.

		2022 targets
<b>World</b>	Save CO <sub>2</sub> emissions by enabling low carbon fuels in the transport sector	60 million tons of CO <sub>2</sub>
	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
<b>Operations</b>	Reduce absolute CO <sub>2</sub> emissions from operations <sup>1</sup>	40%
	Develop context-based water management programs	100% of sites
	Develop zero waste programs	100% of sites
	Manage biomass in circular systems	100%
	Develop circular management plans for key packaging materials	100%
<b>Employees</b>	Enable learning <sup>2</sup>	80
	Nurture diversity <sup>3</sup>	86
	Occupational injuries <sup>4</sup>	≤ 1.5
	Pledge employee time to local outreach <sup>5</sup>	~ 1% of time
	Excite employees <sup>2</sup>	81

<sup>1</sup> Compared to 2018 baseline.

<sup>2</sup> Measured by score to relevant questions in annual survey.

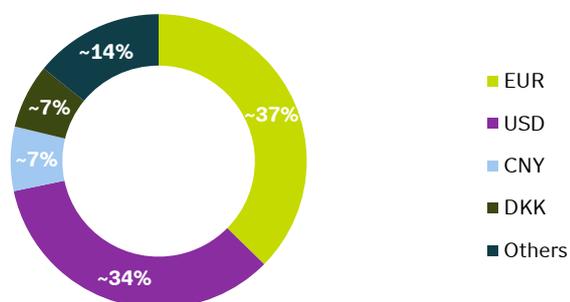
<sup>3</sup> Index calculated based on gender and national representation at various professional levels.

<sup>4</sup> Defined as the three-year rolling average of occupational injuries with absence per million working hours.

<sup>5</sup> Qualitative reporting only.

## Currency exposure

### Sales by currency, Q1 2020



Other things being equal, a 5% movement in USD/DKK is expected to have an annual positive/negative impact on EBIT of 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

	2019				2020			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>USD</b>	100% hedged via forward contracts at USD/DKK 6.21				87% hedged via forward contracts at USD/DKK 6.55			

The currency exposure was hedged at an average of USD/DKK 6.21 in 2019. For 2020, the exposure is 87% hedged at an average of USD/DKK 6.55. Further, 50% of the expected Q1 2021 exposure has been hedged at 6.70.

<b>DKK</b>	<b>EUR</b>	<b>USD</b>	<b>BRL</b>	<b>CNY</b>
Average exchange rate Q1 2019	746	657	175	97
Average exchange rate Q1 2020	747	678	153	97
Average exchange rate Q1 2020 compared with Q1 2019	0%	3%	-12%	0%
Rate on April 28, 2020	746	686	122	97
Estimated average exchange rate 2020*	746	684	131	97
Estimated average exchange rate 2020 compared with 2019	0%	2%	-23%	0%

\* Estimated average exchange rate on April 28, 2020.

## Stock buyback program in 2020

As communicated on June 16, 2019 in connection with the updated strategy, Novozymes targets a 50% dividend payout ratio over the coming years with excess cash to be returned to shareholders via stock buybacks at a NIBD-to-EBITDA ratio of ~1x. Consequently for 2020, it was decided to initiate a stock buyback program at a total value of up to DKK 1.5 billion. The program was initiated on February 10, 2020 as per company announcement no. 12.

The shares acquired in the program will be used to reduce the common stock and to meet obligations arising from employee stock-based incentive programs.

The buyback program will run in accordance with Regulation (EU) No 596/2014 of April 16, 2014, also known as the "Market Abuse Regulation," and Commission Delegated Regulation (EU) 1052/2016 of March 8, 2016. Subject to approval at the Annual Shareholders' Meeting, cancellation of stock will take place after the program expires.

The maximum number of shares to be purchased by the company per daily market session will be equivalent to a maximum of 25% of the average volume of the company's stock traded on Nasdaq Copenhagen during the preceding 20 business days.

The new stock buyback program will allow Novozymes to maintain its financial flexibility in terms of pursuing investment opportunities. However, the program is contingent on no major strategic initiatives being decided upon that will require a significant amount of capital, such as a major acquisition.

## Novo Holding A/S intends to participate in Novozymes' stock buyback program in 2020

Novozymes' majority shareholder, Novo Holdings A/S, a holding company wholly owned by the Novo Nordisk Foundation, has informed Novozymes that it intends to consider its participation in Novozymes' stock buy-back program on a year-by-year basis and that, for 2020, it plans to participate in the program. Novo Holdings A/S intends to reduce its holding of B shares so that it will continue to hold around 25.5% of the total shares.

## Accounting policies

The interim report for the first three months of 2020 has been prepared in accordance with IAS 34 and additional Danish regulations for the presentation of quarterly interim reports by listed companies. The interim report for the first three months of 2020 follows the same accounting policies as the annual report for 2019, 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, 2020. These IFRSs have not had any impact on the Group's interim report. In the event of any inconsistency between this company announcement in English and the Danish company announcement, the English version should prevail.

## Forward-looking statements

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

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## Statement of the Board of Directors and the Executive Management

The Board of Directors and the Executive Leadership Team have considered and approved the interim report of Novozymes A/S for the first three months of 2020. This interim report has not been audited or reviewed by the company's independent auditor.

The interim report for the first three months of 2020 has been prepared in accordance with International Financial Reporting Standards and IAS 34 as adopted by the EU, and further requirements in the Danish Financial Statements Act for the presentation of quarterly interim reports by listed companies.

In our opinion, the accounting policies used are appropriate, the Group's internal controls relevant for the preparation and presentation of this Group financial statement are adequate, and this Group financial statement gives a true and fair view of the development in the Group's activities and business and of the Group's assets, liabilities, net profit and financial position at March 31, 2020, and of the results of the Group's operations and cash flows for the first three months of 2020. Other than as disclosed in the interim report for the first three months of 2020, no changes in the Group's most significant risks and uncertainties have occurred relative to what was disclosed in the annual report for 2019.

Bagsværd, April 29, 2020

### **EXECUTIVE MANAGEMENT**

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Ester Baiget  
President & CEO

Lars Green  
CFO

Thomas Videbæk  
COO

### **BOARD OF DIRECTORS**

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Jørgen Buhl Rasmussen  
Chairman

Cornelis (Cees) de Jong  
Vice Chairman

Heine Dalsgaard

Lena Bech Holskov

Sharon James

Anders Hentze Knudsen

Kasim Kutay

Lars Bo Køppler

Kim Stratton

Mathias Uhlén

**Appendices**

<b>Appendix 1</b>	<b>Main items and key figures</b>	<b>15</b>
	1.1 Key figures	15
	1.2 Income statement	16
	1.3 Statement of comprehensive income	17
<b>Appendix 2</b>	<b>Distribution of revenue</b>	<b>18</b>
	2.1 Business areas	18
	2.2 Geography	18
<b>Appendix 3</b>	<b>Statement of cash flows</b>	<b>19</b>
	3.1 Statement of cash flows	19
<b>Appendix 4</b>	<b>Balance sheet and Statement of shareholders' equity</b>	<b>20</b>
	4.1 Balance sheet, Assets	20
	4.2 Balance sheet, Liabilities	21
	4.3 Statement of shareholders' equity	22
<b>Appendix 5</b>	<b>Miscellaneous</b>	<b>23</b>
	5.1 Product launches in 2020	23
	5.2 Company announcements for the financial year 2020	23

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

<b>DKK million</b>	<b>Q1 2020</b>	<b>Q1 2019</b>	<b>% change</b>
Revenue	3,786	3,481	9%
Gross profit	2,160	1,933	12%
Gross margin	57.1%	55.5%	
EBITDA	1,394	1,165	20%
EBITDA margin	36.8%	33.5%	
Operating profit / EBIT	1,095	895	22%
EBIT margin	28.9%	25.7%	
Share of result in associates	-	(2)	
Net financials	(76)	(33)	
<b>Profit before tax</b>	<b>1,019</b>	<b>860</b>	<b>18%</b>
Tax	(204)	(163)	25%
<b>Net profit</b>	<b>815</b>	<b>697</b>	<b>17%</b>
Earnings per DKK 2 share	2.89	2.42	19%
Earnings per DKK 2 share (diluted)	2.88	2.41	19%
Net investments excl. acq.	138	143	
Free cash flow before net acq. and purchase of financial assets	825	420	
Return on invested capital (ROIC) incl. goodwill	21.3%	18.3%	
Net interest-bearing debt	4,798	4,245	
Equity ratio	52.7%	53.6%	
Return on equity	29.3%	24.9%	
Debt-to-equity	44.6%	38.8%	
NIBD / EBITDA	0.9	0.9	
Number of employees	6,066	6,463	
<b>Novozymes' stock</b>	<b>Mar. 31, 2020</b>	<b>Mar. 31, 2019</b>	
Common stock (million)	285.0	291.0	
Net worth per share (DKK)	37.73	37.51	
Denomination of share (DKK)	2.00	2.00	
Nominal value of common stock (DKK)	570.0	582.0	
Treasury stock (million)	3.3	3.4	

**1.2 Income statement**

<b>DKK million</b>	<b>Q1 2020</b>	<b>Q1 2019</b>
Revenue	3,786	3,481
Cost of goods sold	(1,626)	(1,548)
<b>Gross profit</b>	<b>2,160</b>	<b>1,933</b>
Sales and distribution costs	(430)	(399)
Research and development costs	(460)	(458)
Administrative costs	(198)	(191)
Other operating income, net	23	10
<b>Operating profit / EBIT</b>	<b>1,095</b>	<b>895</b>
Share of result in associates	-	(2)
Net financials	(76)	(33)
<b>Profit before tax</b>	<b>1,019</b>	<b>860</b>
Tax	(204)	(163)
<b>Net profit</b>	<b>815</b>	<b>697</b>
<b>Attributable to</b>		
Shareholders in Novozymes A/S	815	696
Non-controlling interests	-	1
<b>Specification of net financials</b>		
Foreign exchange gain/(loss), net	(59)	(52)
Interest income/(costs)	(13)	29
Other financial items	(4)	(10)
<b>Net financials</b>	<b>(76)</b>	<b>(33)</b>
<b>Earnings per DKK 2 share</b>	<b>2.89</b>	<b>2.42</b>
Average no. of A/B shares outstanding (million)	282.0	287.6
<b>Earnings per DKK 2 share (diluted)</b>	<b>2.88</b>	<b>2.41</b>
Average no. of A/B shares, diluted (million)	283.4	288.8

**1.3 Statement of comprehensive income**

<b>DKK million</b>	<b>Q1 2020</b>	<b>Q1 2019</b>
<b>Net profit</b>	<b>815</b>	<b>697</b>
Currency translation of subsidiaries and non-controlling interests	13	192
Tax on currency translation of subsidiaries	-	-
<b>Currency translation adjustments</b>	<b>13</b>	<b>192</b>
Fair value adjustments	(56)	(63)
Tax on fair value adjustments	13	14
Cash flow hedges reclassified to financial costs	26	47
Tax on reclassified fair value adjustments	(6)	(11)
<b>Cash flow hedges</b>	<b>(23)</b>	<b>(13)</b>
<b>Other comprehensive income</b>	<b>(10)</b>	<b>179</b>
<b>Comprehensive income</b>	<b>805</b>	<b>876</b>
<b>Attributable to</b>		
Shareholders in Novozymes A/S	805	875
Non-controlling interests	-	1

## Appendix 2 Distribution of revenue

### 2.1 Business areas

DKK million	2020 Q1	2019 Q1	% change	% currency impact	% M&A impact	% organic growth
Household Care	1,271	1,145	11	0	0	11
Food & Beverages	1,113	995	12	1	0	11
Bioenergy	697	623	12	1	0	11
Agriculture & Feed	521	498	5	(3)	0	8
Technical & Pharma	184	220	(16)	1	(7)	(10)
<b>Sales</b>	<b>3,786</b>	<b>3,481</b>	<b>9</b>	<b>(1) *</b>	<b>0</b>	<b>10</b>

\* The effect from changes in deferred income in BioAg is included in the currency impact. Realized currency impact was 0.5%.

DKK million	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	% change Q1/Q1
Household Care	1,271	1,224	1,267	1,122	1,145	11
Food & Beverages	1,113	1,074	1,074	1,028	995	12
Bioenergy	697	769	712	716	623	12
Agriculture & Feed	521	484	495	404	498	5
Technical & Pharma	184	180	156	188	220	(16)
<b>Sales</b>	<b>3,786</b>	<b>3,731</b>	<b>3,704</b>	<b>3,458</b>	<b>3,481</b>	<b>9</b>

### 2.2 Geography

DKK million	2020 Q1	2019 Q1	% change	% currency impact	% M&A impact	% organic growth
Europe, Middle East & Africa	1,448	1,328	9	0	(1)	10
North America	1,264	1,162	9	1	0	8
Asia Pacific	714	684	4	0	0	4
Latin America	360	307	17	(10)	0	27
<b>Sales</b>	<b>3,786</b>	<b>3,481</b>	<b>9</b>	<b>(1) *</b>	<b>0</b>	<b>10</b>
Developed markets	2,537	2,357	8	1	(1)	8
Emerging markets	1,249	1,124	11	(2)	0	13
<b>Sales</b>	<b>3,786</b>	<b>3,481</b>	<b>9</b>	<b>(1)</b>	<b>0</b>	<b>10</b>

\* The effect from changes in deferred income in BioAg is included in the currency impact. Realized currency impact was 0.5%.

DKK million	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	% change Q1/Q1
Europe, Middle East & Africa	1,448	1,334	1,404	1,274	1,328	9
North America	1,264	1,255	1,156	1,177	1,162	9
Asia Pacific	714	764	733	696	684	4
Latin America	360	378	411	311	307	17
<b>Sales</b>	<b>3,786</b>	<b>3,731</b>	<b>3,704</b>	<b>3,458</b>	<b>3,481</b>	<b>9</b>
Developed markets	2,537	2,415	2,365	2,299	2,357	8
Emerging markets	1,249	1,316	1,339	1,159	1,124	11
<b>Sales</b>	<b>3,786</b>	<b>3,731</b>	<b>3,704</b>	<b>3,458</b>	<b>3,481</b>	<b>9</b>

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

DKK million	3M 2020	3M 2019
<b>Net profit</b>	<b>815</b>	<b>697</b>
Reversals of non-cash items	686	405
Tax paid	(290)	(367)
Interest received	3	56
Interest paid	(16)	(26)
<b>Cash flow before change in working capital</b>	<b>1,198</b>	<b>765</b>
<b>Change in working capital</b>		
(Increase)/decrease in receivables and contract assets	(49)	57
(Increase)/decrease in inventories	40	32
Increase/(decrease) in payables, deferred income and contract liabilities	(203)	(287)
Currency translation adjustments	(23)	(4)
<b>Cash flow from operating activities</b>	<b>963</b>	<b>563</b>
<b>Investments</b>		
Purchase of intangible assets	(30)	(19)
Sale of property, plant and equipment	-	1
Purchase of property, plant and equipment	(108)	(125)
<b>Cash flow from investing activities before acquisitions, divestments and purchase of financial assets</b>	<b>(138)</b>	<b>(143)</b>
<b>Free cash flow before acquisitions, divestments and purchase of financial assets</b>	<b>825</b>	<b>420</b>
Business acquisitions, divestments and purchase of financial assets	-	-
<b>Free cash flow</b>	<b>825</b>	<b>420</b>
<b>Financing</b>		
Borrowings	971	1,046
Repayment of borrowings	(28)	(21)
Repayment of lease liabilities	(30)	(24)
Shareholders:		
Purchase of treasury stock	(281)	-
Sale of treasury stock	243	8
Dividend paid	(1,482)	(1,438)
<b>Cash flow from financing activities</b>	<b>(607)</b>	<b>(429)</b>
<b>Net cash flow</b>	<b>218</b>	<b>(9)</b>
Unrealized gain/(loss) on currencies and financial assets, included in cash and cash equivalents	(3)	13
<b>Change in cash and cash equivalents, net</b>	<b>215</b>	<b>4</b>
Cash and cash equivalents at January 1	711	723
<b>Cash and cash equivalents at March 31</b>	<b>926</b>	<b>727</b>

Undrawn committed credit facilities at March 31, 2020 were DKK 4,030 million.

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

DKK million	Mar. 31, 2020	Mar. 31, 2019	Dec. 31, 2019
Completed IT development projects	193	172	189
Acquired patents, licenses and know-how	704	838	743
Goodwill	963	1,093	965
IT development projects in progress	40	1	29
<b>Intangible assets</b>	<b>1,900</b>	<b>2,104</b>	<b>1,926</b>
Land and buildings	4,018	3,221	4,056
Plant and machinery	4,467	4,602	4,501
Other equipment	965	849	993
Assets under construction and prepayments	653	1,704	662
<b>Property, plant and equipment</b>	<b>10,103</b>	<b>10,376</b>	<b>10,212</b>
Deferred tax assets	1,151	1,048	1,161
Other financial assets (non-interest-bearing)	22	21	22
Investment in associate	37	40	37
Other receivables	30	31	29
<b>Non-current assets</b>	<b>13,243</b>	<b>13,620</b>	<b>13,387</b>
Raw materials and consumables	384	398	365
Goods in progress	788	794	821
Finished goods	1,388	1,616	1,427
<b>Inventories</b>	<b>2,560</b>	<b>2,808</b>	<b>2,613</b>
Trade receivables	2,861	2,547	2,864
Contract assets	228	277	243
Tax receivables	261	121	273
Other receivables	298	264	269
<b>Receivables</b>	<b>3,648</b>	<b>3,209</b>	<b>3,649</b>
Other financial assets (non-interest-bearing)	23	27	15
Cash and cash equivalents	926	727	711
Assets held for sale	23	-	62
<b>Current assets</b>	<b>7,180</b>	<b>6,771</b>	<b>7,050</b>
<b>Assets</b>	<b>20,423</b>	<b>20,391</b>	<b>20,437</b>

**4.2 Balance sheet, Liabilities**

<b>DKK million</b>	<b>Mar. 31, 2020</b>	<b>Mar. 31, 2019</b>	<b>Dec. 31, 2019</b>
Common stock	570	582	582
Currency translation adjustments	70	106	57
Cash flow hedges	(4)	(39)	19
Retained earnings	10,116	10,265	10,810
<b>Equity attributable to shareholders in Novozymes A/S</b>	<b>10,752</b>	<b>10,914</b>	<b>11,468</b>
Non-controlling interests	12	14	12
<b>Shareholders' equity</b>	<b>10,764</b>	<b>10,928</b>	<b>11,480</b>
Deferred tax liabilities	907	830	879
Provisions	90	133	115
Contract liabilities	-	177	-
Deferred income	-	16	-
Other financial liabilities (interest-bearing)	3,515	2,178	2,764
Other financial liabilities (non-interest-bearing)	12	9	11
Non-current lease liabilities	439	560	453
<b>Non-current liabilities</b>	<b>4,963</b>	<b>3,903</b>	<b>4,222</b>
Other financial liabilities (interest-bearing)	1,616	2,103	1,380
Other financial liabilities (non-interest-bearing)	55	124	31
Lease liabilities	154	131	163
Provisions	147	57	128
Trade payables	1,078	1,111	1,117
Contract liabilities	54	187	74
Deferred income	29	37	30
Tax payables	328	496	431
Other payables	1,235	1,314	1,381
<b>Current liabilities</b>	<b>4,696</b>	<b>5,560</b>	<b>4,735</b>
<b>Liabilities</b>	<b>9,659</b>	<b>9,463</b>	<b>8,957</b>
<b>Liabilities and shareholders' equity</b>	<b>20,423</b>	<b>20,391</b>	<b>20,437</b>

### 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			
<b>Shareholders' equity at January 1, 2020</b>	<b>582</b>	<b>57</b>	<b>19</b>	<b>10,810</b>	<b>11,468</b>	<b>12</b>	<b>11,480</b>
Net profit for the period				815	815	-	815
Other comprehensive income for the period		13	(23)		(10)	-	(10)
<b>Total comprehensive income for the period</b>		<b>13</b>	<b>(23)</b>	<b>815</b>	<b>805</b>	<b>-</b>	<b>805</b>
Purchase of treasury stock				(281)	(281)		(281)
Sale of treasury stock				243	243		243
Write-down of common stock	(12)			12	-		-
Dividend				(1,482)	(1,482)	-	(1,482)
Stock-based payment				15	15		15
Tax related to equity items				(16)	(16)		(16)
<b>Changes in shareholders' equity</b>	<b>(12)</b>	<b>13</b>	<b>(23)</b>	<b>(694)</b>	<b>(716)</b>	<b>-</b>	<b>(716)</b>
<b>Shareholders' equity at March 31, 2020</b>	<b>570</b>	<b>70</b>	<b>(4)</b>	<b>10,116</b>	<b>10,752</b>	<b>12</b>	<b>10,764</b>
<b>Shareholders' equity at January 1, 2019</b>	<b>594</b>	<b>(86)</b>	<b>(26)</b>	<b>10,943</b>	<b>11,425</b>	<b>13</b>	<b>11,438</b>
Net profit for the period				696	696	1	697
Other comprehensive income for the period		192	(13)		179	-	179
<b>Total comprehensive income for the period</b>		<b>192</b>	<b>(13)</b>	<b>696</b>	<b>875</b>	<b>1</b>	<b>876</b>
Purchase of treasury stock				-	-		-
Sale of treasury stock				8	8		8
Write-down of common stock	(12)			12	-		-
Dividend				(1,438)	(1,438)		(1,438)
Stock-based payment				25	25		25
Tax related to equity items				19	19		19
<b>Changes in shareholders' equity</b>	<b>(12)</b>	<b>192</b>	<b>(13)</b>	<b>(678)</b>	<b>(511)</b>	<b>1</b>	<b>(510)</b>
<b>Shareholders' equity at March 31, 2019</b>	<b>582</b>	<b>106</b>	<b>(39)</b>	<b>10,265</b>	<b>10,914</b>	<b>14</b>	<b>10,928</b>

## Appendix 5    Miscellaneous

### 5.1 Product launches in 2020

Q1 2020	Saphera <sup>®</sup> Fiber - a new solution for dairy to increase fiber content while reducing sugar, providing added value to brands of yoghurt and functional milk. Saphera Fiber is a beta-galactosidase enzyme used to convert lactose contained in milk into GOS fiber.
Q2 2020 (April)	Taegro <sup>®</sup> - a microbial foliar fungicide with broad spectrum potential being launched by Syngenta in Europe and Latin America. By using Taegro, fruit and vegetable growers can protect against diseases such as powdery mildew and botrytis.

### 5.2 Company announcements for the financial year 2020

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

January 23, 2020	Group financial statement for 2019
January 23, 2020	Updated financial calendar 2020
February 10, 2020	Initiation of stock buyback
February 26, 2020	Novozymes A/S Annual Shareholders' Meeting 2020
February 26, 2020	Novozymes new remuneration policy for the Executive Management, the Senior Leadership, and all employees
March 27, 2020	Reduction of share capital
April 7, 2020	Company announcement