Annual Report 2024

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Reader's guide
Welcome to Novonesis' integrated annual report, a comprehensive consolidation of financial and sustainability information. The report is structured into two main sections: the Management Review (chapters 1-4), which showcases our business and sustainability reporting, and Accounts (chapter 5), which covers our financial statements.

Sustainability is deeply ingrained into our business and strategy, and in this report we continue our long-standing commitment to report transparently on environmental, social and governance matters to our stakeholders. We embrace the new EU Corporate Sustainability Reporting Directive (CSRD), which we adhere to in our Sustainability statement and across various chapters of our Annual Report.

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The big picture

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Novonesis at a glance

We know that solutions rooted in biology can help solve many of humanity's biggest challenges, and everything we do is guided by our purpose.

We exist to

Better our world with biology...

...and we use our biosolutions...

- Enzymes
- Proteins
- Cultures
- Probiotics
- Yeast
- Human milk oligosaccharides (HMOs)

...to create an impact by

...reducing food waste by extending the shelf life of dairy products

...securing more food for a growing population by making plants and crops more robust and enabling more sustainable proteins

...saving millions of tons of CO_2 by turning waste and plants into a range of end products, including low-carbon fuels

...helping people live healthier for longer, with scientifically researched and clinically tested biosolutions for a stronger body and mind

...making clothes look new and last longer, while reducing the environmental footprint of detergents

Cees de Jong,
Chair

Ester Baiget,
CEO

Message from the Chair and the CEO

Pioneering the era of biosolutions

2024 has been a truly remarkable year. We successfully combined two strong companies to create Novonesis, a leading biosolutions partner, to pioneer the era of biosolutions. We are operating as a unified company, and our performance clearly demonstrates that we are delivering on our promises.

Now, more than ever, the world is in need of new answers, and with biosolutions the potential for transformation is immense. With over a century of expertise, global reach, and a passionate team of more than 10,000 employees, Novonesis is well-positioned to lead the way in enabling a healthier planet and healthier lives, while creating value for our stakeholders. Our achievements this year mark just the beginning of our journey.

Performance in 2024

Delivering a strong financial performance in 2024, Novonesis is in very good shape. We saw 8% organic sales growth, driven by robust sales across the business, and achieved an adjusted EBITDA margin of 36.1%. Emerging markets performed well, with double-digit organic sales growth of 12%. Throughout the year, we have upheld our commitment to customers and shareholders, consistently delivering on our promises. We are delivering profitable and sustainable growth.

Our three-year cost synergy program is progressing well, with 80% of our run-rate already reached in the first year. Sales synergies are beginning to materialize and are expected to be delivered over the next three years.

Novonesis holds a unique position thanks to our strong customer relationships and a deep understanding of our customers' needs, which enables us to deliver highly tailored solutions. This, together with our unique research and development muscle and our extensive range of biosolutions and scalable production capabilities, makes us well-prepared to meet the growing demand for biosolutions.

Operating as one company

We have achieved significant progress in our integration efforts, successfully uniting two iconic companies within a matter of months. Throughout the year, we have reached key integration milestones, including establishing the full organization, realizing cost synergies, and creating a foundation for a unified culture.

Together, we have become an even stronger biosolutions partner. Driven by our culture and a strong emphasis on delivering on our promises, we are now even better positioned to provide value-adding solutions to our customers and to meet the increasing demand for innovative biosolutions. This accomplishment is a result of the dedication and commitment of our employees, who have ensured a seamless transition, met customer needs, and maintained an uninterrupted, reliable supply during a year of change.

Bettering our world with biology

At Novonesis, we know that solutions rooted in biology can help solve some of humanity's biggest challenges. Our purpose is clear: We exist to better our world with biology, and we have the dedication, knowledge and capabilities to make a substantial impact on a large scale.

The foundation for the solutions is here, and now we need the right frameworks and future-oriented regulations to ensure the right impact. We advocate for change on the global stage, while we continue to drive innovation, together with our customers, to transform production and consumption.

Shaping our future, together

The backbone of both legacy companies has formed a solid foundation on which we are building our future. We are better together, and we are already demonstrating how powerful our capabilities are when combined. The time for biosolutions is now, and we are committed to unlocking the limitless possibilities that lie ahead. Our strategic focus will be centered on prioritization, innovation, driving growth, and strengthening our leadership position in the biosolutions industry, all with the aim of continuing to create sustainable value for shareholders and society at large.

We thank our employees, customers, partners and shareholders for their confidence in Novonesis and for taking part in our journey. The future is ours to shape.

Together, we have become an even stronger biosolutions partner. Driven by our culture and a strong emphasis on delivering on our promises, we are now even better positioned to provide value-adding solutions to our customers and to meet the increasing demand for innovative biosolutions.

Cees de Jong, Chair

Ester Baiget, CEO

Becoming one Novonesis

In 2024, we reached a significant milestone by combining Novozymes and Chr. Hansen to create Novonesis, marking a crucial step towards leading the era of biosolutions.

The integration process, while ongoing and on track, has already demonstrated strong progress, with high levels of employee engagement and the realization of synergies that enable us to make an even bigger impact for our stakeholders. Throughout this transition, we have maintained business continuity, ensuring steady operations and consistent service and supply to our customers.

Setting the right foundation
Our employees have been the cornerstone of this success, demonstrating resilience, adaptability and a steadfast belief in our shared journey ahead. Through dialogue and networks across our company, including our change agents setup, we have remained in tune with the organization to understand the key concerns and topics on employees' minds.

We have also kept a keen focus on employee engagement through regular surveys, and we have been pleased to see that engagement has remained high, surpassing benchmarks even for companies not undergoing an integration process.

Our employees have played an active role in helping define a shared company culture, one that blends the best of both legacy companies, while positioning us for future success. Through extensive surveys and culture workshops, we identified elements we value and we believe should **define the way we work, interact and behave**. This collaborative effort has been instrumental in creating a foundation for a Novonesis culture that resonates both locally and globally, bringing us one step closer to operating as a unified company.

Structure and synergies
Following the combination, we began establishing our organizational structure to ensure that we fully leverage the synergies and complementarities of Novonesis.

Our business is split into two divisions: Food & Health Biosolutions and Planetary Health Biosolutions. Around 45% of our sales are attributed to solutions that support healthier lives, and around 55% to solutions that support a healthier planet.

Our Food & Health Biosolutions enable food and beverages with better taste and texture, and with less sugar and more fiber. They can deliver lifelong health benefits with supplements that target specific health needs, including mental wellness, oral and gut health, and immune, women's and infant health benefits.

Our Planetary Health Biosolutions help companies and consumers reduce their use of fossil-based resources, chemicals and energy. They help keep clothes clean with lower energy and water use, and they unlock more sustainable protein sources. At the same time, they enable higher yields from fewer resources across fields and factories.

By the numbers

+10,000
Employees worldwide

+45
Countries we are present in

+30
Industries served

+30
Production sites

With our organizational structure in place, we are focusing on both short- and long-term agendas, including the execution of cost and sales synergies. We are progressing well on our three-year cost synergy program, and we have achieved an 80% run rate in 2024. This was made possible by operating in a cost-effective manner and through close collaboration with suppliers, focusing on opportunities within our direct and indirect spending. Sales synergies are also beginning to materialize and are expected to be delivered over the next three years.

During the year, we started seeing the first concrete examples of sales synergies, through the first commercial launches and the first cross-selling synergies across our food and health businesses. This was made possible by leveraging our commercial scale and joint innovation capabilities in a cross-functional team.

Key integration milestones

- We created the foundation for a unified culture
- We sustained high employee engagement
- We unlocked cost synergies
- We are on track to achieve sales synergies

Did you know?

The name 'Novonesis' has its origin in science's classical roots.

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'Novo' means new.
The Novo name is globally associated with strong science capabilities, a purpose-driven mindset, a Nordic heritage, and being a great societal contributor. These are all assets and values that characterize Novonesis.

'Genesis' is Greek for 'origin' or 'beginning'.
By choosing a word with a root in Greek, the name honors how ancient Greek thinkers (from Pythagoras to Aristotle) played a key role in the development of science as we know it today.

Performance highlights

Financials* pro forma / *IFRS*

8% *8%*
Organic sales growth

36.1% *36.2%*
Adjusted EBITDA margin

1.4x *1.4x*
NIBD/EBITDA

667.5 EUR million *660.9 EUR million*
Free cash flow before acquisitions

	Initial 2024 outlook	Latest 2024 outlook	2024 realized
Organic sales growth	5-7%	Upper end of 7–8%	8% / *8%*
Adjusted EBITDA margin	~35%	35.5–36.5%	36.1% / *36.2%*

See more details in **Financial statements**

* In the Management Review, Novonesis mainly comments on pro forma figures for year-on-year performance for better comparability and transparency, following the combination of Novozymes and Chr. Hansen. Please refer to the **Financial performance** for a reader's guide and a reconciliation between pro forma and IFRS numbers.

Sustainability

63%
Absolute greenhouse gas emissions reduction from Scopes 1 and 2 from 2018 baseline

93%
Electricity from renewable sources

36%
Women in senior management

1.5
Lost Time Injury Frequency (LTIF) with absence

Targets	2025 target	2030 target	2024 realized
Reduce absolute greenhouse gas emissions from Scopes 1 and 2 from 2018 baseline	65%	75%	63%
Gender parity (women/men)*	-	45%/45%	36%/64%
Source renewable electricity	100%	-	93%
Maintain Lost Time Injury Frequency (LTIF) with absence, per million working hours	≤ 1.5	-	1.5

See details on all sustainability targets in **Our sustainability ambition: People. Planet. Positive.**

* A minimum of 45% women and 45% men in senior management (director level and above with direct reports).

Divisional performance (pro forma)

Food & Health Biosolutions

Our biosolutions enable food and beverages with better taste and texture, and less sugar and more fiber. They can deliver life-long health benefits with supplements that target specific health needs, including mental wellness, oral and gut health, and immune, women's and infant health benefits.

7%
Organic sales growth

45%
of total sales

35.2%
Adjusted EBITDA margin

Planetary Health Biosolutions

Our biosolutions help companies and consumers reduce their use of fossil-based resources, chemicals and energy. They help keep clothes clean with lower energy and water use, and they unlock more sustainable protein sources. They also enable higher yields from fewer resources across fields and factories.

9%
Organic sales growth

55%
of total sales

36.8%
Adjusted EBITDA margin

Sales by business area:

Food & Beverages

8%
Organic sales growth

74%
of divisional sales

Human Health

5%
Organic sales growth

26%
of divisional sales

Sales by business area:

Household Care

13%
Organic sales growth

35%
of divisional sales

Agriculture, Energy & Tech

6%
Organic sales growth

65%
of divisional sales

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Food & Health Biosolutions

Food & Beverages

33% of total sales

2024 sales performance
Food & Beverages organic pro forma sales grew by 8% in 2024, and sales in EUR were up 2%. The merger-related divestment of part of the lactase enzyme business had a negative 4 percentage point impact. The organic performance was driven by strong growth in Dairy and by solid growth across remaining subareas, supported by pricing. Growth in Dairy was supported by both cheese and fresh dairy, driven by upselling and strong customer adoption of innovation, as well as conversion in cheese. In Dairy, China was negatively impacted by the declining Chinese dairy market, partly offset by upselling and strong customer adoption of innovation, including live-in-ambient in China. Baking showed solid growth, driven by innovation. The remaining subareas were led by strong growth in Meat and Plant-based solutions.

Selected product launches (45 in total):
- SpiceIT® M100 – the world's first microbial lipase that improves flavor in cheese and allows producers to deliver kosher, halal and vegetarian options to consumers.
- Vertera® Umami MG – releases and improves umami flavors in plant-based foods, helping producers tailor their products to meet consumer taste demands.

Value creation
Our biosolutions in Food & Beverages help our customers get more from less and make processes more efficient. They enhance the nutritional value of food, while enabling better taste, texture and appearance with simpler, shorter labels, helping to meet evolving consumer demands.

Our customers can also lower the environmental footprint of foods by improving productivity and reducing food waste. For instance, using our biosolutions, cheese producers can achieve up to 1% higher yield with the same amount of milk. Our bioprotective solutions have also helped save over one million tons of yogurt from being wasted over the past nine years. With this saving, we enabled up to six billion cups of yogurt to be served instead of wasted.

Human Health

12% of total sales

2024 sales performance
Human Health organic pro forma sales increased by 5% in 2024, and sales in EUR increased by 5%. The performance was in line with expectations, as Dietary Supplements was flat and negatively impacted by a strong comparable in the first half of 2024, while HMO declined due to order timing and a strong comparable from last year. Pricing contributed positively to the overall sales performance. Sales to the anchor customer in Advanced Protein Solutions contributed strongly, as expected. Performance of Dietary supplements in Asia Pacific was strong, while the U.S. was impacted by a soft end market. The women's health and infant nutrition categories showed the strongest growth. Additionally, sales benefited from the release of deferred revenue at a mid-single-digit million EUR amount, following the updated contractual agreement with the anchor customer in Advanced Protein Solutions for plant-based meat.

Selected product launches (45 in total):
- PrecisionBiotics® Daily Calm capsules – help consumers navigate daily life by fostering relaxation and emotional balance, while supporting a busy mind.

Value creation
Our scientifically researched and tested biosolutions in Human Health enable customers to develop supplements that serve consumers from the beginning of life to old age. They deliver a range of health benefits, including mental wellness, and gut, oral, immune and women's health benefits, enabling consumers globally to live healthier lives.

For example, one of our biosolutions for women's health can reduce yeast overgrowth by up to 73% in the urogenital tract, providing relief from bacterial imbalances. It is the world's most documented probiotic for urogenital health.

Planetary Health Biosolutions

Household Care

19% of total sales

2024 sales performance
Household Care organic pro forma sales grew by 13% in 2024, and sales in EUR increased by 12%. The strong performance was driven by increased penetration and innovation, as well as pricing. The year-on-year industry volume growth across markets was also more supportive than normal, especially in Europe. Performance was strong across developed and emerging markets.

Selected product launches (45 in total):

- Luminous® – a biological alternative to petroleum-based technologies, designed to maintain the whiteness and brightness of fabric, allowing consumers to use clothes for longer.

- Progress Power® – helps laundry producers deliver soap bars where the product remains stable and active, even in high temperature conditions. This allows consumers to remove stains effectively when washing by hand.

Value creation
Our biosolutions in Household Care for laundry, dishwashing and cleaning reach more than half of the world's population. They ensure strong cleaning performance, while reducing the use of energy and chemicals. Using our biosolutions, laundry customers can cut the level of surfactants by up to 30% in a standard detergent and still achieve a great washing performance. In 2024, we estimated that, for Europe alone, our biosolutions helped save 170,000 tons of detergent chemicals in the wash and in the drain after the wash. This is equal to 8,500 mid-size trucks loaded with chemicals.

Agriculture, Energy & Tech

36% of total sales

2024 sales performance
Agriculture, Energy & Tech organic pro forma sales grew by 6% in 2024, and sales in EUR were up by 5%. This was driven by double-digit growth in Energy and supported by growth in Tech and Agriculture. Pricing also impacted positively. Performance in Energy was driven by strong growth in Latin America and India, as well as increased penetration of innovation in North America, which was aided by supportive market conditions, including ethanol production volume growth. Sales in Latin America and India were driven by capacity expansion of ethanol production, including the ramp-up of second-generation ethanol production. Additionally, a strong development in solutions for Biodiesel contributed positively to the performance.

Agriculture had a demanding comparable due to timing of orders in Animal, while destocking impacted the performance in Plant. Tech was driven by bioprocessing, including solutions for biopharma production, and grain processing.

Selected product launches (45 in total):

- Innova® Eclipse – our most advanced yeast solution, which helps ethanol customers get more value from existing assets. They can increase yields, improve efficiency and reduce ethanol carbon intensity scores.

- TagTeam® BioniQ® – combines five biologically active ingredients to support the growth and yield of peas and lentils by improving the availability of phosphorous and other key nutrients.

Value creation
Our biosolutions help farmers increase crop yields, while offering increased resilience to the impacts of climate change. In livestock production, our biosolutions enable animals to get more nutrients from feed and promote animal health by reducing the need for antibiotics. Our biosolutions in energy enable ethanol yield and co-product production, and they contribute to the development of low-carbon fuels for the transport sector.

Over the past years, the annual GHG savings in the global transportation sector achieved by using biofuels produced with our biosolutions are estimated to be more than 60 million tons of CO_2e. This is equal to taking more than 27 million cars off the roads.

Sales by region (pro forma)

Europe, the Middle East & Africa

Organic pro forma sales for Europe, the Middle East & Africa grew by 8% in 2024, driven by growth in Household Care and Food & Beverages, supported by Agriculture, Energy & Tech.

North America

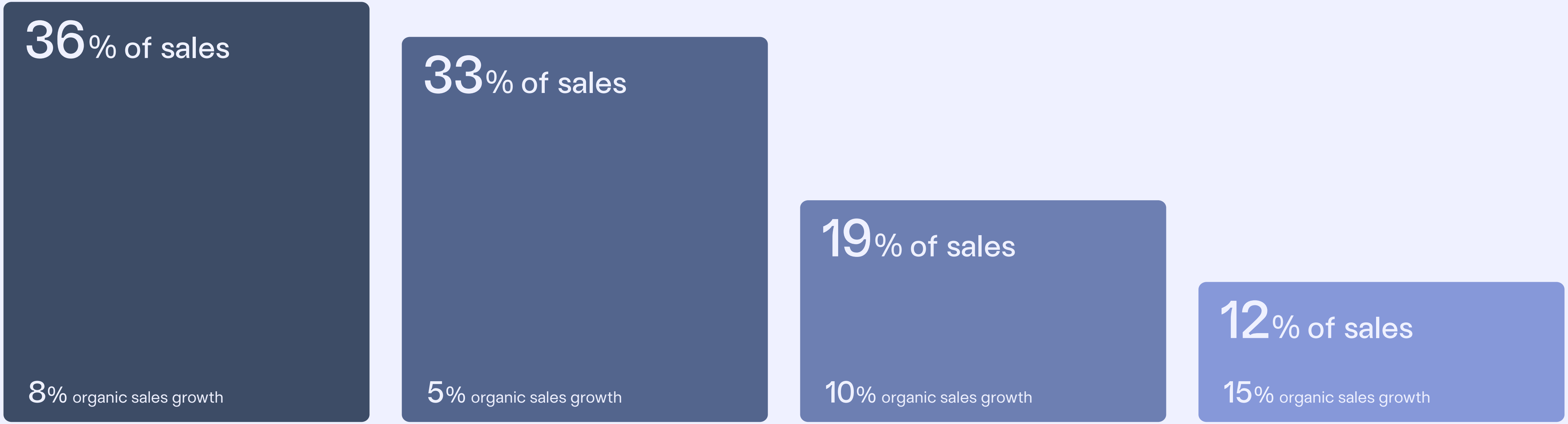
Organic pro forma sales in North America grew by 5% in 2024. The performance was driven by growth in Household Care, and supported by growth in Food & Beverages, Agriculture, Energy & Tech, and Human Health.

Asia Pacific

Asia Pacific reported 10% organic pro forma sales growth in 2024, driven by growth across all sales areas, with Human Health and Household Care as the strongest contributors.

Latin America

Latin America reported 15% organic pro forma sales growth in 2024, driven by growth across all sales areas, with Human Health, Agriculture, Energy & Tech, and Food & Beverages as the strongest contributors.



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Financial performance

The annual report provides financial information that is presented on a pro forma basis and on an IFRS basis. The bridge between these can be found on the next page.

Income statement (pro forma basis)
Novonesis realized pro forma sales of EUR 3,945.5 million in 2024, of which Food & Health Biosolutions represented 45%, while Planetary Health Biosolutions represented 55%. 2024 organic pro forma sales growth was 8%, with Food & Health Biosolutions at 7% and Planetary Health Biosolutions at 9%.

More details can be found in **Divisional performance** and **Sales by region**.

The pro forma gross margin was 47.4% for 2024. Adjusting for the one-time inventory step-up resulting from the PPA, as well as for PPA amortization and depreciation, the pro forma gross margin was 56.7%, compared to 55.0% in 2023. The stronger pro forma gross margin was related to the lower cost of raw materials compared to last year, including the lower cost of energy. Pricing also impacted positively.

Pro forma adjusted EBITDA was EUR 1,423.4 million in 2024, representing a pro forma adjusted EBITDA margin of 36.1%, compared to pro forma adjusted EBITDA of EUR 1,265.6 million and a pro forma adjusted EBITDA margin of 33.8% for 2023, representing an increase of EUR 157.8 million, or 12%. The pro forma adjusted EBITDA margin benefited from a higher gross margin and lower relative operating costs.

Pro forma special items amounted to EUR 199.0 million in 2024. This included items related to the combination, including the discontinuation of activities in Russia, a gain on the divestment of the lactase enzyme business, and an impairment of discontinued research and development projects at Chr. Hansen as part of concluding the post-merger-related portfolio activities.

Pro forma net profit amounted to EUR 276.6 million for the year. Adjusting for special items and the PPA inventory step-up following the combination, as well as the associated tax impact of this, pro forma net profit was EUR 594.7 million.

Pro forma adjusted earnings per share (EPS) was EUR 1.28 in 2024. Adjusting for PPA amortizations related to the combination, pro forma adjusted EPS was EUR 1.73.

Pro forma cash flow
Pro forma free cash flow before acquisitions was EUR 667.5 million for the year, an increase of EUR 208.3 million compared to pro forma 2023. The strong cash flow generation was predominantly due to improved working capital, including a prepayment from an anchor customer in Advanced Protein Solutions.

Reader's guide
The Annual Report includes information that is presented on a pro forma basis (pro forma figures) and information that is presented according to IFRS Accounting Standards ('IFRS'), as adopted by the EU (reported basis). Furthermore, the Annual Report includes other alternative performance measures (APMs). Please refer to **Non-IFRS financial measures**.

In the Management Review, Novonesis mainly comments on pro forma figures for year-on-year performance for better comparability, relevance and transparency, following the combination with Chr. Hansen on January 29, 2024. These pro forma figures, including the basis of preparation, are also presented in **Financial definitions and ratios** and **Non-IFRS financial measures**. The bridge between IFRS and pro forma numbers is provided in the table on the next page. Where comments refer to our reported IFRS financial statement figures, the term 'reported basis' is used. As a reader's guide, please note that IFRS numbers are significantly impacted by the combination, which impacts the comparability of the reported financial developments year-on-year.

IFRS vs pro forma reconciliation

EUR million	IFRS 2024	Chr. Hansen January 1 - January 29	Harmoni-zation of freight costs	Inter-company eliminations	Pro forma 2024	IFRS 2023	Chr. Hansen 2023	Harmoni-zation of freight costs	Inter-company eliminations	Pro forma 2023
Net sales	3,833.5	112.0	-	-	3,945.5	2,402.2	1,340.8	22.1	(21.3)	3,743.8
Gross profit	1,809.5	61.0	-	-	1,870.5	1,304.8	734.7	20.2	-	2,059.7
Gross margin	47.2%	-	-	-	47.4%	54.3%	-	-	-	55.0%
Adjusted EBITDA	1,387.0	36.4	-	-	1,423.4	797.3	468.3	-	-	1,265.6
Adjusted EBITDA margin	36.2%	-	-	-	36.1%	33.2%	-	-	-	33.8%
Special items	(158.0)	(41.0)	-	-	(199.0)	(77.3)	(36.9)	-	-	(114.2)
Net profit	305.8	(29.2)	-	-	276.6	407.9	208.9	-	-	616.8
Free cash flow before acquisitions	660.9	6.6	-	-	667.5	281.8	177.4	-	-	459.2

Income statement (IFRS reported basis)
Novonesis reported 8% organic sales growth in 2024. Sales amounted to EUR 3,833.5 million, an increase of 60%. Of the increase, 49% was the net impact from the combination with Chr. Hansen and the divestment of the lactase enzyme business. Emerging markets grew by 12% organically, and developed markets increased by 7%.

In 2024, the gross margin was 47.2%. Excluding the PPA inventory step-up and PPA depreciation and amortization, the gross margin was 56.8%, an increase from 54.3% in 2023. The stronger gross margin compared to 2023 was related to the lower cost of raw materials and lower logistics costs. Pricing impacted positively, and leverage on the fixed cost base was also beneficial.

Operating costs totaled EUR 1,178.7 million, which was an increase of EUR 461.9 million compared to last year. Besides the increase stemming from Chr. Hansen's business, operating costs in 2024 also included the impact from additional amortization related to the combination. In total, operating costs made up 30.7% of sales, compared to 29.8% in 2023. Other operating income amounted to EUR 28.2 million for the year, mainly derived from grants and other income.

Special items amounted to EUR 158.0 million in 2024 and included items related to transaction and integration costs for the combination; costs including impairment relating to the discontinuation of activities in Russia; a net gain on the divestment of the lactase enzyme business; and an impairment of discontinued research and development projects at Chr. Hansen as part of concluding the post-merger-related portfolio activities.

Depreciation and amortization, including impairment losses, amounted to EUR 597.4 million in 2024, compared to EUR 186.4 million in 2023. The increase is mainly due to additional depreciation and amortization as a result of the PPA of the combination. Additionally, an impairment loss of EUR 31 million associated with the discontinuation of activities in Russia and an impairment loss of EUR 22.3 million related to discontinued R&D projects have been recognized. Both impairment losses were recognized in Special items.

Adjusted EBITDA was EUR 1,387.0 million in 2024, representing an adjusted EBITDA margin of 36.2%, compared to EUR 797.3 million and an adjusted EBITDA margin of 33.2% in 2023. On a divisional level, Food & Health Biosolutions reported an adjusted EBITDA margin of 35.2%, and Planetary Health Biosolutions reported an adjusted EBITDA margin of 37.0%. Both divisional margins improved compared to 2023 by 6.9 and 2.4 percentage points, respectively.

Net financials were negative EUR 80.4 million in 2024. This represents an increased cost of EUR 73.9 million compared to last year. The increase was mainly due to higher interest costs.

Profit before tax amounted to EUR 417.1 million in 2024, compared to EUR 524.7 million in 2023. The decrease was related to the impact from the combination, with higher amortization, PPA inventory step-up and special items resulting from the combination. The effective tax rate was 26.7%, compared to 22.3% in 2023, driven by merger-related transaction and integration costs, which are not fully deductible for tax purposes. Net profit totaled EUR 305.8 million, compared to EUR 407.9 million in 2023.

Cash flow and balance sheet

Cash flow from operating activities amounted to EUR 1,019.9 million in 2024. This was an increase of EUR 462.8 million compared to 2023. The combination contributed to the positive operating cash generation. Cash flow from net investments excluding acquisitions totaled EUR 359.0 million, equaling 9.4% of sales for the year. This was an increase of EUR 83.7 million compared to 2023, where the ratio to sales was 11.5%. Free cash flow before acquisitions was EUR 660.9 million, corresponding to an increase of EUR 379.1 million compared to last year.

Total assets were EUR 15,195.6 million on December 31, 2024, an increase of EUR 11,386.2 million compared to December 31, 2023. The increase was related to the combination. Please refer to Note 3.4 for details on the identified assets and liabilities at the acquisition date, including the fair value of goodwill of EUR 5,309.2 million and other intangible assets of EUR 4,404.1 million.

Net interest-bearing debt was EUR 1,490.0 million on December 31, 2024, compared to EUR 887.8 million on December 31, 2023. The NIBD/EBITDA ratio was 1.4x on December 31, 2024, compared to 1.2x on December 31, 2023.

Total equity was EUR 11,176.0 million on December 31, 2024, compared to EUR 1,925.6 million on December 31, 2023. The increase was mainly related to the capital increase of EUR 9,071.8 million (nominal amount EUR 50.3 million), which was completed and registered on January 29, 2024, through the combination of Novozymes and Chr. Hansen. Please refer to Note 3.4 for more details. The increase was partly offset by dividends of EUR 249.8 million paid during 2024.

Subsequent events

On February 11, 2025, it was announced that Novonesis had reached an agreement with dsm-firmenich to dissolve the Feed Enzyme Alliance and take over dsm-firmenich's sales and distribution activities, in exchange for a total cash consideration of EUR 1.5 billion. The acquisition will be included within our Planetary Health Biosolutions division. Subject to regulatory approvals, the transaction is expected to close in the course of 2025.

Five-year summary

EUR million	2020	2021	2022	2023	2024
Income statement					
Net sales	1,879.7	2,010.3	2,359.4	2,402.2	3,833.5
Gross profit	1,053.5	1,159.5	1,287.3	1,304.8	1,809.5
Adjusted EBITDA	659.7	729.2	821.8	797.3	1,387.0
Operating profit (EBIT) before special items	489.9	538.8	622.2	610.9	659.0
Special items	-	-	(9.1)	(77.3)	(158.0)
Operating profit (EBIT)	489.9	538.8	613.1	533.6	501.0
Financial items, net	(17.0)	(10.6)	0.3	(6.5)	(80.4)
Net profit	379.1	422.9	495.5	407.9	305.8
Balance sheet					
Total assets	2,757.0	3,330.5	3,762.9	3,809.4	15,195.6
Equity	1,511.4	1,641.4	1,913.3	1,925.6	11,176.0
Invested capital	2,029.0	2,436.4	2,784.0	2,883.4	12,647.3
Net interest-bearing debt	520.3	702.6	780.9	887.8	1,490.0
Investments and cash flows					
Cash flow from operating activities	585.4	546.2	538.7	557.1	1,019.9
Additions to property, plant and equipment	114.5	159.8	376.8	266.3	358.9
Cash flow from net investments excluding acquisitions	125.8	150.1	384.9	275.3	359.0
Free cash flow before acquisitions	459.6	396.2	153.8	281.8	660.9
Cash flow from business acquisitions and divestments	(79.0)	(219.3)	25.5	(10.9)	159.3
Free cash flow	380.5	176.8	179.4	270.9	820.2

		2020	2021	2022	2023	2024
Key ratios						
Sales Growth, EUR	%	(3)	7	17	2	60
Sales growth, organic	%	0	6	9	5	8
R&D costs (% of sales)	%	13.8	13.4	11.4	11.3	10.8
Gross margin	%	56.0	57.7	54.6	54.3	47.2
Adjusted EBITDA margin	%	35.1	36.3	34.8	33.2	36.2
EBIT margin before special items	%	26.1	26.8	26.4	25.4	17.2
EBIT margin	%	26.1	26.8	26.0	22.2	13.1
Effective tax rate	%	19.7	19.9	19.1	22.3	26.7
Equity ratio	%	54.8	49.3	50.8	50.5	73.5
NIBD/EBITDA	x	0.8	1.0	1.0	1.2	1.4
Earnings per share (EPS), diluted	EUR	1.34	1.51	1.77	1.46	0.67
Dividend per share	EUR	0.71	0.74	0.81	0.83	0.83
Dividend per share	DKK	5.25	5.50	6.00	6.20	6.20

For the definition of financial key figures and ratios, please refer to **Financial definitions and ratios** and **Non-IFRS financial measures**.

In accordance with the acquisition method under IFRS 3, Chr. Hansen is included in the consolidated financial statements as of the merger date January 29, 2024. As the comparative figures reflect the historical financial information as reported by Novozymes A/S in the past, this significantly impacts the comparability of the reported financial information.

Outlook

Pro forma organic sales
The organic sales growth for the full year is expected to be in the range of 5-8% (6-9% excluding the impact from the decision to exit certain countries for legacy Chr. Hansen sales). The first half of 2025 is expected to grow faster than the second half.

Growth is expected across all subareas and is expected to be predominantly volume-driven, supported by positive pricing across both divisions at a total group contribution of around 1 percentage point. Revenue synergies are expected to contribute around 1 percentage point to the organic sales growth mainly recognized in Food & Beverages, Human Health, and Agriculture, Energy & Tech.

The announced exit of the Food & Health business in certain countries during the second quarter is included in the outlook and is expected to have a negative impact on full year organic revenue growth for the Group of around 1 percentage point, impacting the second half in particular.

Food & Health Biosolutions
Food & Health Biosolutions is indicated to deliver organic sales growth within the same range as for the Group, with relatively stronger growth in Human Health.

Growth in Food & Beverages is expected to be driven by broad performance across subareas, supported by a positive impact from revenue synergies. The exit of the business in certain countries during the second quarter is expected to have a negative impact on full year organic growth in Food & Beverages of around 3 percentage points and is included in the growth indication for the sales area.

Growth in Human Health is expected to be driven by Advanced Protein Solutions and Dietary supplements, supported by a positive impact from revenue synergies, whereas the exit from certain countries during the second quarter will have around 1 percentage point negative impact for the sales area. Additionally, the benefit from deferred revenue on the organic sales growth is expected to be around 1 percentage point in Human Health.

Planetary Health Biosolutions
Planetary Health Biosolutions is indicated to deliver organic sales growth within the same range as for the Group, with relatively stronger growth in Agriculture, Energy & Tech.

Household Care growth is expected to normalize following an exceptionally strong 2024 and will be driven by increased penetration of solutions in both developed and emerging markets.

Agriculture, Energy & Tech growth is expected to be driven by growth across subareas, led by Energy, and the sales area is supported by revenue synergies.

Adjusted EBITDA margin
The adjusted EBITDA margin is expected to be between 37-38% supported by a stronger gross margin development and also includes the full year effect of the so far achieved cost synergies at an 80% run-rate, as well as a minor contribution from sales synergies. Currencies, net, will also have a minor benefit to the margin using current spot rates versus average rates for 2024.

In 2025 we plan for significant reinvestments to support growth, predominantly with a commercial focus in markets and geographies where increased presence and impact hold more short and long-term growth potential.

The outlook for 2025 is based on 12 months' pro forma numbers for the consolidated business. The 2024 reported (IFRS) numbers for organic sales growth and adjusted EBITDA margin are expected to be similar.

novonesis

Our business

02

Our business model

We depend on

Customers
We engage with customers to meet their business and sustainability needs with existing and new biosolutions.

Employees
Our dedicated, diverse team of +10,000 employees are driven by our purpose to better our world with biology. We rely on their expertise to deliver innovative biosolutions and meet customer needs.

Suppliers and partners
We rely on our strong collaboration with suppliers, partners and authorities to expand the reach of biosolutions faster and to explore joint opportunities, while addressing the environmental and social impact of our supply chain.

Raw materials
To produce our biosolutions, we depend on natural resources such as agricultural raw materials and water.

Financial capital
We draw on a strong balance sheet and are committed to investing capital and resources where they matter the most.

We exist to

Better our world with biology

We create value for

Customers
We enable customers to enhance profitability, minimize their environmental impact, and deliver products that meet consumer needs.

Employees
We foster an inclusive culture where employees feel valued and are given equal opportunities to realize their potential, and where we succeed together.

Society
Our biosolutions enable healthier lives by meeting the nutritional needs of a growing population.

Planet
Our biosolutions enable a healthier planet by transforming production and consumption. They reduce the use of fossil-based resources, chemicals, energy and water.

Shareholders
We create long-term value for our shareholders through consistent financial performance, ensuring attractive returns.

Input → Novonesis → Output

This page contains CSRD disclosure requirement: SBM-1.

Our strategic direction

We transform businesses through biology, driven by close customer collaboration, scalable production capabilities, unparalleled technology, and more than 100 years of innovation.

Our business is split almost evenly between **Food & Health Biosolutions** and **Planetary Health Biosolutions**. The diversity of our portfolio and a global manufacturing footprint give us resilience and position us to continue to deliver sustainable growth, even in volatile market conditions. With a world-leading proprietary library of microbial strains, a deep understanding of our customers' needs and applications, and the ability to produce at scale, we can swiftly bring high-impact biosolutions to the market and leverage innovations across end markets.

We are a leading global biosolutions partner, focusing exclusively on advancing our pure-play biological portfolio. By focusing our expertise solely in this area, we are equipped to drive innovation and deliver biosolutions at scale for both current and future challenges.

This section contains CSRD disclosure requirement: SBM-1.

This approach allows us to optimize our return on investment, as we leverage all our capital expenditure and R&D efforts within biosolutions, maximizing their impact and efficiency.

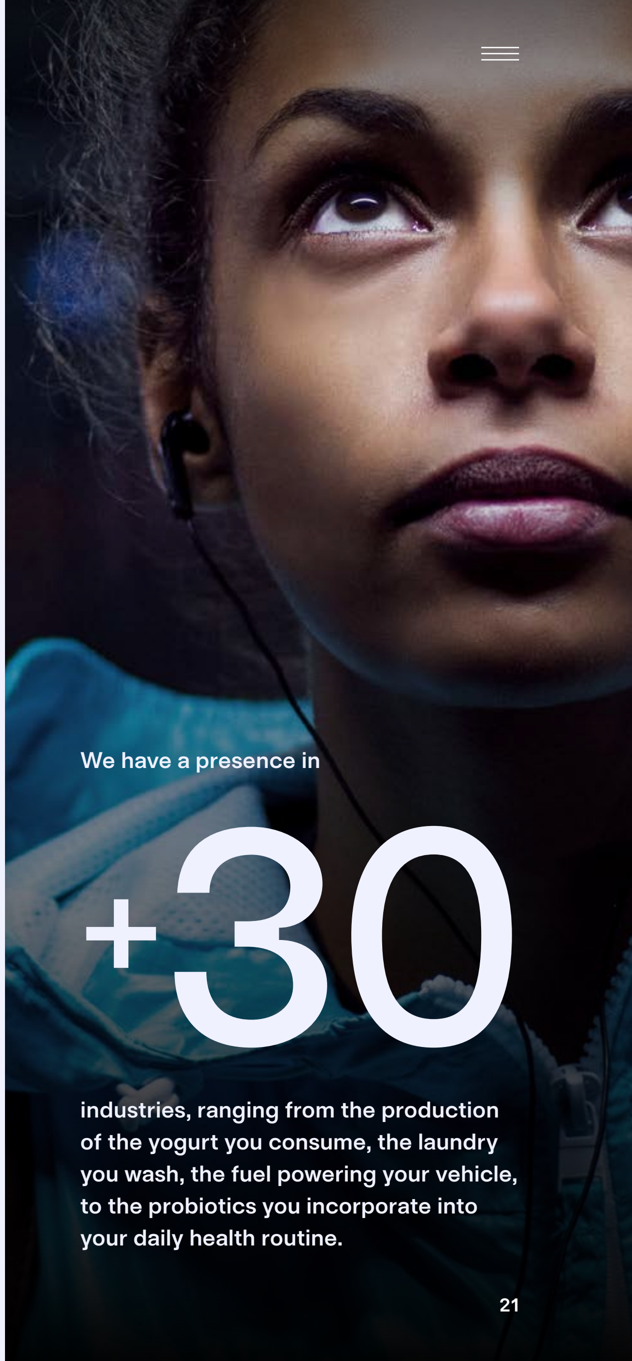
Positioned to lead the era of biosolutions

Biosolutions hold significant opportunity for more sustainable growth, and they will benefit societies worldwide. The current addressable market relevant for Novonesis is around EUR 20 billion and is continuously expanding.

Our unique position sets us apart, defined by strong customer connections and application expertise, a broad biosolutions toolbox, and an agile production setup, which are instrumental in driving our performance.

We will continue our journey towards unifying as one Novonesis. Our strategic focus remains on driving growth primarily through expanding from the core business, while laying the foundation for future accelerated growth. Growth will come from expanding the use of our biosolutions in existing core segments through innovation and penetration, leveraging the full breadth of our competitive strength. Additionally, adjacent markets will continue to fuel our expansion. Finally, we will explore entirely new areas that can become long-term growth drivers.

This growth will be achieved through the cross-fertilization of existing solutions and through leveraging our innovative, comprehensive toolbox. Prioritization remains a key priority, and we will carefully select where to invest and grow, concentrating on areas that offer the highest returns and create the most value.



We have a presence in

+30

industries, ranging from the production of the yogurt you consume, the laundry you wash, the fuel powering your vehicle, to the probiotics you incorporate into your daily health routine.

We are a leading global biosolutions partner, focusing exclusively on advancing our pure-play biological portfolio

Deep customer and application understanding

Our commitment to innovation goes beyond providing biosolutions: We collaborate closely with our customers to understand their challenges and to help achieve their goals. Whether it involves reformulating products, supporting their sustainability journeys, or improving their production set-ups, our dedication to meeting customers' needs positions us as a trusted partner in their journey towards success.

Throughout 2024, customer collaboration remained a top priority for us, underscoring our long-standing trust-based relationships and consistent delivery of products and services. By inviting our customers to co-create from idea to product, we combine consumer insights and customer needs with our unique technologies and production capabilities.

As an example, we worked with a multinational company to demonstrate the benefits of enzymes in yield optimization and cost reduction in savory snack production. We did this by showing the benefits to the customer through a pretotype, which is a mockup of the product, to test feasibility and desirability before committing to full-scale development. By replicating these customer processes in our application facilities, we deliver value to our customers faster, while supporting their ongoing innovation journey.

We also worked with a large dairy company to discover ways to bring cheese to more Chinese consumers. Through an ideation session, more than 300 cheese product ideas were generated, and four promising cheese concepts were developed, based on technical feasibility and consumer preference. Our co-creation approach facilitated the rapid pretotyping and consumer testing of new concepts, and the next step will be to technically co-create prototypes together.

In North America, we collaborated with a food and beverage company to develop sensory validation programs. These programs were designed to ensure that the taste and overall experience of a specific beverage met consumer expectations. As a result of this collaboration, we saw an increase in sales and strengthened our partnership in 2024.

A world-class biosolutions toolbox and innovation capabilities

We take pride in our leading portfolio of biosolutions and we focus on developing innovative combinations of mainly enzymes and microbes, further strengthening our position as a leader in biosolutions. In 2024, around 30% of sales came from new launches, defined as products that have been introduced within the last five years.

Our world-leading strain library and strain engineering capabilities, carefully curated over decades, allow us to develop the right solutions swiftly and effectively for our customers. With an annual investment of currently around EUR 400 million in research and development, we have accumulated nearly 10,000 patents, and we consistently introduce a significant number of new products each year.

Biosolutions combine biology and data computation. We use artificial intelligence (AI) to improve our innovation process and predict outcomes. This helps us forecast the success rates of specific solutions and develop products that meet market demands, while accelerating our innovation and progress in ways that would be impossible otherwise. We also offer our customers access to AI tools, so they can benefit from detailed metrics and analysis in their development process.

We continue to prioritize investing in our core businesses, where the potential for further value-creating innovation remains significant. This commitment is evidenced by numerous product launches across our two divisions, including customized biosolutions that drive value for specific customers.

Novel areas, such as bioprotective cultures in Food and fiber conversion in Energy, are expected to be relatively strong growth drivers as we offer novel productivity and efficiency increases to our customers with these biosolutions. Furthermore, we are investing in more exploratory opportunities for long-term growth in new biosolutions areas, such as enzymatic plastic recycling and carbon capture.

In 2024, we launched 45 biosolutions to meet customer needs, including SpiceIT® M100, a microbial lipase that offers cheese producers an alternative to animal lipases for achieving the desired nutty flavors. Drawing on the expertise of the legacy companies, Novozymes and Chr. Hansen, this innovative solution meets the rising demand for vegetarian, halal and kosher-certified cheeses, while delivering the distinctive flavors required by consumers.

We also launched three new probiotics. These launches are the result of synergies and advanced scientific research made possible through the integration of Novonesis, enabling us to reach new customer segments.

Unique ability to scale up and produce robust and affordable biosolutions

We are the largest-scale producer of cultures and enzymes globally, supported by +30 production sites across four continents. Our operations are primarily fermentation-based, and this presents a unique opportunity for us to easily transfer capacity between products and markets if demand or supply change, thereby leveraging our scale for efficiency.

We maintain a robust presence in Europe, North America and China, with extensive operations and production facilities. Additionally, we have smaller-scale production facilities in India, Argentina and Brazil, along with multiple distribution centers worldwide. We process over 100,000 orders annually, and we make on-time shipments to customers more than 97% of the time.

Innovating for impact

Every day, our research and development teams conduct innovative work to turn biology into solutions that create significant impact for our customers and contribute to improving our lives and our planet.

Since becoming Novonesis, we have significantly expanded our biosolutions toolbox to offer a broader range of solutions. Our technology and our solutions are agnostic and not confined to any specific application. Rooted in biology, they can be scaled and utilized across various markets.

With a vast number of opportunities at hand, we strategically focus on projects that deliver the most value, ensuring our innovation efforts are prioritized and aligned with customer needs. Our innovation pipeline currently comprises approximately 200 projects designed to meet customer demands across a diverse range of industries in both emerging and developed markets.

This section contains CSRD disclosure requirement for entity-specific topic: Minimum Disclosure Requirement-A.

Combining innovation with customer understanding

We have a vast and diverse library of over 100,000 microbial strains and more than six million unique enzyme structures, which enable us to develop solutions quickly and effectively. In 2024, we reinvested close to 11% of our sales into research and development (R&D), as innovation is a critical long-term enabler to deliver impactful customer solutions.

Our R&D investments ensure that we remain at the forefront of technological advancements. By continuously bringing new biosolutions to market, we maintain our relevance to customers, sustaining our competitive edge and profitability. Around 30% of our sales come from products introduced in the past five years.

Our innovation is driven by our strong customer and application understanding. We work closely with our customers to develop tailored solutions and to maintain continuous feedback loops to refine and improve these solutions. This customer-centric approach ensures that our innovations are both relevant and effective in the markets they serve.

Our bioengineering toolbox is second to none. We use the latest technologies in engineering strains and proteins, high-throughput screening, and advanced analytics to enable the development of optimal solutions that fit specific applications and customer preferences.

To enhance the efficiency and effectiveness of our innovation processes, we leverage automation and data-driven insights and digital tools, including AI, across our innovation value chain, which allows us to effectively discover and develop new solutions, as well as forecast their success rates. As an example, we use AI tools to advance our research by predicting the protein structures of our enzymes.

2024 innovation highlights

45
New biosolutions launched

~11%
of sales invested in R&D

~10,000
Patents held

“Innovation is key to our customers’ success. Our biosolutions help them process more efficiently, boost yields, cut waste, and make their products stand out in the market. Because our solutions are renewable and biodegradable, we also play a big role in supporting their sustainability agendas. No other company can match Novonesis when it comes to the range of applications we cover, our bioengineering expertise, and our ability to scale solutions.”

Claus Crone Fuglsang, Chief Scientific Officer, Executive Vice President, Novonesis.

These predictions accelerate innovation, save time in engineering and optimization, and strengthen our intellectual property, with precise structural claims linked to specific applications of the active enzymes. In addition, we also recently introduced our newest and most advanced AI graphics processing unit, which can handle larger data sets and more complex tasks, making it an important part of our protein discovery and design efforts.

Additionally, we provide customers with AI tools like SmartBake and our Biofuels application tool, offering valuable metrics and analyses when integrating our solutions. We incorporate automation and artificial intelligence in our R&D processes, from designing to building, testing and learning, until we have a scalable solution. This helps accelerate R&D timelines, making our innovation pipeline faster and more robust.

Meeting customer needs

During the year, we launched several biosolutions across both developed and emerging markets to address customer and consumer needs. For example, in Food and Beverages, we introduced Vertera® Umami MG, a product designed to enhance and release umami flavors in plant-based foods. This innovation allows producers to better tailor their offerings to align with consumer taste preferences when it comes to plant-based alternatives.

In Human Health, we launched our first combined products under the PrecisionBiotics® brand, leveraging our extensive combined strain library to bring enhanced health benefits to consumers and to reach new market segments.

In Household Care, we introduced Luminous®, a biological alternative to petroleum-based technologies that preserves fabric whiteness and brightness, thereby extending the life of clothes. By using renewable ingredients and biodegradable formulations, the solution reduces the carbon footprint of a detergent and minimizes water heating and chemical use in laundry.

In Agriculture, Energy and Tech, we launched Innova® Eclipse, our most advanced yeast solution, which helps ethanol producers get more value from existing assets and inputs. Through this innovation, customers can increase yields, improve efficiency, and lower the carbon intensity score from their ethanol production.

We continue to grow our innovation pipeline in both core and newer industries. Our investments in R&D cover industries such as Household Care, Dairy, Baking and Energy, which we know very well, and our activities span newer industries such as carbon capture, plastic recycling, plant-based alternatives, bioprotective solutions for foods, Human Milk Oligosaccharides (HMOs), and biopharma processing aids. Our innovation efforts are all anchored on a unified technology platform and advanced fermentation capabilities, allowing us to leverage our investments effectively across various industries.

Innovation is identified as an entity-specific topic in our **Double Materiality Assessment**, as it is a cornerstone of our growth and competitiveness, and a key driver of sustainable development.

Our sustainability ambition:

People. Planet. Positive.

Our purpose is clear: We are here to 'better our world with biology'. Our sustainability ambition is to leave a positive impact on people and on the planet in everything we do – we call it 'People. Planet. Positive.'

Sustainability is ingrained in every aspect of our business. It is not just a part of what we do – it is who we are. It guides the way we invest, innovate, partner with customers and suppliers, and develop our organization to deliver biosolutions that address the evolving needs of our world.

We are committed to delivering biosolutions that enable a healthier planet with healthier people, while reducing the environmental impact of our production and supply chain.

We are uniquely positioned to make a positive impact through our biosolutions, and to help enable a shift from a paradigm that relies on fossil-based solutions to a more sustainable and resilient one. We refer to this positive impact as our handprint in our dialogues with customers and partners. Our footprint represents the use of resources and the environmental impacts of our operations. We address the material elements of our footprint as described in our **Sustainability statement**.

By strategically improving our handprint and reducing our footprint, we are becoming a catalyst for positive change. We assist customers in improving their business, while also continually evolving our own. For instance, we aim to deliver solutions that mitigate climate impact, and, simultaneously, we strive to reduce and lower the environmental footprint of the energy we consume.

We have identified four key societal themes where our biosolutions and the way we operate can have a great impact.

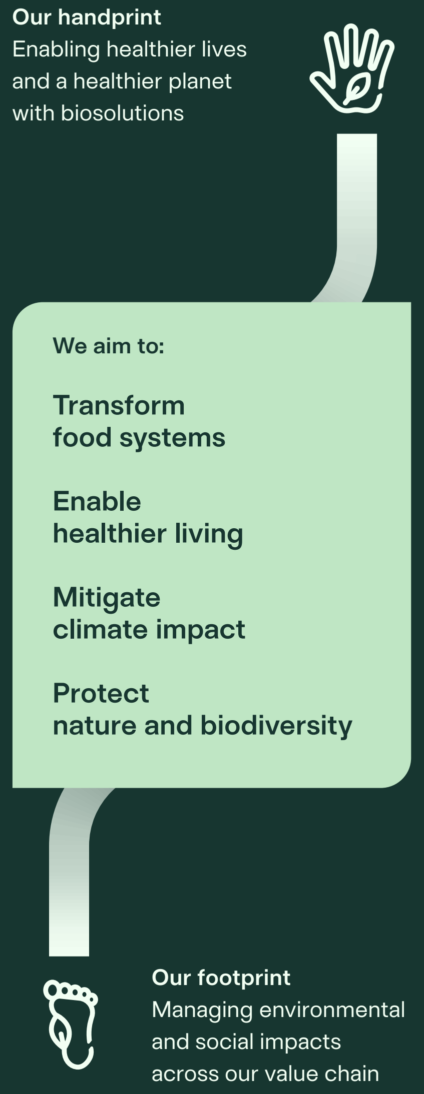
We aim to:

- Transform food systems
- Enable healthier living
- Mitigate climate impact
- Protect nature and biodiversity

We firmly believe that our biosolutions play a vital role in the sustainable transformation of the global economy. At the same time, we uphold high standards to promote an inclusive culture and to address the social and environmental aspects of our operations and supply chain.

Shaping a more sustainable future with biosolutions

We leverage nature's own microbes and our decades of expertise to make a positive impact in the more than 30 industries we serve. To document our positive impact on the world, we assess how our biosolutions contribute positively to the six UN Sustainable Development Goals (SDGs) that are most relevant to us. In 2024, 83% of our sales are documented* and aligned with at least one of the six selected UN SDGs: Goal 2: Zero hunger; Goal 3: Good health and well-being; Goal 6: Clean water and sanitation; Goal 7: Affordable and clean energy; Goal 12: Responsible consumption and production and Goal 13: Climate action.



* Novonesis' sales are aligned with the UN SDGs and derived from an annual assessment of our entire product portfolio. All products offered by Novonesis are assessed in terms of their impact in line with SDG 2, 3, 6, 7, 12 and 13. We mapped the product and application benefit with relevant impact categories/SDGs, which was then supported through documentation.

This section contains CSRD disclosure requirements SBM-1, and Minimum Disclosure Requirement - M, T for the entity-specific topic.

Sustainability targets to drive our People. Planet. Positive. ambition

	Planet			People	
	Climate	Water	Circularity	Work safety	Gender diversity
Targets	• **By 2025**, reduce absolute GHG emissions from Scopes 1 and 2 by 65% from 2018 baseline • **By 2025**, purchase 100% renewable electricity • **By 2030**, reduce absolute GHG emissions from Scopes 1 and 2 by 75% and from Scope 3 by 35% from 2018 baseline • **Net-zero by 2050***	• **By 2025**, improve freshwater withdrawal by saving and recycling 8% more water from 2021 baseline • **By 2025**, restore 10 billion liters of water** from 2021 baseline • **By 2030**, restore 30 billion liters of water** from 2021 baseline • **By 2030**, improve freshwater withdrawal by saving and recycling 15% more water from 2021 baseline • **By 2035**, improve freshwater withdrawal by saving and recycling 20% more water from 2021 baseline	• **By 2025**, maintain 100% circular biomass • **By 2030**, zero waste to landfill*** • **By 2030**, implement three key circular packaging projects	• **By 2025**, maintain our Lost Time Injury Frequency (LTIF) with absence, per million working hours, at less than or equal to 1.5	• **By 2030**, achieve gender parity, with a minimum of 45% women and 45% men****

See progress on all sustainability targets in the **Sustainability statement**

* Novonesis commits to reach net-zero GHG emissions across the value chain by 2050 from a 2018 base year. Near-Term Targets: Novonesis commits to: reduce absolute Scopes 1 and 2 GHG emissions by 75% by 2030 from a 2018 base year; increase annual sourcing of renewable electricity from 37% in 2018 to 100% by 2025; and reduce absolute Scope 3 GHG emissions from purchased goods and services, fuel and energy-related activities, upstream transportation and distribution, waste generated in operations and business travel by 35% by 2030 from a 2018 base year. Long-Term Targets: Novonesis commits to: reduce absolute Scopes 1 and 2 GHG emissions by 90% by 2050 from a 2018 base year; and reduce absolute Scope 3 GHG emissions from purchased goods and services, fuel and energy related activities, upstream transportation and distribution, waste generated in operations and business travel by 90% within the same time frame. The target boundary includes biogenic emissions and removals associated with the use of bioenergy.

** In areas near our operations where water, sanitation and hygiene (WASH) are a challenge.

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

**** Gender parity in senior management (director level and above with direct reports).

This page contains CSRD disclosure requirement: MDR-T.

Biosolutions address global challenges

45%

of our sales support healthier lives

55%

of our sales support a healthier planet

With

83%

of sales documented and aligned to six UN Sustainable Development Goals

Ambitious sustainability targets to future-proof our business

We set clear financial and sustainability targets for our business, operations and employees. The topics identified in our **Double Materiality Assessment** guide our efforts to reduce the impacts of our operations on climate and nature, and to ensure that we continue to better our workplace and to act as a responsible corporate citizen.

We are committed to climate action, and our goal is clear: To achieve net-zero emissions by 2050, a target that continues to be validated by the Science Based Targets initiative following the creation of Novonesis. By pursuing a 1.5-degree decarbonization pathway and aiming for a net-zero target in 2050, we are invested in mitigating climate change, as outlined in our **climate transition plan**.

We aim to reduce our dependence on **freshwater** by implementing recycling and water-efficiency projects, and we have a target to save freshwater and improve our freshwater recycling. In addition, we take responsibility for restoring water resources around selected facilities where access to safe drinking water, sanitation and hygiene (WASH) is an issue, as water is a shared challenge.

We are committed to reducing **waste** and managing resources efficiently across our +30 production sites. Biomass is the primary byproduct of our production, and by 2025 we have committed to achieving 100% circular management of our biomass. Our dedication to circularity extends beyond biomass. By 2030, we aim to eliminate waste sent to landfills from operations. Additionally, we are working on implementing three circular packaging projects to reduce our use of plastic and improve the recyclability of our product packaging.

Diversity, equity and inclusion (DE&I) are central to our business and purpose. We are dedicated to laying a strong foundation for an inclusive culture where employees feel valued and are given equal opportunities to realize their potential, and where we succeed together. As an innovation company, diversity of thought and the inclusion of different voices and ideas are crucial to our future success. We seek to mirror the societies in which we operate.

By 2030, our aim is to achieve gender parity, with a minimum of 45% women and 45% men among senior management at director level and above. We are committed to ensuring a physical and psychological work environment where employees are safe and feel safe. We strive to maintain our **Lost Time Injury Frequency (LTIF)** with absence, per million working hours, at less than or equal to 1.5.

Delivering on People. Planet. Positive.

To deliver on our sustainability ambitions, we anchor **sustainability governance** within top management and integrate it into our overall strategy. Additionally, we embed sustainability within key functions, assigning them the daily executional responsibility for target realization, including Global Environment, Health and Safety, People and Organization, Global Procurement, and Global Operations.

To ensure progress towards our sustainability ambitions, we are actively investing and allocating resources to meet our 2030 sustainability targets and integrating sustainability into established ways of working.

We continue to advocate for change on the global stage to support the creation of forward-thinking regulations and appropriate frameworks to maximize the impact of biosolutions that already exist.

We are working to understand the specific challenges of our customers and to leverage sustainability in customer dialogues to drive growth, showcasing how biosolutions can help them accelerate their business and sustainability journeys. We fuel our dialogues with all stakeholders, including customers, partners and policymakers, on a robust, science-based and data-driven documentation platform.

Corporate governance

03

Corporate governance

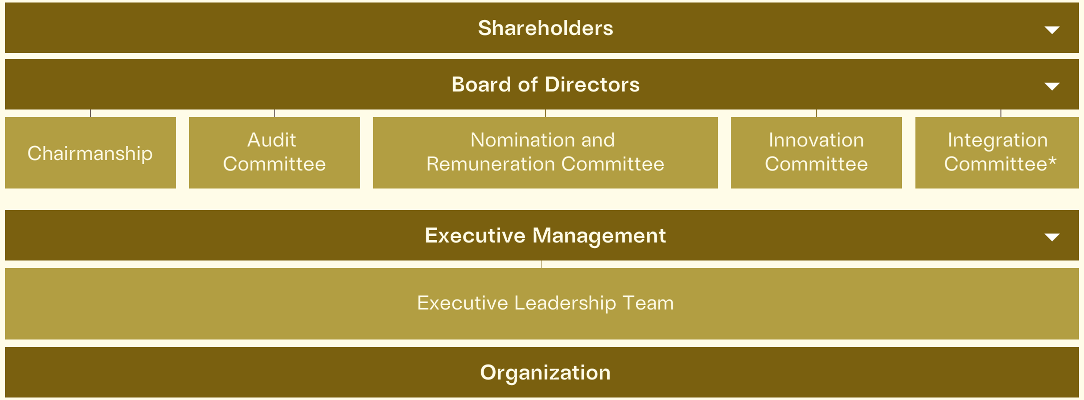
We have a transparent corporate governance structure in place to ensure responsible business conduct and long-term value creation.

Our two-tier management structure consists of the Board of Directors and the Executive Management, with no individual being a member of both.

The governance structure is further described below, and in the Articles of Association and our annual statutory report on Corporate Governance, both available on our website:

Read more

Two-tier management structure



* Interim Board committee.

Shareholders

Key responsibilities and authority	2024 key events
The shareholders hold the ultimate authority over the company and can exercise their right to make decisions, including the appointment of the members to the Board of Directors, which is the supreme governing body of Novonesis, by passing resolutions at general meetings. At Annual General Meetings, shareholders approve the annual reports and any amendments to the Articles of Association, and elect board members and the independent auditor. Resolutions can generally be passed by a simple majority. However, resolutions to amend the Articles of Association require the affirmative votes of two-thirds of the votes cast and the capital represented, unless the Danish Companies Act stipulates other adoption requirements.	In addition to the Annual General Meeting, we held an Extraordinary General Meeting in early March 2024 to elect the three Chr. Hansen-appointed board members (Jesper Brandgaard, Lise Kaae and Kevin Lane) in accordance with the combination plan of December 12, 2022, between Novozymes A/S and Chr. Hansen Holding A/S.

Board of Directors

Key responsibilities and authority

The Board of Directors is responsible for the overall management and strategic direction of the company, including:

- The company's overall strategy, overseeing the implementation of the strategy, and the financial and sustainability performance of the company
- Appointing members of the Executive Management and determining their remuneration
- Supervision of the Executive Management and the activities of the company
- Regularly reviewing the financial position and capital resources of the company to ensure that these are adequate
- The annual budget

The Board of Directors has a Chairmanship consisting of two members, the Chair and the Vice Chair. The Chairmanship is responsible for planning and preparing board meetings.

Composition, diversity and independence

On December 31, 2024, the Board of Directors comprised 13 non-executive members, with nine* elected by shareholders with a gender distribution of three women (33%) and six men (67%), and four elected by employees in Denmark, with a gender distribution of one woman (25%) and three men (75%). Seven of the nine non-executive members elected by the shareholders are independent**.

Shareholder-elected board members serve one-year terms and may stand for re-election at each annual general meeting. Nominations for shareholder-elected board members are based on the evaluation of competencies, diversity, independence and performance. Employees in Denmark may elect a number of board members equal to half of the shareholder-elected members, which as of January 1, 2025, means four members. Employee-elected board members serve for a statutory four-year term and are not considered independent. An election will be held at the beginning of 2025 for employee-elected board members to join the Board of Directors, immediately following the Annual General Meeting on April 3, 2025.

The Board of Directors is composed in a way that ensures its collective expertise inspires, guides and oversees Novonesis' development, and diligently address and resolve the issues and challenges facing Novonesis at any given time.

Executive Management/Executive Leadership Team

Key responsibilities and authority

The Executive Management is responsible for the day-to-day management of the company. It observes the recommendations, guidelines and decisions issued by the Board of Directors, including:

- Presenting the overall company goals, strategies and action plans to the Board of Directors for consideration and approval
- Monitoring the financial and sustainability performance of the company
- Organizing the company and allocating its resources
- Continuously assessing that the company has adequate capital resources and liquidity to meet its existing and future obligations
- Establishing procedures for accounting, IT organization, risk management and internal controls

The division of responsibilities between the Board of Directors and the Executive Management is clearly outlined and described in the Rules of Procedure for the Board of Directors and the Rules of Procedure for the Executive Management.

Both rules are available on our website:

Read more

Composition and diversity

On December 31, 2024, the Executive Management consisted of two members, the CEO and the CFO, with a gender distribution of one woman (50%) and one man (50%).

To assist in the day-to-day management of the company, the CEO has established the Executive Leadership Team, which meets on a regular basis.

The Executive Management is part of the Executive Leadership Team, which currently consists of seven additional members, each responsible for one of the following areas: Food & Beverage Biosolutions; Planetary Health Biosolutions; Human Health Biosolutions; Research & Development; Operations; People & Stakeholder Relations; and Strategy & Integration.

On December 31, 2024, the Executive Leadership Team consisted of three women (33%) and six men (67%).

* Sharon James stepped down from the Board of Directors as of December 31, 2024.
** As defined in Section 3.2.1 in the Danish Recommendations on Corporate Governance of December 2, 2020.

This page contains CSRD disclosure requirment: GOV-1.

Board Committees

The Board of Directors has three permanent committees: the Nomination and Remuneration Committee, the Audit Committee, and the Innovation Committee. Due to the combination between Novozymes A/S and Chr. Hansen Holding A/S at the beginning of 2024, an interim Integration Committee has been established. The committees assist the Board of Directors in ways outlined below:

Board Committees

	Nomination and Remuneration Committee	Audit Committee*	Innovation Committee	Integration Committee
Key responsibilities and authority	• The competency profile and composition of the Board • Nomination of candidates for the Board, Committees and Executive Management • Annual evaluation of the Board • Board and corporate diversity • Remuneration of members of the Board, Board Committees and Executive Management • Remuneration Policy • Remuneration Report	• Financial and sustainability reporting • Tax and treasury compliance • Audits, assurance engagements and auditors • Internal control and risk management systems • Reports from the global whistleblower system • IT security	• Review Novonesis' overall capabilities and strategic direction in matters of technology, science and innovation • Oversee R&D investments and other tech and scientific initiatives • Identify tech, science and innovation risks impacting company operations • Align with short-, mid- and long-term strategic goals	• Review and oversee the integration of Novozymes A/S and Chr. Hansen Holding A/S and their respective businesses into the combined company Novonesis

* All members possess the qualifications within accounting and auditing required under part 8 of the Danish Act on Approved Auditors and Auditor Firms.

Board Committees (continued)

	Nomination and Remuneration Committee	Audit Committee*	Innovation Committee	Integration Committee
Composition and gender distribution	• Cees de Jong (chair) • Jesper Brandgaard • Kasim Kutay • Kim Stratton 25% women and 75% men	• Heine Dalsgaard (chair) • Jesper Brandgaard • Cees de Jong • Lise Kaae 25% women and 75% men	• Sharon James (chair)** • Kevin Lane • Morten Sommer** • Preben Nielsen 25% women and 75% men	• Jesper Brandgaard (chair) • Heine Dalsgaard • Kevin Lane • Kim Stratton 25% women and 75% men
2024 key topics	Key topics covered in 2024, apart from those included in the Nomination and Remuneration Committee Charter, were matters related to the combination between Novozymes and Chr. Hansen; an update of the Remuneration Policy and the Board Competency Profile; the external Board evaluation; and the 2025 employee representation elections.	Key topics covered in 2024, apart from those included in the Audit Committee Charter, were matters related to the combination between Novozymes and Chr. Hansen; implementation of Corporate Sustainability Reporting Directive (CSRD); and the transition to new auditors.	In 2024, the Committee focused on securing the successful integration of the R&D organization, pipeline and performance metrics/targets, as well as adhering to the company strategy. Specific sessions were held for selected business areas about the technology and IP strategy following the combination, ensuring that the R&D innovation strategy and activities were well aligned with the strategic business needs.	Key topics covered in 2024 were creating one company in terms of objectives, values, systems, principles and culture, and monitoring the agreed integration priorities such as becoming one company and executing on cost and sales synergies.

* All members possess the qualifications within accounting and auditing required under part 8 of the Danish Act on Approved Auditors and Auditor Firms.

** Sharon James stepped down from the Board of Directors as of December 31, 2024, and Morten Sommer has been appointed chair of the Innovation Committee with effect from January 1, 2025.

Sustainability governance

Sustainability is an integral part of Novonesis, driving the way we work, operate and bring our biosolutions to customers. It is embedded in our purpose to 'Better our world with biology' and shapes our strategic direction.

The Board of Directors regularly reviews our purpose and values to ensure they remain relevant, guiding our culture and commitment as a responsible corporate citizen. Sustainability is governed at the highest level by our Board and Executive Leadership Team, with regular updates at board meetings. We link corporate performance on key sustainability topics to executive compensation through sustainability targets.

For more information, please refer to our **Sustainability statement**.

Diversity on the Board of Directors

We have set ambitious diversity targets for the Board of Directors to ensure the right mix of competencies to address the challenges of a large global company. Our policy on diversity, equity and inclusion covers the workforce and the Board of Directors.

In 2024, the Board Competency Profile was updated and aligned with the competency and diversity needs of Novonesis.

For more information, please see our policy on diversity, equity and inclusion, our diversity statement prepared in accordance with Section 107d of the Danish Financial Statements Act, and the Board Competency Profile, which can be found on our website:

Read more

Novonesis' gender diversity target for shareholder-elected board members requires that at least 40% of the board members be female and at least 40% be male. As of December 31, 2024, 33% of Novonesis' shareholder-elected board members, and 50% of Novonesis' employee-elected Board members, were women*. Despite not meeting our own gender diversity target, the composition of the Board of Directors met the gender diversity requirements set out in Danish legislation during 2024.

Recommendations on corporate governance

When establishing the management principles for the company, the Board of Directors followed the Danish Recommendations on Corporate Governance, which are part of the disclosure requirements applicable to companies listed on Nasdaq Copenhagen.

A detailed review of the corporate position on each of the recommendations, and a description of the internal control and risk management system relating to financial reporting, is available in the corporate governance report prepared in accordance with section 107b of the Danish Financial Statements Act:

Read more

These recommendations require companies to comply with them or to provide explanations for any deviations. In 2024, Novonesis followed 38 of the 40 recommendations, with the two exceptions being:

- Due to the combination of Novozymes A/S and Chr. Hansen Holding A/S, completed on January 29, 2024, Novonesis has during 2024 only released trading statements after the first quarter and after nine months. As of 2025, Novonesis will resume publishing quarterly reports (Recommendation 1.1.3).
- Due to the limitations imposed by the Novo Nordisk Foundation's Articles of Association and Novonesis' ownership structure, the Board of Directors reserves the right in certain circumstances to reject takeover bids without consulting the shareholders (Recommendation 1.3.1).

Data ethics

We have a data ethics policy that sets out the overall principles for the ethical management of data by the company and supplements our commitment to integrity and compliance.

The statutory report on Novonesis' Policy for, and work with, data ethics, pursuant to section 99d of the Danish Financial Statements Act, can be found on our website:

Read more

Other governance-related information

Novonesis is party to several partnership contracts that can be terminated by the other party in the event of significant changes to the ownership or control of Novonesis. A few of these contracts contain provisions that restrict Novonesis' licenses from using specific forms of technology in such situations.

The statutory reports required by the Danish Financial Statements Act are published on our website:

- Corporate Governance (§107b)
- Diversity (§107d)
- Data ethics (§99d)

https://www.novonesis.com/en/about-us/corporate-governance/articles-association-and-statutory-reports

Read more

* Sharon James stepped down from the Board of Directors as of December 31, 2024.

Evaluation of the Board of Directors

The Board of Directors conducts an annual Board evaluation facilitated by the Chair. Every three years, the evaluation is led by an external third party, and one such evalutation was conducted in 2024. The evaluation included all members of the Board and the Executive Leadership Team, and it addressed topics such as the dynamics and engagement of the Board; the effectiveness of the Board in fulfilling its key duties; the roles and responsibilities of the Chair, the CEO and directors; the Board's functioning and its organization; the Board's size and its composition; the composition and duties of the Board committees; and the contribution of individual members.

The process consisted of completing a questionnaire, along with in-depth interviews conducted by an external third party with each Board and Executive Leadership Team member, which included a peer-to-peer review. The outcome was presented by the external third party at a Board meeting in November 2024 and discussed with the Board. Additionally, the Chair conducted individual meetings with each of the Board members to provide feedback on their performance. The evaluation showed an overall good performance by the Board and good collaboration between the Board and the Executive Leadership Team. The 2024 evaluation's key focus areas for the Board are revisiting the composition of the Board and the charter of the Innovation Committee; refocusing on the longer-term strategy; and management succession planning.

Board and Board Committee attendance and shareholding

	Board and Committee meeting attendance in 2024*					Shareholdings	
Board member	Board of Directors	Nomination and Remuneration Committee member	Audit Committee	Innovation Committee	Integration Committee	Changes in 2024	Number of shares end of 2024
Cees de Jong	12/12	4/4	5/5				5,000
Jesper Brandgaard**	12/12	3/3	4/4		6/6	7,083	7,083
Anne Breum***	8/9					270 (134)	600
Heine Dalsgaard	11/12		5/5		5/6		3,000
Lena Bech Holskov***	3/3					1,514	1,514
Sharon James****	12/12			4/4			-
Anders H. Knudsen	12/12						-
Kasim Kutay	11/12	4/4					1,046
Lise Kaae**	10/10		4/4			2,009	2,009
Kevin Lane**	9/10			4/4	6/6	1,532	1,532
Preben Nielsen	12/12			4/4		210	636
Morten Sommer	11/12		1/1	4/4			1,000
Kim Stratton	10/12	4/4			6/6		-
Jens Øbro	12/12					30	587

* Number of board meetings attended by each board member out of the total number of meetings during the member's term.
** Joined the Board on March 4, 2024. 'Changes in 2024 shareholding' reflect shareholding when joining the Board.
*** Anne Breum stepped down from the Board on November 1, 2024, and was replaced by Lena Bech Holskov.
**** Sharon James has stepped down from the Board with effect from December 31, 2024.

Board of Directors

On December 31, 2024, our Board of Directors had nine* non-executive members elected by the shareholders, and four employee-elected board members. The Board represents many years of international management experience, comprehensive biotechnology expertise, and strong sustainability leadership competencies. Combined, these competencies ensure professional management of the company.

* Sharon James stepped down from the Board of Directors on December 31, 2024.

Independence as defined in Section 3.2.1 in the Danish Recommendations on Corporate Governance of December 2, 2020.

Chair of the Board
Born 1961. Dutch. Former CEO of Chr. Hansen. Chair of the Nomination and Remuneration Committee and member of the Audit Committee. Independent. Member of the Board since 2020, Vice Chair from 2020-2023 and Chair since 2023. Term 2025.

Positions and management duties
Chair: Spring TopCo DK ApS and four affiliates (Oterra Denmark), and Meatable B.V.

Special competencies
Extensive experience in the food, food ingredient, and industrial biotech industries, including operations and supply chain management. Expertise encompassing financial and accounting practices, risk management, M&A, and post-merger integration. Pioneered the integration of sustainability into corporate strategy, operating models and reporting, to ensure a meaningful and positive impact.

Vice Chair of the Board
Born 1963. Danish. Chair of the interim Integration Committee. Member of the Audit Committee and the Nomination and Remuneration Committee. Independent. Vice Chair since 2024. Term 2025.

Positions and management duties
Chair: Leo Pharma A/S.
Member: William Demant Fonden, and the Advisory Board of the private equity company VaekstPartner Kapital ApS. Director of JBR Counselling A/S.

Special competencies
Global business management experience in the pharmaceutical industry, including operations and supply chain management. Expertise in financial, legal and risk management, sustainability, and M&A and post-merger integration.

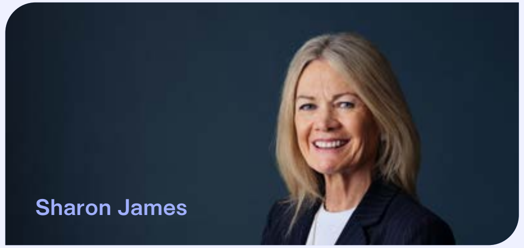
Board of Directors

Heine Dalsgaard

Board member
Born 1971. Danish. Chair of the Audit Committee. Member of the interim Integration Committee. Not independent. Member of the Board since 2020. Term 2025.

Positions and management duties
Group CFO of IVC Evidensia Ltd.

Special competencies
Versatile experience across diverse industries, including leadership, finance, operations and supply chain management, supported by expertise in financial and accounting practices, risk management, and M&A and post-merger integration. Experience in sustainability reporting, including proficiency in assurance requirements.



Sharon James

Board member
Born 1961. British. Chair of the Innovation Committee. Independent. Member of the Board since 2020. Sharon James has decided not to run for re-election in 2025, and has decided to step down from the Board as of December 31, 2024.

Positions and management duties
Member: Mölnlycke Health Care AB.
Senior advisor Bain & Co and private equity.

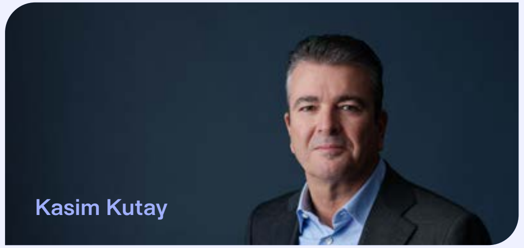
Special competencies
Extensive experience in R&D, business, innovation, and pipeline management within the consumer goods and products sector. Strong hands-on experience in emerging markets, coupled with expertise in integrating sustainability into innovation processes.

Lise Kaae

Board member
Born 1969. Danish. Member of the Audit Committee. Independent. Member of the Board since 2024. Term 2025.

Positions and management duties
CEO of Heartland A/S.
Member: VKR Holding A/S and various Heartland A/S portfolio companies.

Special competencies
Global business management experience, including operations and supply chain management. Expertise in financial and accounting practices, sustainability (primarily within consumer goods), risk management, and M&A and post-merger integration.



Kasim Kutay

Board member
Born 1965. British. Member of the Nomination and Remuneration Committee. Not independent. Member of the Board since 2017. Term 2025.

Positions and management duties
CEO of Novo Holdings A/S
Member: Novo Nordisk A/S

Special competencies
Broad experience in biotechnology strategy and business development. Expertise in financial and accounting practices, sustainability, and M&A and post-merger integration.

Board of Directors

Board member
Born 1965. Irish. Member of the Innovation Committee and the interim Integration Committee. Independent. Member of the Board since 2024. Term 2025.

Positions and management duties
Member: The Estate Dairy Ltd.
Senior advisor at PAI Partners and Cinven.

Special competencies
Extensive global business management experience in marketing and sales, innovation, and pipeline management within the food, beverage, nutritional and agricultural industries. Hands-on experience in emerging markets and expertise in sustainability, and M&A and post-merger integration.

Board member
Born in 1981. Danish. Member of the Innovation Committee. Independent. Member of the Board since 2022. Term 2025.

Positions and management duties
Professor, Microbiology, at the Technical University of Denmark (DTU) and Chief Scientific Officer of UNION therapeutics A/S.
Member: Clinical-Microbiomics A/S, SNIPR Holdings ApS, SNIPR Biome ApS, UNION therapeutics A/S, and UTILITY therapeutics Ltd.

Special competencies
Extensive experience in biotechnology research and development, with special focus on bacterial synthetic biology, microbiome research and industrial biotechnology, as well as broad experience in biotechnology entrepreneurship.

Board member
Born 1962. Australian. Member of the Nomination and Remuneration Committee and the interim Integration Committee. Independent. Member of the Board since 2017. Vice Chair from 2023-2024. Term 2025.

Positions and management duties
CEO of Centogene NV. until end of 2024.
Member: Recordati S.p.A.

Special competencies
Broad global biopharmaceutical commercial experience, including emerging markets, innovation pipeline management and external affairs. Hands-on experience in emerging markets and expertise within sustainability.

Board of Directors

Board member, employee representative
Born 1967. Danish. Safety adviser. Not independent. Member of the Board between 2013 and 2021, and since 2024. Term 2025.

Special competencies
Not mapped for employee representatives.

Replaced Anne Breum as of November 1, 2024.

Board member, employee representative
Born 1959. Danish. Senior Operator. Not independent. Member of the Board since 2013. Term 2025.

Special competencies
Not mapped for employee representatives.

Board member, employee representative
Born 1966. Danish. Science manager. Member of the Innovation Committee. Not independent. Member of the Board since 2021. Term 2025.

Special competencies
Not mapped for employee representatives.

Board member, employee representative
Born 1977. Danish. Senior Quality Specialist. Not independent. Member of the Board since 2021. Term 2025.

Special competencies
Not mapped for employee representatives.

Observer*
Born 1963. Danish. Senior Research Fellow. Former employee-elected board member of Chr. Hansen Holding A/S. Term 2025.

Special competencies
Not mapped.

* Appointed as Observer of the Board in connection with the combination of Novozymes A/S and Chr. Hansen Holding A/S until the Annual General Meeting in 2025.

Executive Management

Our Executive Management comprises broad, international management experience, comprehensive biotechnology expertise, sustainability leadership and in-depth knowledge of our business.

President and CEO
Born 1971. Spanish. Joined in 2020.

Education
Holds a chemical engineering degree and an MBA from the Rovira i Virgili University, Spain.

Positions and management duties
Member: AkzoNobel N.V. Supervisory Board, the Board of the United Nations Global Compact, and the Board of Trustees of Science Based Targets initiative.

Special competencies
Ester Baiget is an experienced international leader with a strong business and technical background. With more than 25 years of global experience as a technical and commercial business leader, Ester has driven transformational change, enhanced profitability, and set a strong foundation for sustainable growth across a diverse range of industries. Through her leadership, she develops and nurtures a culture of inclusion, engagement, and commitment to delivering strong results. Ester anchors sustainability across the company, ensuring it is integrated in the company's commitments and strategy. Recognized by Forbes and Time Magazine as a climate leader globally.

Executive Vice President and CFO
Born 1975. German and American. Joined in 2023.

Education
Holds a Master of Business Administration from the Private University of Applied Sciences in Goettingen, Germany.

Special competencies
Rainer is an accomplished leader with a strong international background and over 20 years' experience in the biotechnology industry. He has a successful track record in scaling businesses and building high-performing teams. In recent years Rainer has gained valuable experience in M&A transactions and business integrations. He utilizes his strong financial expertise and business acumen to drive value creation, and he ensures transparent disclosure of sustainability performance and adherence to company policies and standards.

Rainer is responsible for Finance, Investor Relations, IT and Legal.

Risk management

As a global company that operates across various industries, Novonesis' business is exposed to a diverse set of risks. We have a risk management framework in place to effectively manage risks and to foster continuous risk awareness.

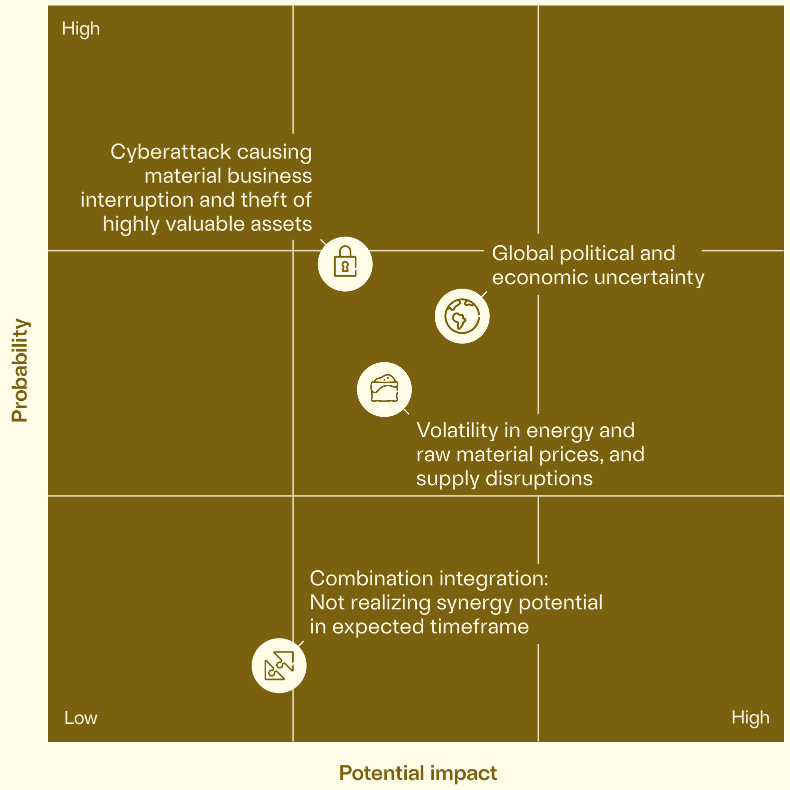
Our risk management framework enables us to identify, assess and mitigate potential business risks, to ensure sustainable growth and reliability as a partner to our stakeholders and the communities in which we operate.

In addition to managing immediate business risks, we also identify long-term and strategic risks. Our approach involves considering both financial and non-financial risks in an integrated and holistic manner, treating all risks equally.

Consolidation of risks for an improved approach
In 2024, we focused on consolidating and calibrating risks from both legacy companies. This work included assessing existing and upcoming risks, monitoring trends, and aligning methodologies. Based on this assessment, we developed a new risk grid and Enterprise Risk Management approach, which has been reviewed by third-party auditors to ensure transparency and alignment with best practices.

We have identified four key business risks, including strategies for mitigating them. These risks are consistent with those we have reported in previous years, ensuring a high degree of transparency and continuity.

In 2024, we also conducted a thorough **Double Materiality Assessment** (DMA) in accordance with the requirements in the Corporate Sustainability Reporting Directive (CSRD). This enabled us to map our material impacts on people and the environment (impact materiality), as well as the business risks and opportunities arising from sustainability matters (financial materiality).



Operational risk management process
Twice a year, the Novonesis Audit Committee, and subsequently the Board of Directors, conducts a review of our risk grid, outlining our most significant business risks. This grid is based on insights from senior and top management across the organization, and encompasses all types of risks that could lead to a significant impact over a three-year period.

Our Risk Management & Controls department plays a crucial role in fostering risk awareness, engagement and ownership across the organization. Risks are evaluated using a two-dimensional risk grid (above), which estimates the potential impact of a given risk on financials and reputation, as well as the likelihood of its materialization.

Key business risks for 2025

Global political and economic uncertainty

Risk description
Escalating trade tensions, combined with geopolitical risks and the imposition of sanctions and tariffs, can cause disruptions in trade relationships, adding uncertainties to the global economy and financial markets.

These factors combined can impact supply chains, operational costs and strategic planning for global corporations, affecting decision-making and long-term investments. Such uncertain conditions may adversely affect our business and hinder our ability to make optimal decisions beyond the short term.

Key mitigations
- We continuously monitor political and economic developments
- We collaborate with local authorities to be prepared for potential escalation
- We incorporate global and local considerations into short- and long-term capacity planning
- We continously strive to diversify our business portfolio and production footprint to reduce exposure to economic downturns in specific sectors or countries
- We have a dedicated team in place to continously monitor global supply networks

Cyberattack causing material business interruption and theft of highly valuable assets

Risk description
There is a potential risk that our business operations may be affected by targeted attacks from cyber criminals or collateral damage from cyber warfare between nations. There is an increased vulnerability due to the combination.

Key mitigations
- We operate a dedicated Cyber Defense Center alongside an external partner to provide 24/7 security monitoring and response
- We protect devices and servers by a combination of security policies, anti-malware, endpoint monitoring and software restrictions
- We continosly run security scans of systems and networks to detect and mitigate vulnerabilities
- We have established multi-factor authentication and privileged account management to prevent unauthorized access and compromise of user identities
- We ensure a tightly controlled data access management

Key business risks for 2025

Volatility in energy and raw material prices, and supply disruptions

Risk description
The volatile commodity and energy markets, which are affected by supply and demand imbalances and geopolitical factors, pose a risk to our business. Our exposure to variable supply agreements and the dynamic environment increases the potential for fluctuations in gross margins, due to higher costs of raw materials, utilities and logistics.

Key mitigations

- We hedge electricity volume for Denmark to manage exposure to fluctuating energy markets
- We monitor fluctuations in important raw materials to identify potential risks and take proactive measures
- We are prepared for substitution with alternative raw materials, when relevant, to ensure continuity of operations
- We work on reducing dependencies on critical and single-sourced raw materials
- We ensure ongoing discussions with key suppliers and internal stakeholders regarding safety stock to enhance supply chain robustness

Combination integration: Not realizing synergy potential in expected time frame

Risk description
As companies conduct mergers and acquisitions, there is an inherent risk of failure or delayed integration. During the year, we have significantly mitigated these risks by getting the organization in place, keeping a high level of employee engagement, while delivering 80% of our run rate cost synergy targets and reaching **key integration milestones**.

The positive feedback from our customers, combined with a robust portfolio, reassures us that we are well-positioned to fully realize our market potential. While the integration process is progressing well, our work is not yet complete. As a next step, we will integrate the infrastructure of the combined company. Concurrently, our focus remains on unlocking market potential and delivering on sales synergies.

Key mitigations

- We have an integration roadmap for 2025 in place to ensure transparency and drive progress
- We anchor sales synergies in the respective business areas, and we will continue to track and remove bottlenecks to achieve these synergies while maintaining business continuity
- We are actively mobilizing our sales force by providing comprehensive training, ensuring and validating the technical feasibility of our cross-product portfolio, and stimulating customer engagement
- We keep a continuous focus on our culture commitments, fostering a unified culture and a sense of belonging

Summary of the Remuneration Report

In 2024, we successfully combined Novozymes and Chr. Hansen, creating Novonesis. In a year that was characterized by significant integration activities, Novonesis delivered solid growth and earnings. With an organic sales growth of 8%, and a pro forma adjusted EBITDA margin of 36.1%, we clearly surpassed our initial guidance for the year. In addition, we delivered strong cost synergies, and the first sales synergies are beginning to materialize, while employee engagement remained high and above benchmark. Furthermore, we continued to reduce the environmental footprint of our operations.

These outcomes have shaped our approach to remuneration for 2024.

Each year, Novonesis issues the Remuneration Report as a separate report. The contents of the Remuneration Report have been prepared to meet the requirements of Section 139b of the Danish Companies Act and holds information and details on the remuneration of the Board of Directors and the Executive Management. The Remuneration Report 2024 will be presented for an advisory vote at the Annual General Meeting to be held in 2025.

At the Annual General Meeting in April 2024, Novozymes' Remuneration Report for 2023 was approved in an advisory vote with a solid majority. Furthermore, an updated Remuneration Policy was approved. Whilst the updated policy is largely a continuation of the previous policy, the policy has been restructured to provide a more transparent overview of remuneration at Novonesis. Notable changes include:

- The Chair and Vice Chair of the Board of Directors are now allowed to receive supplementary fees if elected to the Nomination and Remuneration Committee. This is in line with relevant benchmarks.
- An interim Integration Committee has been established to review and oversee the integration of Novozymes and Chr. Hansen into the combined company Novonesis.
- For the short-term incentive program (STI) and the long-term incentive program (LTI), the maximum and target opportunities have been introduced at differentiated levels for the Chief Executive Officer and the Chief Financial Officer. This was done to ensure a market-relevant remuneration of the Executive Management.

General Remuneration Policy
Novonesis' Remuneration Policy for managers and other employees is designed both to encourage strong individual performance and to support Novonesis' overall value creation. Remuneration consists of a base salary, pension contributions, a cash bonus, and share-based incentive programs. These components are linked to employees' individual performance and to the level of achievement of Novonesis' financial, social and environmental targets. The Remuneration Policy aims to provide managers and other employees with a competitive financial package, which we review regularly against external benchmarks.

Remuneration of the Board of Directors
The remuneration of the Board of Directors comprises a fixed fee and is not incentive-based. This ensures that the Board of Directors safeguards the company's long-term interests without taking into consideration what this may mean in terms of the value of incentive-based remuneration. The Board of Directors' fees are set at a market competitive level that reflects the competencies and efforts required of the role, given the complexity of the Group, the scope of the work, and the number of Board meetings held.

At the Annual General Meeting held in April 2024, the shareholders approved a 2% increase in the base fee for Board members to EUR 73,200 (DKK 545,700). The Chair receives a fee that is three times the base fee, and the Vice Chair receives a fee that is twice the base fee. For committee work, the committee Chair and other committee members receive a further base fee and half a base fee, respectively.

The Board of Directors currently comprises 13 members, with nine being shareholder-elected and four being employee-elected. The total Board remuneration rose to EUR 1,807,300 in 2024, from EUR 1,310,900 in 2023. This increase is attributed to the addition of new Board and Committee members, and the establishment of the interim Integration Committee. Furthermore, the increase was impacted by the modest rise in the base fee, and the supplementary fee paid to the Chair and Vice Chair for their work on the Nomination and Remuneration Committee.

The individual Board members' fees and their shareholdings can be found in the Remuneration Report 2024:

Read more

Remuneration of the Executive Management

As of 31 December, 2024, the Executive Management of Novonesis consisted of:

- Ester Baiget, President & Chief Executive Officer (CEO)
- Rainer Lehmann, Executive Vice President & Chief Financial Officer (CFO)

The total remuneration of members of the Executive Management comprises:

- A base salary plus pension, a company car and certain other typical benefits
- A short-term incentive program (cash bonus) – STI
- A long-term incentive program (share-based program) – LTI

In 2024, the update of the Remuneration Policy included an adjustment to the STI and LTI maximum and target opportunities for the Executive Management.

Upon approval of the combination of Novozymes and Chr. Hansen on January 29, 2024, the Board of Directors approved a 10% increase in base salary for CEO Ester Baiget, reflecting the increased responsibility and complexity of the combined company. This increase took effect from February 2024.

In April 2024, the members of the Executive Management received a 3.75% increase in their base salary. The increase was aligned with the average for other Danish-based employees.

Over the period 2023–2024, Rainer Lehmann received a total of EUR 838,400 in sign-on fee, of which EUR 419,200 was paid out in 2023 and EUR 419,200 was paid out in 2024. The sign-on fee was as per the Remuneration Policy approved by the Board of Directors. No further sign-on fee is now outstanding for Rainer Lehmann.

Short-term incentive program (STI): The targets for STI are typically set by the Board of Directors in connection with the review of the business plan for the year. Good performance will result in target payout, while maximum payout is only achieved for delivering extraordinary performance. Target payout and maximum payout equal 100% and 150%, respectively, of the annual base salary for Ester Baiget, respectively, and 65% and 97.5%, respectively, of the annual base salary for Rainer Lehmann, respectively.

In 2024, the targets for the STI were split as follows: Financial performance of the company at 60% weight (sales at 30%, adjusted EBITDA margin at 20%, and net working capital (NWC) ratio to sales at 10%) and employee engagement at 10%. Individual performance targets are set for each executive and account for the remaining 30%.

The sales performance of Novonesis in 2024 met the maximum target and resulted in a payout of 150% compared with target performance (100%). The adjusted EBITDA margin achieved in 2024 exceeded the maximum target and resulted in a payout of 150%. The NWC ratio to sales exceeded the maximum target and resulted in a payout of 150%.

The level of employee engagement as measured in global surveys for all employees was 8.2 out of 10. This is an improvement of 0.1 compared to the baseline, which matched the target and resulted in a payout of 100%.

The level of achievement of individual performance targets, and thus the size of remuneration payment to each individual executive, is in each case determined by the Board of Directors, based on recommendations from the Nomination and Remuneration Committee. Based on its assessment, the Board determined that the payout based on individual targets was 150% for Ester Baiget and 150% for Rainer Lehmann. The payout reflects performance above target (100%) for both executives.

Further details on the Executive Management's individual targets and the Board's assessment of the performance achievement can be found in the Remuneration Report 2024:

Read more

The total payout ratio of the STI 2024 is shown in the table to the right.

In addition to the STI, Ester Baiget was in 2023 awarded an extraordinary bonus of EUR 1,461,000 that was contingent on the statutory merger of Novozymes and Chr. Hansen being completed. The bonus is included in the reported remuneration for 2024, as the conditions for the bonus were not fulfilled at the end of 2023. The bonus is paid in cash, with 50% following the final closing of the combination and the remaining 50% being paid after the release of the Annual Report for the first full financial year of the combined company. In 2024, EUR 730,500 was paid out, while the remaining amount will be paid in 2025.

KPI	Weight	Target	Achievement Actual	Achievement % of target
Net sales, mEUR	30%	3,863.0	3,945.5	150%
Adjusted EBITDA margin	20%	35.0%	36.1%	150%
NWC ratio to sales	10%	26.6%	25.0%	150%
Employee engagement improvement	10%	+0.1	+0.1	100%
			CEO	**CFO**
Individual targets	30%	As per evaluation by Board of Directors	150%	150%
		Total, % of target	145**%**	145%
		Total, EUR '000	**2,096.0**	**904.0**

Remuneration for the individual members of the Executive Management

	Fixed				Variable			2024		2023
EUR '000	**Salary**	**Contribution based pension**	**Other benefits**	**Total fixed (% of total remuneration)**	**Cash bonus (STI)**	**Granted incentive program (LTI)**	**Total variable (% of total remuneration)**	**Total remuneration**	**Compensation for lost incentives/ sign-on fee**	**Total remuneration**
Ester Baiget	1,477.9	162.6	55.3	1,695.8 *(24%)*	3,557.0	1,562.0	5,119.0 *(76%)*	**6,814.8**		**3,707.0**
Rainer Lehmann (from 1/11-2023)	964.9	106.1	88.8	1,159.8 *(40%)*	904.0	854.7	1,758.7 *(60%)*	**2,918.5**	419.2	**442.8**
Former executives										
Lars Green (to 31/10-2023)	-	-	-	-	-	-	-	-	-	**2,227.9**
Remuneration	**2,442.8**	**268.7**	**144.1**	**2,855.6**	**4,461.0**	**2,416.7**	**6,877.7**	**9,733.3**	**419.2**	**6,377.7**

The difference in the total remuneration for the Executive Management in the above table compared to Note 6.1 – Management Remuneration in the Annual Report – is related to long-term incentives. The disclosure in Note 6.1 is based on IFRS recognition principles, according to which the long-term incentive programs are expensed over the four-year vesting period. The long-term incentive included in the above table is the cost of the 2024 program measured at market value at the grant date.

Long-term incentive program (LTI): Since 2020, the Board of Directors has issued annual LTI grants with overlapping three-year performance periods. This allows the Board of Directors to re-assess targets for each annual grant cycle to ensure that the targets are sufficiently demanding, incentivizing, and aligned with the strategy. The new LTI for the Executive Management covering the performance period 2024–2026 took effect in 2024.

The LTI for 2024–2026 consists of 100% performance shares, whereas the previous LTI programs consisted of 50% shares and 50% share options. The LTI 2024–2026 targets reflect 40% weight on organic sales growth, 20% weight on adjusted EBITDA margin, 20% weight on adjusted ROIC and 20% weight on sustainability targets. The targets are aligned with the strategy and the measures of business success for the period 2024–2026. The sustainability targets are set on three parameters, covering the environmental perspective with a focus on reducing Scope 1 and 2 emissions, as well as the social perspective with a focus on the lost-time injuries ratio and gender ratio within senior management.

The target value of the annual LTI for Ester Baiget is 120% of the annual base salary (value at conditional grant), while the maximum is 180% of the annual base salary. For Rainer Lehmann, the target value is 90% of the annual base salary (value at conditional grant), while the maximum is 135% of the annual base salary.

At the grant date in 2024, the target value of the LTI 2024–2026 amounted to EUR 1,562,000 for Ester Baiget, and EUR 854,700 for Rainer Lehmann.

The program contains a maximum-value clause, allowing the Board of Directors the option to reduce the number of shares if the value at the end of the program exceeds twice the maximum value at the date of the conditional grant.

The LTI program covering the performance period 2022–2024 was finally allocated in 2024. The targets of the LTI have been changed due to the combination. LTIs covering the periods 2022-2024 and 2023-2025 were active at the time of the combination between Novozymes and Chr. Hansen. The targets in these programs were reflecting legacy Novozymes' financial and sustainability strategy. However, the original targets set for 2024 and 2025 no longer reflected the new combined business of Novozymes and Chr. Hansen in Novonesis. As a consequence of this, the Board of Directors decided to conclude the 2022 and 2023 parts of the program and set new targets for 2024 and 2025, reflecting the performance ambitions for Novonesis.

The performance for 2022–23 has been settled at a performance at 78% of maximum, measured on organic sales growth for the period (weight 40%), EBIT margin (weight 20%), ROIC (weight 20%), and performance on four sustainability targets (weight 20%). The updated targets for 2024 cover organic sales growth (weight 50%), adjusted EBITDA margin (weight 30%), and three sustainability-related targets (weight 20%) and have been settled at a performance at 93% of maximum. This means that the actual performance over the full period exceeds the targets, and in total the performance against the set targets has resulted in 83% of the maximum allocation now being awarded.

For the members of the Executive Management, this means that a total of 12,120 shares will be released in February 2025. The number of share options granted for the three-year period is 61,288, reflecting the realized target achievement. At the time of grant in 2022, the target value was EUR 1,061,200 for Ester Baiget. Based on the actual allocation and the current share price (end of 2024), the value at completion is EUR 662,400.

The members of the Executive Management have contracts of employment containing standard conditions for executive officers of Danish listed companies, including non-competition clauses and the periods of notice that both parties are required to give. If an executive officer's contract of employment is terminated by the company without any misconduct on the part of the executive officer, the executive officer has a notice period of 12 months. In addition to the notice period, the executive officer has the right to termination compensation of 12 months' base salary and pension contributions.

Further details on the Executive Management's remuneration and their shareholdings, etc., can be found in the Remuneration Report 2024:

Read more

Remuneration of senior leadership

The remuneration of Novonesis' senior leadership (264 executive vice presidents, vice presidents and directors) is consistent with the general Remuneration Policy. Incentive programs for executive vice presidents, vice presidents and directors have been established for the 2024–2026 period. The programs follow the same mechanisms as the program for the Executive Management. The realized target achievement for the LTI covering the period 2022–2024 is the same as for the Executive Management.

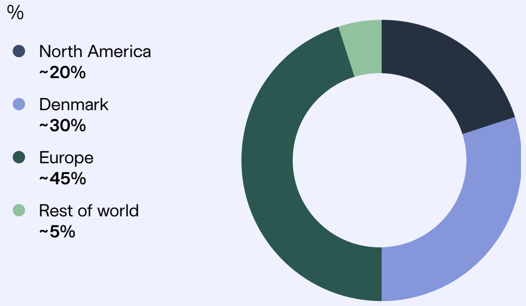
Further information on the incentive programs for these employee groups can be found in the Note 6.2 on **Share-based payment** to the consolidated financial statements, which also includes an overview of outstanding share options.

This page contains CSRD disclosure requirment: GOV-3.

Shareholder information

Novonesis total market cap was DKK 190.9 billion (EUR ~25.6 billion) at the end of 2024. The average daily trading volume of the stock (NSIS B) was 591,187 shares or DKK 245.9 million (EUR ~33 billion). An interim dividend of DKK 2.00 (EUR ~0.27) was disbursed on September 3, 2024, while a year-end/final dividend of DKK 4.20 (EUR ~0.56) per share has been proposed.

Ownership by geography (B shares)



Stock performance

Novonesis total market cap was DKK 190.9 billion (EUR ~25.6 billion) at the end of 2024, as the share price (NSIS B) increased by 11% from the closing price of DKK 371.1 (EUR ~49.8) at the end of 2023 to DKK 407.7 (EUR ~54.7) at the end of 2024*, while the OMX C25 was down around 3% in the same period. The share price performance, together with the dividend payment of DKK 1.9 billion (EUR ~250 million), resulted in a total shareholder return of 12% for the year.

Dividends

Novonesis has transitioned from an annual dividend to a semi-annual dividend payment structure, which includes an interim dividend to be paid out after the second quarter, and the remaining dividend to be distributed after the fourth quarter. Novonesis paid out DKK 2.00 (EUR ~0.27) per share in interim dividend on September 3rd, 2024. The Board of Directors proposes that the Annual General Meeting approve a dividend of DKK 4.20 (EUR ~0.56) per share for the remainder of 2024, for a total payout of approximately DKK 2,890 (EUR ~387) million for the 2024 financial year. If approved, the 2024 dividend will be disbursed on April 8, 2025, with April 3, 2025, as the last trading day with dividend for 2024.

Share price development 2024

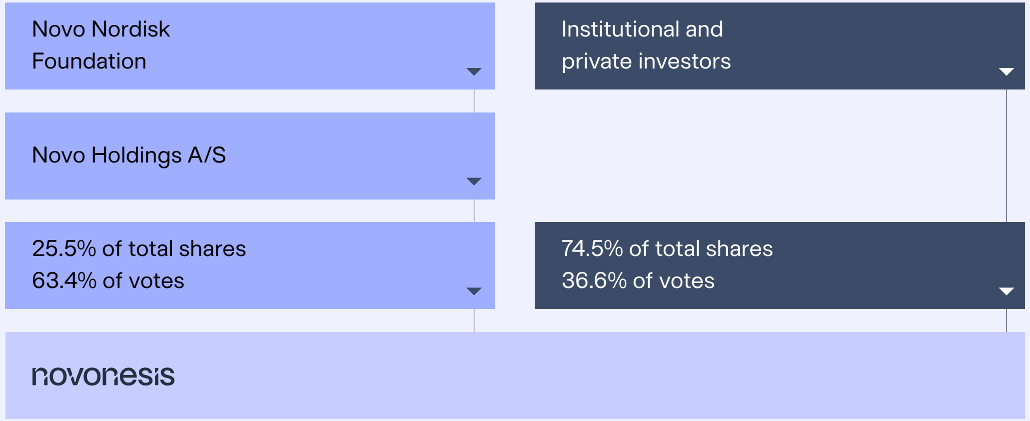
* This was the share price for NZYM B from January 1, 2024, to January 29, 2024, and for NSIS B for the remainder of 2024.

Share and ownership structure
On January 29, 2024, the combination between Novozymes A/S and Chr. Hansen Holding A/S was successfully completed, effected through an exchange of all shares of Chr. Hansen Holding A/S with a total of 187,298,646 Merger Consideration Shares**. Following the combination, the common stock now consists of 468,298,646 shares, each with a nominal value of DKK 2 (EUR ~0.27) per share. The common stock is divided into 53,743,600 A shares that carry 20 votes each and 414,555,046 B shares that carry 2 votes each. Novonesis had more than 100,000 shareholders at the end of 2024, and ~70% of the B shares were held outside Denmark, mainly by institutional investors. Fifty institutional investors, including Novo Holdings A/S, held approximately 60% of the B shares. Novo Holdings A/S held 25.5% of the total common stock in Novonesis and controlled 63.4% of the votes. Novo Holdings A/S is wholly owned by the Novo Nordisk Foundation, an independent Danish foundation with corporate interests. The objective of the Novo Nordisk Foundation is to provide a stable basis for the commercial and research activities of the companies in the Novo Group, and to support scientific, humanitarian and social causes. Novonesis held 2,162,857 treasury shares, or 0.5% of the total stock capital, at the end of 2024.

Financing and capital structure management
Each year, the Board of Directors is to assess whether the capital and share structure of Novonesis is optimal. In 2024, the Board of Directors assessed that the share structure with A and B common stock continues to be the best way to safeguard the company's long-term strategy and development for the benefit of the company's shareholders and other stakeholders. Regarding its capital structure, the company favored a rather modestly leveraged balance sheet, as reflected by a target for net interest-bearing debt of around 1.3x-1.7x EBITDA.

The Board of Directors has been authorized by the shareholders to allow the company to acquire treasury stock on an ongoing basis, provided the nominal value of the company's total holding of treasury stock does not exceed 10% of its share capital at any time, cf. section 198 of the Danish Companies Act. The purchase price must not deviate by more than 10% from the price quoted on Nasdaq Copenhagen at the date of acquisition. This authorization applies until April 30, 2025. In addition, the Board of Directors is authorized to increase the share capital***.

Ownership structure



	A stock	B stock	Total
Share capital (DKK)	107,487,200	829,110,092	**936,597,292**
Number of shares	53,743,600	414,555,046	**468,298,646**
Held by Novo Holdings A/S (%)	100%	15.8%	**25.5%**
Number of votes	1,074,872,000	829,110,092	**1,903,982,092**
Voting rights (%)	56.5%	43.5%	**100%**
Held by Novo Holdings A/S (%)	56.5%	6.9%	**63.4%**

** Please refer to Note 3.4 for further details. *** For further details, please refer to article 5 of the Articles of Association.

Sustainability statement

04

Contents

Reader's guide
Our Sustainability statement has been prepared in accordance with the new EU Corporate Sustainability Reporting Directive (CSRD) and the underlying European Sustainability Reporting Standards (ESRS).

In the General section, we describe the foundation of our Sustainability statement. We present our Double Materiality Assessment and the nine most important sustainability topics, followed by an overview of their respective impacts, risks and opportunities.

In the subsequent sections, we report on our performance across Environment, Social and Governance, and we describe our approach, actions, targets and metrics for each material topic.

General

General

General

General

Basis for preparation

Sustainability is integral to how we work at Novonesis. Our efforts are driven by our sustainability ambition ‘People. Planet. Positive.’, depicting our aim to deliver biosolutions that enable a healthier planet and healthier people - our handprint - while reducing the impact of our production and supply chain - our footprint.

We have demonstrated sustainability leadership for decades and are committed to reporting transparently on environmental, social and governance (ESG) matters to our stakeholders. Our foundation is built on the triple bottom line approach, which focuses on reporting environmental and social performance, in addition to financial performance. We welcome the new EU Corporate Sustainability Reporting Directive (CSRD) and the underlying European Sustainability Reporting Standards (ESRS). We have adopted and implemented these standards throughout 2024, marking yet another milestone by publishing our first Sustainability statement.

The Sustainability statement has been prepared in accordance with the ESRS, as developed by the European Financial Reporting Advisory Group (EFRAG). The Sustainability statement is prepared on a consolidated basis and comprise data and information from Novozymes A/S (Novonesis) and subsidiaries controlled by Novozymes A/S (Novonesis). Consolidation of the sustainability data follows the same principles as our financial reporting. When estimates or assumptions are used for reported sustainability data, they are detailed in our accounting policies within the relevant ESG sections.

All topics disclosed in the ESG sections have been assessed as material in our **Double Materiality Assessment** (DMA). During the DMA, we evaluate impacts, risks and opportunities throughout our value chain, both upstream and downstream, taking into consideration the geographical areas where we operate. In accordance with the CSRD, our Sustainability statement includes mandatory requirements and selected voluntary requirements. We are committed to ensuring the highest data quality in our assessments, as this approach allows us to strive for accuracy and reliability in the information we disclose, while we work continuously to improve our data collection and reporting processes.

Since sustainability is deeply integrated into our business model and strategy, selected CSRD disclosure requirements are incorporated by reference in the first part of the Management Review. These include our business model and strategic direction (SBM-1), the entity-specific topic Innovation (MDR-A, MDR-M, MDR-T), sustainability-related incentive schemes (GOV-3) and the composition and diversity of the Board of Directors and Executive Management (GOV-1). Please see our **Content index** for an overview of our CSRD-related disclosures and the page references.

According to ESRS E2-5, we are required to report on enzymes that are generated, used during production, procured, and that leave our facilities as emissions, products, or parts of products. We consider this information sensitive for competitive reasons, and therefore we will not disclose these amounts. ESRS MDR-A requires us to report the current CAPEX and OPEX allocations for our sustainability-related action plans. As sustainability is deeply integrated into our business model and operations, it is challenging to quantify these allocations, and we will not disclose these figures. Furthermore, we have not been able to identify a credible method to calculate Scope 3 biogenic emissions across our agricultural raw materials, as required by ESRS E1-6. We are in dialogue with external partners to develop a credible methodology to report accurate numbers in the future, and therefore this will not be disclosed.

Risk management and internal controls for sustainability reporting

Our risk management and internal controls for sustainability reporting are designed to ensure that our Sustainability statement accurately reflects our performance. These controls help us measure, monitor and evaluate our performance, while complying with the CSRD and ensuring that there are no material misstatements.

To achieve this, we have implemented procedures for reporting that ensure the completeness and accuracy of our sustainability data. We have embedded segregation of duties and relevant internal controls and checks within these procedures. We will continue to refine and adjust our internal controls, and review them annually, starting in 2025. The review will be submitted to the Audit Committee, which will follow up on the areas for improvement.

General

Sustainability governance and due diligence

Sustainability is anchored at all levels of decision-making in our organization and fully integrated into the responsibilities of the senior leadership team.

The Board of Directors has oversight of our overall approach to sustainability. The Executive Leadership Team assesses long-term sustainability trends and their impact on our business model, operations, and market position. They integrate sustainability into business strategies, our innovation pipeline, and external positioning.

The Board of Directors and the Executive Leadership Team bring a wealth of international management, biotechnology and sustainability leadership expertise. To continuously enhance their sustainability skills, they participate in sessions on sustainability to discuss Novonesis' approach and broader topics. Internal and external experts are invited to provide more specialized insights, when relevant. The acquired skills and expertise contribute significantly to mitigating risks, capitalizing on sustainable business opportunities, and ensuring responsible governance practices.

The Board of Directors approves our sustainability strategy, targets, policy and Double Materiality Assessment (DMA), enabling the Board of Directors to oversee material sustainability matters. The assessment of material impacts, risks and opportunities (IRO), targets and the corresponding actions are presented at least once a year to the Board of Directors and the Executive Leadership Team. Please read more about our impacts, risks and opportunities **in this overview.**

The Board of Directors has the overall responsibility for overseeing risks and maintaining a robust risk management and internal control system. Novonesis has an **Enterprise Risk Management** (ERM) framework. Risks identified in the DMA process will be integrated into our ERM framework and managed in the same manner as other key **business risks**.

Our sustainability strategy and targets are driven by our ambition to be a leader in sustainability and to positively impact people and the planet through our innovation, operations and employees. The Executive Leadership Team has appointed the Executive Vice President (EVP) of Strategy & Integration, the Chief Operating Officer, the EVP of People & Stakeholder Relations, the Chief Science Officer, the Vice President of Global Sustainability, and the Senior Vice President of Corporate Finance to oversee the various sustainability matters. They report directly to the Executive Leadership Team on our sustainability performance and our progress on sustainability initiatives, and they drive our sustainability target-setting process. Our sustainability targets are approved by our Executive Leadership Team and the Board of Directors, and they regularly review our progress.

For sustainability topics where we do not have corporate targets, we ensure the effectiveness of our actions by adhering to local and national regulations, and by monitoring our performance against internal action plans and roadmaps.

Read more about our sustainability-related incentive schemes in the **Summary of the Remuneration Report**.

Recognized for our sustainability efforts
Novonesis is proud to be recognized for our sustainability leadership and performance by many leading rating agencies and platforms, such as CDP, MSCI, Sustainalytics, Ecovadis, FTSE4Good and UN Global Compact.

Read more about our ratings and performance on our website:

Read more

The use by Novonesis of any MSCI ESG Research LLC or its affiliates ('MSCI') data, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement, recommendation, or promotion of Novonesis by MSCI. MSCI services and data are the property of MSCI or its information providers and are provided 'as-is' and without warranty. MSCI names and logos are trademarks or service marks of MSCI.

General

Our sustainability due diligence

To ensure sustainable growth and reliability as a partner to our customers, suppliers, shareholders, and the communities in which we operate, we identify, assess and mitigate potential impacts, risks and opportunities through our due diligence process.

Our human rights due diligence process follows the UN Guiding Principles on Business and Human Rights and the Organisation for Economic Cooperation and Development (OECD) Due Diligence Guidance for Responsible Business Conduct. We detail our approach to human rights due diligence, grievance mechanisms and remedies in the **Working conditions and human rights** section and our Sustainability Commitment on **Human and Labor Rights**.

As a member of the UN Global Compact, we report our annual Communication on Progress (CoP) on the UNGC website:

Read more

We have a robust environmental due diligence process across our production sites. We review local environmental impact assessments at least annually. The ISO 14001 standard guides our environmental risk assessments at production sites, where key identified risks are incorporated into our Enterprise Risk Management process. We are striving to ensure that all our production sites are ISO 14001 certified. Currently, all our production sites, except three minor ones, are certified.

These assessments inform our standard operating procedures and emergency response plans. We take into account the views of neighbors and local municipalities during the permit issuance process, and we engage with local communicates when relevant. By adhering to these standards and practices, we aim to foster responsible production and operations by continuously considering our obligations to local stakeholders and the environment.

The core elements of the CSRD due diligence process are described across our Sustainability statement and Management Review.

Core elements of the CSRD due diligence process

1 Embedding due diligence in governance, strategy and business model

Read more in Corporate Governance, Sustainbility ambition: People. Planet. Positive.

2 Engaging with affected stakeholders in all key steps of the due diligence

Read more in Interests and views of stakeholders

3 Identifying and assessing adverse impacts

Read more in Double Materiality Assessment

4 Taking actions and tracking effectiveness of these efforts and communicating them

Read more in Environment, Social, and Governance

General

Policies and Sustainability Commitments

We take a clear stance on the issues that matter to our business. Our policies are central to how we conduct business, and define our commitments and guiding principles.

Our policies and Business partner code of conduct are available on our website:

Read more

Policies

Our policies are available on our website, and the following is an overview of the policies for our material sustainability topics. They are communicated internally to relevant employees via our intranet, through annual e-learnings, as an appendix to employment contracts, and through other training and communication materials.

Novonesis Sustainability Policy
Our Sustainability Policy outlines our commitment to sustainability and our overall principles for integrating sustainability into our operations and business. It applies to all employees and activities at Novonesis. Our Board of Directors approves the policy, and our Executive Vice President of People & Stakeholder Relations is the most senior person responsible for policy implementation.

Our policy includes innovating biosolutions to enable healthier lives on a healthier planet, along with commitments to governance, environmental resilience, social responsibility, and how sustainability is embedded in operations broadly. We are commited to the UN Global Compact and actively engage various stakeholders to monitor, minimize and report on the environmental and social impacts of our own operations and supply chain.

Novonesis Diversity, Equity and Inclusion Policy
Our Diversity, Equity and Inclusion Policy outlines key principles for creating a work environment and culture where employees feel genuinely accepted, are equally treated, and supported in expressing their thoughts, beliefs and opinions. It applies to all employees and activities at Novonesis. Our Board of Directors approves the policy, and our Executive Vice President of People & Stakeholder Relations is the most senior person responsible for policy implementation.

The monitoring process involves regular assessment and communication of diversity, equity and inclusion initiatives to all employee groups and the Board of Directors.

Novonesis Occupational Health and Safety Policy
Our Occupational Health and Safety Policy outlines our commitment to ensuring a safe and healthy work environment. It applies to all employees and activities of Novonesis. It also covers the safety of workers in the value chain while working at our sites. Our Board of Directors approves the policy, and our Chief Operating Officer is the most senior person responsible for policy implementation.

This policy addresses impacts, risks and opportunities related to health and safety by promoting a strong safety culture, maintaining effective management systems, ensuring employee well-being, reducing risks, and continuously improving occupational health and safety practices. The monitoring process involves regular assessment of safety incidents and statistics, occupational health cases, and sharing this information with employees and the Board of Directors.

Novonesis Quality and Product Safety Policy
The Novonesis Quality and Product Safety Policy outlines our commitment to providing safe, high-quality and competitive products for customers. It applies to all employees and activities at Novonesis. It also covers the safety of workers in the value chain by informing customers about the safe use of our biosolutions. Our Board of Directors approves the policy, and our Chief Operating Officer is the most senior person responsible for policy implementation.

Product safety is ensured by continuously identifying and mitigating risks, improving products and services to meet customer needs, and complying with regulatory requirements.

General

Employee empowerment is emphasized to ensure a strong culture of quality and product safety. All these initiatives contribute to building trust with customers and partners.

Novonesis Business Integrity Policy
Our Business Integrity Policy emphasizes our commitment to conducting business with honesty, fairness, and adherence to responsible and ethical practices. It applies to all employees and activities at Novonesis. Our Board of Directors approves the policy, and our Executive Leadership Team is ultimately responsible for its implementation.

The policy covers compliance with laws and regulations, anti-corruption measures, fair business practices, international trade sanctions, data ethics, human rights, labor rights, equal opportunity, and engagement with business partners. Our goal is to maintain high standards of business integrity worldwide. We are committed to investigating illegal or unethical misconduct promptly, independently and objectively, and to take appropriate action in the event of any violation.

Novonesis Whistleblower Policy
Our Whistleblower Policy allows our employees, customers, suppliers, business partners and other stakeholders to report any suspected violations of law, our policies or procedures, or other serious concerns, such as unethical conduct, through secure, confidential and anonymous reporting. Our Executive Leadership Team is ultimately responsible for its implementation.

The policy aims to foster a culture of openness and accountability in support of our high standards for business integrity. All reports are kept strictly confidential. The process for reporting is guided by this policy. The company monitors reports to ensure compliance with the law and to prevent potential risks related to unethical behavior.

All whistleblower reports are reviewed by the Whistleblower Manager and the Chief Legal Compliance Officer. All investigations will be overseen by an Investigation Group and reported to the Audit Committee.

Please refer to our Whistleblower Policy here:

Read more

General

Sustainability Commitments

Our Sustainability Commitments outline our Executive Leadership Team's commitments on our material sustainability topics that are not already covered by our policies. These are internal documents that are reviewed annually and are communicated directly to relevant stakeholders, who must implement them.

Climate Change
Our Sustainability Commitment on Climate Change outlines our targets and plans to reach net-zero GHG emissions by 2050, in line with the Paris Agreement and the ambition of limiting global warming to 1.5°C, compared to pre-industrial levels. It describes our approach to the decarbonization of our operations and value chain, climate adaptation and risk management. It also outlines how we strive to enable a low-carbon future through dialogue and advocacy, and how we ensure transparency and responsibility through our data management and reporting. The commitment also outlines the management of our impacts, risks and opportunities across climate change mitigation, adaptation, energy efficiency and renewable energy. Our Chief Operating Officer, Chief Scientific Officer, Executive Vice President of Strategy and Integration, and our Executive Vice President of People and Stakeholder Relations are responsible for its implementation.

Pollution
Our Sustainability Commitment on Pollution outlines our actions to prevent pollution throughout our value chain, including the development of products to prevent pollution, and ensuring compliance with statutory and legal requirements to monitor and control environmental impacts. It outlines our approach and the process to continuously monitor our use of substances of concern. We continuously identify opportunities for the phase-out, except for enzymes, which have a positive environmental impact and will remain a key component of our business going forward. The commitment describes our management strategy for pollutants and substances of concern, detailing their safe return to the environment in strict compliance with all legal and regulatory discharge requirements. Finally, it outlines our processes and systems designed to prevent and manage potential environmental incidents. Our Chief Operating Officer is responsible for its implementation.

Water
Our Sustainability Commitment on Water describes our efforts to reduce water use and reuse water, while continuing to manufacture high-quality products in accordance with local water conditions. It also outlines our approach to conducting water risk assessments in our operations and at the water basins close to our production sites. Our Chief Operating Officer is responsible for its implementation.

Biodiversity
Our Sustainability Commitment on Biodiversity outlines our endorsement of the global principles outlined in the UN Convention on Biological Diversity (CBD) and the Global Biodiversity Framework (GBF). We ensure that our actions align with the principles of Access and Benefit Sharing (ABS) to prevent biopiracy and promote fair and equitable sharing of benefits, in alignment with the Nagoya Protocol Agreement. It also states our commitment to prevent and mitigate any potential impacts from our operations, to ensure that we try to avoid negatively impacting any biodiversity-sensitive area at or near our sites. We work with our value chain to understand how we can develop partnerships and improve our overall footprint, and we are working towards enabling a deforestation-free supply chain. Our Chief Operating Officer, Chief Scientific Officer, Executive Vice President of Strategy and Integration, and our Executive Vice President of People and Stakeholder Relations are responsible for its implementation.

Waste
Our Sustainability Commitment on Waste outlines our commitment to manage resources and waste in a circular manner. We promote a circular economy across our operations by prioritizing waste generation prevention and promoting reuse, recycling and other recovery methods, and improving the recyclability of our packaging. Our Chief Operating Officer is responsible for its implementation.

Human and Labor Rights
Our Sustainability Commitment on Human and Labor Rights outlines our commitment to respect human rights, as defined by the UN Guiding Principles on Business and Human Rights, the International Bill of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises. We outline how we embed human rights across our business and value chain, conduct due diligence and impact assessments, and provide remedy and grievance mechanisms for our employees and external stakeholders. Our Executive Vice President of People and Stakeholder Relations is responsible for its implementation.

Responsible Sourcing
Our Sustainability Commitment on Responsible Sourcing outlines our commitment to source responsibly with high ethical standards and to engage our suppliers to minimize the environmental and social impact of our supply chain. We do this by considering sustainability, quality and commercial aspects when selecting our suppliers. It outlines our commitment to the UN Global Compact and its Ten Principles. It requires our business partners to uphold the standards outlined in our Business partner code of conduct and expects them to apply and promote the same, or equivalent, standards in their value chain. Our Chief Operating Officer is responsible for its implementation.

General

Interests and views of stakeholders

We are committed to better our world with biology and creating value for our stakeholders. To deliver on our purpose, we actively engage with our stakeholders on a regular basis to listen and learn. Through ongoing dialogue, we aim to understand their perspectives and needs, which help shape our strategic activities, sustainability efforts and our **Double Materiality Assessment**.

The outcomes of our stakeholder engagement are described across our Sustainability statement and Management Review. We have mapped the relevant sections in the table, where you can find more information.

Stakeholder engagement on sustainability matters is governed in accordance with our **Sustainability governance and due diligence**.

Stakeholders

Stakeholder	Purpose of engagement	Engagement methods		Read more
Employees	Monitor and improve employee development and well-being, focusing on training and skill development, fair treatment, remuneration, health and safety, and diversity, equity and inclusion matters	• Engagement surveys • Individual development plans and business targets	• Daily interactions with colleagues and managers • Townhalls with the Executive Leadership Team and Vice Presidents	Working conditions and human rights Diversity, equity and inclusion Health and safety
Customers	Deliver biosolutions that meet customer needs, while enabling a healthier planet and healthier lives. Focus on workers in the value chain and ethical business practices	• Business meetings • Partnerships and alliances	• Customer questionnaires and satisfaction surveys	Business model Strategic direction Workers in our downstream value chain People. Planet. Positive.
Suppliers	Ensure ethical business practices, and collaborate on strategic sustainability initiatives	• Regular dialogue • Strategic partnerships and alliances	• Participation in industry associations and industry alliances • Contractual obligations	Workers in our upstream value chain Climate change Business conduct
Investors	Communicate sustainability performance in a transparent manner	• Investor engagements • Sustainability-focused investor calls	• Investor surveys and questionnaires • Reporting and disclosures	Message from the Chair and the CEO Double Materiality Assessment
Regulatory authorities	Ensure compliance with regulations	• Engagement with local and national regulatory bodies to ensure compliance	• Engagement with industry associations	Sustainability governance and due diligence
Associations, policymakers, foundations, and local communities	Advocate for biosolutions, and engage to learn and develop sustainability efforts	• Memberships of industry associations, alliances, and chambers of commerce • Public policy consultations and face-to-face meetings with public authorities	• Bilateral engagements and strategic partnerships • Regionally based corporate social responsibility activities	Business conduct Climate change Pollution Water Sustainability governance and due diligence

General

Double Materiality Assessment

In 2024, we conducted a Double Materiality Assessment (DMA) in accordance with the CSRD requirements. The insights gained are important in shaping our future sustainability strategies and initiatives, and they ensure that we continue to make informed decisions that positively impact both our stakeholders and the environment.

Our approach

We initiated the DMA process by mapping our value chain, including both upstream and downstream activities, while considering our global business operations and our relationships. In this process, we considered all the geographical areas where we operate; our facilities and other assets; and distribution channels to cover various inputs and outputs. Additionally, we identified stakeholders who are directly involved in or affected by our activities, as well as those interested in our development and reporting.

We interviewed more than 30 external and internal stakeholders to achieve a holistic representation of our business and value chain. Our external stakeholders included investors, customers, suppliers and NGOs. Internally, we engaged with a broad representation of stakeholders across various departments, functional areas and regions.

We created a list of sustainability topics based on research on existing sustainability standards and frameworks such as the European Sustainability Reporting Standards (ESRS), the Sustainability Accounting Standards Board (SASB), and the Global Reporting Initiative (GRI); peer benchmarking; and existing internal reports and assessments.

During the interviews, subject matter experts identified the positive and negative impacts, risks and opportunities across the sustainability topics and provided a rationale for their scoring. We invited participants to assess and evaluate the materiality of any applicable data points for Novonesis, based on the thresholds defined. The results from these interviews were then calibrated in numerous workshops, involving senior management and internal experts, to determine overall materiality. The final results of the DMA were approved by the Executive Leadership Team and the Board of Directors.

Double Materiality Assessment process:

1. Mapping our value chain and stakeholders
2. Creating a list of relevant sustainability topics based on standards and frameworks
3. Identifying and assessing impacts, risks and opportunities with stakeholders
4. Receiving approval from the Executive Leadership Team and the Board of Directors

General

Impact materiality
We assessed actual or potential impacts, whether negative or positive, based on the following criteria:

- **Scale:** The magnitude of the impacts on people and/or the environment
- **Scope:** The extent and geographical reach of the impacts, such as the extent of environmental impact or how far-reaching the effects would be on people (e.g., local or global reach)
- **Irremediability:** The extent to which impacts can be remediated, e.g., restoring the environment or affected people to their prior state
- **Time horizon and likelihood:** Potential impacts are scored based on the expected time frame and probability of their occurrence. We use a scale from 1–5 with the definitions below:
  Score 1: Short-term – within a reporting period
  Score 2: Medium-term – 1–3 years
  Score 3: Long-term – 3–5 years
  Score 4: Very long-term – more than 5 years

For potential negative human rights impacts, we prioritized the severity of the impact over its likelihood.

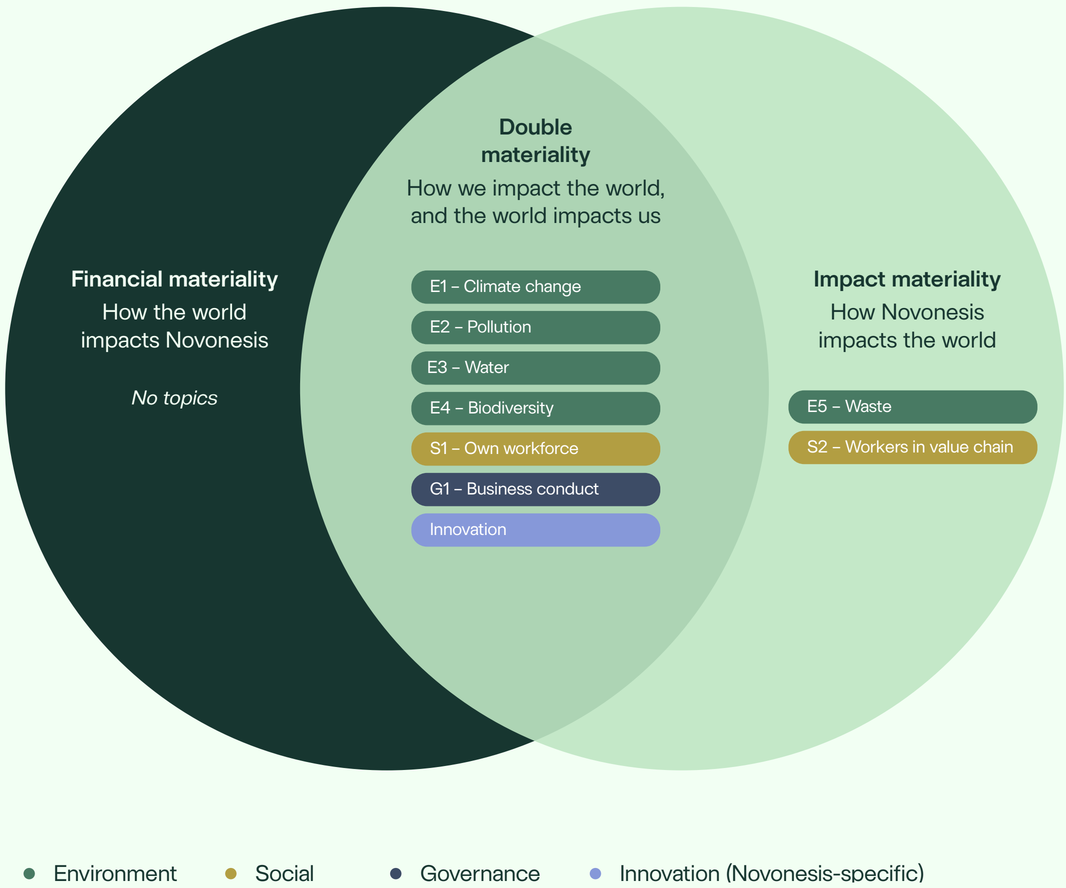
Financial materiality
We assessed inherent risks and opportunities based on their potential to impact our development or financial status. The scoring criteria included:

- **Financial impact:** The magnitude of the financial effects, where thresholds for financial materiality were aligned with our risk management framework
- **Time horizon and likelihood:** Assessed using the same methodology as impact materiality

DMA results
A topic is deemed material if at least one material impact, risk or opportunity (IRO) is identified within a specific topic. As an outcome of the assessment, we identified nine topics as material to Novonesis, as shown on the right. This includes five environmental, two social, one governance and one Novonesis-specific topic.

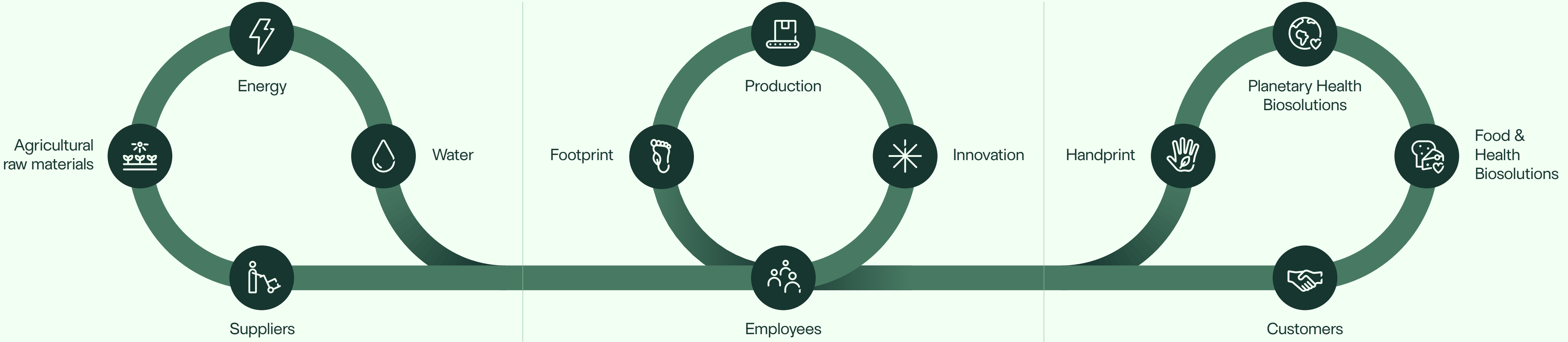
We describe each topic, including its impact, risks and opportunities, in the Sustainability statement. Our **entity-specific topic, Innovation**, relating to both social and environmental matters, is reported in the first part of the Management Review, as it is a cornerstone of our growth and competitiveness, and a key driver of sustainable development.

Double materiality overview



General

Impacts, risks and opportunities



Upstream

Our biosolutions are produced with natural resources, such as agricultural raw materials. We work closely with suppliers to explore joint opportunities and to address the environmental and social impact of our supply chain.

E1.1 ▲▼ · E1.3 ▲▼ · E1.4 ▼ · E2.2 ▼ · E3.4 ▼ · E4.2 ▼ · S2.2 ▼ · G1.2 ▲ · I1 ▲

Novonesis

We are a leading biosolutions partner with +10,000 employees. With a broad biosolutions toolbox and agile production setup, we can scale biosolutions to meet customer needs, while reducing our environmental footprint.

E1.1 ▲▼ · E1.3 ▲▼ · E2.3 ▼ · E2.4 ▼ · E2.5 ▼ · E3.2 ▼ · E3.3 ▼ · E4.3 ▼ · E5.1 ▲ · E5.2 ▼ · S1.1 ▲ · S1.2 ▼ · S1.3 ▼ · G1.1 ▲ · G1.2 ▲ · G1.3 ▲ · G1.4 ▼ · I1 ▲ · I2 ▼

Downstream

Our biosolutions enable a healthier planet and healthier lives. We help customers enhance profitability, minimize their environmental impact and deliver products that meet consumer needs.

E1.1 ▲▼ · E1.2 ▲ · E2.1 ▲ · E3.1 ▲ · E3.3 ▼ · E4.1 ▲ · E5.1 ▲ · S2.1 ▼ · G1.2 ▲ · G1.3 ▲ · I1 ▲ · I3 ▼

▲ Positive impact or opportunity ▼ Negative impact or risk ● Environmental ● Social ● Governance ● Innovation (Novonesis-specific)

General

Overview of impacts, risks and opportunities

Environment

Topic	IRO title	IRO reference	IRO type	IRO description
Climate change	Delivering biosolutions for a healthier planet and reducing our emissions	E1.1	O P N	We are committed to delivering biosolutions that enable a healthier planet with healthier people, while reducing the environmental impact of our production and supply chain. We discover, develop and produce biosolutions that drive positive change for our customers across our downstream value chain, saving more carbon emissions than what we generate in the production of our biosolutions. As a production company, we emit greenhouse gases. If we do not take action to decarbonize, our emissions would likely increase as our business grows. However, we are committed to actively decarbonizing our own value chain and operations to improve the resilience of our company. We will achieve our commitments by executing on our climate transition plan, which aims to reduce our Scopes 1, 2 and 3 emissions.
	Developing biosolutions for alternative fuels	E1.2	P	We are a leading producer of biosolutions for the biofuels industry and play an important role in advancing biofuels. We help enable energy independence from fossil fuels and increase economic output from arable land, biomass and waste residues.
	Carbon taxation presenting both opportunities and risks	E1.3	O R	Carbon taxation can help evaluate the costs of the carbon pollution of fossil-based products and incentivize the shift to more sustainable practices and materials. This can create a significant market and growth opportunity for resource-efficient biosolutions, which helps address many of the challenges societies face today. While carbon taxation may lead to higher input and costs for Novonesis, we believe the opportunities outweigh the risks.
	Increasing volatility in energy and raw material prices	E1.4	R	Fluctuations in energy and raw material prices, driven by geopolitical events or crises linked to climate change, may result in potential cost increases. We mitigate this risk by monitoring fluctuations in important raw materials to identify potential risks and take proactive measures. Furthermore, we work on reducing dependencies on critical and single-sourced raw materials and engage with our stakeholders to enhance our supply chain robustness.

In most cases, IROs are assessed to have a low impact on the 2024 financial performance and are not expected to significantly affect the financial performance in 2025. If an IRO does have a financial impact on the 2025 performance, details are provided in the IRO tables.

O Opportunity P Positive impact R Risk N Negative impact

General

Environment (continued)

Topic	IRO title	IRO reference	IRO type	IRO description
Pollution	Reducing pollution for our customers through the use of biosolutions	E2.1	O P	Our biosolutions positively impact the operations and end products of our customers across more than 30 industries. Examples include reducing pollution by limiting the need for chemical pesticides and fertilizers in agriculture; reducing energy and waste in raw material processing, such as starch and dairy; and reducing the use of chemicals in laundry detergents. We see a business opportunity to deliver effective pollution-reducing biosolutions for our customers.
	Using agricultural raw materials may contribute to soil and water pollution	E2.2	N	The use of fertilizers and pesticides in the agricultural value chain can result in nutrient and pesticide pollution of soil and water. This is a challenge we are actively addressing through our innovative biosolutions for agriculture. We rely on agricultural raw materials to produce our biosolutions and acknowledge that our procurement of agricultural raw materials can potentially contribute to soil and water pollution in our upstream value chain.
	Increasing regulation could impact both costs and production	E2.3	R	There is a potential risk to our operations if wastewater or other waste streams fail to meet regulatory requirements. Increased regulation could also lead to higher costs for improving or expanding water treatment and waste facilities. We continuously invest in improvements to our wastewater treatment facilities, such as using wastewater for cooling in production.
	Potential spills at production sites	E2.4	N	The potential release of untreated wastewater from production could negatively impact bodies of water and soil around our sites. We take the necessary preventative steps and ensure that our wastewater is treated in accordance with regulatory requirements.
	Enzymes are respiratory sensitizers that are classified as ‘substances of concern’	E2.5	R	Enzymes are biodegradable catalysts that speed up or ignite specific reactions and processes. They enable our customers to produce more effectively by using less energy and fewer raw materials, and by reducing waste. Enzymes are respiratory sensitizers, and these are classified as ‘substances of concern’ in the EU Chemical Strategy for Sustainability. Therefore, there is a potential risk of increasing regulation, which may impact our business.

O Opportunity P Positive impact R Risk N Negative impact

General

Environment (continued)

Topic	IRO title	IRO reference	IRO type	IRO description
Water	Reducing water consumption and pollution through biosolutions for our customers	E3.1	P	Many of our biosolutions in textiles and household care enable our customers to reduce their water consumption and improve water quality compared with conventional methods. Our biosolutions also help prevent water pollution by reducing the reliance on chemicals at our customers' sites or in end products for consumers. For example, our biosolutions reduce pollution by limiting the need for chemical pesticides and fertilizers in agriculture, and they reduce the use of chemicals in laundry detergents.
	Dependent on water for our production processes	E3.2	N	We are dependent on the availability of freshwater for our production. Our usage may affect local water resources and aquatic ecosystems. Additionally, the transportation and treatment of water and wastewater can increase our energy consumption and GHG emissions. We have set targets to improve freshwater withdrawal and restore water in areas where water, sanitation and hygiene are a challenge.
	Water scarcity impacts our production or customers' manufacturing	E3.3	R	There is a risk of water resources around our sites becoming scarce, as water availability is impacted by climate change. We may be faced with limitations on withdrawing sufficient water for production or may alternatively be required to invest in new water technologies, like desalination. In addition, our customers can depend on water for their production, and they could also be impacted by water scarcity. We have set targets to improve freshwater withdrawal and restore water in areas where water, sanitation and hygiene are a challenge.
	Water consumption in agriculture	E3.4	N	Our use of agricultural raw materials contributes to water consumption in the upstream value chain, both in the field and during the processing of these materials. Water usage may affect local water resources. To address these challenges, we engage with suppliers and collaborate with customers in agriculture to spur innovation. Certain biosolutions are designed to help make crops more resilient to climate change, increase crop yields, and reduce the use of fertilizers and pesticides.

O Opportunity P Positive impact R Risk N Negative impact

General

Environment (continued)

Topic	IRO title	IRO reference	IRO type	IRO description
Biodiversity	Reducing the need for conventional pesticides in agriculture and antibiotics in animal feed	E4.1	O P	Our biosolutions help reduce the need for pesticides, antibiotics, and nutrient addition in downstream agriculture of crops and animal husbandry. We see opportunities to expand our business in agriculture, in both existing and emerging markets, to enhance planetary health and to strengthen food systems.
	Sourcing agricultural raw materials associated with deforestation	E4.2	N	We source agricultural raw materials for our production, which may be linked to deforestation. We have set strong requirements for our suppliers on environmental protection, including deforestation. We are a member of the Roundtable on Sustainable Palm Oil (RSPO) and are working towards ensuring that all our palm oil-derived products sourced are RSPO-certified. We will continue to evaluate the need for certifications across our procurement landscape to mitigate the risk of contributing to deforestation and biodiversity loss.
	Potential spills at production sites	E4.3	N	Untreated wastewater and biomass released could potentially impact local biodiversity. We ensure that the biomass generated is reused appropriately and that our wastewater is treated in accordance with regulatory requirements.
Waste	Applying biosolutions for effective manufacturing, and adopting innovative packaging solutions to minimize waste	E5.1	P	Biosolutions allow for an efficient use of resources for our customers, thereby reducing waste during the manufacturing process, as well as reducing materials in the final product. Furthermore, we are actively implementing packaging projects to reduce plastic waste in both our own operations and our downstream value chain. By adopting more efficient packaging solutions, we are significantly decreasing the amount of plastic used and discarded.
	Generating substantial amounts of biomass as a by-product	E5.2	N	We generate substantial amounts of biomass as a by-product of our production. This biomass is either used for energy production or applied as nutrients on agricultural land. There may be a potential negative impact if we do not dispose of the biomass in accordance with regulatory requirements.

O Opportunity   P Positive impact   R Risk   N Negative impact

General

Social

Topic	IRO title	IRO reference	IRO type	IRO description
Own workforce	Creating an attractive workplace for employees	S1.1	P	We aspire to offer a great workplace with competitive benefits for our employees across all regions to attract and retain top talent.
	Overlooking critical social issues	S1.2	N R	We are dedicated to continuously understanding and assessing issues of social, political, and economic polarization, along with the risks they pose. Upholding our responsibilities is crucial to us, as it reflects our core values and beliefs. Failure to do so could damage our reputation, making us a less desirable workplace and business partner.
	Handling of enzymes may pose potential safety concerns for workers	S1.3	N R	We drive and promote a safety-first culture throughout our organization, and educate our employees on safe enzyme-handling processes. Despite these rigorous efforts, there is an extremely low risk of employees experiencing sensitization and respiratory allergies due to overexposure to enzymes. Our safety procedures adhere to regulatory requirements and comply with any regulatory changes.
Workers in our value chain	Risk of workers in the value chain being sensitized by handling of enzymes	S2.1	N	We drive and promote a safety-first culture throughout our value chain, and educate our customers on safe enzyme-handling processes. Despite these rigorous efforts, there is an extremely low risk of workers at our customer sites experiencing sensitization and respiratory allergies due to very high exposure to enzymes. Thus, we provide ongoing support to help them use our products safely.
	Risk of suppliers breaching human rights	S2.2	N	Procuring agriculture-based raw materials exposes us to a potential negative impact due to potential breaches of human rights, child labor and forced labor within the agricultural value chain. We have set strong requirements for our suppliers on respecting and protecting the human rights of their workers.

O Opportunity P Positive impact R Risk N Negative impact

General

Governance

Topic	IRO title	IRO reference	IRO type	IRO description
Business conduct	Enabling our future success through a thriving corporate culture	G1.1	P	As an innovation company, diversity of thought and inclusion of different voices and ideas are crucial to our future success. We are dedicated to fostering an inclusive culture where employees feel valued and are given equal opportunities to realize their potential, and where we succeed together.
	Protecting our whistleblowers	G1.2	P	We have a Whistleblower Hotline, along with a governance framework, to ensure anonymity and provide accessible channels for raising concerns within our operations. We also expect business partners to offer secure and confidential grievance redressal mechanisms.
	Advocating for the green transition	G1.3	O P	Our biosolutions play a vital role in enabling the green transition. Our advocacy and other forms of stakeholder engagement with authorities, policymakers and industry organizations promote healthier lives on a healthier planet.
	Risk of corruption and unethical practices	G1.4	R	If we fail to adhere to our anti-corruption standards and ethical business practices, the risk of potential financial fines and regulatory sanctions can materialize. Additionally, this could lead to reputational damage. We are committed to conducting business with honesty, fairness, and adherence to responsible and ethical practices. We adhere to these principles by maintaining internal standards, procedures, guidelines and other appropriate measures to ensure awareness of and compliance with these principles.

O Opportunity P Positive impact R Risk N Negative impact

General

Innovation

Topic	IRO title	IRO reference	IRO type	IRO description
Innovation	Developing new transformative biosolutions to enable a healthier planet and healthier lives	I1	O P	Our business is driven by innovation, and, in 2024, we invested close to 11% of our sales in research and development. Our biosolutions significantly enhance planetary health by optimizing resource efficiency, reducing waste across industries, and enabling advancements in biofuels to reduce dependence on fossil fuels in transportation. In addition, introducing innovative food and beverage solutions improves nutrition; extends the shelf life of food; offers unique health benefits; and unlocks alternative protein sources.
	Classification as a chemical company	I2	R	The lack of biological frameworks in the EU regulation and the classification of respiratory sensitizers, which include enzymes, as a 'substance of concern' in the EU Chemical Strategy for Sustainability, make it challenging to assess enzymes fairly, based on their characteristics and contributions to the green transition. This classification presents regulatory risks, impacting the development and reach of our biosolutions. We actively engage with authorities, policymakers and industry organizations to navigate the regulatory landscape and emphasize the positive impact of biosolutions.
	Failing to introduce new biosolutions to the market can lead to a loss of market share	I3	R	Innovation is vital for maintaining our competitive advantage. This includes both access to genetic material and the ability to discover, develop and produce biosolutions cost-effectively and at scale. The potential failure to consistently introduce new biosolutions would put market share and opportunities at risk.

O Opportunity P Positive impact R Risk N Negative impact

Environment

Environment

2024 highlights

63%
absolute GHG emissions reduction from Scopes 1 and 2, from 2018 baseline

93%
electricity from renewable sources

100%
circular biomass waste maintained

14.5 billion
liters of water restored in basins close to our sites where water, sanitation and hygiene are a challenge

Environment

EU Taxonomy

The EU Taxonomy Regulation (EU) 2020/852 is a classification system that encompasses a standard set of definitions for sustainable activities. The aim of the Regulation is to help the EU guide sustainable investments by requiring companies to report on the parts of net sales*, capital expenditures (CAPEX) and operational expenditures (OPEX) that are associated with environmentally sustainable economic activities.

The defined activities are centered around six environmental objectives: Climate change mitigation; climate change adaptation; sustainable use and protection of water and marine resources; transition to a circular economy; pollution prevention and control; and protection and restoration of biodiversity and ecosystems.

For 2024, all six objectives are in scope for reporting eligibility, which means that companies must assess whether they have economic activities that are included in the different annexes of the Delegated Acts, and report the eligible proportion of net sales, CAPEX and OPEX.

In 2024, all six objectives must now be further assessed for alignment of eligible activities with the Regulation. Alignment is determined by the assessment of compliance with the technical screening criteria, doing no significant harm to any of the other environmental objectives and minimum social safeguards.

Despite the positive environmental impact of our biosolutions and our focus on minimizing our environmental footprint, our core activities do not fall within the current scope of reportable activities as defined in the EU Taxonomy. However, we have screened our non-core activities against the six objectives to identify the proportion of any eligible and potentially aligned activities.

We screened the activities listed in the technical annexes under the Delegated Regulations 2021/2139 and 2023/2486, including amendments to Delegated Regulations 2021/2139, as set forth in the Delegated Regulations 2023/2485. This screening included interviews with relevant project managers, in order to identify any ongoing activities for which Novonesis might be eligible to report. Once eligible activities were identified, a deep dive was performed to assess whether the activities could be considered aligned according to the EU taxonomy standards.

Our internal procedures are set up to ensure that no activity is double counted, which means that none of the identified activities contribute to mulitple environmental objectives. Therefore, disaggregation of KPIs is not required.

Taxonomy-eligibility

Based on our eligibility screening, Novonesis's eligible activities are as follows:

- CCM/CCA 4.20 - Cogeneration of heat/cool and power from bioenergy: Upgrading biogas to biomethane for use in electricity and district heating production. New project in 2024, eligible for CAPEX.
- CCM/CCA 5.4 - Renewal of wastewater collection and treatment: Recycling treated wastewater for use in production. Eligible for CAPEX.
- CCM/CCA 5.9 - Material recovery from non-hazardous waste: Production of biomass. Eligible for CAPEX.
- CCM/CCA 7.7 - Acquisition and ownership of buildings: As part of the combination, Novonesis has acquired the lands and buildings of Chr. Hansen. New project in 2024, eligible for CAPEX.
- CCM 9.1 - Close to market research, development and innovation: Carbon capture projects. Eligible for OPEX.

* The EU Taxonomy Regulation applies the term ‘turnover’. To reflect the terminology used in our financial reporting, we use the term ‘net sales’.

Environment

Net sales
We identified no relevant eligible net sales. Net sales is defined as net sales included in the consolidated financial statements for the year 2024. Please see Note 2.2 on **Net sales**.

Capital expenditures (CAPEX)
We identified eligible CAPEX of EUR 481.1 million, corresponding to 10.9% of total CAPEX.

CAPEX is defined as additions to tangible and intangible assets during the financial year, considered before depreciation, amortisation and any re-measurements, including those resulting from revaluations and impairments, for the relevant financial year and excluding fair value changes. The denominator also includes additions to tangible and intangible assets resulting from business combinations. Goodwill is not considered. Please see Note 3.1 on **Goodwill and other intangible assets**, and Note 3.2 on **Property, plant and equipment.**

Operational expenditures (OPEX)
We identified eligible OPEX of EUR 0.5 million, corresponding to 0.1% of total OPEX.

OPEX is defined as direct non-capitalized costs that relate to research and development, building renovation measures, short-term lease, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment by the undertaking or third party to whom activities are outsourced that are necessary to ensure the continued and effective functioning of such assets.

2024	Net sales	CAPEX	OPEX
Taxonomy-aligned activities	-	-	-
Taxonomy-eligible, but not Taxonomy-aligned activities	-	10.9%	0.1%
Total Taxonomy-eligible activities	-	**10.9%**	**0.1%**
Taxonomy-non-eligible activities	100%	89.1%	99.9%

Environment

Net sales

Economic Activities (1)	Code (2)	Net sales (mEUR) (3)	Proportion of net sales (%) (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and Eco-systems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) net sales 2023 (18)	Category (enabling activity)	Category (transitional activity)
2024				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)				**Y;N;N/EL**	**Y;N;N/EL**	**Y;N;N/EL**	**Y;N;N/EL**	**Y;N;N/EL**	**Y;N;N/EL**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**			
Net sales of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Of which enabling		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	E	
Of which transitional		-	-	-					-	-	-	-	-	-	-	-	-		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)				**EL;N/EL**	**EL;N/EL**	**EL;N/EL**	**EL;N/EL**	**EL;N/EL**	**EL;N/EL**										
Net sales of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		-	-	-	-	-	-	-	-								-		
Net sales of Taxonomy-eligible activities (A.1 + A.2)		-	-	-	-	-	-	-	-								-		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Net sales of Taxonomy-non-eligible activities		3,833.5	100%																
TOTAL		**3,833.5**	**100%**																

Y: Yes - Taxonomy-eligible and Taxonomy-aligned activity N: No -Taxonomy-eligible but not Taxonomy-aligned activity EL: Eligible - Taxonomy-eligible activity N/EL: Not eligible - Taxonomy-non-eligible activity

Environment

CAPEX

Economic Activities (1)	Code (2)	CAPEX (mEUR) (3)	Proportion of CAPEX (%) (4)	Substantial contribution criteria: Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and Eco-systems (10)	DNSH criteria ('Does Not Significantly Harm'): Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) CAPEX 2023 (18)*	Category (enabling activity) (19)	Category (transitional activity) (20)
2024																			
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. CAPEX of environmentally sustainable activities (Taxonomy-aligned)				**Y;N;N/EL**	**Y;N;N/EL**	**Y;N;N/EL**	**Y;N;N/EL**	**Y;N;N/EL**	**Y;N;N/EL**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**			
CAPEX of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**		
Of which enabling		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	E	
Of which transitional		-	-	-						-	-	-	-	-	-	-	-		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned)				**EL;N/EL**	**EL;N/EL**	**EL;N/EL**	**EL;N/EL**	**EL;N/EL**	**EL;N/EL**										
Cogeneration of heat/cool and power from bioenergy	CCM/ CCA 4.20	1.9	0.1%	EL	EL	N/EL	N/EL	N/EL	N/EL								-		
Renewal of wastewater collection and treatment	CCM/ CCA 5.4.	2.6	0.01%	EL	EL	N/EL	N/EL	N/EL	N/EL								2.8%		
Material recovery from non-hazardous waste	CCM/ CCA 5.9.	0.1	0.01%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.6%		
Acquisition and ownership of buildings	CCM/ CCA 7.7	476.5	10.8%	EL	EL	N/EL	N/EL	N/EL	N/EL								-		
CAPEX of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**481.1**	**10.9%**	**10.9%**	**-**	-	-	-	-								**3.4%**		
A. CAPEX of Taxonomy-eligible activities (A.1+A.2)		**481.1**	**10.9%**	**10.9%**	**-**	-	-	-	-								**3.4%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CAPEX of Taxonomy-non-eligible activities		**3,944.5**	**89.1%**																
TOTAL		**4,425.6**	**100%**																

Y: Yes - Taxonomy-eligible and Taxonomy-aligned activity N: No -Taxonomy-eligible but not Taxonomy-aligned activity EL: Eligible - Taxonomy-eligible activity N/EL: Not eligible - Taxonomy-non-eligible activity

* In 2024, the aligned activities from 2023 (CCM 5.4 with 1% and CCM 5.9 with 0.6% of total CAPEX) have been reassessed. The 2023 activities are only eligible from 2024, because a more in-depth assessment of compliance with the substantial contribution category has been conducted, concluding that Novonesis does not have the necessary evidence or data to prove compliance with the DNSH criteria for climate change adaptation.

Environment

OPEX

Economic Activities (1)	Code (2)	OPEX (mEUR) (3)	Proportion of OPEX (%) (4)	Substantial contribution criteria: Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and Eco-systems (10)	DNSH criteria ('Does Not Significantly Harm'): Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) OPEX 2023 (18)*	Category (enabling activity) (19)	Category (transitional activity) (20)
2024																			
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)				**Y;N;N/EL**	**Y;N;N/EL**	**Y;N;N/EL**	**Y;N;N/EL**	**Y;N;N/EL**	**Y;N;N/EL**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**			
OPEX of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**		
Of which enabling		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	E	
Of which transitional		-	-	-						-	-	-	-	-	-	-	-		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)				**EL;N/EL**	**EL;N/EL**	**EL;N/EL**	**EL;N/EL**	**EL;N/EL**	**EL;N/EL**										
Close to market research, development and innovation	CCM 9.1.	0.4	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.1%		
Renewal of waste water collection and treatment	CCM/ CCA 5.4.	-	-	-	-	-	-	-	-								0.1%		
Nature-based solutions for flood and drought risk prevention and protection	WTR 3.3	-	-	-	-	-	-	-	-								0.2%		
OPEX of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**0.4**	**0.1%**	**0.1%**	**-**	**-**	**-**	**-**	**-**								**0.4%**		
A. OPEX of Taxonomy-eligible activities (A.1+A.2)		**0.4**	**0.1%**	**0.1%**	**-**	**-**	**-**	**-**	**-**								**0.4%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OPEX of Taxonomy-non-eligible activities		**427.8**	**99.9%**																
TOTAL		**428.2**	**100%**																

Y: Yes - Taxonomy-eligible and Taxonomy-aligned activity N: No -Taxonomy-eligible but not Taxonomy-aligned activity EL: Eligible - Taxonomy-eligible activity N/EL: Not eligible - Taxonomy-non-eligible activity

* In 2024, the aligned activity from 2023 (CCM 5.4 with 0.1% of total OPEX) has been reassessed. The 2023 activity is only eligible from 2024 because a more in-depth assessment of compliance with the substantial contribution category has been conducted, concluding that Novonesis does not have the necessary evidence or data to prove compliance with the DNSH criteria for climate change adaptation. Furthermore, in 2024, as of last year, the material threshold for OPEX is EUR 135,000, and therefore only activity CCM 9.1 is reported as eligible.

Environment E1

E1

Climate change

We aim to build a net-zero future, and climate action is an integral part of our business. We are determined to decouple our company's growth from our carbon footprint.

As a world-leading biosolutions partner, we provide innovative biosolutions that meet the needs of businesses, consumers and our planet by helping to increase yield and efficiency, and by enabling climate-smart technologies such as biofuels and carbon capture. This reduces the reliance on fossil fuels and supports the transition to a low-carbon society.

Our sustainability ambition '**People. Planet. Positive.'** and our decarbonization pathway drive our actions to address climate change mitigation, adaptation, energy efficiency and renewable energy deployment. Our approach to climate is guided by our Sustainability Commitment on **Climate Change** and our **Sustainability Policy**.

Read more about the impacts, risks and opportunities for this topic **here**.

Managing climate-related risks

Climate change mitigation and adaptation are significant considerations in our risk assessment for the business. Through our Enterprise Risk Management (ERM) framework and our Double Materiality Assessment (DMA), we identify and address climate-related transitional and physical risks in our operations, supply chain, and in the markets we operate in. To ensure the resiliency of our business and operations, short- and long-term risks are identified, assessed, reported on, and mitigated at different levels of the organization, including the Board of Directors and the Executive Leadership Team. In addition, our investments related to climate mitigation and adaptation are integrated into our financial planning.

Through this process, we have identified a transitional risk related to carbon taxation that, along with geopolitical tensions and climate change-induced events, can impact the price of and access to the raw materials we source for our production. However, carbon taxation can also create a significant market and growth opportunity for resource-efficient biosolutions. Thus, the diversity of our portfolio, along with our global presence and manufacturing technologies, provides us with resilience, which is needed to consistently procure raw materials and achieve sustainable growth, even amidst volatile market conditions.

We have also identified that the most significant physical risks for our production sites are water scarcity and water stress, driven by climate change, as we use freshwater in our production process. We have conducted a scenario analysis to assess how water stress could impact our production sites. We used the WRI's Aqueduct tool, and its pessimistic scenario for water stress at the basin level for 2030, to identify sites that are at a high or an extremely high risk of water stress.

This scenario is in alignment with Shared Socioeconomic Pathway 3 (SSP3) and Representative Concentration Pathway 8.5 (RCP8.5), and it represents a fragmented world with uneven economic development, higher population growth, lower Gross Domestic Product (GDP) growth, and a lower rate of urbanization, all of which potentially affect water use and availability. We have identified mitigation actions and set targets, as described in our **Water** section.

Moving forward, scenario analysis will be an integrated part of our broader ERM and DMA processes.

Environment E1

Our climate transition plan

Our approach

We are committed to high standards and ambitious actions and goals to improve our climate footprint across Scopes 1, 2 and 3. We are decarbonizing our operations and supply chain in line with a science-based pathway to reach net-zero greenhouse gas (GHG) emissions by 2050*.

The Taskforce for Climate-related Financial Disclosure (TCFD), the Science Based Targets initiative (SBTi) and the GHG protocol have guided and informed the preparation of our Climate change section.

Climate is a key material issue for Novonesis, and we are committed to our climate leadership position. We are committed to a 75% reduction of GHG emissions from our operations (Scopes 1 and 2) and a 35% reduction from our supply chain (Scope 3) by 2030 from a 2018 baseline. By 2025, we aim to reduce absolute GHG emissions from operations across Scopes 1 and 2 by 65% from a 2018 baseline. This would mark a significant achievement in decoupling growth from resource usage, as we have grown our business considerably during the same period.

Further, we are committed to sourcing 100% renewable electricity by 2025 across our operations, in line with the practices defined by the RE100 initiative.

As per the guidelines from the SBTi, in 2024 we integrated our GHG emissions and merged our accounting methodologies. Our 2030 and 2050 targets remain SBTi-validated*, as our base year coverage and target boundary are in alignment with the SBTi guidelines and criteria. During 2025, we expect to review our consolidated climate targets.

Our targets are developed based on climate science, aligned with the Intergovernmental Panel on Climate Change (IPCC) scenarios. Our 2030 Scope 1 and 2 GHG emission targets aim to limit global warming to 1.5°C above pre-industrial levels, while our 2030 Scope 3 target is aligned with the goal of limiting temperature rise to well below 2°C, in accordance with the SBTi guidelines. Our net-zero by 2050 target is aligned with a 1.5°C scenario under the Paris Agreement. Our climate targets do not include GHG removals, carbon credits or avoided emissions as a means of achieving the GHG emission reduction targets.

We have considered future developments that can impact our targets and emissions during the development of our climate transition plan, and we have described our decarbonization levers below. Our climate transition plan has been approved by the Executive Leadership Team, as described in **Sustainability governance and due diligence**.

Our decarbonization levers across Scope 1 and Scope 2

We believe that the cleanest megawatt hour is the one that is never used. Therefore, we strive first and foremost to implement optimization and energy-saving projects to reduce our overall energy consumption, to reuse energy where possible, and, finally, to increase our sourcing of renewable energy.

- We reduce our energy demand in our production by implementing optimization and energy-saving projects, while also liberating energy for local communities. This includes projects such as heat recovery from compressors, automation and optimization of chiller operations, and replacement of pumps.
- We have a target to source 100% renewable electricity by 2025. Achieving and maintaining this target after 2025 will be a key lever to reduce our Scope 1 and 2 GHG emissions.
- After 2025, we will accelerate decarbonization in our operations further by pursuing shifts to low-carbon energy sources. The exploration of decarbonization technologies that will enable us to shift to renewable sources of energy has commenced.

* Novonesis commits to reach net-zero GHG emissions across the value chain by 2050 from a 2018 base year. Near-Term Targets: Novonesis commits to: reduce absolute Scope 1 and 2 GHG emissions by 75% by 2030 from a 2018 base year; increase annual sourcing of renewable electricity from 37% in 2018 to 100% by 2025; and reduce absolute Scope 3 GHG emissions from purchased goods and services, fuel and energy-related activities, upstream transportation and distribution, waste generated in operations, and business travel by 35% by 2030 from a 2018 base year. Long-Term Targets: Novonesis commits to: reduce absolute Scope 1 and 2 GHG emissions by 90% by 2050 from a 2018 base year, and reduce absolute Scope 3 GHG emissions from purchased goods and services, fuel and energy-related activities, upstream transportation and distribution, waste generated in operations and business travel by 90% within the same time frame. The target boundary includes biogenic emissions and removals associated with the use of bioenergy.

Environment E1

Our decarbonization levers across Scope 3
Scope 3 emissions accounted for approximately 75% of our 2018 baseline emissions. In 2024, we identified the following key levers that set the trajectory for our 2030 and net-zero targets:

- Mobilizing our suppliers on climate action through integrating decarbonization efforts further into our procurement strategies, initiating supplier dialogues, and pushing for renewable energy transition in our supplier base
- Executing and leveraging high-impact initiatives such as low-carbon transportation, switching to low-carbon raw materials, and developing our renewable energy ambitions
- Continuing to strengthen our foundations across data management, climate embedment, and climate capacity building to support our journey to net-zero emissions
- Exploring technologies, tools and considerations that could be critical to driving decarbonization after 2030 and towards the net-zero horizon.

2024 actions

During the year, we focused on consolidating and implementing the existing climate transition plans to decarbonize GHG emissions across Scopes 1, 2 and 3. Furthermore, our focus was on establishing a new and updated roadmap for the combined company, including setting a strong data foundation and GHG inventory.

In 2024, we successfully reduced our Scope 1, 2 and 3 GHG emissions by 11% from a 2018 baseline, demonstrating our commitment to climate action.

Furthermore, we advanced in our decarbonization journey and reduced our combined Scope 1 and 2 GHG emissions by 63%, compared to 2018. This reduction was driven by the significant increase in the share of renewable sources of electricity, heat and steam and our investments in energy efficiency. We are on track to meet our 2025 target of 65% reduction and our 2030 target of 75% reduction across Scopes 1 and 2.

Energy efficiency is an integral component of our climate transition plan, and we have made significant progress across a number of our production sites. At our facilities in China, we have made progress in reducing steam usage, which resulted in an energy saving of 1,250 MWh*. We have also optimized our chiller systems and recovery processes, leading to a reduction in electricity use of more than 556 MWh. Furthermore, we are investing in heat pumps that will allow us to reduce our steam consumption procured from the local utility. This investment is expected to reduce our Scope 1 and 2 emissions by 3.6%, compared to our 2018 baseline.

An ongoing project in Denmark involving the optimization of reverse osmosis technology is expected to save more than 6,200 MWh of energy per year beyond its water savings potential, when fully operational and running successfully. We are also optimizing our downstream processing steps, which is expected to result in electricity savings of 2,600 MWh.

In 2024, we sourced 93% of our electricity from renewable sources, and we are on track to achieve our target of sourcing 100% renewable electricity by 2025. We sourced 410,633 MWh of renewable electricity from unbundled sources. In 2024, we sourced renewable electricity for our site in Blair, Nebraska, in the U.S. In addition, we sourced renewable electricity for all our sites in India and improved additionality by investing in a group-captive solar project in India, which became operational in 2024.

Our total Scope 3 emissions increased by 8% in 2024, compared to our 2018 baseline. This increase was driven by our purchased goods and services. During the same period, we achieved solid growth in our sales, decoupling our Scope 3 emissions from our overall growth. This was primarily driven by our optimization efforts in operations. Our transition to renewable energy and low-carbon modes of transport reduced our emissions across category 3: Fuel- and energy-related activities, and category 4: Upstream transportation and distribution, respectively.

In 2024, we commenced the development of our climate transition plan. We conducted workshops with colleagues from across our sites to increase our opportunities to manufacture more efficiently, while lowering our greenhouse gas emissions and developing a supplier engagement strategy and framework. Moving forward, we expect to update and optimize our climate transition plan annually.

* On average, a Danish family or household uses 4.5 MWh annually. Source: Andel Energi.

Environment E1

In 2024, we reduced our Scope 1 and 2 GHG emissions by

63%

from a 2018 baseline, while delivering solid growth.

Energy consumption and mix

	Unit	2024
Fuel consumption from coal and coal products	MWh	-
Fuel consumption from crude oil and petroleum products	MWh	5,852
Fuel consumption from natural gas	MWh	332,205
Fuel consumption from other fossil sources	MWh	1,076
Consumption of purchased or acquired electricity, heat, steam and cooling from fossil sources	MWh	243,015
Total fossil energy consumption	MWh	**582,148**
Fuel consumption from renewable sources, including biomass	MWh	8,458
Consumption of purchased or acquired electricity, heat, steam and cooling from renewable sources	MWh	971,875
The consumption of self-generated non-fuel renewable energy	MWh	334
Total renewable energy consumption	MWh	**980,667**
Consumption from nuclear sources	MWh	**14,309**
Total energy consumption	MWh	**1,577,124**
Share of fossil sources in total energy consumption	%	37
Share of consumption from nuclear sources in total energy consumption	%	1
Share of renewable sources in total energy consumption	%	62
Energy intensity	MWh/mEUR	400

Environment E1

Accounting policies

Energy consumption and mix
Total energy consumption and mix metrics include internally and externally generated energy consumption from fossil fuels, nuclear sources and renewable energy sources. The renewable energy percentage is based on a market-based approach, comparing total renewable energy consumption with total energy consumption.

Total energy consumption from all sources (fossil, nuclear and renewable) includes all manufacturing and non-manufacturing sites with more than 100 headcount. Reported quantities are based on meter readings and supplier invoices.

Internally generated energy is measured as fuel consumption converted to energy, based on the lower of the combustion value and the weight by volume. This is except for the U.S., where the higher of the combustion value is applied, as per legal requirement. Fuel consumption is converted to energy using factors supplied by utility providers or local authorities. The energy source mix is categorized according to the type of fuel used: renewable fuel (energy produced from waste) or fossil fuel (including natural gas, fuel oil, and others).

Externally generated energy comprises purchased electricity, heat, and steam. The energy source mix for electricity is classified into renewable, fossil, and nuclear types based on Power Purchase Agreements (PPAs), Energy Attribute Certificates (EACs), and the 2023 electricity generation source statistics of the International Energy Agency (IEA). Similarly, the energy source mix for district heating and steam is categorized into renewable, fossil, and nuclear types based on declarations provided by the suppliers.

Novonesis is categorized as a company operating in the high climate impact sector, under Regulation (EC) No 1893/2006 of the European Parliament and of the Council, as 100% of our energy consumption is related to these activities.

The energy intensity is calculated as the total energy consumption divided by the pro forma revenue figures, stated in million EUR. Read more about our Financial performance **here**.

Environment E1

Greenhouse gas emissions

	Unit	Retrospective 2018	2024	Milestones and target years 2025	2030	2050	Progress
Scope 1							
Gross Scope 1 GHG emissions	tCO_2e	88,936	93,549				5%
Gross Scope 1 GHG emissions from regulated emission-trading schemes	%	7%	8%				14%
Scope 2							
Gross location-based Scope 2 GHG emissions	tCO_2e	440,774	351,812				(20%)
Gross market-based Scope 2 GHG emissions	tCO_2e	400,179	88,605				(78%)
Total Scope 1 and 2							
Total Scope 1 and 2 location-based GHG emissions	tCO_2e	529,710	445,361				(16%)
Total Scope 1 and 2 market-based GHG emissions	tCO_2e	489,115	182,154	(65%)	(75%)	(100%)	(63%)
Scope 3							
Total gross Scope 3 GHG emissions	tCO_2e	1,303,237	1,405,943		(35%)	(100%)	8%
Significant Scope 3 categories							
Category 1: Purchased goods and services	tCO_2e	1,002,293	1,139,146				14%
Category 3: Fuel and energy-related activities (not included in Scope 1 or Scope 2)	tCO_2e	108,171	92,135				(15%)
Category 4: Upstream transportation and distribution	tCO_2e	155,795	143,299				(8%)
Category 5: Waste generated in operations	tCO_2e	17,567	10,547				(40%)
Category 6: Business travel	tCO_2e	19,410	20,817				7%
Total Scope 1, 2 and 3 GHG emissions							
Total location-based Scope 1, 2 and 3 GHG emissions	tCO_2e	1,832,947	1,851,304				1%
Total market-based Scope 1, 2 and 3 GHG emissions	tCO_2e	1,792,352	1,588,097				(11%)
GHG intensity							
Total location-based GHG intensity	tCO_2e/mEUR		469				
Total market-based GHG intensity	tCO_2e/mEUR		403				

The accounting of biogenic CO_2 emissions follows the CSRD and the GHG Protocol. In 2018, Scope 1 biogenic CO_2 emissions were 178,418 tCO_2. In 2024, they amounted to 171,250 tCO_2. In 2018, the location-based Scope 2 biogenic CO_2 emissions were 41,955 tCO_2, and in 2024 they amounted to 85,708 tCO_2. Lastly in 2018, the market-based Scope 2 biogenic CO_2 emissions were 21,807 tCO_2, and in 2024 they amounted to 81,102 tCO_2.

In Scope 3, Novonesis has included 0% primary data obtained from suppliers or other value chain partners. In this context, we consider only Scope 3 emissions calculated with supplier-specific emission factors as primary data. We are embarking on a journey to obtain and integrate supplier-specific emission factors.

Environment E1

Accounting policies

Scope 1, 2, 3 and total GHG emissions

All greenhouse gas (GHG) emissions are reported in accordance with the Greenhouse Gas Protocol, following the same consolidation principles as the financial statements. GHG emissions are calculated by multiplying consumption and activity data with the relevant emission factors. When activity and consumption data are not available, extrapolations are performed to calculate emissions from company cars in Scopes 1 and 2, and in Scope 3 category 1 and category 4.

Scope 1 emissions are calculated based on consumption data. The emission factors are from the UK Department for Environment, Food & Rural Affairs (UK DEFRA), the US Environmental Protection Agency (US EPA), the EU Commission (for climate-friendly alternatives to HFCs, industrial refrigerators), and the Danish Energy Agency (DEA). Company car-related emissions are calculated based on a combination of fuel- and distance-based methods.

Scope 1 biogenic CO_2 emissions are reported separately, covering fermentation and wastewater treatment. The emissions from fermentation are calculated by multiplying aerobic fermentation volumes, which are estimated based on sales data, with internally developed emission factors. Wastewater emissions are estimated based on the UNFCCC methodology using wastewater volumes and chemical oxygen demand content.

Scope 2 is reported according to both the market-based approach, which includes the Energy Attribute Certificates, and the location-based approach. The emission factor sources are the UK DEFRA, the International Energy Agency (IEA), the Association of Issuing Bodies (AIB), the US EPA eGRID, the DEA, and supplier-specific information.

Scope 2 biogenic CO_2 emissions are reported separately and cover the combustion of biofuels used by energy providers. The biogenic CO_2 emissions related to electricity are reported according to both market-based and location-based approaches. The emission factors are sourced from Ecoinvent and the IEA.

Scope 3 emissions include GHG emissions from categories that are significant for Novonesis. We identified five material categories for Scope 3, which collectively constitute more than 90% of our complete Scope 3 inventory.

Scope 3 category 1 includes all upstream, cradle-to-gate GHG emissions from purchased goods and services. This covers both our direct and indirect spend. Direct spend includes, but is not limited to, agricultural materials, chemicals and packaging materials. Indirect spend covers goods and services supporting the business, such as facility management, IT and consulting. A hierarchy for selecting the most accurate emission factor is applied, following the order of supplier-specific, quantity-based (Ecoinvent cut-off, Agri-footprint, and other literature sources), and spend-based (Exiobase). Supplier-specific emission factors are not relevant for the financial year 2024.

Scope 3 category 3 includes the GHG emissions related to the production of fuels and energy consumed by Novonesis across all sites in scope, as well as grid loss for grid-supplied energy. The emissions are calculated using the location-based approach, with emission factors from UK DEFRA and the IEA.

Scope 3 category 4, upstream transportation and distribution, includes GHG emissions related to all intercompany and customer deliveries, paid by Novonesis. The GHG emissions are calculated using a distance-based approach. The calculations are validated and adjusted with route- and material-specific uplifts, based on expertise and experience. We use well-to-wheel emission factors from UK DEFRA.

Scope 3 category 5, waste generated in operations, is calculated reflecting both the treatment and waste type. The emission factor sources are UK DEFRA and Ecoinvent.

Scope 3 category 6, business travel, is calculated by the travel agencies used by Novonesis and is based on supplier-specific data on distance traveled and UK DEFRA emission factors.

The GHG intensity is calculated as the total GHG consumption divided by the proforma revenue figures, stated in EUR million. Read more about our Financial performance **here**.

Contractual instruments for energy consumption are assessed annually, both in terms of types of contracts (PPAs, EACs and Guarantees of Origin) and whether the energy is bundled or unbundled with attributes. The percentages are calculated based on the MWh as per the contracts covering our energy consumption.

Environment E2

E2

Pollution

Our biosolutions help prevent water and soil pollution by reducing reliance on fossil fuels and hazardous chemicals, thereby minimizing environmental damage for our customers across various industries such as agriculture, dairy, food, textiles and detergents. Compliance with environmental regulations is a prerequisite for conducting our business. We are dedicated to upholding all national and local environmental and pollution regulations, ensuring high standards for environmental management across our operations, including pollution prevention measures.

Our approach to pollution is guided by our Sustainability Commitment on **Pollution** and our **Sustainability Policy**.

Read more about the impacts, risks and opportunities for this topic **here**.

Our approach

Our biosolutions reduce pollution
Our biosolutions help reduce the environmental impacts for our customers and end consumers, as they make processes more efficient and reduce the use of energy and chemical inputs. In some applications and industries, our biosolutions are recognized as 'Best Available Technology' under the EU Industrial Emissions Directive.

Despite the positive environmental impact of our biosolutions and our focus on minimizing our environmental footprint, respiratory sensitizers, which include enzymes, a key component of our business, are identified as 'substances of concern' in the EU Chemical Strategy for Sustainability. This classification is based on enzymes' potential to cause respiratory sensitization for workers in manufacturing who may be exposed to very high enzyme concentrations. However, enzymes do not pose a risk to consumers, as evidenced by their long-proven history of biodegradability and safe use in consumer products. We continuously work to improve the safety standards for workers handling enzymes across our operations and value chain, in collaboration with industry peers and associations such as the Association of Manufacturers and Formulators of Enzyme Products (AMFEP) and the American Cleaning Institute (ACI).

Mitigating pollution from our operations and supply chain
The potential impact of our operations on pollution is mainly derived from wastewater discharge and the generation of nutrient-rich biomass residue, which is returned to the environment as compost and fertilizer. For more details, read our section on **Waste**.

We strictly adhere to all requirements for the release of wastewater and biomass into the environment. Our environmental management system, operated by our Corporate Safety and Environment function, is fundamental in our work to manage the potential impacts across water and soil pollution. If an environmental incident should occur, we will manage the situation promptly, report it to authorities as required, and take adequate action to prevent potential incidents in the future. For more details, please read our **Sustainability governance and due diligence** section.

Environment E2

We require our business partners and suppliers to operate responsibly and in compliance with all legal requirements. Our biosolutions are produced with natural resources, and we source agricultural raw materials, which can contribute to the use and intensification of land and other environmental impacts through cultivation and agricultural practices. To mitigate these impacts, our suppliers are required to adhere to our Business partner code of conduct, which includes requirements on air, noise, water, land and odor pollution.

2024 actions

During the year, two new wastewater treatment plants were installed at one of our production sites in India, to ensure compliance with legal requirements. The processed wastewater is treated in a new biological wastewater treatment plant, followed by treatment in a reverse osmosis plant. The treated water is then recycled as feed water for cooling towers. This facility is currently in the commissioning phase and is expected to be fully operational by early 2025. Additionally, a new treatment plant for sanitary wastewater was installed and is already in operation.

We have also assessed the use of substances of concern in our production process and identified eight substances as pertinent. We will continue to ensure that we adhere to the legal requirements for using substances of concern. We continuously monitor our use of substances of concern and identify opportunities for their phase-out, except for enzymes, which have a positive environmental impact and will remain a key component of our business going forward.

This year, we identified pollutants that caused emissions to water and soil from our wastewater and biomass waste generated in production. We ensured that the biomass generated is used appropriately and that are our wastewater is treated in accordance with regulatory requirements.

Emissions to soil

	Unit	2024
Nitrogen	tonnes	2,267
Phosphorus	tonnes	1,062

Emissions to water

	Unit	2024
Nitrogen	tonnes	636
Phosphorus	tonnes	127

Accounting policies

Pollution to water and soil from nitrogen and phosphorus is calculated based on the measurement of pollutants in wastewater and waste biomass with end use in agriculture. Only production sites with fermentation or rennet processes are included. Extrapolations have been made for some sites to estimate full-year data. Air pollutants are not material.

Environment E2

Substances of Concern

Hazard statement code*	Unit	Procured 2024	Used during production 2024	Generated 2024	Left facilities as emissions 2024	Left facilities as products 2024	Left facilities as part of products 2024
H317	tonnes	781	297	-	-	-	484
H334**	tonnes	297	297	-	-	-	-
H361	tonnes	1	-	-	1	-	-
H372	tonnes	1	-	-	1	-	-
H373	tonnes	483	-	-	483	-	-
H410	tonnes	160	-	-	160	-	-
H411	tonnes	6,424	6,395	-	1	-	28
H412	tonnes	7,014	3,618	-	3,383	-	13
Total	tonnes	**15,161**	**10,607**	**-**	**4,029**	**-**	**525**

* Hazard Class and Category Code(s) can be found in Regulation (EC) No 1272/2008 of the European Parliament and of the Council.
** Enzymes are excluded from reporting and are not included in the reported numbers.

Accounting policies

Substances of concern
Use of substances of concern (SoCs) is based on the assessment of raw materials used in our main production sites in Denmark. To calculate consolidated amounts used globally, the raw materials used in Denmark are extrapolated based on global consumption of raw materials. Enzymes procured, generated, used in the production and leaving our facilities are excluded from reporting. SoCs in products are calculated based on production and sales data. SoCs in emissions are estimated based on a high-level evaluation of whether the SoCs are transformed during fermentation, or whether they are not biodegradable and thus end up in emissions. SoCs are reported based on the hazard statement code.

Environment E3

E3

Water

Water stewardship is essential for our operations. We use water for fermentation, as a coolant, a solvent, a cleaning agent and as a component of our final products. Additionally, many of the raw materials required in our operations are agricultural commodities and depend on water for production.

Our biosolutions help prevent water pollution by reducing the need for chemicals and enable our customers to reduce their water consumption, compared with conventional methods in industries such as household care and textiles.

Read more about the impacts, risks and opportunities for this topic **here**.

Our approach

Our water stewardship approach is based on science, and our ambition is to manage water in balance with local conditions. We are committed to achieving overall water security by preserving water as a resource, addressing water challenges through biosolutions, and collaborating with communities to take collective action. Our approach to water is guided by our Sustainability Commitment on **Water** and our **Sustainability Policy.**

In our operations, we aim to reduce the use of freshwater by implementing recycling and water efficiency projects, while ensuring compliance with local regulations. We have targets to improve freshwater withdrawal by saving or recycling 8% more water by 2025, 15% more by 2030 and 20% more by 2035, compared with a 2021 baseline. In addition, we drive collective action with local communities and organizations to address potential challenges with the water bodies we source from. In areas near our operations where water, sanitation and hygiene (WASH) are significantly challenged, we aim to restore 10 billion liters of water by 2025 and 30 billion liters of water by 2030, from a 2021 baseline.

In accordance with the Water Framework Directive, consideration of the status of water bodies is important for direct discharges to water bodies within the EU. In the EU, Novonesis discharges its wastewater to municipal wastewater treatment plants, and is therefore not directly affected by the water plans associated with the directive.

Environment E3

2024 actions

We conducted an annual water risk assessment using the World Resource Institute's Aqueduct Water Risk Atlas. We used a pessimistic scenario for water stress at the basin level for the year 2030. In 2024, six of our production sites and offices were situated in areas with high or extremely high risk of water stress. All production and other sites with more than 100 headcount are included in our targets and actions reported in this section.

In recent years, we have developed context-based water management plans for all of our production sites in legacy Novozymes. These plans were developed in partnership with external water experts and are based on site-specific risks and opportunities. The plans contain actions to improve the balance of nearby water bodies and address site-specific challenges related to scarcity, quality, and evolving regulations. In 2024, the production sites identified to be near areas of high or extremely high risk of water stress had context-based water management plans. Moving forward, we will review our approach to contextual water management for Novonesis.

We continued our efforts to implement water recycling and efficiency projects. At our site in Kalundborg, Denmark, we continued an ongoing nanofiltration and reverse osmosis project focusing on water recycling. The installed system has an estimated annual water saving potential of 200,000-300,000 m^3, and it will also deliver energy savings, while increasing our production capacity.

We also continued to work on other water recycling projects at our sites in the U.S. and China. Each project has an expected water recycling capacity of 100,000-200,000 m^3 and is key to bringing us closer to our target of realizing freshwater recycling and saving of 8% by 2025. These projects will become operational in 2025.

We recycled and saved 330,727 m^3 of water through recycling and water saving projects. This represents a 3.2% increase in water recycling and/or savings compared with total freshwater withdrawal in 2021, bringing us closer to our 2025 target.

Since 2020, we have engaged in the Novonesis Water Opulence (NOWO) project near our Patalganga site in India, which aims to enhance water availability and mitigate WASH challenges for the local basin. To date, the project has benefited approximately 3,100 people across five villages. In 2024, we worked on expanding the water distribution network to ensure the availability of water to nearby villages. This project successfully restored 5,400,000 m^3 of water this year. Since 2021, we have restored 14,520,000 m^3 (14.52 billion liters), already reaching our target to restore 10 billion liters of water by 2025.

Moving forward, we will continue working on water efficiency and recycling by exploring technologies, conducting basin assessments, and improving our water data collection.

Environment E3

Water consumption, withdrawal and discharge

	Unit	2024
Total water withdrawal	m^3	10,469,560
Total water discharge	m^3	8,539,937
Total water consumption	m^3	1,929,623
Total water consumption in areas at water risk, including areas of high-water stress	m^3	562,422
Total water recycled and reused	m^3	330,727
Water intensity	m^3 / mEUR	489

Accounting policies

Freshwater target
Freshwater is defined as naturally occurring water that is not salty. Projects included in the target must be implemented after 2021, and they should reduce freshwater withdrawal and improve water efficiency. The target is assessed as a percentage of annual savings from all projects during the fiscal year compared to the water withdrawal recorded in our base year.

Water, Sanitation and Hygiene (WASH) target
Water restoration aims to improve water availability and address local water basin risks through activities such as building loose boulder structures and gabion bunds, checking dams, and recharging trenches. We assess our progress toward the target by summing the total amount of water restored since our base year in 2021.

Water consumption, withdrawal, discharge, recycling and reuse
Total water consumption is the amount of water consumed within our production sites and other sites with more than 100 headcount, and which is not discharged back to the environment or a third party.

Total water withdrawal is the sum of all water drawn into the boundaries of Novonesis from all sources. The reported quantities are stated based on the metered water intake and include quantities withdrawn at production sites and other sites with more than 100 headcount. The reported quantities of steam are converted to volumes of running water and are subject to calculations.

Total water discharge is measured as the volume discharged by Novonesis or, when measurements are not available, calculations are made based on water withdrawal.

Total water consumption in areas at water risk refers to water consumption at our sites located in areas of high and extremely high water risk. These sites are identified annually, based on WRI's Aqueduct tool 4.0 methodology. The threshold for sites in areas at water risk is set at medium-high.

Total water recycled and reused is defined following the ESRS definition; additionally it includes freshwater savings from related projects. Calculations are based on the annual savings in each fiscal year from all projects improving freshwater withdrawal.

Water intensity is calculated as the total water consumption divided by the proforma revenue figures, stated in million EUR. Read more about our Financial performance here.

Environment E4

E4

Biodiversity

Our biosolutions are based on nature's own microorganisms. As a business based on biology, we interact with nature and biodiversity in various stages and activities across innovation, operations and product application.

We are committed to upholding the globally recognized principles of the UN Convention on Biological Diversity and the Global Biodiversity Framework. We ensure that our actions align with the principles of Access and Benefit Sharing (ABS) to prevent biopiracy and promote fair and equitable sharing of benefits, in alignment with the Nagoya Protocol Agreement. We aim to respect local biodiversity by ensuring no negative impact on biodiversity-sensitive areas near our sites.

Our biosolutions help reduce the pressures on biodiversity, such as climate impact, resource use and pollution for our customers, consumers and our planet.

Read more about the impacts, risks and opportunities for this topic **here**.

Our approach

Our approach to biodiversity is guided by our **Sustainability Policy**, and our Sustainability Commitments on **Biodiversity**, **Climate Change** and **Pollution**.

We closely follow the developments in biodiversity at international and regional forums, and regularly assess how to incorporate best practices into our operations. We actively engage with external stakeholders on innovation and biological resources at forums such as the annual Conference of Parties (COP) of the UN Convention on Biological Diversity.

We operate according to local legislations and ensure that we have the relevant environmental permits in place for all production sites. As part of our environmental management system, we have internal procedures on how to consume water and dispose of wastewater, and we address pollution levels and biomass distribution. These efforts help address any potential impacts from waste streams or potential environmental incidents.

We have a **Business partner code of conduct** in place that requires our suppliers not to contribute to deforestation or pollution, and we have a Sustainability Commitment on **Responsible Purchasing** that ensures sustainable procurement practices. These risks, associated with the sourcing of agricultural raw materials for our operations, are important to address, as they may be linked with deforestation, soil pollution and other environmental impacts.

Our approaches, actions and metrics related to **Pollution**, **Waste** and **Water** are described in the respective sections.

Environment E4

2024 actions

In 2024, we developed our biodiversity assessment methodology to build a stronger foundation for future activities at and around our sites.

We initiated the development of a biodiversity risk analysis framework to identify and assess priority sites, based on the parameters of location, activities and environmental performance. We therefore conducted an assessment with the assistance of international databases to understand our proximity to biodiversity-sensitive areas, and we identifed that 26 of our sites are located within five kilometers of a biodiversity-sensitive area. We developed a methodology for biodiversity assessments that we will pilot in the future. With the learnings from pilots and our existing assessments, we aim to develop a roadmap for conducting risk-based and site-specific biodiversity assessments and mitigation plans as needed.

We acknowledge the importance of fighting deforestation and biodiversity loss across the value chain. We are a member of the Roundtable on Sustainable Palm Oil (RSPO) and are working towards ensuring that all sourced palm oil-derived products are RSPO-certified. This certification ensures sustainable palm oil production that helps halt deforestation and ensures no harm to endangered species. In 2023, we received our first RSPO Supply Chain Mass Balance (MB) certification in Denmark, and, in 2024, our Franklinton site was RSPO Supply Chain MB certified.

We will continue to address deforestation across our value chain and monitor evolving regulatory requirements such as the EU Deforestation Regulation.

Accounting policies

Key biodiversity areas within a five-kilometer radius of Novonesis are identified using the Integrated Biodiversity Assessment Tool methodology (IBAT), which covers all sites with more than 100 headcount.

The Integrated Biodiversity Assessment Tool methodology (IBAT) is available here:

Read more

Environment E5

E5

Waste

We are committed to managing resources and waste in a circular manner throughout our organization. We implement site-specific waste management initiatives, make our packaging more circular, and manufacture and innovate biosolutions that help our customers reduce waste in their operations.

Read more about the impacts, risks and opportunities for this topic **here**.

Our approach

Responsible packaging and waste management are key for us to reduce the environmental impact of our operations. We are therefore committed to ensuring zero waste to landfill from our operations by 2030, and to continue to manage 100% of our biomass in a circular manner. In addition to this, we have a target of having three key circular packaging projects implemented by 2030.

Our Sustainability Commitment on **Waste** outlines how we manage circularity in our waste streams.

Guided by our target of achieving zero waste to landfill by 2030, we are working with zero-waste plans for all material sites. Most of the waste generated during the production of our biosolutions is biomass. Our biomass waste is generated from fermentation, and includes eluate, filter cake, and surplus sludge from internal wastewater treatment facilities. Our biomass is used as a raw material in other applications, such as for biogas production or as compost or fertilizer in agriculture.

Our non-biomass waste is either subject to recycling, reuse, and other recovery or incineration, or sent to a landfill, depending on its nature. We actively work with relevant partners across our regions to explore opportunities to manage waste locally and to ensure compliance with all applicable regulations. Our operations have dedicated resources in the Corporate Safety and Environment function to ensure the implementation of our target.

We aim to minimize the waste generated by our packaging materials, and we have a target of implementing three key circular packaging projects by 2030. We have a dedicated team of packaging specialists, who identify projects for our target that can improve the circularity or reduce the plastic content in our packaging materials. We strive to use less virgin plastic wherever possible, and we have processes established to assess new materials on specific recyclability and reusability criteria before they are approved for biosolutions packaging.

Environment E5

2024 actions

In 2024, 100% of the biomass waste produced was managed in a circular manner. The non-biomass waste recycling rate was 83%, while 17% was sent to landfill or incineration without energy recovery. Total waste generated was 831,563 tonnes.

In 2024, we worked with a third party to develop an energy recovery and reuse option for waste streams, such as filter pads, and manifested liquid waste, with potential impact in 2026-2027. This will increase our recycling rate at the respective sites and contribute towards reducing waste to landfill. In addition, we piloted and identified a partner who will offtake the non-biodegradable dust generated from our production, starting from mid-2025. This will reduce the amount of granulation dust currently landfilled by an estimated 40 tonnes per year. We also engaged with our customers to meet our targets for circular packaging effectively.

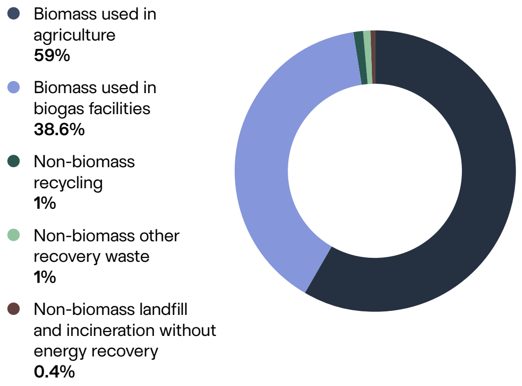
We will continue to focus on circular management of our waste to achieve our targets. This includes completing the development of zero-waste plans for all our remaining material sites, which will help us identify suitable actions and initiatives to achieve our zero-waste target. We will also maintain our focus on achieving 100% circularity of our biomass. In addition, we will continue our work on converting our packaging to reduce the usage of virgin plastic.

Total waste

	Unit	2024
Total amount of waste generated	tonnes	**831,563**
Total amount of non-recycled waste	tonnes	821,164
Percentage of non-recycled waste*	%	98.7
Percentage of circular waste	%	99.6
Percentage of non-circular waste	%	0.4

* Please note that 99% of non-recycled waste is biomass, which is subject to recovery and reuse treatment. This is not classified as recycled according to ESRS; however, this waste treatment is 100% circular.

Total waste by disposal method 2024



Environment E5

Total waste by type and disposal method

	Unit	2024
Hazardous waste		
Total hazardous waste diverted from disposal	tonnes	**2,716**
Due to preparation for reuse	tonnes	-
Due to recycling	tonnes	96
Due to other recovery operations	tonnes	2,620
Total hazardous waste directed to disposal	tonnes	**114**
Directed to disposal by incineration	tonnes	83
Directed to disposal by landfilling	tonnes	28
Directed to disposal by other disposal operations	tonnes	3
Total amount of hazardous waste generated	tonnes	**2,830**
Non-hazardous waste		
Total non-hazardous waste diverted from disposal	tonnes	**825,345**
Due to preparation for reuse	tonnes	489,247
Due to recycling	tonnes	10,303
Due to other recovery operations	tonnes	325,795
Total non-hazardous waste directed to disposal	tonnes	**3,388**
Directed to disposal by incineration	tonnes	11
Directed to disposal by landfilling	tonnes	3,141
Directed to disposal by other disposal operations	tonnes	236
Total amount of non-hazardous waste generated	tonnes	**828,733**

§ Accounting policies

Total waste
Total waste consists of biomass and non-biomass. Biomass is generated from fermentation, and includes eluate, filter cake, and surplus sludge from internal wastewater treatment facilities. Biomass is measured or calculated by volume or weight produced. All other waste generated from our operations is classified as non-biomass. Total waste is the registered volume of waste, categorized into hazardous and non-hazardous waste. Hazardous waste is defined and classified based on country-specific regulations. All waste treatment types are reported based on the information provided by suppliers' waste reports. If suppliers are unable to provide the actual treatment details of collected waste, the waste is reported according to country-specific waste-sorting regulations.

Circular and non-circular waste
Circular waste is the total quantity of waste sent to recycling, reuse and other recovery treatment. Non-circular waste is the total quantity of waste sent to landfill, incineration without energy recovery and other disposal. Non-recycled waste is the waste not recycled. This includes non-circular waste plus a major part of circular waste sent for reuse and other recovery treatment.

Zero waste to landfill target
The target is assessed as the percentage of non-biomass waste that is sent to landfill or is incinerated without energy recovery compared to the total non-biomass waste.

Maintain circular handling of biomass waste
The target is assessed as the percentage of our circular biomass waste compared to the total biomass waste. Please see above for what is considered circular and non-circular waste.

Social

Social

2024 highlights

36%

women in senior management at director level and above with direct reports

1.5

Lost Time Injury Frequency (LTIF) with absence, per million working hours

Social S1

S1

Working conditions and human rights

Our employees are vital to our future success, and we are committed to fostering an inclusive and diverse organization where all employees can thrive. We take responsibility for upholding proper labor practices and ensuring respect for human rights both within our organization and throughout our value chain. We provide benefits to our employees, ensuring equity across all regions, in an effort to remain an attractive employer.

Our approach to working conditions and human rights is guided by our Sustainability Commitment on **Human and Labor Rights** and our **Sustainability Policy.**

Read more about the impacts, risks and opportunities for this topic **here**.

Our approach

We are committed to respecting human and labor rights, as defined in the UN Guiding Principles on Business and Human Rights, the International Bill of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises. We publish annually a statement required by the UK Modern Slavery Act and the Canadian Supply Chain Act.

We have implemented a unified management approach and reporting structure for labor practices and human rights. Our People and Organization (P&O) function collaborates with our people leaders to ensure equal rights for all employees.

We have integrated human rights into our operational policies and procedures; we conduct due diligence and impact assessments in countries where we operate; and we offer grievance mechanisms. This is facilitated through our externally hosted Whistleblower Hotline, which is available to both internal and external stakeholders. The hotline allows people to report concerns safely and without fear of retaliation, ensuring fair treatment and resolution.

Whistleblower reports are logged, monitored and analyzed to identify trends and areas of concern, with summaries presented to the Audit Committee. We have conducted awareness campaigns for the Whistleblower Hotline across the entire company and will explore options for assessing employee awareness of and trust in the Hotline. Read more about the Whistleblower Hotline **here**.

We use the Supplier Ethical Data Exchange (Sedex) platform to engage with our suppliers and customers to ensure ethical and responsible practices. All our production sites regularly complete self-assessment questionnaires, and some of our sites have undergone third-party Sedex Members Ethical Trade Audit (SMETA) audits. These assessments focus on understanding and preventing unsafe working conditions, overwork, discrimination, low pay, and forced labor. They help us better understand and prevent potential negative effects among our workforce.

We provide or help to provide appropriate remediation to harmed individuals, workers and local communities, in situations where we have identified that we have caused or contributed to negative impacts, through the relevant judicial and non-judicial mechanisms.

Social S1

We are committed to providing equal opportunities and preventing discrimination within our global organization. This commitment extends to all aspects, including age, sex, gender identity, race, national origin, ethnicity, disability, education, sexual orientation, social origin, and political and religious beliefs. Consequently, we have internally established a global non-discrimination and anti-harassment policy. We recognize and respect our workers' right to fair compensation, to form and join unions and associations, and to bargain collectively.

2024 actions

We prioritize the well-being and professional development of our employees. In 2024, to support the ongoing integration work, we introduced a monthly employee engagement survey, and we established a network of change agents across our company to enable all our employees globally to share their thoughts, concerns and ideas instantly and confidentially. These important insights are shared with leaders across the organization and with our Executive Leadership Team.

This year, we achieved an engagement rate of over 8.2 in our employee engagement survey. It is the responsibility of managers to discuss and act on the survey findings with their teams, while the Head of People and Organization ensures that leaders are empowered to play an active role in this process. Moving forward, these engagement surveys will be conducted every quarter.

This year, we conducted an assessment of the wages and compensation of our workforce. We confirmed that all our employees are receiving adequate wages and compensation globally.

As a responsible corporate citizen, we recognize our role in seeking to prevent or mitigate adverse human rights impacts, not just in operations but also through our business relationships. In 2024, there were 29 cases of discrimination, including harassment, reported. Each case has been investigated and, if substantiated, necessary actions have been taken to address the concerns raised.

In 2024, in accordance with our commitment to the United Nations Guiding Principles (UNGP) on business and human rights, we conducted a human rights impact assessment, with a focus on integrating human rights into our global policies and governance. During this assessment, we concluded that we have strong policies and procedures in place to address any human rights issues raised or reported.

We will continue to uphold human rights by strengthening our existing processes and integrating our approach to assess and mitigate human rights risks within our own global workforce.

Social S1

Incidents, complaints and severe human rights impacts

	Unit	2024
Reported incidents of discrimination, including harassment	No.	29
Reported complaints on other social/human rights matters, excluding the cases reported above	No.	8
Severe human rights issues and incidents connected with own workforce	No.	-
Fines, penalties, and compensation for incidents, complaints and severe human rights issues and incidents connected to own workforce	EUR	-

Collective bargaining coverage and social dialogue

	Collective bargaining	Social dialogue
Coverage Rate (%)*	Employees (European Economic Area)	Workplace representation (European Economic Area)
38	Denmark	N/A
66	N/A	Denmark

* Table presents only the information from relevant countries where Novonesis has at least 50 employees, representing at least 10% of the total number of our employees

§ Accounting policies

Incidents, complaints and severe human rights impacts

The number of incidents and complaints includes all cases reported through our Whistleblower Hotline, P&O managers, and cases collected via the internal litigation reporting process. The number of complaints and incidents of discrimination includes the total number of cases reported, which are not necessarily substantiated.

The number of cases reported under severe human rights violations includes only the substantiated incidents where the fact of the incident is not disputed by Novonesis.

Fines, penalties and compensation resulting from the incidents are recorded as expenses in EUR incurred in the financial year, which can be reliably estimated.

Collective bargaining and social dialogue

The coverage includes the European Economic Area (EEA) countries. The only country in scope within the EEA is Denmark, as it represents a minimum of 10% of all our employees at the end of the reporting period. This is calculated as a percentage of employees in Denmark covered by a collective bargaining agreement or worker representative.

Adequate wage

Adequate wage legislation has been established to promote statutory minimum wages globally and to improve working and living conditions for employees. All active Novonesis employees, except for students and those on learning schemes, are included in the adequate wage analysis.

We have used Eurostat's 'Structure of Earnings' report for European countries and the International Labour Organization's (ILO) 'Global Wage Report' for the rest of the world to benchmark employee wages.

Social S1

Number of employees by contract type, broken down by gender

Employees by contract type	Male	Female	Other	Not disclosed	Total
Number of permanent employees	5,942	4,075	3	10	**10,030**
Number of temporary employees	220	220	-	1	**441**
Number of non-guaranteed hours employees	43	68	-	-	**111**
Number of employees	6,205	4,363	3	11	**10,582**

Employee turnover

	Unit	2024
Rate of employee turnover	%	12.4
Total number of employees who have left Novonesis	No.	1,301

The employee turnover was impacted by the combination of Novozymes and Chr. Hansen into Novonesis.

Number of employees per country

Country*	Number of employees (headcount)
Denmark	4,645
U.S.	1,881
China	1,056

* Table presents only the information from relevant countries where Novonesis has at least 50 employees, representing at least 10% of the total number of our employees.

Accounting policies

Characteristics of Novonesis employees
All active employees directly on Novonesis' payroll are included, except for external and contingent workers.

Our workforce is characterized by permanent employees with no contract end date; temporary employees with a specified contract end date; and employees with non-guaranteed hours where the contract does not guarantee a fixed number of hours.

Employees are reported at the end of the reporting period. This is calculated by taking the average number of employees on all types of contract at the end of each month. This applies to countries with 50 or more employees, representing at least 10% of the total workforce.

'Other' is defined as gender specified by the employees themselves. 'Not disclosed' gender represents blank observations where employees have actively chosen not to disclose their gender.

Employee turnover
The number of employees who have left the company is measured as the number of permanent employees who left Novonesis during the preceding year.

The rate of employee turnover is calculated as the number of permanent employees leaving Novonesis during the preceding year, compared to the average number of permanent employees. This excludes employees at divested entities transferred to the acquiring company.

Social S1

S1

Diversity, equity and inclusion

As a global company, diversity, equity and inclusion (DE&I) are central to our culture and business. We believe that diverse teams are essential to driving creativity and innovation inside and outside of our walls, and our inclusive culture recognizes and values the unique contributions of each individual.We focus on fostering a culture where everyone feels respected, and we provide a supportive environment for employees to freely express their views.

Our approach to diversity, equity and inclusion is guided by our Sustainability Commitment on **Human and Labor Rights**, **Diversity, Equity and Inclusion Policy** and our **Sustainability Policy.**

Read more about the impacts, risks and opportunities for this topic **here**.

Our approach

Our leadership is responsible for shaping our culture and establishing an inclusive workplace, emphasizing diversity in recruitment, retention, fair compensation and employee engagement. We ensure transparency in our DE&I efforts by annually reporting diversity data and sharing our initiatives with the Board of Directors and relevant committees, in alignment with the international standards we adhere to, as described in our **Policies and Sustainability Commitments**.

We are committed to addressing historical and structural inequities that exist in society, in order to establish a more equitable and just workplace. Our focus is on identifying and bridging gaps for employees who may be at greater risk of marginalization due to characteristics such as ability, age, gender, ethnicity or sexual orientation. Our commitment to equity includes structured reviews and proactive monitoring to ensure equal opportunities and fair compensation, and we work actively to eliminate unconscious bias and address any disparities.

By 2030, our aim is to achieve gender parity, with a minimum of 45% women and 45% in senior mangement at the director level and above with direct reports. Recognizing that focusing solely on gender diversity is insufficient, we understand that, in order to thrive, employees must feel valued, respected and united by having a shared sense of purpose. Therefore, we prioritize inclusion as a fundamental element of our employee engagement. We take a regional approach to develop and define programs based on local demographics to address diversity dimensions beyond gender. Many of our sites have Employee Resource Groups, which aim to foster DE&I locally.

In our regular employee engagement survey, we include questions related to DE&I, company culture and change. The survey provides valuable insights into employees' perceptions about DE&I within our organization, including their sense of belonging, fairness and growth opportunities.

Social S1

2024 actions

During 2024, we achieved significant progress in our integration efforts. We reached key integration milestones, including establishing the full organization and laying the foundation for a new **unified culture**.

DE&I was an integral part of setting up the new organization and management positions. We ensured diversity through geographical representation globally; equity through proportional representation of employees from legacy companies; and inclusion by focusing on gender diversity.

In 2024, the gender split across senior management was 36% women and 64% men. The gender pay gap across our global workforce was recorded at 2% in favor of women, driven by our workforce composition.

As a global company, cultural celebrations are an important part of growing an inclusive community, as are activities covering allyship, unconscious bias, disability awareness and inclusive leadership. We continued to foster DE&I activities across all our regions. For example, in North America, employee resource groups such as the Women's Initiative Network (WIN) and LGBTQ+ joined forces to promote employee engagement with DE&I.

Moving forward, we will launch a global DE&I council to work with initiatives across all regions. We will continue to integrate our culture commitments and DE&I into the design of our new people processes such as recruitment, onboarding and leadership development.

Social S1

Gender distribution at senior management*

Gender	Number of employees at senior management (headcount)	Percentage of employees at senior management (%)
Male	198	64
Female	112	36
Other	-	-

* Director level and above with direct reports.

Employee age distribution

Age	Percentage of employees (%)
Under 30 years old	13
30-50 years old	60
Over 50 years old	27

Compensation and gender pay gap

	Unit	2024
Gender pay gap	%	(2)
Annual total remuneration ratio	Ratio	66

Accounting policies

Diversity
Gender parity in senior management measures the number and percentage of women, men and other genders at director level and above, including vice presidents, senior vice presidents and executive vice presidents with people responsibility. The numbers are based on the headcount at the end of the reporting period.

The employee age distribution is derived from contractual obligations by headcount at the end of the reporting period.

Remuneration ratio and gender pay gap
The gender pay gap is defined as the difference in annual average pay levels between female and male employees, stated as the percentage of the annual average pay level of male employees.

Annual total remuneration ratio is calculated by dividing the total remuneration of the highest-paid individual and the median total remuneration of all employees. Employee total remuneration is calculated for all employees and defined as base salary, bonus, long-term incentives, allowances, and major benefits. To compare global data, standard exchange rates established by our Finance department are used to convert all amounts to EUR. Additionally, for purposes of comparison, parttime employees will have their total remuneration expressed as 100% Full-Time Equivalent (FTE).

Social S1

S1

Health and safety

With our commitment to care, we ensure that we maintain a strong safety culture in everything we do. We prioritize physical and psychological safety, and continually drive safety efforts across our organization. We are also committed to helping employees thrive at every stage of their professional journey. We strive for a positive work-life balance, enabling everyone to bring out their best both at work and beyond.

Read more about the impacts, risks and opportunities for this topic **here**.

Our approach

We promote safety throughout the organization and comply with all applicable occupational health and safety laws and regulations. We aim to minimize injuries occurring when performing work-related activities and thus, have a target to maintain our Lost Time Injury Frequency (LTIF) with absence at less than or equal to 1.5 by 2025.

Our **Occupational Health and Safety Policy** sets guidelines to promote a safety-first culture. These guidelines are implemented by our Corporate Safety and Environment function in collaboration with representatives from across the organization to create a safe working environment.

As part of our commitment to ensure worker safety, we have established strict procedures and management systems. Our health and safety management system is designed to ensure that robust safety reporting, processes, equipment, standards, tools and training are fully integrated into our daily operations. This enables us to take preventive and corrective actions, and continuously improve our employees' health, safety and, thus, well-being at work.

Our global incident-handling system enables us to track our performance and monitor trends to drive improvements, corrective actions and inspections. We develop focused and data-driven safety initiatives through data collection of incidents, such as lost time injuries, injuries without absence, near misses and observations, and take actions to prevent them.

We are dedicated to employee safety through our comprehensive enzyme safety program. This program sets forth clear guidelines for safe enzyme handling. Our program includes setting continuous improvement goals and taking follow-up actions by conducting regular inspections, performing annual self-evaluations, taking air measurements, and monitoring enzyme sensitization and/or allergy cases. To minimize enzyme exposure, this program also outlines best practices for the design and construction of production plants and laboratories.

Social S1

We inform employees about potential sensitization and allergy risks during the hiring process of relevant employee groups. In the rare cases where allergies occur, we provide necessary remediation, such as vocational rehabilitation, and we assist employees in finding alternative positions within the company if the working environment is not suitable for their condition.

As a result, the prevention of enzyme allergies is ingrained in our safety-first culture and is fundamental to our internal operations and those of our contract manufacturers.

2024 actions

By using our medical screening data actively, we make improvements to the working environment, removing enzyme exposures and preventing allergy development. In 2024, we commenced the combination of our legacy medical screening programs for early reaction to enzymes. These programs provide important feedback on the effectiveness of the working environment. The screening process is voluntary, and all employees in scope are provided with sufficient information and time to make an informed decision about their attendance in the program.

We communicate and raise awareness about health and safety-related measures and practices across our global sites and offices. We have developed a Safety & Environment Collaboration for Unified Risk Elimination (SECURE) communication, which is distributed to relevant areas in Novonesis, with the aim of raising awareness about identified issues, their root causes, and corrective and preventive actions.

Furthermore, we ensure the standardization of our policies and practices through our Global Minimum Requirements (GMRs). They define the minimum level of requirements that must be complied with at all our sites, and are part of any internal audit or Environmental, Health and Safety (EHS) Assessment.

In 2024, our Lost Time Injury Frequency (LTIF) with absence was recorded at 1.5, which is in line with our target. We will continue to drive a safety culture to ensure that safety behaviors are ingrained in our organization and to proactively prevent injuries.

Social S1

Health and safety

	Unit	2024*
Employees covered by Novonesis' health and safety management system	%	100
Recordable work-related accidents	No.	35
Rate of recordable work-related accidents	Rate	1.9
Lost Time Injury Frequency (LTIF) with absence per million working hours	Rate	1.5
Fatalities**	No.	-

* Non-employees are not reported for 2024.

** This table includes data on our employees, except for the number of fatalities, which accounts for both our employees and other workers, such as value chain workers, operating on Novonesis sites.

§ Accounting policies

Health and safety management system
100% of our workforce is covered by our health and safety management system based on headcount. This includes contract workers present on our sites. Read more about Characteristics of Novonesis employees for a description of headcount.

Recordable work-related accidents
The number of recordable work-related accidents for our own workforce consists of two types of incidents: Lost Time Injuries (LTI) and significant injuries other than LTI.

A LTI is an injury that occurs while performing work-related activities at our sites, preventing the employee from resuming work on their next scheduled working day. Injuries are included if the confirmed root cause, after investigation, falls within Novonesis' span of responsibility and control as an employer. This includes injuries sustained by substitutes (temporary) operating under Novonesis' management.

A significant injury (other than LTI) is a high-severity injury that causes serious irreversible impact and/or permanent damage but does not prevent an employee from resuming work the next scheduled working day.

Rate of recordable work-related accidents
The rate of recordable work-related accidents is calculated by dividing the number of recordable work-related accidents by the cumulated monthly work hours in the reporting year. Work hours are determined by multiplying the number of FTEs by 147.25 (as defined by the OECD). The result is multiplied by one million to express the frequency of recordable work-related accidents per million working hours.

Lost Time Injury Frequency (LTIF)
LTIF is calculated by dividing the number of registered LTIs by the cumulated monthly work hours in the reporting year. Work hours are determined by multiplying the number of FTEs by 147.25 (as defined by the OECD). The result is multiplied by one million to express the frequency of LTIs per million working hours.

Fatalities
Fatalities are recorded in our health and safety reporting system as part of work-related injuries and illnesses that result in death within our own workforce and among other workers on our sites.

Social S2

S2

Workers in our upstream value chain

We uphold high ethical standards while doing business in a global environment. Our responsible procurement practices focus on addressing environmental, social and governance issues across our value chain. We source a wide variety of goods and services from our suppliers globally, and we focus on making our supply chain more sustainable and secure by collaborating with our suppliers and integrating sustainability into our procurement processes.

Read more about the impacts, risks and opportunities for this topic **here**.

Our approach

We are committed to responsible sourcing with high ethical standards. We engage our suppliers to minimize the environmental and social impact of our supply chain, in addition to considering quality and commercial aspects.

Our approach towards workers in the value chain is defined by our **Sustainability Policy**, Sustainability Commitment on **Human and Labor Rights**, and our **Business partner code of conduct**, and it is managed through our responsible sourcing program anchored within our Global Procurement department.

Our responsible sourcing program is based on our Supplier Performance Management (SPM) process, and external platforms such as Responsibly and Supplier Ethical Data Exchange (Sedex). Combined with ongoing supplier dialogues, we use these systems to identify, assess and monitor sustainability risks in our supply chain. We monitor any human rights violations related to our suppliers through the external Responsibly platform.

We are committed to upholding the principles of the UN Global Compact and to respecting internationally recognized human and labor rights throughout our supply chain. Our suppliers must adhere to our Business partner code of conduct, which outlines our requirements on respecting human and labor rights in their workforce. We require our suppliers to complete questionnaires upon request and to accommodate visits and audits as necessary to confirm compliance.

While we strive to maintain effective risk management, we acknowledge that violations may still occur within our supply chain. Business partners are encouraged to report issues when they arise. If an incident occurs that violates relevant laws, regulations or international conventions, we develop corrective actions with our supplier. If suppliers are unwilling to make improvements, we reserve the right to terminate the collaboration with immediate notice.

We encourage our business partners to offer secure and confidential grievance redressal mechanisms for workers across their operations and value chain, without any fear of retaliation. We also provide a publicly available **Whistleblower Hotline** that allows our suppliers and their workforce to raise concerns through a secure and anonymous channel.

2024 actions

During the year, we focused on developing an integrated sustainable procurement strategy, including the alignment of supply chain risk assessment tools, our due diligence strategy, and embedding sustainability across our procurement processes. In 2024, we onboarded our procurement team to our sustainability risk assessment platform for suppliers, which leverages artificial intelligence to gather suppliers' sustainability data and is used for rating suppliers' sustainability performance. We have also started preparing for the coming EU legislations, which will impact our supply chain and the workers in the supply chain, such as the EU Deforestation Regulation.

We recognize there may be potential human and labor rights violations across our value chain, including in the agricultural sector, where the majority of our raw materials are sourced. Although no human rights incidents were reported to us or identified by us in 2024, we are working to deepen our understanding of the risks associated with the commodities and geographies within our supply chain.

Every year, our sourcing teams receive training focusing on human rights and modern slavery issues, that may exist in our supply chain. In 2024, we conducted training for employees in procurement to enhance their ability to detect potential issues in our supply chain. The training focused on improving understanding of reporting violations, working with suppliers to resolve issues and identifying common sustainability themes. Additionally, employees were trained to leverage systems and tools to identify and respond to sustainability risks in the supply chain.

As a member of the Roundtable on Sustainable Palm Oil (RSPO), we are working towards ensuring that any palm oil-derived product we procure is RSPO-certified. This ensures that our suppliers of palm oil-derived products adhere to international and local labor and human rights standards, ensuring the adequate protection of the rights of workers and their families on plantations. We will continue to work and deliver on our responsible sourcing strategy, while ensuring compliance with emerging supply chain regulations.

Social S2

S2

Workers in our downstream value chain

We are committed to maintaining and continuously improving the safety of our customers and their employees when handling our biosolutions.

Our biosolutions are produced responsibly and enable healthier lives and a healthier planet. However, incorrect handling of enzymes or high exposure to them may result in sensitization and allergies. We recognize that this can potentially affect value chain workers, and we are taking appropriate measures to prioritize and help ensure their safety.

Read more about the impacts, risks and opportunities for this topic **here**.

Our approach

We prioritize the safety of our customers' workers by following the measures outlined in our **Quality and Product Safety Policy**. We believe in shared responsibility and collaboration with our customers by keeping them informed on safe enzyme handling practices, by helping them use our products safely and by providing ongoing support.

As a leading biosolutions partner, we have led the process of establishing industry-wide safety standards on enzymes, while driving the market towards safer manufacturing practices and leading product technology, which is integral to our reputation.

We regularly assess and address potential risks to ensure that all our products, whether existing or in development, are safe to use and handle. This is managed by our Risk Assessment Committee (RAC), which evaluates risks associated with new applications of enzymes and potential allergenicity.

We provide training for our employees to help them guide customers on the safe handling of enzymes at their sites. To support this, we have an internal safety catalog in place to document safety assessments and guidelines that cover worker safety related to our products. We provide safety data sheets with every product, containing detailed safety instructions for our customers.

Our customers can raise inquiries and concerns directly to our customer support, which is managed by our Corporate Quality function. We have a robust process for addressing these complaints and concerns, by conducting thorough investigations and communicating clear outcomes and recommendations to our customers.

We also conduct compliance assessments to ensure that products are used according to their intended purpose. When necessary, we take appropriate measures, with the strictest action being discontinuation of sales. Customers rarely complain about safety or report incidents, which demonstrates the effectiveness of our precautionary actions. Customers that have become familiar with enzyme safety often contact us when they use our products for new applications.

In addition, we actively engage with trade associations, such as the Association of Manufacturers and Formulators of Enzyme Products (AMFEP),

Social S2

and we collaborate with our customers, as well as with other companies, to ensure safe enzyme use across many industries. This approach amplifies our voice and secures commitments from members.

We are proactively involved in mitigating and remedying potential negative impacts on workers' health and safety.

2024 actions

In 2024, we did not receive any reports from our customers on their workers' safety being impacted by enzymes. However, in line with our commitment to enzyme safety, we led discussions on enzyme safety and published guidance through active involvement with global trade associations to help our customers and the industry manage enzyme-related risks effectively.

In 2024, our customers reported new uses of some of our biosolutions and the formulation of biosolutions with enzymes at higher concentrations. We conducted safety assessments at our customers' sites and provided guidance on the safe handling of the new uses of enzymes, ensuring workers' safety as part of their regulatory obligations. Some of the findings from our assessments were consolidated as exposure scenarios, as required by the EU regulatory framework on chemicals, REACH.

In 2025, several projects are planned to further improve safety around enzyme products. We will continue to lead discussions on enzyme safety implementation across the enzyme industry and in our customers' industries through various trade associations globally. As a market leader in feed enzymes, we are working on specific guidelines for the feed industry to safely manage enzymes, in collaboration with our partners and relevant trade associations such as the European Feed Manufacturers' Federation (FEFAC) and the EU Association of Specialty Feed Ingredients and their Mixtures (FEFANA).

Our commitment to product stewardship remains unwavering, and we are dedicated to ensuring that all our stakeholders understand the importance of adhering to our product safety standards today and for future solutions.

Governance

Governance

Governance G1

G1

Business conduct

We are committed to conducting business in a responsible, ethical and transparent manner, and to meeting stakeholders' expectations of high business integrity standards across our operations. We promote an ethical business environment in accordance with relevant laws and regulations, and we believe that proactive and transparent corporate governance promotes sustainable business behavior and long-term value creation.

As a company with a global presence, we recognize the potential risks of illegal and unethical practices, which can lead to sanctions, and damage our company and brand. Our approach to business conduct is guided by our **Business Integrity Policy**. We prioritize anti-corruption and anti-bribery measures across our organization, embedding these principles into our company culture. We work to ensure that employees trust our Whistleblower Hotline and feel empowered to speak up without fear of retaliation. These measures support fostering a culture of integrity and ethical conduct.

Read more about the impacts, risks and opportunities for this topic **here**.

Corporate culture

Our approach

It is key for us to maintain a high level of business integrity as part of our organizational culture, and to ensure that our employees understand the behavior expected at Novonesis in all interactions with our stakeholders. It is also important that they feel safe raising any concerns that may arise.

Our corporate culture is key to our success. Together, we have laid the foundation for a new culture for Novonesis that guides the way we interact with each other and the world around us. We establish, develop, promote and evaluate our culture through a comprehensive and iterative process. This involves aligning values, fostering open communication and raising awareness through campaigns and training programs. We also assess the impact of cultural initiatives through employee engagement surveys.

The culture commitments below have been developed to guide us every day:

- Explore: We stay curious about the world, always thinking ahead, and adapt when needed.
- Impact: We make a difference to customers and the world with actions that matter.
- Ownership: We believe accountability and determination will get us further faster.
- Care: We unlock the collective strength of our unique community.

Our 'Ownership' commitment emphasizes that our employees are expected to act with integrity and uphold high ethical standards, even when faced with difficult situations. This commitment embeds ethical business practices into all activities across the organization.

2024 actions

During the year, we conducted several initiatives to bring our new culture commitments to life. Through workshops, teams were presented with the culture commitments, sparking meaningful discussions about how these commitments could be translated into their daily behaviors and team dynamics. The workshops facilitated reflections on individual and team-level actions, encouraging participants to set realistic yet ambitious goals aligned with our culture commitments.

In addition, we introduced training and workshop materials to help employees engage in ongoing discussions about our culture. Furthermore, all employees were invited to complete an e-learning course designed to provide a deeper understanding of our new culture, and to get valuable insights into each culture commitment.

We aim to integrate our culture commitments into our leadership development programs, performance management and talent attraction. Our goal is to integrate our culture commitments into every aspect of our work.

Governance G1

Anti-corruption and anti-bribery

Our approach

We have a holistic approach to prevent and detect corruption and bribery. It starts with shaping a shared culture that integrates ethical business practices into our daily activities. We have a system of policies, procedures, training programs, and controls to ensure an understanding of business integrity standards and their application in decision-making processes. Our approach to anti-corruption and anti-bribery is guided by our **Business Integrity Policy**, which is communicated internally to all employees through our intranet and training programs, and is publicly available to external stakeholders.

We have a governance framework for managing investigations of potential fraud and other illegal behavior. An investigation group oversees case investigations, with senior management members from our People & Organization, Finance and Legal functions. Investigations are conducted by employees with the relevant expertise.

Our procedures ensure that individuals affected by an allegation do not participate in the investigation, and that a potential management chain under investigation in a case has no decision-making power or influence over the scope or conclusions of the investigation. The internal procedures established for case investigations set clear rules for the notification of management and for reporting to the Audit Committee.

Every year all relevant employees are required to complete a business integrity e-learning course covering anti-corruption and anti-bribery topics. The quarter-hour session offers guidance on ethical decision-making, includes case examples and exercises, and provides information on where to seek assistance with questions or concerns. This year, our business integrity training placed special emphasis on anti-corruption and anti-bribery including themes of conflicts of interest, gifts and hospitality, which we have identified as areas where employees will benefit from guidance.

We acknowledge that certain roles, such as administrative, professional or managerial ones, are potentially more exposed to corruption risks and can benefit from additional support in this area, rather than job roles where there is little interaction with third parties and limited access to company funds. As a result, our training program covers 100% of the former groups, ensuring that everyone has the resources and knowledge needed.

Any cases of anti-corruption and anti-bribery can be reported through our **Whistleblower Hotline**.

2024 actions

Following the combination, we have prioritized the alignment of our main policies, procedures, training programs, communication and controls across Novonesis. This has been a priority throughout 2024 and will continue into 2025 and onwards.

In 2024, we did not record any convictions or fines for violation of anti-corruption and anti-bribery laws. The majority of incidents related to corruption and bribery during the reporting period have concerned conflicts of interest. In most cases, the allegations were not substantiated. In two minor cases, the outcome was a corrective dialogue and a verbal warning. As a general principle, substantiated corruption and bribery cases lead to severe disciplinary sanctions.

During the year, we launched a business integrity training focused on anti-bribery and anti-corruption. This e-learning course was provided to all relevant employees across the company, including those in managerial and executive positions. In 2024, 95% of Novonesis employees in scope completed the business integrity training.

Next year, we will unify and introduce a new Employee Code of Conduct for clear communication of rules and expectations to employees, with respect to actions and decision-making impacting the integrity of our company. We will also work on developing a uniform approach to employee training, covering legal compliance across various business integrity-related topics.

Governance G1

Political engagements and lobbying activities

We embrace our sustainability leadership and actively advocate for climate action on the global stage. We engage with many stakeholders to demonstrate the role biosolutions play in enabling a healthier planet and healthier people.

We support the development of regulations to drive innovation, mitigate climate change and reduce dependency on fossil fuels. We work directly and indirectly with interest groups, governments, policymakers, NGOs and other stakeholders to drive change and support the green transition globally, regionally and in the countries in which we operate. Our Executive Leadership Team is responsible for overseeing our political engagements.

We have a **Business Integrity Policy** that guides our external engagements by maintaining high standards of business integrity. We do not provide any direct or indirect political contributions to any parties or political candidates. We are members of industry organizations, which allows us to collaborate with other companies to express our views.

While some of these organizations may use a portion of their budget for political contributions, we do not participate in specific collections for political parties or candidates. Our members of the Board of Directors and the Executive Leadership Team have not held any similar positions in public office and public administration in the two years preceding their appointment.

Lobbying activities

We are committed to a constructive dialogue with policymakers and the broader society on topics of interest to our business and pertaining to biosolutions, which are key to delivering on the Sustainable Development Goals, jobs and growth. We focus on the following topics: biosolutions, bioeconomy, bioenergy, transformation of food systems and agriculture.

We are active in the policy debate through different channels, including our memberships in industry associations, alliances and chambers of commerce; our responses to public policy consultations; face-to-face meetings with public authorities; and participation in public events.

We collaborate with various organizations such as the Alliance for Biosolutions in Denmark, Crop-Life Brasil, the National Association of Manufacturers in the United States, and the European Biosolutions Coalition. Our aim is to raise awareness about biosolutions and their potential, and to ensure optimal framework conditions for the sector.

Novonesis is registered in the EU transparency register with the registration number 780717547356-52.

Accounting policies

Incidents of corruption or bribery

The number of convictions and the amount of fines for violations of anti-corruption and anti-bribery laws are collected through our internal litigation reporting process.

Functions at risk with respect to corruption and bribery include employees in roles most susceptible to bribery and corruption, such as those with control over financial transactions, regulatory approvals, or external relationships. Our annual business integrity training targets all administrative, professional and managerial employees.

All the functions at risk receive the business integrity training, and this is reported as the percentage of functions covered by this training. The completion rate of business integrity training indicates the percentage of employees at risk who have completed the training within the reporting period.

Governance

Content index

Governance

Disclosure requirements and incorporation by reference

The following tables list all the European Sustainability Reporting Standards (ESRS) disclosure requirements in ESRS 2, and the topical standards which have guided the preparation of our Sustainability statement. The tables can be used to navigate to information relating to a specific disclosure requirement in the Sustainability statement.

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Disclosure requirement		Page number
ESRS E2	**Pollution**	
ESRS 2; IRO-1	Description of the processes to identify and assess material pollution-related impacts, risks and opportunities	55, 60-61
E2-1	Policies related to pollution	56-58
E2-2	Actions and resources related to pollution	83-84
E2-3	Targets related to pollution	54
E2-4	Pollution of air, water and soil	84
E2-5	Substances of concern and substances of very high concern	85
E2-6	Anticipated financial effects from pollution-related impacts, risks and opportunities	Phase-in
ESRS E3	**Water**	
ESRS 2; IRO-1	Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities	55, 60-61
E3-1	Policies related to water and marine resources	56-58
E3-2	Actions and resources related to water and marine resources	86-87
E3-3	Targets related to water and marine resources	27, 86-87
E3-4	Water consumption	88
E3-5	Anticipated financial effects from water and marine resources-related impacts, risks and opportunities	Phase-in

Disclosure requirement		Page number
ESRS E4	**Biodiversity**	
E4-1	Transition plan and consideration of biodiversity and ecosystems in strategy and business model	89
ESRS 2; SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	62, 66, 89-90
ESRS 2; IRO-1	Description of processes to identify and assess material biodiversity- and ecosystem-related impacts, risks and opportunities	55, 60-61
E4-2	Policies related to biodiversity and ecosystems	56-58
E4-3	Actions and resources related to biodiversity and ecosystems	89-90
E4-4	Targets related to biodiversity and ecosystems	54
E4-5	Impact metrics related to biodiversity and ecosystems change	90
E4-6	Anticipated financial effects from biodiversity- and ecosystem-related risks and opportunities	Phase-in
ESRS E5	**Resource use and circular economy**	
ESRS 2; IRO-1	Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	55, 60-61
E5-1	Policies related to resource use and circular economy	56-58
E5-2	Actions and resources related to resource use and circular economy	91-92
E5-3	Targets related to resource use and circular economy	27, 91
E5-4	Resource inflows	Not material
E5-5	Resource outflows	92-93
E5-6	Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities	Phase-in

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Datapoints that derive from other EU legislation

The table below includes all of the datapoints that derive from other EU legislation as listed in ESRS 2 appendix B, indicating where the datapoints can be found.

Datapoints that derive from other EU legislation		Page number
ESRS 2	**General disclosures**	
21 (d)	Board's gender diversity	31
21 (e)	Percentage of board members who are independent	31
30	Statement on due diligence	55
40 (d) i	Involvement in activities related to fossil fuel activities	Not material
40 (d) ii	Involvement in activities related to chemical production	Not material
40 (d) iii	Involvement in activities related to controversial weapons	Not material
40 (d) iv	Involvement in activities related to cultivation and production of tobacco	Not material
ESRS E1	**Climate change**	
14	Transition plan to reach climate neutrality by 2050	77-78
16 (g)	Undertakings excluded from Paris-aligned benchmarks	Not relevant
34	GHG emission reduction targets	27, 77
38	Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors)	79
37	Energy consumption and mix	79
40-43	Energy intensity associated with activities in high climate impact sectors	79
44	Gross Scope 1, 2, 3 and total GHG emissions	81
53-55	Gross GHG emissions intensity	81
56	GHG removals and carbon credits	Not material

Datapoints that derive from other EU legislation		Page number
66	Exposure of the benchmark portfolio to climate-related physical risks	Phase-in
66 (a); 66 (c)	Disaggregation of monetary amounts by acute and chronic physical risk; Location of significant assets at material physical risk	Phase-in
67 (c)	Breakdown of the carrying value of its real estate assets by energy-efficiency classes	Phase-in
69	Degree of exposure of the portfolio to climate-related opportunities	Phase-in
ESRS E2	**Pollution**	
28	Amount of each pollutant listed in Annex II of the E-PRTR Regulation emitted to air, water and soil	84
ESRS E3	**Water**	
9	Water and marine resources	58
13	Dedicated policy	Not relevant
14	Sustainable oceans and seas	Not material
28 (c)	Total water recycled and reused	88
29	Total water consumption in m^3 per net revenue on own operations	88

Governance

Datapoints that derive from other EU legislation		Page number
ESRS E4	**Biodiversity**	
16 (a) i	Activities negatively affecting biodiversity-sensitive areas	90
16 (b)	Impacts related to land degradation, desertification or soil sealing	90
16 (c)	Operations affecting threatened species	90
24 (b)	Sustainable land/agriculture practices or policies	58
24 (c)	Sustainable oceans/seas practices or policies	Not material
24 (d)	Policies to address deforestation	58
ESRS E5	**Resource use and circular economy**	
37 (d)	Non-recycled waste	92
39	Hazardous waste and radioactive waste*	93
ESRS S1	**Own workforce**	
14 (f)	Risk of incidents of forced labor	Not material
14 (g)	Risk of incidents of child labor	Not material
20	Human rights policy commitments	58
21	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8	55
22	Processes and measures for preventing trafficking in human beings	Not material
23	Workplace accident prevention policy or management system	56, 102-104
32 (c)	Grievance/complaints handling mechanisms	57
88 (b) and (c)	Number of fatalities, and number and rate of work-related accidents	104
88 (e)	Number of days lost to injuries, accidents, fatalities or illness	104
97 (a)	Unadjusted gender pay gap	101
97 (b)	Excessive CEO pay ratio	101
103 (a)	Incidents of discrimination	97
104 (a)	Non-respect of UNGPs on Business and Human Rights and OECD guidelines	Not relevant

Datapoints that derive from other EU legislation		Page number
ESRS S2	**Workers in the value chain**	
11 (b)	Significant risk of child labor or forced labor in the value chain	106
17	Human rights policy commitments	58
18	Policies related to value chain workers	58
19	Non-respect of UNGPs on Business and Human Rights and OECD guidelines	58
19	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8	106
36	Human rights issues and incidents connected to its upstream and downstream value chain	106
ESRS S3	**Affected communities**	
16	Human rights policy commitments	Not material
17	Non-respect of UNGPs on Business and Human Rights, ILO principles or/and OECD guidelines paragraph	Not material
36	Human rights issues and incidents paragraph	Not material
ESRS S4	**Consumers and end-users**	
16	Policies related to consumers and end users paragraph 16	Not material
17	Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph	Not material
35	Human rights issues and incidents paragraph	Not material
ESRS G1	**Business conduct**	
10 (b)	United Nations Convention against Corruption	Not relevant
10 (d)	Protection of whistleblowers	Not relevant
24 (a)	Fines for violation of anti-corruption and anti-bribery laws	112
24 (b)	Anti-corruption and anti-bribery standards	112

* Radioactive waste is not material

Financial statements

05

Consolidated statements of income

Income statement

EUR million	Note	2024	2023
Net sales	2.1, 2.2	3,833.5	2,402.2
Cost of goods sold	2.3, 3.1, 3.2, 4.1	(2,024.0)	(1,097.4)
Gross profit	2.1	**1,809.5**	**1,304.8**
Sales and distribution costs	2.3, 3.1, 3.2	(550.9)	(317.4)
Research and development costs	2.3, 3.1, 3.2	(413.2)	(270.7)
Administrative costs	2.3, 3.1, 3.2	(214.6)	(128.7)
Other operating income		28.2	22.9
Operating profit (EBIT) before special items		**659.0**	**610.9**
Special items	2.4	(158.0)	(77.3)
Operating profit (EBIT)		**501.0**	**533.6**
Share of result in associates		(3.5)	(2.4)
Financial income	5.2	26.9	37.8
Financial costs	5.2	(107.3)	(44.3)
Profit before tax		**417.1**	**524.7**
Tax	2.5	(111.3)	(116.8)
Net profit		**305.8**	**407.9**
Attributable to			
Shareholders of Novozymes A/S		305.8	405.9
Non-controlling interests		-	2.0
		305.8	**407.9**
Proposed dividend per share, DKK		4.20	2.00
Proposed dividend per share, EUR		0.56	0.27
Earnings per share, EUR	2.6	0.67	1.47
Earnings per share, diluted, EUR	2.6	0.67	1.46

Statement of comprehensive income

EUR million	Note	2024	2023
Net profit		**305.8**	**407.9**
Items that may subsequently be reclassified to the income statement:			
Currency translation adjustments		89.2	(78.2)
Tax on currency translation adjustments		(0.7)	1.6
Cash flow hedges:			
Fair value adjustments		(50.0)	(10.8)
Tax on fair value adjustments		10.8	2.4
Cash flow hedges reclassified to costs of goods sold		4.6	11.5
Cash flow hedges reclassified to financial costs		7.5	(3.4)
Tax on reclassified cash flow hedges		(2.7)	(1.8)
Other comprehensive income		**58.7**	**(78.7)**
Comprehensive income		**364.5**	**329.2**
Attributable to			
Shareholders of Novozymes A/S		364.4	327.6
Non-controlling interests		0.1	1.6
		364.5	**329.2**

Consolidated statement of cash flows

EUR million	Note	2024	2023
Net profit		**305.8**	**407.9**
Reversal of non-cash items	6.7	794.2	289.1
Income tax paid		(300.2)	(106.0)
Interest received		25.1	10.3
Interest paid		(76.0)	(21.1)
Change in working capital	6.7	271.0	(23.1)
Cash flows from operating activities		**1,019.9**	**557.1**
Investments			
Purchase of intangible assets	6.7	(21.5)	(26.7)
Purchase of property, plant and equipment	6.7	(338.3)	(249.1)
Sale of property, plant and equipment		0.8	0.5
Business acquisitions, etc.	6.7	14.8	(22.7)
Divestments	6.7	144.5	11.8
Cash flows from investing activities		**(199.7)**	**(286.2)**
Free cash flow		**820.2**	**270.9**

EUR million	Note	2024	2023
Financing			
Borrowings	5.3	134.5	442.0
Repayment of borrowings	5.3	(539.8)	(334.7)
Shareholders:			
Sale of treasury shares		37.8	22.4
Dividend paid		(249.8)	(383.2)
Purchase of non-controlling interests	6.5	(85.9)	-
Cash flows from financing activities		**(703.2)**	**(253.5)**
Net cash flow		**117.0**	**17.4**
Unrealized gain/(loss) on currencies and financial assets included in cash and cash equivalents		13.3	(7.4)
Net change in cash and cash equivalents		**130.3**	**10.0**
Cash and cash equivalents at January 1		149.7	139.7
Cash and cash equivalents at December 31		**280.0**	**149.7**

Consolidated balance sheet

Assets

EUR million	Note	Dec. 31, 2024	Dec. 31, 2023
Goodwill	3.1	5,605.0	265.0
Other intangible assets	3.1	4,419.2	343.0
Property, plant and equipment	3.2	2,968.3	1,653.8
Deferred tax assets	2.5	275.0	236.4
Other financial assets		18.7	8.3
Investments in associates		24.0	27.5
Other receivables		6.0	5.9
Non-current assets		**13,316.2**	**2,539.9**
Inventories	4.1	720.6	486.7
Trade receivables	4.2	665.6	496.7
Contract assets		23.6	9.4
Tax receivables		58.6	39.7
Other receivables		115.4	37.4
Other financial assets		4.0	5.4
Cash and cash equivalents		280.0	149.7
		1,867.8	**1,225.0**
Assets held for sale	4.3	11.6	44.5
Current assets		**1,879.4**	**1,269.5**
Assets		**15,195.6**	**3,809.4**

Liabilities and equity

EUR million	Note	Dec. 31, 2024	Dec. 31, 2023
Common shares	5.5	125.6	75.4
Reserves and retained earnings		11,050.4	1,800.2
Equity attributable to shareholders of Novozymes A/S		**11,176.0**	**1,875.6**
Non-controlling interests	6.5	-	50.0
Total equity		**11,176.0**	**1,925.6**
Deferred tax liabilities	2.5	1,255.9	263.6
Provisions		39.7	15.1
Contract liabilities	2.2	105.3	20.4
Borrowings	5.3	1,530.4	612.0
Non-current liabilities		**2,931.3**	**911.1**
Share purchase liability	6.5	-	78.4
Borrowings	5.3	266.4	432.0
Trade payables		423.1	216.9
Contract liabilities	2.2	22.8	8.7
Tax payables		60.9	24.6
Other liabilities		315.1	212.1
Current liabilities		**1,088.3**	**972.7**
Liabilities		**4,019.6**	**1,883.8**
Liabilities and equity		**15,195.6**	**3,809.4**

Consolidated statement of equity

		Attributable to shareholders of Novozymes A/S						
EUR million	**Note**	**Common shares**	**Currency translation adjustments**	**Cash flow hedges**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
Equity at January 1, 2024		**75.4**	**(54.2)**	**8.8**	**1,845.6**	**1,875.6**	**50.0**	**1,925.6**
Net profit for the year					305.8	305.8	-	305.8
Other comprehensive income for the year		(0.1)	93.2	(29.8)	(4.7)	58.6	0.1	58.7
Total comprehensive income for the year		**(0.1)**	**93.2**	**(29.8)**	**301.1**	**364.4**	**0.1**	**364.5**
Capital increase	5.5	50.3			9,026.5	9,076.8		9,076.8
Costs related to capital increase					(5.0)	(5.0)		(5.0)
Sale of treasury shares	5.5				37.8	37.8		37.8
Dividends					(249.7)	(249.7)	(0.1)	(249.8)
Share-based payment	6.2				28.4	28.4		28.4
Transactions with non-controlling interests					47.1	47.1	(50.0)	(2.9)
Share purchase liability	6.5				(4.7)	(4.7)		(4.7)
Tax related to equity items					5.3	5.3		5.3
Changes in equity		**50.2**	**93.2**	**(29.8)**	**9,186.8**	**9,300.4**	**(50.0)**	**9,250.4**
Equity at December 31, 2024		**125.6**	**39.0**	**(21.0)**	**11,032.4**	**11,176.0**	**-**	**11,176.0**
Equity at January 1, 2023		**75.6**	**17.8**	**10.9**	**1,756.5**	**1,860.8**	**52.6**	**1,913.4**
Net profit for the year					405.9	405.9	2.0	407.9
Other comprehensive income for the year		(0.2)	(72.0)	(2.1)	(4.0)	(78.3)	(0.4)	(78.7)
Total comprehensive income for the year		**(0.2)**	**(72.0)**	**(2.1)**	**401.9**	**327.6**	**1.6**	**329.2**
Sale of treasury shares	5.5				22.4	22.4		22.4
Dividends					(379.0)	(379.0)	(4.2)	(383.2)
Share-based payment	6.2				19.7	19.7		19.7
Share purchase liability	6.5				23.6	23.6		23.6
Tax related to equity items					0.5	0.5		0.5
Changes in equity		**(0.2)**	**(72.0)**	**(2.1)**	**89.1**	**14.8**	**(2.6)**	**12.2**
Equity at December 31, 2023		**75.4**	**(54.2)**	**8.8**	**1,845.6**	**1,875.6**	**50.0**	**1,925.6**

The interim and proposed dividends totaling approximately EUR 387 million are included in Retained earnings for the 2024 financial year.

Notes

Basis of reporting

Basis of reporting

1.1 Significant changes and events

The following significant events impacted Financial statements in 2024.

Completion of the combination of Novozymes and Chr. Hansen

On January 29, 2024, the final regulatory approvals were obtained, and the final registration of the statutory merger with the Danish Business Authority was successfully completed.

The combination of Novozymes and Chr. Hansen created a leading global biosolutions partner with a broad biological toolbox and a diversified portfolio in attractive markets.

Reference is made to Note 2.4, Note 3.1, Note 3.4 and Note 6.3.

Divestment of the lactase enzyme business

The European Commission approval of the combination was conditional upon the divestment of a part of the combined company's global lactase enzyme business.

On January 26, 2024, the European Commission approved Kerry Group plc ("Kerry") as the purchaser.

The divestment was completed on November 26, 2024, and the lactase enzyme business was transferred to Kerry.

Reference is made to Note 3.5.

Sustainability information reported as part of the Management Review

In previous years, Financial statements have included reporting on sustainability measures; however, in 2024, as a consequence of the Corporate Sustainability Reporting Directive, reporting on sustainability measures and performance is now included in the Management review.

Read more about sustainability in the Sustainability statements in the Management Review.

Basis of reporting

1.2 Basis of reporting

This section provides an overview of Novonesis' principal accounting policies, the critical accounting estimates and judgments applied, and the impact of new or amended IFRS standards and interpretations.

The accounting policies described below apply to the consolidated financial statements as a whole. Accounting policies and critical accounting estimates and judgments are described in the notes to which they relate, in order to enhance understanding. The descriptions of accounting policies in the notes form part of the overall description of accounting policies.

Basis of reporting
The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards, as adopted by the EU, and additional requirements of the Danish Financial Statements Act. The financial year for the Group is January 1 – December 31.

The consolidated financial statements have been prepared on a going concern basis and under the historical cost convention, with the exception of derivatives, securities, contingent consideration and share purchase liability, which are measured at fair value.

In 2024, the presentation currency for the consolidated financial statements was changed from Danish Kroner (DKK) to Euro (EUR). The comparative figures have been restated accordingly.

With the exception of the change in presentation currency, the accounting policies are unchanged from last year.

ACCOUNTING POLICIES

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

The legal name of the combined company is Novozymes A/S, and the Group is referred to as Novonesis.

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

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

Consolidation
The consolidated financial statements comprise the financial statements of Novozymes A/S (the Parent Company) and subsidiaries controlled by Novozymes A/S, prepared in accordance with Group accounting policies. The consolidated financial statements are prepared by combining items of a uniform nature and subsequently eliminating intercompany transactions, internal shareholdings and balances, and unrealized intercompany profits and losses.

Non-controlling interests' share of subsidiaries' net profit for the year and equity are included in the Group's net profit and total equity, but are disclosed separately.

Translation of foreign currencies
The functional currency of the parent company remains Danish Kroner (DKK).

Exchange rate differences arising between the transaction date and the reporting date are recognized as Financial income or Financial costs.

Foreign currency transactions are translated into the functional currency defined for each company using the exchange rates prevailing at the transaction date. Monetary items denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing at the reporting date.

Financial statements of foreign subsidiaries are translated into EUR at the exchange rates prevailing at the reporting date for assets and liabilities, and at average exchange rates for income statement items.

Basis of reporting

1.2 Basis of reporting (continued)

The following exchange rate differences, arising from translation using the exchange rate prevailing at the reporting date, are recognized in Other comprehensive income:

- Translation of foreign subsidiaries' net assets at the beginning of the year
- Translation of foreign subsidiaries' income statements from average exchange rates

iXBRL reporting
Novozymes A/S is required to file its annual report in the European Single Electronic Format ('ESEF'), and the Annual Report is therefore prepared in the XHTML format, which can be displayed in a standard browser. The primary statements, the notes in the consolidated financial statements, and the sustainability statements are tagged using inline eXtensible Business Reporting Language (iXBRL). The iXBRL tags comply with the ESEF taxonomy, which is included in the ESEF Regulation and developed based on the IFRS taxonomy published by the IFRS Foundation. Where a financial statement line item is not defined in the ESEF taxonomy, an extension to the taxonomy has been created. Extensions are anchored to elements in the ESEF taxonomy, except for extensions that are subtotals.

The Annual Report submitted to the Danish Financial Supervisory Authority consists of the XHTML document together with certain technical files, all included in a file named NOVOZYMES-2024-12-31-en.zip.

Critical accounting estimates and judgments
The preparation of the consolidated financial statements requires Management to make estimates and assumptions that can have a significant effect on the application of policies and reported amounts of assets, liabilities, income, expenses and related disclosures. When determining estimates and assumptions, Management has assessed the qualitative and quantitative impact of climate-related matters, which is not currently assessed to have a significant impact on estimates and assumptions. The estimates and underlying assumptions are based on historical experience and various other factors. Actual results may differ from these estimates.

The application of the Group's accounting policies may require Management to make judgments that can have a significant effect on the amounts recognized in the consolidated financial statements. Management judgment is required in particular when assessing the substance of transactions that have a complicated structure or legal form.

These critical accounting estimates and judgments could potentially have a significant impact on the consolidated financial statements.

The estimates and underlying assumptions are reviewed on an ongoing basis. Changes in estimates may be necessary if there are changes in the circumstances on which the estimate was based, or if more detailed information becomes available. Such changes are recognized in the period in which the estimate in question is revised.

The table shows critical accounting estimates and judgments, and their level of potential impact on the consolidated financial statements:

Note	Critical accounting estimates and judgments	Estimate/ judgment	Potential impact from estimates and judgments
2.2 Net sales	Revenue recognition	Estimate	●○○
2.4 Special items	Classification of special items	Judgment	●○○
3.1 Goodwill and other intangible assets	Valuation of goodwill and intangible assets	Estimate	●●●
3.4 Business acquisitions	Fair value measurement	Estimate	●●●
4.1 Inventories	Cost of work in progress and finished goods	Estimate	●○○
6.5 Non-controlling interests	Fair value measurement	Estimate	●○○

Basis of reporting

1.2 Basis of reporting (continued)

Impact of new accounting standards
Novonesis has adopted the following new or amended standards and interpretations from January 1, 2024:

- Amendments to IAS 1 – Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period.
- Amendment to IAS 1 – Presentation of Financial Statements: Non-current liabilities with Covenants specifies that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and explains that rights are in existence if covenants are complied with at the end of the reporting period.
- Amendment to IAS 7 – Statement of Cash Flows and IFRS 7 – Financial Instruments: Supplier Finance Agreements requires an entity to disclose qualitative and quantitative information about its supplier finance arrangements.
- Amendments to IFRS 16 – Leases: Lease Liability in a Sale and Leaseback clarify how a seller-lessee subsequently measures sale and leaseback transactions.

The adoption of the new and amended standards and interpretations has not had a significant impact on recognition, measurement or disclosures in the consolidated financial statements for 2024, and is not anticipated to have a significant impact on future periods.

New standards and interpretations not yet adopted
IASB has issued new or amended accounting standards and interpretations that have not yet become effective and have consequently not been implemented in the consolidated financial statements for 2024. Novonesis expects to adopt these accounting standards and interpretations as they become mandatory. Except for IFRS 18 - Presentation and Disclosure in Financial Statements, none of these are expected to have a significant impact on the consolidated financial statements.

IFRS 18 - Presentation and Disclosure in Financial Statements, with effective date on or after 1 January 2027, sets out requirements for presentation and disclosure of financial statements to give investors more transparent and comparable information about financial performance. IFRS 18 is not expected to impact recognition or measurement, but is expected to change the presentation of certain items, including definitions of certain required subtotals.

Results for the year

Results for the year

2.1 Segments

Operating segments
Following the combination of Novozymes and Chr. Hansen in 2024, the segment disclosures have been changed to reflect the internal reporting and steering in Novonesis for the combined businesses. Novonesis has two operating segments: Food & Health Biosolutions and Planetary Health Biosolutions.

The activities in the two segments include manufactoring, sales, distribution, research and development. There are no internal sales between the two segments. Segment costs consist of costs directly attributable to the individual segments and costs allocated through the use of allocation keys. Segment profitability is measured on the basis of adjusted EBITDA.

Comparative figures have been restated to reflect the new segmentation. However, the comparative figures reflect the historical financial information as reported by Novozymes A/S in the past, substantially impacting the comparability between 2023 and 2024.

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

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

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

	2024			2023		
EUR million	Food & Health Biosolutions	Planetary Health Biosolutions	Total	Food & Health Biosolutions	Planetary Health Biosolutions	Total
Net sales	**1,668.1**	**2,165.4**	**3,833.5**	**530.1**	**1,872.1**	**2,402.2**
Organic sales growth, %	8%	9%	8%	(2)%	8%	5%
Gross profit	**659.2**	**1,150.3**	**1,809.5**	**317.5**	**987.3**	**1,304.8**
Gross margin, %	39.5%	53.1%	47.2%	59.9%	52.7%	54.3%
Adjusted EBITDA	**586.7**	**800.3**	**1,387.0**	**150.1**	**647.2**	**797.3**
Adjusted EBITDA margin, %	35.2%	37.0%	36.2%	28.3%	34.6%	33.2%
Depreciation, amortization and impairment losses			(597.4)			(186.4)
Special items, excluding depreciation, amortization and impairment losses			(104.7)			(77.3)
PPA inventory step-up			(183.9)			-
Operating profit (EBIT)			**501.0**			**533.6**
Share of result in associates			(3.5)			(2.4)
Financial items, net			(80.4)			(6.5)
Profit before tax			**417.1**			**524.7**

Results for the year

2.1 Segments (continued)

Worldwide operations

The Group operates in four geographical regions: Europe, Middle East & Africa, North America, Asia Pacific and Latin America. From a net sales perspective, the U.S. is the largest single country, contributing ~30% of the Group's net sales (2023: ~32%).

The geographical distribution of net sales is based on the country in which the goods are delivered. For a number of customers, central deliveries are made to specified locations, and the final destination is unknown. The stated geographical distribution of net sales may therefore vary from one year to the next if delivery destinations for these customers change.

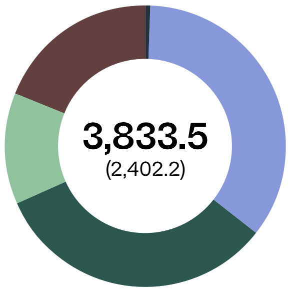
The geographical distribution of intangible assets and property, plant and equipment is based on the country in which the individual entities are based, and to which assets are allocated.

Most of the Group's intangible assets and property, plant and equipment are located in Denmark and the U.S.

Net sales 2024 (2023)

EUR million

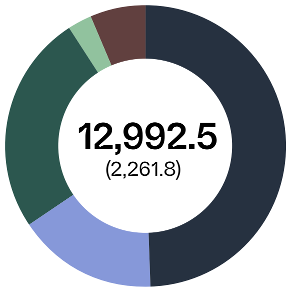
- Denmark **30.1** (31.3)
- Rest of Europe, Middle East & Africa **1,336.7** (805.6)
- North America **1,261.8** (813.4)
- Latin America **480.8** (308.2)
- Asia Pacific **724.1** (443.7)



Intangible assets and property, plant and equipment 2024 (2023)

EUR million

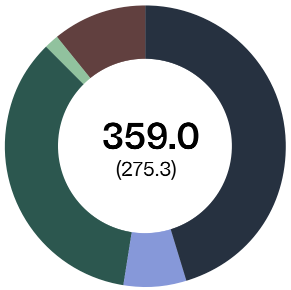
- Denmark **6,435.0** (933.4)
- Rest of Europe, Middle East & Africa **2,104.2** (100.0)
- North America **3,296.5** (837.0)
- Latin America **332.3** (17.6)
- Asia Pacific **824.5** (373.8)



Net investments 2024 (2023)

EUR million

- Denmark **163.5** (117.7)
- Rest of Europe, Middle East & Africa **25.6** (1.5)
- North America **125.8** (133.3)
- Latin America **6.2** (3.1)
- Asia Pacific **37.9** (19.7)



Intangible assets and property, plant and equipment, largest single countries:	**2024**	**2023**
Denmark	50%	41%
U.S.	25%	36%

Accounting policies

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

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

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

Results for the year

2.2 Net sales

EUR million	2024	2023
Food & Health Biosolutions		
Food & Beverages	1,238.2	444.2
Human Health	429.9	85.9
	1,668.1	**530.1**
Planetary Health Biosolutions		
Household Care	767.7	685.2
Agriculture, Energy & Tech	1,397.7	1,186.9
	2,165.4	**1,872.1**
Net sales	**3,833.5**	**2,402.2**
Developed markets*	2,484.4	1,550.2
Emerging markets	1,349.1	852.0
Net sales	**3,833.5**	**2,402.2**
Net sales to the five largest customers as a percentage of net sales	16%	24%

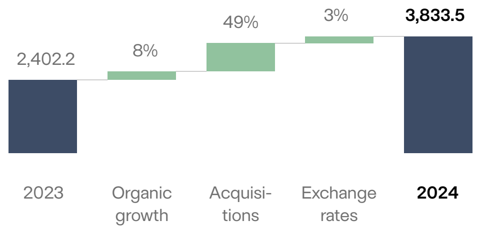
* Developed markets comprise North America, Central Western Europe, Australia, New Zealand, Japan and South Korea. The rest of the world is classified as emerging markets.

Almost all of Novonesis' net sales are derived from the sale of goods to customers, with net sales being recognized when the goods are delivered.

At January 1, 2024, contract liabilities amounted to EUR 29.1 million (2023: EUR 29.9 million), of which EUR 8.9 million was recognized as net sales in 2024 (2023: EUR 8.1 million). In 2024, contract liabilities were impacted by a large prepayment from a customer, increasing contract liabilities to EUR 128.1 million at December 31, 2024. The remaining prepayment will be recognized as sales in 2025-2033.

Sales growth 2024

EUR million



Critical accounting estimates

Novonesis has entered into various sales agreements, including agreements where Novonesis manufactures and sells products to a partner, who undertakes the sales to end customers, and where the profit on products sold to end customers is shared between the partner and Novonesis, based on predetermined profit-sharing mechanisms.

Recognition of net sales requires estimates by Management, in connection with determining the appropriate revenue recognition and the timing of recognition.

Results for the year

2.2 Net sales (continued)

Accounting policies

Novonesis produces a wide range of industrial enzymes, functional proteins and microorganisms. Net sales include the sale of goods and related services and royalties, and these are recognized at an amount that reflects the consideration to which Novonesis expects to be entitled. Net sales from the straightforward sale of goods to customers are recognized when control of the goods is transferred to the customer, i.e., when goods are delivered. Variable considerations are included in net sales to the extent that they are not subject to significant uncertainty.

The performance obligations in the contracts are to deliver products to customers, and each batch delivered is considered a separate performance obligation, as each batch is distinct.

Rebates
Products are sometimes sold with a rebate. A rebate agreement can be set up in various ways, but common to all agreements is that net sales are recognized based on the price specified in the contract, net of the estimated rebate. Rebates are estimated based on experience, as well as information related to expected orders 3–12 months in advance. The estimated rebates are reassessed at the end of each reporting period.

Returns
A right if return is granted in a few of Novonesis' markets. No net sales are recognized for the goods expected to be returned, as a refund liability is recognized. Estimates of the expected level of returns are based on analysis of historical returns and knowledge of the relevant markets/products. These estimates are updated at the end of each reporting period. As the goods returned are usually scrapped, no inventory asset is recognized.

Profit split
Novonesis has entered into partnerships where Novonesis manufactures and sells products to a partner, who undertakes the sale to end customers. The profit on products sold to end customers is shared between the partner and Novonesis, based on predetermined profit-sharing mechanisms.

Net sales from these arrangements consist of the sale of products to the partner and the shared profit, and are recognized in full when the goods are delivered to the partner. This is done by calculating the expected profit based on insights, experience and other input factors. The calculated profit is recognized as a contract asset or contract liability until an invoice is issued. The profit realized is settled periodically.

Sales via agents
Novonesis has entered into commission agreements where agents undertake sales to third parties in return for a commission on realized sales. Net sales from such agreements are recognized when the goods are delivered to the end customer, as the nature of the performance obligation is to provide the specified goods.

Other
Net sales collected on behalf of third parties are not recognized as net sales.

Novonesis' obligation to provide a refund for products that are not of the agreed quality or according to agreed specifications under the standard warranty terms is recognized as contract liabilities.

A trade receivable is recognized when the customer obtains control of the goods and an invoice is issued, as this is the point in time when the consideration becomes unconditional and only the passage of time is required before payment is due. Typical payment terms are around 60 days.

Contract liabilities consist of advance payments, deferred sales and liabilities for refund goods. Contract liabilities are recognized as net sales, as the performance obligations under the contracts are fulfilled.

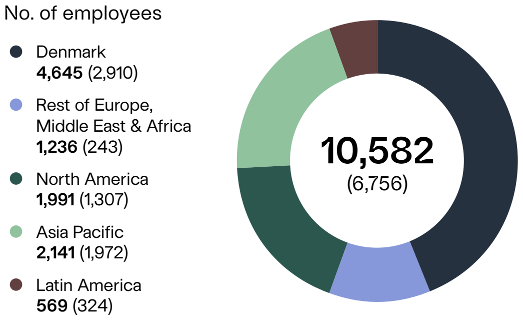
Almost all performance obligations in Novonesis have an expected term of one year or less.

Results for the year

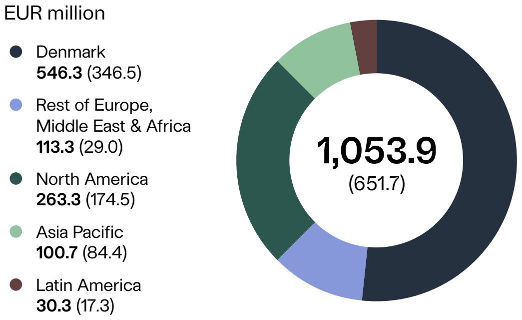
2.3 Employee costs

EUR million	2024	2023
Wages and salaries	851.1	522.9
Pensions – defined contribution plans	74.0	48.9
Other social security costs	58.2	40.4
Other employee costs	41.8	19.2
Share-based payment	28.8	20.3
Employee costs	**1,053.9**	**651.7**
Recognized in the income statement under the following items:		
Cost of goods sold	408.3	237.9
Sales and distribution costs	264.1	160.0
Research and development costs	221.6	153.4
Administrative costs	130.3	82.0
Special items	35.1	10.2
	1,059.4	**643.5**
Change in employee costs recognized in Inventories	(5.5)	8.2
Employee costs	**1,053.9**	**651.7**
Average number of employees in the Group	10,208	6,805
Average number of employees working with research and development	1,689	1,208

Number of employees at year-end 2024 (2023)



Employee costs 2024 (2023)



Employee costs in 2024 included severance pay, retention bonuses and other employee costs of EUR 35.1 million (2023: EUR 10.2 million) related to the combination between Novozymes and Chr. Hansen, recognized in Special items. Reference is made to Note 2.4 for further details.

Results for the year

2.4 Special items

EUR million	Note	2024	2023
Transaction costs related to the combination with Chr. Hansen		(36.0)	(29.5)
Integration costs related to the combination with Chr. Hansen		(77.9)	(43.8)
Gain on divestment of the lactase enzyme business, net	3.5	12.7	(4.0)
Impairment of intangible asset and other costs due to discontinuation of the activities in Russia		(34.5)	-
Impairment of discontinued research and development projects		(22.3)	-
Special items		**(158.0)**	**(77.3)**

Special items reconcile to the income statement as specified below:

	2024			2023		
EUR million	**Reported income statement**	**Special items**	**Adjusted income statement**	**Reported income statement**	**Special items**	**Adjusted income statement**
Net sales	3,833.5	-	3,833.5	2,402.2	-	2,402.2
Cost of goods sold	(2,024.0)	(9.5)	(2,033.5)	(1,097.4)	(7.5)	(1,104.9)
Gross profit	**1,809.5**	**(9.5)**	**1,800.0**	**1,304.8**	**(7.5)**	**1,297.3**
Sales and distribution costs	(550.9)	(83.0)	(633.9)	(317.4)	(51.2)	(368.6)
Research and development costs	(413.2)	(55.6)	(468.8)	(270.7)	(1.3)	(272.0)
Administrative costs	(214.6)	(22.6)	(237.2)	(128.7)	(17.3)	(146.0)
Other operating income	28.2	12.7	40.9	22.9	-	22.9
Operating profit (EBIT) before special items	**659.0**	**(158.0)**	**501.0**	**610.9**	**(77.3)**	**533.6**
Special items	(158.0)	158.0	-	(77.3)	77.3	-
Operating profit (EBIT)	**501.0**	**-**	**501.0**	**533.6**	**-**	**533.6**

Results for the year

2.4 Special items (continued)

Critical accounting judgments

The use of special items entails management judgment in the separation from other items in the income statement.

Management considers individual items in order to ensure that special items include significant non-recurring income or costs not related to Novonesis' recurring operating profit.

Accounting policies

Special items are used in the presentation of the income statement and include significant individual items, income and cost, of a special nature. These items are classified separately in the income statement to provide transparency regarding the operating performance of Novonesis.

Special items include significant integration and transaction costs, restructuring expenses and related impairment losses, and will include all significant non-recurring income or costs not related to Novonesis' recurring operating profit.

2.5 Tax

Tax risks

In many markets, Novonesis operates through sales companies and distributors, whereas production is located in fewer countries. This leads to transactions between group companies. Novonesis follows the OECD principles in setting internal transfer prices for these transactions. This entails a tax risk, because the transactions are subject to judgment in each country. The tax controversy risk for Novonesis is significantly reduced through the use of bilateral advance pricing agreements (APAs).

Bilateral APAs

As stated in our tax policy, Novonesis proactively engages in bilateral APAs negotiated at competent authority level to increase predictability and to mitigate transfer pricing risks. Most of the intercompany transaction value within the Novonesis Group is covered by bilateral APAs.

An APA is an agreement between a taxpayer and the tax authorities determining the transfer pricing methodology for pricing the taxpayer's internal transactions for future years.

The methodology is applied for a certain period based on the fulfilment of certain terms and conditions (called critical assumptions). An APA can be unilateral or bilateral. Novonesis only enters into bilateral APAs, meaning that they are negotiated between the competent tax authorities of the two countries involved in the transaction. An APA provides assurance with respect to the tax outcome of our internal transactions, by determining in advance arm's length pricing and the pricing methodology to be applied to the internal transactions.

Novonesis has entered into bilateral APAs with the tax authorities in the countries where internal transactions are most significant. Included in APA-covered transactions are group internal transactions between Denmark and the U.S., China and India.

Joint taxation

Novozymes A/S and its Danish subsidiaries are jointly taxed with the Danish companies of the Novo Holdings A/S Group. Joint taxation also covers withholding taxes in the form of dividend tax, royalty tax and interest tax. The Danish companies are jointly and individually liable for the joint taxation liability. Any subsequent adjustments to income taxes and withholding taxes may increase the liability. Tax for the individual companies is allocated in full on the basis of the expected taxable income.

Results for the year

2.5 Tax (continued)

Tax in the income statement
In 2023 and 2024, the effective tax rate was negatively impacted by transaction and integration costs related to the combination with Chr. Hansen, which are not fully deductible for tax purposes. In 2023, there was a positive impact from the settlement of a long-standing tax case.

Global minimum tax
Novonesis is subject to the OECD Pillar Two legislation (global minimum tax), effective from January 1, 2024. There was no material impact from Pillar Two taxes in 2024.

Other matters
As the Group operates across many different countries, the calculation of the Group's tax expense in the income statement inherently involves estimation. Tax and transfer-pricing disputes with authorities in various countries may occur, and Management's assessment is applied to assess the possible outcome of such disputes.

The Group recognizes deferred tax assets, including the expected tax value of tax loss carryforwards, if Management assesses they can be offset against positive taxable income in the foreseeable future. This is based on budgets and business plans for the coming years, including planned commercial initiatives.

Payments in respect of tax liabilities for an accounting period result from payments on account and on the final resolution of open items. As a result, there may be substantial differences between the tax expense recognized in the consolidated income statement and the actual tax payments.

Tax in the income statement

EUR million	2024	2023
Tax payable on net profit	(252.8)	(101.0)
Change in deferred tax	137.9	(11.7)
Prior-year adjustments - current tax	3.6	(3.4)
Prior-year adjustments - deferred tax	-	(0.7)
Tax in the income statement	**(111.3)**	**(116.8)**
Calculation of effective tax rate:		
Corporate tax rate in Denmark	(22.0)%	(22.0)%
Non-taxable income less non-deductible expenses	(4.8)%	(1.1)%
Difference in foreign tax rates	0.6%	(1.2)%
Other adjustments	(0.5)%	2.0%
Effective tax rate	**(26.7)%**	**(22.3)%**

Results for the year

2.5 Tax (continued)

Deferred tax	Deferred tax assets		Deferred tax liabilities	
EUR million	**2024**	**2023**	**2024**	**2023**
Intangible assets	82.5	65.4	(1,003.5)	(84.5)
Property, plant and equipment	11.7	14.6	(185.3)	(102.8)
Inventories	54.1	30.3	(17.6)	(9.0)
Tax loss carryforwards	1.6	2.1	-	-
Share-based payment	21.0	10.1	-	-
Other	75.5	54.7	(20.9)	(8.1)
	246.4	**177.2**	**(1,227.3)**	**(204.4)**
Offsetting items	28.6	59.2	(28.6)	(59.2)
Deferred tax at December 31	**275.0**	**236.4**	**(1,255.9)**	**(263.6)**

EUR million	2024	2023
Deferred tax at January 1	(27.2)	(4.0)
Currency translation adjustments	(4.0)	(1.7)
Effect of business acquisitions	(1,088.3)	-
Tax related to the income statement	137.9	(12.4)
Tax on equity items	0.7	-
Transfer to/(from) other items	-	(9.1)
Deferred tax at December 31	**(980.9)**	**(27.2)**
Deferred tax assets	275.0	236.4
Deferred tax liabilities	(1,255.9)	(263.6)
Deferred tax at December 31	**(980.9)**	**(27.2)**

The increase in the deferred tax liability from business acquisitions in 2024 mainly relates to intangible assets acquired in connection with the combination with Chr. Hansen. Reference is made to Note 3.4 for further details.

The Other category mainly comprises temporary differences regarding accruals and provisions.

The tax value of the unrecognized share of tax loss carryforwards, tax credits, etc., that do not expire amounted to EUR 4.9 million (2023: EUR 7.4 million).

In 2024, tax payables of EUR 1.8 million (2023: EUR 12.0 million) are due after more than 12 months.

Results for the year

2.5 Tax (continued)

Accounting policies

Corporation tax, comprising the current tax liability, the change in deferred tax for the year, and possible adjustments relating to prior years, is recognized in the income statement, unless it relates to items recognized either in Other comprehensive income or directly in equity. Uncertain tax positions are assessed individually and recognized if it is probable that an amount will be paid or received. Deferred tax is measured using the balance sheet liability method, and comprises all temporary differences between the carrying amount and the tax base of assets and liabilities. No deferred tax is recognized for goodwill, unless amortization of goodwill for tax purposes is allowed. The tax value of tax loss carryforwards is included in the calculation of deferred tax, to the extent that the tax losses can be expected to be utilized in the future.

Deferred tax is measured according to current tax rules and at the tax rate expected to be in force on reversal of temporary differences. Changes in deferred tax due to tax rate changes are recognized in the income statement, unless they relate to items recognized either in Other comprehensive income or directly in equity.

Novonesis is applying the temporary relief from accounting for deferred taxes, arising from the implementation of the Pillar Two rules issued by the OECD.

2.6 Earnings per share

EUR million	2024	2023
Net profit for the year	305.8	407.9
Less net profit attributable to non-controlling interests	-	(2.0)
Net profit attributable to the shareholders of Novozymes A/S	**305.8**	**405.9**
Average number of shares		
Weighted average number of shares in circulation	457,624,227	277,035,068
Average dilutive effect of outstanding share options and share awards	1,980,726	839,903
Average number of diluted shares	**459,604,953**	**277,874,971**
Earnings per share, EUR	0.67	1.47
Earnings per share, diluted, EUR	0.67	1.46

Invested capital

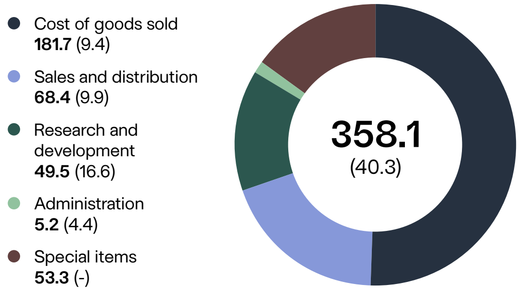
Invested capital

3.1 Goodwill and other intangible assets

EUR million	Goodwill	Technology and strain library	Customer relationships	Software and other intangibles	Total
Cost at January 1, 2024	265.0	548.3	92.2	175.4	1,080.9
Currency translation adjustments	30.8	1.9	8.0	1.1	41.8
Additions from business acquisitions	5,309.2	3,061.0	984.8	358.3	9,713.3
Additions during the year	-	0.2	-	21.3	21.5
Cost at December 31, 2024	**5,605.0**	**3,611.4**	**1,085.0**	**556.1**	**10,857.5**
Amortization and impairment losses at January 1, 2024		(342.3)	(19.1)	(111.5)	(472.9)
Currency translation adjustments		(1.7)	(0.4)	(0.2)	(2.3)
Amortization during the year		(199.8)	(63.9)	(41.1)	(304.8)
Impairment losses		(22.3)	(31.0)	-	(53.3)
Amortization and impairment losses at December 31, 2024		**(566.1)**	**(114.4)**	**(152.8)**	**(833.3)**
Carrying amount at December 31, 2024	**5,605.0**	**3,045.3**	**970.6**	**403.3**	**10,024.2**

Recognition of amortization and impairment losses by function 2024 (2023)

EUR million



Additions from business acquisitions in 2024
On January 29, 2024, the statutory merger between Novozymes A/S ("Novozymes") and Chr. Hansen Holding A/S ("Chr. Hansen") was successfully completed. Additions from business acquisitions include goodwill of EUR 5,309.2 million and other intangible assets of EUR 4,404.1 million identified in connection with the Chr. Hansen purchase price allocation. Reference is made to Note 3.4 for further details.

Changes to the presentation
Intangible asset categories were changed in 2024 in order to provide a better presentation of the material intangible assets identified in connection with the Chr. Hansen purchase price allocation.

The comparative figures for 2023 have been restated accordingly. The categories presented are:

- Goodwill
- Technology and strain library, which include process and product technology, patents, licenses, trademarks, and acquired research and development projects
- Customer relationships
- Software and other intangible assets, which mainly include software, other IT projects and product brands.

Invested capital

3.1 Goodwill and other intangible assets (continued)

EUR million	Goodwill	Technology and strain library	Customer relationships	Software and other intangibles	Total
Cost at January 1, 2023	269.9	574.7	93.5	150.7	1,088.8
Currency translation adjustments	(4.9)	(6.3)	(1.3)	(0.3)	(12.8)
Additions during the year	-	0.6	-	26.1	26.7
Disposals during the year	-	(20.7)	-	(1.1)	(21.8)
Cost at December 31, 2023	**265.0**	**548.3**	**92.2**	**175.4**	**1,080.9**
Amortization and impairment losses at January 1, 2023		(343.4)	(14.6)	(99.1)	(457.1)
Currency translation adjustments		2.5	-	0.2	2.7
Amortization during the year		(22.1)	(4.5)	(13.7)	(40.3)
Disposals during the year		20.7	-	1.1	21.8
Amortization and impairment losses at December 31, 2023		**(342.3)**	**(19.1)**	**(111.5)**	**(472.9)**
Carrying amount at December 31, 2023	**265.0**	**206.0**	**73.1**	**63.9**	**608.0**

Invested capital

3.1 Goodwill and other intangible assets (continued)

Research and development projects
Novonesis' research and development activities are related to the development of new products and to the ongoing optimization of production processes for existing products. Research and development projects with a fair value of EUR 425.7 million were identified in the connection with the Chr. Hansen purchase price allocation.

On December 31, 2024, research and development projects with a carrying amount of EUR 210.1 million are not yet available for use.

Due to the significant uncertainty associated with the development of new products, no significant research and development projects met the criteria for capitalization in 2024 and 2023.

Other intangible asset disclosures
Material assets were identified in connection with the Chr. Hansen purchase price allocation as set out in Note 3.4. Carrying amount and remaining useful life of the individual material assets are:

- Strain library, which comprises the acquired collection of around 50,000 microbial strains related to cultures and probiotics.
- Product technologies, which are technologies related to the specialized distinct recipes and formulations for the large portfolio of commercialized cultures, enzymes and probiotics products.
- Process technologies, which comprise the microbial and fermentation technology related to the production of the portfolio of cultures, enzymes, probiotics and HMOs.
- Material customer relationships, which are related to the strong and long-term partnerships with customers within the dairy industry globally.

Additional intangible assets (customer relationships, research and development projects, product brands, etc.) were identified in connection with the Chr. Hansen purchase price allocation but are not individually considered material assets.

On December 31, 2024, other intangible assets include software and other IT projects of EUR 44.3 million not yet available for use (2023: EUR 35.5 million).

EUR million	Carrying amount	Remaining useful life (years)
Technology and strain library		
Strain library	662.0	19
Product technology	1,567.1	14
Process technology	239.3	14
Customer relationships		
Customer relationships	655.7	24

Impairment test
Other intangible assets
In 2024, impairment losses of EUR 53.3 million were recognized in Special items. No impairment losses were recognized in 2023.

Customer relationships in Russia were written down to zero, and an impairment loss of EUR 31.0 million was recognized in connection with the discontinuation of the acquired activities in Russia. The impairment loss was related to the Food & Health Biosolutions segment.

In 2024, a group of small, acquired research and development projects were discontinued. The discontinuation and disposal led to an impairment loss of EUR 22.3 million, of which EUR 12.6 million was related to the Food & Health Biosolutions segment and EUR 9.7 million to the Planetary Health Biosolutions segment.

Goodwill
Goodwill is monitored for impairment at the operating segment level, which is the lowest level of cash-generating units (CGU) to which consolidated goodwill is allocated and monitored by Management.

Invested capital

3.1 Goodwill and other intangible assets (continued)

Following the combination of Novozymes and Chr. Hansen in 2024, Novonesis' operating segments are Food & Health Biosolutions and Planetary Health Biosolutions. In 2023, goodwill was monitored and tested for the entire Group.

On December 31, 2024, goodwill of EUR 4,142.0 million was allocated to Food & Health Biosolutions, and EUR 1,463.0 million was allocated to Planetary Health Biosolutions. On December 31, 2023, goodwill was EUR 265.0 million.

Neither in 2024 nor in 2023 did the annual impairment test reveal an impairment need. Management believes that no reasonable changes in the key assumptions are likely to lead to an impairment in any of the cash-generating units. Food & Health Biosolutions includes the largest share of goodwill and other intangible assets identified in connection with the Chr. Hansen purchase price allocation. This segment is more sensitive to changes in the key assumptions.

Key assumptions
The recoverable amount determined in the impairment test is based on a value-in-use calculation. To determine the value-in-use, Management is required to estimate the present value of future cash flows. Cash flow projections are based on budgets and long-term forecasts approved by Management. The forecast period is based on Management's budget for 2025 and five-year projections in line with the planning period used internally by Management for the development of the combined business towards 2030.

Significant parameters in the present value estimate are sales growth, adjusted EBITDA margin, discount rate and growth expectations for the terminal period.

The applied post-tax discount rate for Food & Health Biosolutions and Planetary Health Biosolutions is 7.2% (Pre-tax discount rate is 8.8%). The discount rate applied is the weighted average cost of capital (WACC) and reflects the latest market assumptions for the cost of equity and the cost of debt. The weighting of the cost of debt and the cost of equity is based on the capital structure for relevant peer groups.

The long-term growth rate for the terminal period is based on the expected growth in the world economy, and 2% is applied for both segments. The expected sales growth rate and the adjusted EBITDA margins in the forecast period are based on historical experience and Management's assumptions about expected market developments.

Food & Health Biosolutions
Sales growth (CAGR) of mid-to-high single digit percentage was assumed for the forecast period, which was supported by organic sales growth of 8% in 2024. Both Food & Beverages and Human Health are expected to contribute to sales growth from continued focus on growing the core business in close collaboration with our customers, new product developments, and expansion into new markets.

Adjusted EBITDA margin is expected to improve gradually from 35.2% in 2024 towards the terminal period, from both production optimization, through economies of scale and strain optimizations and through anticipated improved commercial cost ratios.

Planetary Health Biosolutions
Sales growth (CAGR) of mid-single digit percentage was assumed for the forecast period, which was supported by the historical organic sales growth within the sales areas in Planetary Health Biosolutions. Both Household Care and Agriculture, Energy & Tech are expected to contribute to sales growth, with a continued focus on growing the core business in close collaboration with our customers, new product developments, and expansion into new markets.

Adjusted EBITDA margin is expected to improve gradually from 37.0% in 2024 towards the terminal period, from production and strain optimizations, and through economies of scale.

Other assumptions include investments, which reflect both maintenance and expectations for organic growth, as well as our climate commitments.

Sensitivity analysis
Sensitivity analysis covering key assumptions has been performed in connection with the impairment testing.

Invested capital

3.1 Goodwill and other intangible assets (continued)

Food & Health Biosolutions includes the largest share of goodwill and other intangible assets acquired in connection with the combination with Chr. Hansen. The segment is more sensitive to changes in the key assumptions. However, based on the sensitivity analysis on the key assumptions there is no impairment, and the key assumptions are not sensitive to reasonable changes to an extent that will result in an impairment loss neither individually nor in combination. For example, a lowering of the terminal growth rate to zero or increasing the discount rate by one percentage point, will not lead to impairment. Similarly, a decrease in sales growth of four percentage points during the forecast period or a decrease in the adjusted EBITDA margin of five percentage points will not lead to impairment.

The discounted cash flow from the budget and forecast period for Planetary Health Biosolutions significantly exceeds the carrying amount of goodwill and other intangible assets.

Critical accounting estimates

Management assesses the risk of impairment of the Group's goodwill and intangible assets. This requires judgment in relation to the identification of impairment indicators as well as cash-generating units (CGUs) and the underlying assumptions applied in impairment testing.

Goodwill is allocated to our operating segments Food & Health Biosolutions and Planetary Health Biosolutions based on expected future cash flow from the assets acquired, as well as synergies identified.

Goodwill and intangibles not available for use are tested annually.

Impairment tests are based on Management's projections and anticipated net present value of estimated future cash flows (value-in-use).

The calculation of value-in-use is based on the discounted cash flow method, using estimates of future cash flows from the continuing use. The key parameters used in determining value-in-use are the sales growth, adjusted EBITDA margins, discount rate and growth expectations for the terminal period.

Invested capital

3.1 Goodwill and other intangible assets (continued)

Accounting policies

Intangible assets are initially measured at cost and are subsequently measured at cost less accumulated amortization and impairment losses.

Intangible assets acquired in a business combination are recognized at fair value at the acquisition date. Goodwill is only arising from business combinations and is measured in the purchase price allocation.

Research costs are recognized in the income statement in the period in which they are incurred. Development costs are recognized in the income statement when incurred, unless the criteria for capitalization are met.

Costs associated with the development of substantial software projects are capitalized if the costs are related to the development of new and improved systems.

Amortization is based on the straight-line method over the estimated useful lives when the assets are available for use.

- Technology and strain library are amortized over a period of 7-25 years. The useful lives of patents and trademarks are normally identical to the patent period. Licenses are amortized over the contractual period
- Customer relationships are amortized over a period of 7-25 years
- Software and other IT projects are amortized over a period of 3-10 years
- Product brands are amortized over a period of 15-20 years
- Other intangible assets are amortized over a period of 3-20 years

Estimated useful lives and amortization methods are reassessed annually.

Goodwill and intangible assets not available for use are not amortized but are subject to an annual impairment test, or when indicators of impairment are identified.

Goodwill is allocated to the cash-generating units as identified by Management, representing the smallest group of assets which together generate incoming cash flow from the continued use of the assets, and which are independent of cash flow from other assets or groups of assets.

The Group regularly reviews the carrying amounts of the intangible assets, subject to amortization, to determine whether there is an indication of impairment. An impairment loss is measured based on discounted projected cash flows and is recognized to the extent that the asset's carrying amount exceeds its estimated recoverable amount. Impairments on intangible assets, other than goodwill, are reviewed at each reporting date for possible reversal.

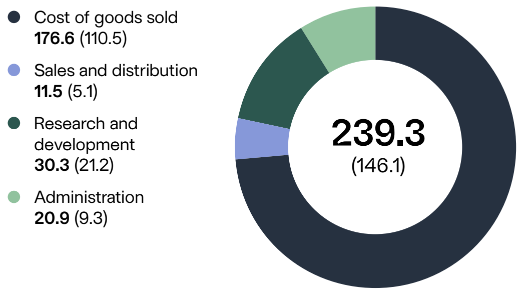
Invested capital

3.2 Property, plant and equipment

EUR million	Land and buildings	Plant and machinery	Other equipment	Assets under construction	Total
Cost at January 1, 2024	1,120.2	1,772.2	388.6	237.0	3,518.0
Currency translation adjustments	28.5	46.1	5.1	6.1	85.8
Additions from business acquisitions	476.5	344.3	64.2	277.7	1,162.7
Additions during the year	30.7	40.9	35.0	252.3	358.9
Disposals during the year	(9.3)	(81.7)	(27.8)	-	(118.8)
Transfers to/(from) other items	45.2	91.7	16.4	(153.3)	-
Cost at December 31, 2024	**1,691.8**	**2,213.5**	**481.5**	**619.8**	**5,006.6**
Depreciation and impairment losses at January 1, 2024	(501.1)	(1,107.6)	(255.5)		(1,864.2)
Currency translation adjustments	(11.9)	(24.6)	(4.6)		(41.1)
Depreciation during the year	(70.0)	(124.0)	(45.3)		(239.3)
Disposals during the year	5.9	79.2	21.2		106.3
Depreciation and impairment losses at December 31, 2024	**(577.1)**	**(1,177.0)**	**(284.2)**		**(2,038.3)**
Carrying amount at December 31, 2024	**1,114.7**	**1,036.5**	**197.3**	**619.8**	**2,968.3**

Recognition of depreciation by function 2024 (2023)

EUR million



Capitalized interest and pledges
Interest of EUR 4.4 million (2023: EUR 6.0 million) was capitalized under Additions during the year and recognized as Investing activities in the statement of cash flows. Capitalization rate: 1.85% (2023: 2.28%).

Land and buildings with a carrying amount of EUR 236.9 million (2023: EUR 173.9 million) was pledged as security to credit institutions in respect of mortgage loans expiring in 2029 and 2039.

Impairment
No impairment loss was recognized in 2023 or 2024.

Contractual obligations
Contractual obligations to third parties relating to investments in property, plant and equipment amounted to EUR 133.3 million (2023: EUR 33.8 million).

Invested capital

3.2 Property, plant and equipment (continued)

EUR million	Land and buildings	Plant and machinery	Other equipment	Assets under construction	Total
Cost at January 1, 2023	1,036.9	1,662.5	387.3	389.4	3,476.1
Currency translation adjustments	(24.8)	(41.2)	(9.2)	(11.1)	(86.3)
Additions during the year	31.0	48.0	20.7	166.6	266.3
Disposals during the year	(7.1)	(10.4)	(20.9)	-	(38.4)
Transfers to assets held for sale	(43.3)	(55.7)	(0.7)	-	(99.7)
Transfers to/(from) other items	127.5	169.0	11.4	(307.9)	-
Cost at December 31, 2023	**1,120.2**	**1,772.2**	**388.6**	**237.0**	**3,518.0**
Depreciation and impairment losses at January 1, 2023	(499.2)	(1,104.3)	(249.0)		(1,852.5)
Currency translation adjustments	13.6	27.3	6.1		47.0
Depreciation during the year	(40.0)	(74.4)	(31.7)		(146.1)
Disposals during the year	5.0	8.9	18.4		32.3
Transfers to assets held for sale	20.0	34.4	0.7		55.1
Transfers to/(from) other items	(0.5)	0.5	-		-
Depreciation and impairment losses at December 31, 2023	**(501.1)**	**(1,107.6)**	**(255.5)**		**(1,864.2)**
Carrying amount at December 31, 2023	**619.1**	**664.6**	**133.1**	**237.0**	**1,653.8**

Invested capital

3.2 Property, plant and equipment

(continued)

Accounting policies

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses. Borrowing costs in respect of construction of major assets are capitalized.

Assets under construction include prepayments for property, plant and equipment, and assets under construction.

Depreciation is based on the straight-line method over the expected useful lives of the assets, as follows:

- Buildings: 12–50 years
- Plant and machinery: 5–25 years
- Other equipment: 3–18 years

The residual values and useful lives of the assets are reviewed on an annual basis and adjusted if necessary at each reporting date. Climate-related matters, including the commitment to reach net-zero emissions, were considered to the extent possible when reviewing the useful lives of property, plant and equipment.

The Group regularly reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. If the recoverable amount of an asset is estimated to be lower than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment losses are reversed only to the extent of changes in the assumptions and estimates underlying the impairment calculation.

3.3 Leases

EUR million	2024	2023
Land and buildings	177.4	32.1
Plant and machinery	11.3	11.0
Other equipment	13.6	9.1
Carrying amount of lease assets	**202.3**	**52.2**
Lease liabilities		
Less than 1 year	29.5	18.8
Between 1 and 5 years	62.6	25.2
More than 5 years	103.7	11.8
Undiscounted lease liabilities at December 31	**195.8**	**55.8**
Amounts recognized in the income statement:		
Interest on lease liabilities	6.8	2.1
Depreciation of lease assets per asset class		
Land and buildings	20.8	9.1
Plant and machinery	1.0	0.7
Other equipment	7.8	6.0
Depreciation of lease assets	**29.6**	**15.8**
Amounts recognized in the statement of cash flows:		
Total cash outflow for leases	34.6	18.6

Invested capital

3.3 Leases (continued)

As part of the combination with Chr. Hansen in 2024, lease of land and buildings has increased significantly, in part due to a lease relating to company offices in Hoersholm, Denmark. Management has assessed that the lease term for this lease, including a five-year extension option, is 25 years.

Additions to the lease assets during 2024 amounted to EUR 187.6 million (2023: EUR 17.2 million), of which EUR 160.0 million is from business acquisitions.

Accounting policies

Lease assets

Lease assets are 'right-of-use assets' from lease agreements. If, at inception, it is assessed that a contract contains a lease, a lease asset is recognized. Lease assets are initially measured at the present value of future lease payments, plus the cost of obligations to refurbish the asset. Payments include fixed payments, variable lease payments depending on an index or a rate, and the exercise price of purchase options that are reasonably certain to be exercised.

Lease assets are depreciated using the straight-line method over the shorter of the expected lease term and the useful life of the underlying asset. Lease assets are tested for impairment whenever there is an indication that the assets may be impaired.

Lease assets are depreciated as follows:

- Buildings: 1–25 years
- Land: 10–90 years
- Plant and machinery: 1–10 years
- Other equipment: 1–10 years

Short-term leases and leases of low value are recognized as expenses in the income statement on a straight-line basis over the lease term.

Novonesis' portfolio of leases covers leases of land, buildings, plant and machinery, and other equipment such as cars and transportation containers.

Lease liabilities

Lease liabilities are initially recognized at the present value of future lease payments, including payments from extension or purchase options that are considered reasonably certain to be exercised.

The lease liability is measured using the implicit borrowing rate in the contracts or, where this is not available, the marginal borrowing rate in the countries in which Novonesis operates. Novonesis applies a single discount rate to portfolios of leases in the countries in which Novonesis operates, based on contract currency and loan periods.

If a lease contract is modified, the lease liability is remeasured. For building leases, lease terms are estimated, taking the size of the building and its strategic importance into consideration. Novonesis has entered into several open-ended building leases and building leases with extension options. Lease terms of such agreements are estimated based on the strategic importance of the buildings and the estimated time frame necessary to vacate the premises. The estimated lease term is reassessed at each reporting date. The estimated lease terms for such contracts do not exceed 25 years.

Invested capital

3.4 Business acquisitions

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

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

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

The merger is accounted for as a business combination using the acquisition method under IFRS 3, where Novozymes A/S is identified as the acquirer and Chr. Hansen Holding A/S is identified as the acquiree. The fair value and purchase price allocation to identifiable assets and liabilities of Chr. Hansen were finalized on December 31, 2024.

The purchase price allocation resulted in recognition of a goodwill amount of EUR 5,309.2 million, technology-related assets of EUR 3,061.0 million, customer relationships of EUR 984.8 million, and brands and other intangible assets of EUR 358.3 million.

The goodwill arising from the merger primarily relates to synergies from complementary product offerings. The combination of Novozymes and Chr. Hansen will create a leading global biosolutions partner with a broad biological toolbox and a diversified portfolio in attractive markets. The combination is an important step towards unlocking additional growth opportunities, as the combined scale, know-how, commercial strengths, and innovation excellence will drive value for the shareholders and customers. In addition, the goodwill relates to the Chr. Hansen assembled workforce, which cannot be recognized separately from goodwill. The goodwill is not tax-deductible.

Fair value recognized at the acquisition date January 29, 2024:

EUR million	Chr. Hansen
Assets	
Other intangible assets	4,404.1
Property, plant and equipment	1,162.7
Financial assets	20.9
Inventories	393.4
Trade and other receivables	207.3
Cash and cash equivalents	38.1
Assets held for sale	84.1
Assets	**6,310.6**
Liabilities	
Deferred tax liabilities, net	(1,088.3)
Borrowings	(1,123.5)
Tax payables, net	(83.3)
Other liabilities	(244.9)
Liabilities	**(2,540.0)**
Acquired net assets	**3,770.6**
Purchase price	
Consideration in equity issuance	9,079.8
Purchase price	**9,079.8**
Goodwill	**5,309.2**

Invested capital

3.4 Business acquisitions (continued)

Assets held for sale of EUR 84.1 million are related to the divested lactase enzyme business at the agreed sales price. The combined lactase enzyme business divestment was completed on November 26, 2024. Please refer to note 3.5 for further details.

Deferred tax liabilities include the deferred tax related to the fair value step-ups on measuring the acquired net assets and liabilities (excluding goodwill) based on the tax rates applicable.

Fair value of receivables and liabilities has been measured at the contractual amount expected to be received or paid. In addition, collectability has been taken into consideration on trade receivables.

The merger contributed EUR 1,257 million to net sales, approximately EUR 430 million to adjusted EBITDA and approximately EUR -130 million to net profit during the period from January 29 to December 31, 2024.

If the merger had occurred on January 1, 2024, the contribution to net sales would have been approximately EUR 1,369 million, approximately EUR 465 million to adjusted EBITDA and approximately EUR -160 million to net profit. The negative net profit contribution is impacted by special items, the inventory step-up of EUR 183.9 million and additional depreciation and amortization of EUR 272.7 million related to the fair value step-ups on the identified assets of Chr. Hansen.

Transaction costs of EUR 36.0 million (2023: EUR 29.5 million) are recognized within Special items in the income statement, and transaction costs related to the issuance of shares of EUR 5.0 million are recognized within equity in 2024.

Critical accounting estimates

Key accounting estimates are used in determining the fair value of assets acquired in business combinations and requires Management judgments of whether intangible assets acquired in a business combination are separately identifiable. This involves assessing if the identified technology-related assets, customer relationships and brands meet the separability criterion, which means they can be separated from the acquiree and sold, transferred, licensed, rented, or exchanged independently.

The application of the acquisition method of accounting involves the use of significant estimates, because the identifiable net assets of the acquiree are recognized at their fair value, for which observable market prices are typically not available. This is particularly relevant for assets which require the use of valuation techniques typically based on estimates of present value of future uncertain cash flows.

The fair value is based on assumptions made by market participants, which in the business combination is assessed to be a company with similar needs and capacity to acquire assets of the same nature and size as those of the acquired business.

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

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

Inputs used in these valuation methods for assessing net present value of intangible assets include revenue and cash flow projections, valuation period, discount factor, as well as churn and royalty rates.

The valuation of property, plant and equipment identified in the acquisition is mainly based on the depreciated replacement cost method of the significant production facilities located in Denmark, France, Germany and the U.S. The depreciated replacement cost method reflects adjustments for physical deterioration, as well as functional and economic obsolescence. Land has been valued using the market approach based on comparable transactions.

Fair value of inventories is based on expected selling price less costs to complete and a reasonable margin.

Management has engaged external experts to support the purchase price allocation and fair value assessment.

Invested capital

3.4 Business acquisitions (continued)

Accounting policies

Business combinations are accounted for using the acquisition method. The purchase price includes the consideration transferred, shares issued and fair value at the acquisition date of any contingent consideration arrangement.

The purchase price is allocated to the identifiable assets and liabilities, non-controlling interests in the acquiree and contingent liabilities assumed, which are measured at fair value at the date of acquisition by applying relevant valuation methods.

Goodwill is initially measured at cost, being the excess of the consideration transferred over the net identifiable assets acquired and liabilities assumed.

If, on the acquisition date, there are any uncertainties with respect to identifying or measuring the acquired net assets, the initial recognition will be made on the basis of estimated fair values. The estimated fair values may be adjusted or additional assets or liabilities may be recognized during the measurement period of up to 12 months to reflect new information that becomes available about conditions prevailing on the acquisition date. Such adjustments are made to the initial purchase price allocation as a restatement of prior information, including to the amount of goodwill.

Acquisition-related costs are expensed as incurred, except if related to the issue of equity securities.

Invested capital

3.5 Divestment of the lactase enzyme business

Details on the divestment of the lactase enzyme business are as follows:

EUR million	2024
Consideration	
Cash received	145.4
Total consideration	**145.4**
Carrying amount of net assets divested	(125.0)
Transaction costs	(7.7)
Gain on divestment before income tax	**12.7**
Tax on gain	(4.6)
Gain on divestment after income tax	**8.1**

The combination of Novozymes and Chr. Hansen was approved by the European Commission under the condition of divesting a part of Novonesis' combined global lactase enzyme business. In 2023, a definitive agreement to sell the combined lactase enzyme business was entered into with Kerry Group plc ("Kerry") and approved by the European Commission on January 26, 2024.

On November 26, 2024, the agreed carve-out activities were completed and approved by the European Commission. The lactase enzyme business was transferred to Kerry and the total consideration of EUR 145.4 million was received.

The divested lactase enzyme business was related to the Food & Health Biosolutions segment. The gain on sale before tax of EUR 12.7 million is recognized within special items. Tax on divestment of EUR 4.6 million is recognized within tax in the income statement.

The carrying amount of the net assets divested on November 26, 2024 were:

EUR million	2024
Intangible assets	84.1
Property, plant and equipment	38.0
Inventories	4.3
Trade and other receivables	0.7
Cash and cash equivalents	0.9
Total assets	**128.0**
Trade and other payables	(3.0)
Total liabilities	**(3.0)**
Net assets divested	**125.0**

Intangible assets of EUR 84.1 million was identified in connection with the Chr. Hansen purchase price allocation and was recognized as assets held for sale at the acquisition date. Please refer to Note 3.4 for further details.

The divestment includes 100% of the shares in Nuocheng Trillion Food (Tianjin) Co., Ltd., China.

There were no significant exchange gains or losses recognized in Other comprehensive income with respect to the divestment.

Net working capital

Net working capital

4.1 Inventories

EUR million	2024	2023
Raw materials and consumables	108.4	59.8
Work in progress	255.2	176.0
Finished goods	357.0	250.9
Inventories at December 31	**720.6**	**486.7**
Cost of materials, included in Cost of goods sold	1,083.8	643.0
Indirect production costs capitalized in inventories at December 31	266.0	149.5
Write-downs expensed during the year	17.6	24.4
Reversal of write-downs during the year*	16.6	7.8

* Part of the reversal of write-downs is attributable to written-down inventory being reused in production.

Critical accounting estimates

Work in progress and finished goods are measured at cost, including indirect production costs. Indirect production costs are assessed on an ongoing basis to ensure reliable measurement of employee costs, capacity utilization, cost drivers and other relevant factors. Changes in these parameters may have an impact on the gross margin and the overall valuation of work in progress and finished goods.

Accounting policies

Inventories are measured at the lower of cost determined on a first-in first-out basis and net realizable value.

The cost of work in progress and finished goods comprises direct production costs such as raw materials and consumables; energy and labor directly attributable to production; and indirect production costs such as employee costs, maintenance, and depreciation of plants, etc.

If the expected selling price, less any completion costs and costs to execute the sale (net realizable value) of inventories, is lower than the carrying amount, inventories are written down to net realizable value.

Novonesis has entered into a few agreements where Novonesis supplies goods to a customer's premises but retains title to the inventory until the goods are consumed in the customer's production. As long as Novonesis retains title to the goods, they are recognized as inventory.

Net working capital

4.2 Trade receivables

EUR million	2024	2023
Trade receivables, gross	686.7	516.5
Allowances	(21.1)	(19.8)
Trade receivables at December 31	**665.6**	**496.7**
Aging of trade receivables, gross:		
Up to 30 days	646.6	482.8
Between 30 and 90 days	18.6	9.8
More than 90 days	21.5	23.9
Trade receivables, gross, at December 31	**686.7**	**516.5**
Changes in allowances for trade receivables:		
At January 1	19.8	18.3
Additions from business acquisitions	3.1	-
Allowances during the year	3.5	5.7
Write-offs during the year	(1.4)	(3.0)
Reversed allowances	(3.9)	(1.2)
Allowances at December 31	**21.1**	**19.8**

Allowance for credit loss on trade receivables
The allowance for expected credit losses on trade receivables is based on historical credit loss experience, combined with forward-looking information on macroeconomic factors affecting the credit risk. The expected loss rates are updated at each reporting date.

§ **Accounting policies**

Trade receivables are measured at amortized cost less allowance for lifetime expected credit losses.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and days past due. Furthermore, an allowance for lifetime expected credit losses for trade receivables is recognized on initial recognition.

Trade receivables are written off when all possible options have been exhausted and there is no reasonable expectation of recovery.

The cost of allowances for expected credit losses and write-offs for trade receivables is recognized in Sales and distribution costs.

Net working capital

4.3 Assets held for sale

EUR million	2024	2023
Carrying amount of non-current assets held for sale:		
Land and buildings	11.6	23.3
Plant and machinery	-	21.2
Total	**11.6**	**44.5**

At December 31, 2024, assets held for sale include land and buildings in Bagsvaerd, Denmark, sold in connection with the relocation of the headquarters.

The assets were sold with effect from January 1, 2025, to Novo Nordisk A/S for EUR 16.8 million. A minor gain will be recognized in Special items in 2025.

In 2023, a definitive agreement to sell the lactase enzyme business was entered into with Kerry Group plc ("Kerry"). The divestment was completed and approved by the European Commission in 2024. Reference is made to Note 3.5 for further details.

§ Accounting policies

Non-current assets are classified as assets held for sale, when their carrying amounts are to be recovered principally through a sale transaction and a sale is considered highly probable.

Such assets are stated at the lower of the carrying amount and fair value less costs to sell.

Capital structure and financing

Capital structure and financing

5.1 Financial risk factors and risk management

Due to the international nature of Novonesis' operations, the Group's earnings and financial position are exposed to a number of financial risk factors. Financial risks are managed centrally for the entire Group. The Novonesis Treasury Policy is approved by the Board of Directors and sets the limits for the various financial risks and the derivatives used to hedge risk. The Treasury Policy is adjusted on an ongoing basis and adapted to the market situation. It contains rules for which derivatives can be used for hedging, which counterparties can be used, and the risk profile that is to be applied.

Currency risk
Currency risk arises due to imbalances between cash flows.

Novonesis hedges expected net exposure (cash flow exposure) if it is determined that a movement in a foreign exchange rate will have a material impact on expected earnings/cash flow.

Hedging of currency risk is carried out in the currencies in which Novonesis has the largest exposures. Hedging is managed by entering into derivatives such as forward contracts, currency options and swaps. Loans and deposits in foreign currencies are also utilized for hedging purposes.

Hedge effectiveness is assessed on a regular basis by comparing changes in the timing and value of the expected exposure in the relevant currencies with the timing and value changes for the designated cash flow hedging transaction.

Where deemed appropriate, currency risk related to net investments in foreign subsidiaries is hedged by taking out loans and entering into swaps. Currently, there are no open transactions used to hedge equity investments.

Foreign exchange sensitivity – 2024
The sensitivity analysis shows the impact on net profit and other comprehensive income of a 5% change in EUR versus the key currencies to which Novonesis was exposed to on December 31, 2024. The sensitivity analysis comprises effects from the Group's cash, trade receivables, trade payables, loans, current and non-current financial investments, lease liabilities and derivatives. Anticipated currency transactions, investments in foreign subsidiaries and non-current assets are not included.

The sensitivity analysis assumes that exchange rates change on December 31, 2024, while all other variables remain constant. The table shows the effect of an increase in exchange rates. A decrease in exchange rates would have the opposite effect.

Foreign exchange sensitivity analysis

		2024		2023	
EUR million	**Increase in exchange rates**	**Change in net profit**	**Change in other comprehensive income**	**Change in net profit**	**Change in other comprehensive income**
INR	5.0%	0.2	-	(0.1)	-
CNY	5.0%	0.1	-	(0.3)	-
USD	5.0%	0.5	(28.7)	0.1	(15.2)
Other	5.0%	1.4	-	(0.4)	-
Total		**2.2**	**(28.7)**	**(0.7)**	**(15.2)**

Foreign exchange sensitivity – 2025 estimate
Adjusted EBITDA is exposed to exchange rate developments, as the effect of hedges is included in financial income/costs. Adjusted EBITDA is mainly exposed to USD. A movement of 5% in the EUR/USD exchange rate would result in a change in the expected adjusted EBITDA for 2025 of around EUR 45-50 million.

Of the expected USD cash flows for 2025, 77% has been hedged by forward contracts at an average rate of 1.10. As a result, the impact on net profit from changes in the EUR/USD exchange rate has been reduced significantly compared with the impact on adjusted EBITDA.

Interest rate risk
Interest rate risk arises in relation to interest-bearing assets and liabilities. In accordance with the Novonesis Treasury Policy, a minimum of 50% of loans must be at fixed interest rates. Hedging of the interest rate risk is managed by entering into fixed-rate loans and interest rate swaps. At

Capital structure and financing

5.1 Financial risk factors and risk management (continued)

December 31, 2024, 64% (2023: 53%) of the loan portfolio carried fixed interest rates.

With the current hedging of interest rate risk, an increase of 1 percentage point in the average interest rate on Novonesis' net interest-bearing debt would have a negative effect on net profit of EUR 2.9 million (2023: negative effect of EUR 3.1 million).

Part of the Group's loan portfolio is subject to a customary financial covenant that is common for a company with the credit profile of Novonesis. The Group regularly monitors covenant compliance, which currently shows ample headroom.

Credit risk

Credit risk arises especially on cash and cash equivalents, derivatives, trade receivables and contract assets. The credit risk on trade receivables is countered by thorough, regular analysis based on customer type, country and specific conditions. The credit risk on cash and cash equivalents and derivatives is mitigated by the Treasury Policy, which limits exposure solely to counterparties that have an investment-grade credit rating. The credit risk is calculated on the basis of net market value and is governed by the Treasury Policy. Novonesis has entered into netting agreements with all the banks used for trading in financial instruments, which means that Novonesis' credit risk is limited to net assets. At December 31, 2024, the Group considered its maximum credit risk to be EUR 1,073.6 million (2023: EUR 691.6 million), which is the total of the Group's financial assets. At December 31, 2024, the maximum credit risk related to one counterparty was EUR 70.6 million (2023: EUR 59.0 million).

Liquidity risk

In connection with the Group's ongoing financing of operations, including refinancing, efforts are made to ensure adequate and flexible liquidity. This is guaranteed by using committed credit facilities and by placing free funds in deposits, government bonds or ultra-liquid mortgage bonds in accordance with the Treasury Policy.

At December 31, 2024, Novonesis' financial resources amounted to EUR 1,075 million (2023: EUR 855 million), consisting of cash, cash equivalents, and undrawn committed credit facilities of EUR 795 million, which expire in 2025–2029.

With the exception of debt to credit institutions, the maturity dates are primarily within one year. Novonesis has not arranged any supply-chain financing arrangements for the Group's suppliers.

Commodity price risk

Novonesis is exposed to price risk for electricity in the Group's main production sites. In Denmark, the exposure is hedged for up to 18 months using forward contracts or by entering into fixed price agreements with the suppliers. Of the expected electricity exposure in Denmark for 2025, 62% has been hedged.

Capital structure

Novonesis favors having a conservative balance sheet, which is reflected by a target for net interest-bearing debt in the range of 1.3x-1.7x EBITDA. At December 31, 2024, the ratio was 1.4, and thus the target is considered as met in 2024. The capital structure is mainly managed using two instruments:

1) Dividend payments, through which Novonesis aims for a payout ratio in the range of 40%-60% of the adjusted net profit. In September 2024, an interim dividend of DKK 2.00 (EUR 0.27) per share was paid out (October 2023: DKK 4.20 (EUR 0.56) per share), amounting to EUR 124.9 million (2023: EUR 160 million). The Board of Directors proposes that the Annual General Meeting approve an ordinary dividend of DKK 4.20 (EUR 0.56) per share, for a total payout of approximately EUR 387 million for the 2024 financial year. For 2023, the Board proposed a dividend of DKK 2.00 (EUR 0.27) per share at the Annual General Meeting in 2024, which was approved and paid out with EUR 124.9 million in 2024. For 2024, the payout ratio is expected to be 65.1%.

2) Share buybacks. No program was executed in 2024. A new share buyback program of up to EUR 100 million is planned for 2025.

Capital structure and financing

5.2 Financial income and Financial costs

EUR million	2024	2023
Interest income	26.9	12.0
Fair value adjustments of contingent consideration	-	22.1
Gains on cash flow hedges	-	3.4
Gains on minority ownership investments	-	0.3
Financial income	**26.9**	**37.8**
Interest costs	(69.3)	(18.9)
Interest on lease liabilities	(6.8)	(2.1)
Interest on contingent consideration	(0.3)	(2.1)
Losses on cash flow hedges	(7.5)	-
Losses on fair value hedges	(0.6)	(8.1)
Losses on joint venture and minority ownership investments	(5.1)	(2.0)
Other financial costs	(11.5)	(8.9)
Other foreign exchange losses, net	(5.7)	(2.1)
Fair value adjustments of cash-settled share options	(0.5)	(0.1)
Financial costs	**(107.3)**	**(44.3)**
Financial income/(costs), net	**(80.4)**	**(6.5)**

Accounting policies

Financial income and Financial costs comprise interest income and interest costs; realized and unrealized foreign exchange gains and losses; gains and losses on other financial assets; and fair value adjustments of cash-settled share-based incentive programs and contingent consideration, which are offset against Other liabilities and fair value adjustments of Other financial assets.

Interest income and Interest costs are measured at amortized cost for financial assets and liabilities.

Financial income and Financial costs also include fair value adjustments of derivatives used to hedge assets and liabilities, and income and costs relating to cash flow hedges that are transferred from Other comprehensive income on realization of the hedged item.

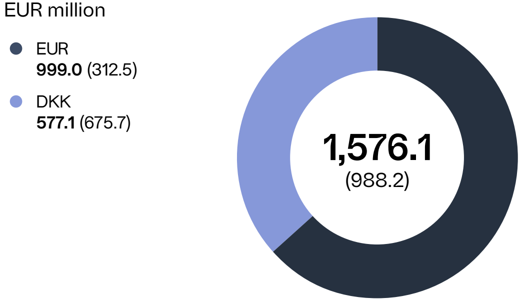
Capital structure and financing

5.3 Borrowings

EUR million	2024	2023
Credit institutions	1,576.1	988.2
Lease liabilities	193.9	49.4
Derivatives	26.8	6.4
Borrowings at December 31	**1,796.8**	**1,044.0**
Recognized in the balance sheet as follows:		
Non-current	1,530.4	612.0
Current	266.4	432.0
Borrowings at December 31	**1,796.8**	**1,044.0**

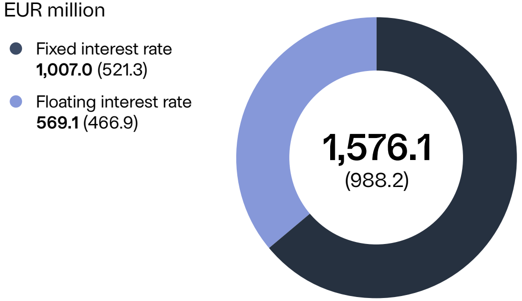
Credit institutions - currency 2024 (2023)

EUR million



Credit institutions (incl. hedging) – fixed or floating interest rate 2024 (2023)

EUR million



EUR million	2024	2023
Contractual maturities incl. interest for credit institutions*		
Less than 1 year	245.2	430.5
Between 1 and 5 years	1,169.3	372.2
More than 5 years	276.8	263.5
Undiscounted credit institutions at December 31	**1,691.3**	**1,066.2**

Reference is made to Note 3.3 for similar information regarding lease liabilities.
* Includes effect from interest rate swaps.

	2024			2023		
EUR million	Credit institutions	Lease liabilities	Total	Credit institutions	Lease liabilities	Total
Liabilities from financing activities at January 1	988.2	49.4	1,037.6	865.6	55.3	920.9
Additions from business acquisitions	963.5	160.0	1,123.5	-	-	-
Financing cash flows	(377.5)	(27.8)	(405.3)	123.8	(16.5)	107.3
Currency translation adjustments	1.9	(0.3)	1.6	(1.2)	(1.5)	(2.7)
Other changes*	-	12.6	12.6	-	12.1	12.1
Total liabilities from financing activities at December 31	**1,576.1**	**193.9**	**1,770.0**	**988.2**	**49.4**	**1,037.6**

* Other changes include changes in lease liabilities from new or terminated leases and accrued interest expenses, which will be presented as operating cash flows in the statement of cash flows when paid.

Capital structure and financing

5.4 Derivatives – hedge accounting

EUR million	2024 Contract amount based on agreed rates*	2024 Fair value	2023 Contract amount based on agreed rates*	2023 Fair value
Forward exchange contracts				
CNH	(68.8)	1.1	(88.0)	(1.4)
GBP	(13.2)	-	-	-
USD	28.5	(0.3)	95.3	0.7
INR	29.3	(0.5)	37.3	0.7
Other (purchase)	(7.8)	-	(6.3)	0.1
Other (sale)	22.2	0.6	19.5	-
Fair value hedges at December 31	**(9.8)**	**0.9**	**57.8**	**0.1**

* Positive contract amounts represent a sale of the respective currency, and negative amounts represent a purchase.

Fair value hedges
The table above shows the derivatives the Group has contracted in order to hedge currency exposure on financial assets and liabilities that give rise to currency adjustments in the income statement.

The forward exchange contracts mature in the period January 2025 to November 2025 (2023: January 2024 to July 2024).

The fair value hedges were 100% effective, as the loss on forward exchange contracts was EUR 0.6 million (2023: loss of EUR 8.1 million), compared with a gain on hedged items of EUR 0.6 million (2023: gain of EUR 8.1 million).

EUR million	2024 Contract amount based on agreed rates	2024 Fair value	2023 Contract amount based on agreed rates	2023 Fair value
Forward exchange contracts*				
USD	545.9	(22.9)	304.3	2.7
	545.9	**(22.9)**	**304.3**	**2.7**
Interest rate swaps				
DKK/DKK – floating to fixed rate	194.9	1.3	77.0	5.1
EUR/EUR – floating to fixed rate	496.1	10.0	-	-
	691.0	**11.3**	**77.0**	**5.1**
Forwards				
Electricity price agreements	3.6	(0.3)	9.7	(4.0)
	3.6	**(0.3)**	**9.7**	**(4.0)**
Cash flow hedges at December 31	**1,240.5**	**(11.9)**	**391.0**	**3.8**

* Positive contract amounts represent a sale of the respective currency, and negative amounts represent a purchase.

Cash flow hedges
The table above shows the derivatives the Group has contracted to hedge currency, interest rate and electricity price exposure in future cash flows.

The forward exchange contracts mature in the period January 2025 to December 2025 (2023: January 2024 to December 2024); the swaps mature in the period June 2025 to September

Capital structure and financing

5.4 Derivatives – hedge accounting (continued)

2034 (2023: May 2026 and December 2026); and the electricity price agreements mature in the period March 2025 to December 2025 (2023: January 2024 to December 2024).

At the end of 2024, the Group had hedged 77% of expected future cash flows in USD for 2025, at an average rate of EUR 1.10 (2023: 88% of expected future cash flows in USD for 2024, at an average rate of EUR 1.10).

The electricity price agreements have an average payment of EUR 77.8/MWh for 2025 (2023: average payment of EUR 137.0/MWh for 2024).

Accounting policies

Hedge accounting consists of positive and negative fair values of derivatives, which are recognized in the balance sheet under Other financial assets and Borrowings, respectively. Derivatives are recognized at the transaction date.

Derivatives used for fair value hedges are measured at fair value at the reporting date, and value adjustments are recognized as Financial income or Financial costs. Derivatives used for cash flow hedges and hedges of net investments in subsidiaries are measured at fair value at the reporting date, and value adjustments are recognized in Other comprehensive income.

Income and costs relating to cash flow hedges and hedges of net investments in subsidiaries are transferred from Other comprehensive income when the hedged transaction occurs. On realization, foreign exchange contracts and interest rate swaps are recognized as Financial income or Financial costs, and electricity price agreements covering production-related electricity are recognized as part of Cost of goods sold.

Capital structure and financing

5.5 Common shares and treasury shares

	2024		2023	
	Number of shares	Nominal value DKK million	Number of shares	Nominal value DKK million
Common shares				
A common shares (nominally DKK 2)	53,743,600	107.5	53,743,600	107.5
B common shares (nominally DKK 2)	414,555,046	829.1	227,256,400	454.5
Common shares at December 31	**468,298,646**	**936.6**	**281,000,000**	**562.0**
Treasury shares - B shares				
Treasury shares at January 1	3,682,554	7.4	4,401,011	8.8
Disposals during the year	(1,519,697)	(3.1)	(718,457)	(1.4)
Treasury shares at December 31	**2,162,857**	**4.3**	**3,682,554**	**7.4**

Number of shares	2024	2023
Common shares in circulation		
Shares at January 1	277,317,446	276,598,989
Share issue	187,298,646	-
Sale of treasury shares	1,519,697	718,457
Common shares in circulation at December 31	**466,135,789**	**277,317,446**

Each A share entitles the holder to 20 votes, while each B share entitles the holder to two votes.

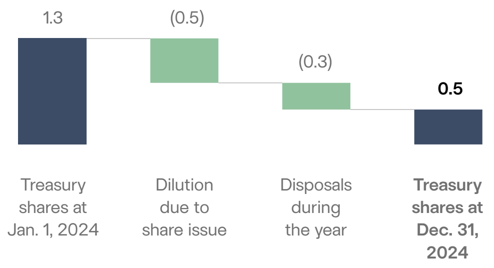
Each year, the Board of Directors assesses whether the ownership structure with A and B common shares is optimal. The Board of Directors continues to believe that this is the best way to safeguard Novonesis' long-term development to the benefit of the company's shareholders and other stakeholders.

Treasury shares are used to reduce the common shares and to hedge employees' exercise of granted share awards and share options.

Share issue
As a result of the statutory merger with Chr. Hansen Holding A/S in 2024, the share capital of Novozymes A/S has been increased by nominally DKK 374,597,292 from DKK 562,000,000 to DKK 936,597,292, through the issuance of a total of 187,298,646 new B common shares in the denomination of DKK 2 per share. The share issue is further described in note 3.4.

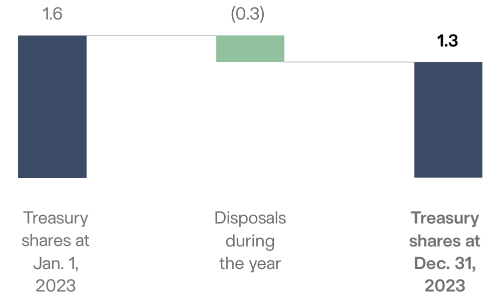
Treasury shares 2024

% of common shares



Treasury shares 2023

% of common shares



Capital structure and financing

5.6 Financial assets and liabilities by category

EUR million	Note	2024	2023
Other financial assets		3.4	-
Trade receivables	4.2	665.6	496.7
Contract assets		23.6	9.4
Other receivables, excl. prepaid expenses		81.7	22.1
Cash and cash equivalents		280.0	149.7
Financial assets at amortized cost		**1,054.3**	**677.9**
Derivatives		2.8	1.8
Other financial assets		3.5	3.4
Fair value through profit and loss		**6.3**	**5.2**
Derivatives		13.0	8.5
Fair value through other comprehensive income		**13.0**	**8.5**
Financial assets		**1,073.6**	**691.6**

EUR million	Note	2024	2023
Lease liabilities	5.3	193.9	49.4
Credit institutions	5.3	1,576.1	988.2
Trade payables		423.1	216.9
Other payables		126.6	85.3
Financial liabilities at amortized cost		**2,319.7**	**1,339.8**
Derivatives	5.3	1.9	1.7
Contingent consideration		-	9.7
Fair value through profit and loss		**1.9**	**11.4**
Derivatives	5.3	24.9	4.7
Fair value through other comprehensive income		**24.9**	**4.7**
Share purchase liability	6.5	-	78.4
Fair value through equity		**-**	**78.4**
Financial liabilities		**2,346.5**	**1,434.3**

Fair value hierarchy
Novonesis has no financial instruments measured at fair value on the basis of quoted prices (level 1 input).

For financial assets and financial liabilities measured at amortized cost (level 2 input), the carrying amounts approximate fair value. Derivatives are measured at fair value based on observable data (level 2 input). The derivatives are not traded in an active market based on quoted prices, but on individual contracts. The fair value of these assets is determined using valuation techniques that utilize market-based data such as exchange rates, interest rates, credit risk, electricity prices and volatilities.

Other financial assets, contingent consideration and share purchase liability are measured at fair value based on non-observable data (level 3 input). Reference is made to 6.5 for a description of the fair value measurement of the share purchase liability. The contingent consideration was contingent on the achievement of PrecisionBiotics Group sales targets for 2023, and was recognized at the anticipated fair value of EUR 9.7 million in 2023. In 2024, EUR 10 million was paid out.

Other notes

Other notes

6.1 Management remuneration

EUR million	2024 Board of Directors	2024 Executive Management	2024 Total	2023 Board of Directors	2023 Executive Management	2023 Total
Salaries and other short-term benefits	1.8	2.6	4.4	1.3	2.3	3.6
Defined contribution plans		0.3	0.3		0.2	0.2
Cash bonus		4.5	4.5		1.6	1.6
Expensed share-based incentive programs		2.3	2.3		2.3	2.3
Remuneration	**1.8**	**9.7**	**11.5**	**1.3**	**6.4**	**7.7**
Compensation for lost incentives/Sign-on bonus		0.4	0.4		1.1	1.1
Remuneration including additional payments	**1.8**	**10.1**	**11.9**	**1.3**	**7.5**	**8.8**
Number of members at December 31	13	2		10	2	

Novonesis' Remuneration Policy sets the general guidelines for the remuneration of the Board of Directors and the Executive Management. The Remuneration Policy is set by the Board of Directors, based on recommendations from the Nomination and Remuneration Committee, and is approved at the Annual General meeting.

A summary of the Management remuneration can be found in the Governance section of The Annual Report.

Executive Management

Members of the Executive Management receive fixed remuneration comprising a base salary, pension and benefits. Furthermore, significant proportions of their remuneration packages are variable and based on performance-related pay, through short- and long-term incentives. The incentive programs are balanced to ensure focus on both short-term and long-term value creation. They are designed to incentivize performance against selected financial, environmental, social and operational key performance indicators and individual objectives, which are directly linked to Novonesis' strategy, and to incentivize long-term value creation and alignment with the long-term interests of shareholders, customers and other stakeholders.

The annual cash bonus has a target payout and maximum payout equal to 100% and 150% of the annual base salary for the CEO, respectively, and 65% and 97.5% of the annual base salary for the CFO, respectively. In 2024, the cash bonus includes a one-off bonus to Ester Baiget related to the combination of Novozymes and Chr. Hansen.

Members of the Executive Management have contracts of employment containing standard conditions for executives of Danish listed companies, including the periods of notice that both parties are required to give, and non-competition clauses. If an executive officer's contract of employment is terminated by the company without any misconduct on the part of the executive officer, the executive officer has a notice period of 12 months. In addition to the notice period, the executive officer has a right to termination compensation of 12 months' base salary and pension contributions.

Board of Directors

The remuneration of the Board of Directors comprises a fixed fee and is not incentive-based.

Other notes

6.2 Share-based payment

New programs
Novonesis has established share-based incentive programs for the Executive Management, executive vice presidents, vice presidents and directors. The purpose of these programs is to ensure an alignment of interests of the Management, employees and shareholders. Allocation of programs has been, and remains, dependent on profit, value creation and sustainability targets being achieved, and is made based on individual base salary. In order to receive the shares, the employees must still be employed at the vesting date. This does not apply to persons who have retired, taken voluntary early retirement or been given notice.

The 2024 program for the Executive Management consists of 100% performance shares. The total number of shares achievable is divided into two categories: 'target shares' and 'extra shares'. The maximum allocation is 150% of the number of target shares.

The targets have 40% weight on organic sales growth, 20% weight on adjusted EBITDA margin, 20% weight on adjusted ROIC, and 20% weight on sustainability targets. The sustainability targets are measured in relation to climate, workspace and diversity. The performance targets are as protocolled in the minutes of the board meeting approving the annual group financial statement for the year prior to the performance period.

- If Novonesis reaches the targets for 2024–2026, then the target shares will be granted.
- If Novonesis manages to overperform on one or more of the targets, up to 50% more shares may be granted.
- If Novonesis does not meet the targets, or if Novonesis is significantly below the targets, then none or only part of the target shares will be granted.

The total target-level fair value of the program at the date of grant was approximately EUR 2.4 million. The value of the shares will be expensed over the three-year qualifying period (2024–2026) and will be awarded in 2027.

A new program has also been established in 2024 for executive vice presidents, vice presidents and directors covering the performance period 2024–2026 (264 executive vice presidents, vice presidents and directors). The total target-level fair value at the grant date was approximately EUR 11.9 million and is based on the same requirements and targets as for the Executive Management. The program is 100% performance shares with a three-year vesting period.

Both programs contain a maximum-value clause, allowing the Board of Directors the option to reduce the number of shares if the value at the end of the program exceeds twice the maximum value at the date of the conditional grant.

In addition to replacement awards issued to certain legacy Chr. Hansen key employees, which were not fully vested at the combination date, a new short-term incentive program has been established for 121 legacy Chr. Hansen key employees below the executive vice president level. The targets include both personal targets and financial performance indicators, such as sales, adjusted EBITDA margin and net working capital in % of sales. The program is 100% performance shares with a three-year vesting period. The value at grant is up to EUR 6.7 million.

As in previous years, a new share-based program was established for selected employees. The aim of the program is for the Executive Management to be able to award shares to employees as a personal bonus for outstanding efforts or for retention purposes. Members of the Executive Management cannot be awarded incentives under this program. The program has a three-year vesting period.

Finally awarded programs
Awards in the programs covering the performance period 2022–2024 were finalized in 2024.

As a consequence of the combination, the targets for 2024 in the program have been updated to reflect the performance ambitions for Novonesis, while the original targets have been settled based on the performance of Novozymes in 2022-2023. The targets covered organic sales growth, EBIT margin/adjusted EBITDA margin, ROIC and sustainability. The actual performance over the period exceeded targets, and in total the performance against the set targets resulted in 83% of the maximum allocation now being awarded.

For the Executive Management, this means that a total of 12,120 shares will be released in February 2025. The number of share options granted over the three-year period is 61,228, reflecting the realized target achievement. The program contains a maximum-value clause, allowing the Board of Directors to choose to limit the total allocation of shares and share options if the intrinsic value at

Other notes

6.2 Share-based payment (continued)

the end of the program exceeds twice the maximum value, at the date of the conditional grant. There will be no limitation on the total allocation, as the intrinsic value is EUR 0.7 million.

The program for executive vice presidents, vice presidents and directors follows the same requirements and targets as the program for the Executive Management. The final number of shares allocated under this program to be released in February 2025 is 119,261. The number of share options granted over the three-year period is 602,002, reflecting the realized target achievement of 83%.

Awards in the program for other employees covering the performance period 2022–2024 were also finalized in 2024. The number of share options granted over the three-year period is 557,830, reflecting the realized target achievement of 83%.

The legacy Chr. Hansen board approved an acceleration of outstanding share-based programs for employees with severance agreements due to the merger. In total, 233,461 shares from the accelerated programs were released in 2024.

Furthermore, the Chr. Hansen 2021/22 program vested, with 153,958 shares released in 2024.

§ Accounting policies

The Group has established share-based incentive programs, comprising equity-settled and cash-settled programs.

The fair value of the employee services received in exchange for the grant of share options and performance shares is measured with reference to the fair value of the share options and performance shares granted. The fair value is measured using the Black–Scholes option-pricing model.

The fair value of share-based payment at the grant date is recognized as an employee cost over the period in which the share options and performance shares vest. In measuring the fair value of the employee services, account is taken of the number of employees expected to gain entitlement to the options and performance shares, as well as the number of options and performance shares the employees are expected to gain. This estimate is adjusted at the end of each reporting period, such that only the number of options and performance shares to which employees are entitled or expected to be entitled is recognized.

The value of equity-settled programs is recognized in equity. The value of cash-settled programs, which are recognized as Other liabilities, is adjusted to fair value at the end of each reporting period, and the subsequent adjustment is recognized in the income statement under Financial income or Financial costs.

Other notes

6.2 Share-based payment (continued)

Share options

The number of outstanding options (excl. performance shares) has developed as follows:

	Number of options				DKK[1]	EUR	EUR million
	Executive Management	**Executive vice presidents, vice presidents and directors**	**Other employees**	**Total**	**Average exercise price per option**	**Grant date fair value per option**	**Grant date fair value total**
Outstanding at January 1, 2024	266,807	4,799,858	2,416,165	7,482,830	341		
Allocation adjustment[2]	13,279	130,609	120,192	264,080	416	11.0	3.0
Exercised[3]	-	(653,391)	(360,161)	(1,013,552)	292		
Forfeited	-	(58,693)	(60,759)	(119,452)	376		
Expired	-	(4,034)	(56,258)	(60,292)	307		
Outstanding at December 31, 2024	**280,086**	**4,214,349**	**2,059,179**	**6,553,614**	**351**		
Outstanding at January 1, 2023	183,558	4,547,808	2,544,891	7,276,257	331		
Granted[4]	55,811	451,451	-	507,262	355	13.1	6.7
Allocation adjustment	27,438	248,529	252,676	528,643	382	9.0	4.7
Exercised	-	(419,051)	(230,309)	(649,360)	271		
Forfeited	-	(26,553)	(113,148)	(139,701)	383		
Expired	-	(2,326)	(37,945)	(40,271)	244		
Outstanding at December 31, 2023	**266,807**	**4,799,858**	**2,416,165**	**7,482,830**	**341**		
Number of exercisable options at December 31, 2024				3,234,629	310		
Number of exercisable options at December 31, 2023				2,775,168	279		

1. The shares are listed on NASDAQ OMX Copenhagen in DKK.
2. The allocation of share options for 2022–2024 has been adjusted based on the realized level of target achievement for the period (83%).
3. The weighted average share price for share options exercised during 2024 was DKK 407 (2023: DKK 352).
4. The allocation of share options for 2023–2025 will be adjusted in January 2026, based on the cumulative level of target achievement for the period.

Other notes

6.2 Share-based payment (continued)

For share options outstanding at December 31, 2024, the range of exercise prices is DKK 249-486 per option (2023: DKK 249-486 per option), and the weighted average remaining term to maturity is four years (2023: five years).

During 2024, EUR 28.8 million arising from share-based payment was recognized in the income statement (2023: EUR 20.3 million), EUR 28.4 million was from equity-settled programs (2023: EUR 19.7 million) and EUR 0.4 million was from cash-settled programs (2023: EUR 0.6 million).

Most programs are equity-settled, and no liability is recognized for these. If allocations under the programs are made in countries where ownership of foreign shares is not permitted, the value of share options is settled in cash instead, and a liability of EUR 3.3 million was recognized for this in 2024 (2023: EUR 3.1 million). The intrinsic value of exercisable cash-settled programs in 2024 was EUR 1.6 million (2023: EUR 1.3 million).

The fair value of employee services received is measured with reference to the fair value of the equity instruments granted. Fair value at grant date is measured in accordance with the Black–Scholes model, using the average exercise price, the option term and the following significant assumptions:

		2024	2023
Expected future dividends per share	DKK	N/A	39.6
Volatility	%	N/A	32.0
Annual risk-free interest rate	%	N/A	2.3
Weighted average share price at grant date	DKK	N/A	355

Furthermore, the options are assumed to be exercised two years after expiry of the vesting period, on average, or at the option's expiry date if within one year. Volatility is estimated using the historical volatility over the last three years. The risk-free interest rate is based on Danish government bonds with a maturity equivalent to the option's term to maturity.

Performance shares

The shares allocated under the programs are for performance shares. In 2024, 351,306 performance shares with an aggregate grant date fair value of EUR 17.5 million were granted (2023: EUR 6.6 million), which will be expensed over a three-year period (2024–2026).

Fair value at grant date for performance shares is measured using the weighted average share price at grant date, which was DKK 372 for 2024.

The fair value of outstanding performance shares at December 31, 2024, was EUR 48.2 million (2023: EUR 19.5 million).

	Performance shares		
The number of outstanding performance shares has developed as follows:	**Executive Management**	**Executive vice presidents, vice presidents and directors**	**Total**
Outstanding at January 1, 2024	39,807	349,783	389,590
Outstanding shares from Chr. Hansen	-	559,101	559,101
Allocated	50,283	301,023	351,306
Allocation adjustment	2,629	25,946	28,575
Exercised	(14,923)	(414,427)	(429,350)
Forfeited	-	(17,306)	(17,306)
Outstanding at December 31, 2024	**77,796**	**804,120**	**881,916**
Outstanding at January 1, 2023	30,302	283,727	314,029
Allocated	15,393	121,912	137,305
Allocation adjustment	4,819	43,734	48,553
Exercised	(10,707)	(95,146)	(105,853)
Forfeited	-	(4,444)	(4,444)
Outstanding at December 31, 2023	**39,807**	**349,783**	**389,590**

Other notes

6.3 Contingent liabilities and pending litigation

Novonesis is engaged in certain legal cases, e.g., in relation to patent disputes, which from time to time involve significant amounts of dispute. The Board of Directors and Management believe that settlement or continuation of these cases will not have a significant effect on the Group's financial position. A liability is recognized under Provisions when the risk of a loss on a legal case is considered more likely than not, but it is inherent that there is uncertainty in the outcome of legal cases.

In Management's opinion, the outcomes of these cases are not expected to give rise to any significant losses beyond the amounts provided for at December 31, 2024.

At December 31, 2023, Novozymes A/S had a contingent liability in the form of a break-up fee of up to EUR 315 million in the unlikely event that the combination of Novozymes and Chr. Hansen would not obtain regulatory approval. As the combination was completed on January 29, 2024, the liability did not materialize.

At December 31, 2023, Novozymes A/S had entered into consultancy agreements with fees contingent on the completion of the combination with Chr. Hansen. The expected fees amounted to approximately EUR 33.5 million and have been paid in 2024.

6.4 Related party transactions

Transactions

EUR million	2024	2023
Novo Holdings A/S		
Dividend payment to Novo Holdings A/S	62.0	107.8
The Novo Nordisk Group		
Sale of services	15.4	15.0
Purchase of goods and materials	(1.9)	(1.9)
Purchase of services	(4.4)	(4.7)
The NNIT Group		
Purchase of services	(0.7)	(1.9)
Microbiogen Pty. Ltd.*		
Purchase of services	(9.0)	(9.5)
21st.BIO A/S*		
Sale of services	-	0.9

* Associate of Novozymes A/S

Other notes

6.4 Related party transactions (continued)

Outstanding balances

EUR million	2024	2023
The Novo Nordisk Group		
Receivables	4.0	3.0
Payables	(10.2)	(9.8)
The NNIT Group		
Payables	(0.1)	(0.1)
Microbiogen Pty. Ltd.*		
Payables	(2.3)	(4.2)

* Associate of Novozymes A/S

Novozymes A/S is controlled by Novo Holdings A/S, domiciled in Hellerup, Denmark, which holds 63.4% of the votes in Novozymes A/S. The remaining shares are widely held. The ultimate parent of the Group is the Novo Nordisk Foundation (incorporated in Denmark).

Related parties are considered to be Novo Holdings A/S and the Novo Nordisk Foundation, as well as the Board of Directors and the Executive Management of these entities, together with their immediate families. Other related parties are considered to be the Novo Nordisk Foundation's subsidiaries and associates, such as the Novo Nordisk Group, and the NNIT Group, associates of Novonesis, as well as the Board of Directors and the Executive Management of Novozymes A/S, together with their immediate families. Related parties also include companies in which the above persons have control or joint control.

The majority of the agreements with related parties are renegotiated regularly.

In 2024, there have been very limited transactions with the Chr. Hansen Group until the time of the combination in January 2024. In 2023, there were sales of EUR 21.2 million to the Chr. Hansen Group, with an outstanding receivable of EUR 4.6 million at year end 2023.

Novonesis is expanding the wastewater and biomass treatment facility in Kalundborg, which is a joint operation with the Novo Nordisk Group. The expansion is fully financed by Novo Nordisk, and in 2024 Novonesis has received EUR 60.7 million (2023: EUR 13.0 million) from Novo Nordisk to fund the investment. The expansion is expected to be completed in 2027.

In connection with the relocation of the headquarters, Novonesis has sold land and buildings in Bagsvaerd, Denmark, with effect from January 1, 2025, to Novo Nordisk A/S for EUR 16.8 million. The sales price is based on external valuations.

As part of the combination with Chr. Hansen, Novo Holdings received Merger Consideration Shares at a ratio of 1.0227 for each Chr. Hansen Share held by Novo Holdings, with respect to Novo Holdings' holding of 28,983,112 Chr. Hansen Shares.

There were no transactions with related parties other than the transactions described and the normal remuneration of the Board of Directors and the Executive Management, which is presented in Note 6.1.

Guarantees, rental and other purchase commitments to related parties at December 31, 2024, amounted to EUR 2.8 million, compared with EUR 3.6 million at December 31, 2023.

Other notes

6.5 Non-controlling interests

EUR million	2024	2023
Share purchase liability at January 1	78.4	102.2
Currency translation adjustments	3.4	(4.1)
Interest	1.3	10.7
Fair value adjustment	-	(26.4)
Paid as dividend	-	(4.0)
Purchase of shares	(83.1)	-
Share purchase liability at December 31	**-**	**78.4**

Transactions with non-controlling interests
In 2024 Novonesis acquired the remaining 40% of the shares in Synergia Life Science, at a price of EUR 83.1 million, and the remaining 4% of the shares in Suzhou Hongda Enzyme Co. Ltd., at a price of EUR 2.8 million.

In 2024 no dividend (2023: EUR 4.0 million) was paid to the non-controlling interests in Synergia Life Sciences.

Share purchase liability
On December 10, 2021, Novonesis acquired 60% of the shares in Synergia Life Science and recognized a share purchase liability related to the acquisition of the remaining 40% of the shares.

Fair value of the share purchase liability has been assessed by using the most probable redemption amount, discounted at a rate of 11% (2023: 11%).

Currency translation adjustments and interest of EUR 4.7 million (2023: net EUR 6.6 million) have been recognized in Equity. The share purchase liability was denominated in INR.

In 2023, Management reassessed the value of the redemption amount due to lower-than-expected realized sales, and reduced the liability by EUR 26.4 million.

Critical accounting estimates

Fair value of the share purchase liability is based on non-observable data (level 3 input) that requires Management to make estimates and use assumptions.

Estimates are based on updated information after the initial recognition of the liability, such as budgets, sales forecasts, discount rates, etc. The fair value of the share purchase liability is calculated as the present value of the most probable redemption amount using the discounted cash flow method. The determined fair value is associated with uncertainty and may be subject to subsequent adjustments.

Accounting policies

Share purchase liability is Novonesis' obligation to purchase non-controlling interests in subsidiaries, and is remeasured at fair value at each reporting date. The fair value of the most likely redemption amount is initially recognized within liabilities, with a corresponding charge directly to Equity. Interest and fair value adjustments resulting from events after the initial recognition are recognized in Equity under Retained earnings.

Other notes

6.6 Fees to statutory auditors

EUR million	2024	2023
Statutory audit	1.9	1.5
Other assurance engagements	0.3	0.3
Tax assurance services	0.5	0.1
Other services	0.0	0.8
Fees to statutory auditors	**2.7**	**2.7**

Audit fee policy

In 2024, Novonesis has updated the audit fee policy, so the annual fee for non-audit services provided by the statutory auditor should not exceed 70% of the annual fee for statutory audit services measured at Group level. The 70% may only be exceeded with the approval of the Audit Committee.

No such approval was given in 2024.

In 2024, EY Godkendt Revisionspartnerselskab was elected as auditors at the Annual General Meeting replacing previous years auditors, PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab. Certain restrictions apply regarding the non-audit services that the auditors may perform. This normally includes a 70% cap; however, as this is the first year of the audit, the 70% cap does not yet apply. Had the 70% cap applied, it would not have been exceeded.

Tax and other assurance services

Tax services comprise allowed tax compliance and transfer pricing as well as tax advisory services.

Other assurance services comprise mainly assurance over the sustainability statement and other assurance statements.

6.7 Cash flow

EUR million	Note	2024	2023
Accrued interest income and interest costs		49.5	11.1
(Gain)/loss on financial assets, etc., net		5.7	(20.4)
Depreciation, amortization and impairment losses	3.1, 3.2	597.4	186.4
Realized loss and allowances for doubtful trade receivables		(0.5)	4.8
(Gain)/loss on sale and disposal of assets		0.4	0.3
Unrealized foreign exchange (gain)/loss		7.9	(18.8)
Tax	2.5	111.3	116.8
Share-based payment	6.2	28.8	20.3
Change in provisions		10.6	(2.0)
Gain from divestment of selected wastewater treatment solutions		-	(11.8)
Profit/loss in associates		3.5	2.4
Gain on divestment of the lactase enzyme business		(20.4)	-
Non-cash items		**794.2**	**289.1**
(Increase)/decrease in receivables		(41.6)	(23.7)
(Increase)/decrease in inventories		153.8	18.5
Increase/(decrease) in payables, deferred income and contract liabilities		158.8	(17.1)
Currency translation adjustments		-	(0.8)
Change in working capital		**271.0**	**(23.1)**

Change in net working capital includes the PPA inventory step-up of EUR 183.9 million.

Other notes

6.7 Cash flow (continued)

EUR million	Note	2024	2023
Loan to joint ventures		(12.9)	-
Cash from the combination with Chr. Hansen	3.4	38.1	-
Contingent consideration paid		(10.0)	(21.2)
Purchase of other financial assets		(0.4)	(1.5)
Business acquisitions, etc.		**14.8**	**(22.7)**
Divestment of the lactase enzyme business, net of cash	3.5	144.5	-
Divestment of selected wastewater treatment solutions		-	11.8
Divestments		**144.5**	**11.8**
Additions of intangible assets	3.1	21.5	26.7
Purchase of intangible assets		**21.5**	**26.7**
Additions of property, plant and equipment	3.2	358.9	266.3
Less additions to lease assets		(20.6)	(17.2)
Purchase of property, plant and equipment		**338.3**	**249.1**

Undrawn committed credit facilities amounted to EUR 795.0 million at December 31, 2024 (2023: EUR 705.3 million), all of which expire in 2025–2029.

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

§ Accounting policies

The consolidated statement of cash flows, which is compiled using the indirect method, shows cash flows from operating, investing and financing activities, and the Group's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities comprise net profit adjusted for non-cash items, paid financial items, corporate income tax paid and change in working capital.

Cash flows from investing activities comprise payments relating to the acquisition and sale of companies and non-controlling interests, intangible assets, and property, plant and equipment.

Cashs flow from financing activities comprise proceeds from borrowings, repayment of principal on interest-bearing debt, repayment of lease liabilities, payment of dividends, proceeds from share issues, and the sale of treasury shares and other securities.

Cash and cash equivalents comprise cash at bank and in hand, less current bank loans due on demand.

Other notes

6.8 Events after the reporting date

On February 11, 2025, it was announced that Novonesis had reached an agreement with dsm-firmenich to dissolve the Feed Enzyme Alliance and take over its sales and distribution activities, in exchange for a total cash consideration of EUR 1.5 billion. The acquisition is aligned with Novonesis' growth strategy and expands its presence across the animal biosolutions value chain. The acquisition will be included within our Planetary Health Biosolutions segment.

Subject to regulatory approvals, the transaction is expected to close in the course of 2025.

No other events of importance to the consolidated financial statements have occurred after the reporting date.

6.9 Group companies

- □ Production
- ● Sales and marketing
- ◆ Research and development
- ○ Holding and other entities with limited or no activity

	Activity	Percentage of shares owned
Parent Company		
Novozymes A/S, Denmark	□ ● ◆	
Subsidiaries		
Chr. Hansen Argentina S.A.I.C., Argentina	●	100
Novozymes BioAg S.A., Argentina	□ ● ◆	100
Paprika S.A., Argentina	○	70
Chr. Hansen Pty. Ltd.[1], Australia	●	100
Hale-Bopp Australia Pty. Ltd.[1], Australia	○	100
Novozymes Australia Pty. Ltd.[1], Australia	●	100
Novozymes Belgium BV[1], Belgium	●	100
Chr. Hansen Ind. e Com. Ltda.[1], Brazil	□ ●	100
Novozymes BioAg Productos Para Agricultura Ltda., Brazil	□ ●	100
Novozymes Latin America Ltda.[1], Brazil	□ ●	100
Chr. Hansen Limited, Canada	●	100
Novozymes BioAg Limited, Canada	□ ● ◆	100
Novozymes Canada Limited, Canada	□ ●	100
Chr. Hansen Chile SpA.[1], Chile	●	100
Chr. Hansen (Beijing) Trading Co., Ltd.[1], China	●	100
Novozymes (China) Biotechnology Co. Ltd., China	□ ●	100
Novozymes (China) Investment Co. Ltd., China	● ◆	100
Novozymes OneHealth Biotechnology (Shanghai) Co. Ltd., China	●	100
Novozymes (Shenyang) Biologicals Co. Ltd., China	□ ●	100
Suzhou Hongda Enzyme Co. Ltd.[1], China	□ ●	100
Chr. Hansen Colombia S.A.S., Colombia	●	100

Other notes

6.9 Group companies (continued)

	Activity	Percentage of shares owned
Chr. Hansen Czech Republic S.r.o.[1], Czech Republic	□ ●	100
Chr. Hansen A/S[1], Denmark	□ ● ◆ ○	100
Novonesis Plant Biosolutions A/S [1], Denmark	○	100
Novozymes Bioindustrial A/S[1], Denmark	○	100
Novozymes Bioindustrial China A/S[1], Denmark	○	100
Novozymes Biopharma DK A/S[1], Denmark	○	100
Novonesis EG SSC[1], Egypt	●	100
Chr. Hansen Finland Oy[1], Finland	●	100
Chr. Hansen France S.A.S., France	□ ●	100
Novozymes France S.A.S.[1], France	●	100
Chr. Hansen GmbH, Germany	□ ●	100
Chr. Hansen HMO GmbH, Germany	□ ● ◆	100
Halley GmbH, Germany	○	100
Jupiter Beteiligungsgesellschaft mbH, Germany	○	100
Novozymes Berlin GmbH, Germany	◆	100
Novozymes Deutschland GmbH[1], Germany	●	100
Hansen Hellas ABEE, Greece	●	100
Novozymes Greece Single Member SA[1], Greece	●	100
Novozymes Hong Kong Ltd., Hong Kong	○	100
Chr. Hansen India Pvt. Ltd., India	●	99.6
Novozymes South Asia Pvt. Ltd., India	□ ● ◆	100
Riata Life Sciences Pvt. Ltd., India	□ ●	100
Synergia Life Sciences Pvt. Ltd.[1], India	□ ● ◆	100
UAS Life Sciences India Private Ltd., India	○	100
PT Novozymes Indonesia Biotechnology[1], Indonesia	●	100
Chr. Hansen Pars Co. LLC[2], Iran	○	100
Chr. Hansen Ireland Ltd.[1], Ireland	●	100
PrecisionBiotics Group Ltd.[1], Ireland	● ◆	100
Chr. Hansen Italia S.p.A., Italy	●	100
Novozymes Italia S.r.l.[1], Italy	●	100
Chr. Hansen Japan Co., Ltd.[1], Japan	●	100
Novozymes Japan Ltd.[1], Japan	● ◆	100
Novozymes Kenya Ltd.[1], Kenya	●	100
Chr. Hansen Malaysia SDN. Bhd., Malaysia	●	100
Novozymes Malaysia SDN. Bhd.[1], Malaysia	●	100
Chr. Hansen de Mexico S.A. de C.V., Mexico	●	100
Novozymes Mexicana, S.A. de C.V.[1], Mexico	●	100
Novozymes Mexico, S.A. de C.V., Mexico	●	100
Novozymes Nederland B.V.[1], Netherlands	●	100
Chr. Hansen S.A., Peru	●	100
Chr. Hansen Poland Sp. z o.o.[1], Poland	●	100
Chr. Hansen SRL, Romania	●	100
Chr. Hansen LCC[3], Russia	●	100
Novozymes RUS LLC[1,2], Russia	○	100

Other notes

6.9 Group companies (continued)

	Activity	Percentage of shares owned
Chr. Hansen Singapore Pte Ltd.[1], Singapore	● ○	100
Novozymes Singapore Pte. Ltd.[1], Singapore	●	100
Chr. Hansen South Africa (Pty) Ltd.[1], South Africa	●	100
Novozymes South Africa (Pty) Ltd.[1], South Africa	●	100
Novozymes Korea Limited[1], South Korea	●	100
Chr. Hansen, S.L.[1], Spain	●	100
Novozymes Spain S.A.[1], Spain	●	100
Novozymes Switzerland AG[1], Switzerland	●	100
Novozymes (Thailand) Ltd.[1], Thailand	●	100
Chr. Hansen Gida Sanayi ve Ticaret A.S., Republic of Türkiye	●	100
Novozymes Enzim Dis Ticaret Ltd. Sirketi[1], Republic of Türkiye	●	100
Chr. Hansen Middle East & Africa FZ-LLC, UAE	●	100
Chr. Hansen (UK) Limited[1], U.K.	●	100
Novozymes UK Ltd.[1], U.K.	● ◆	100
Chr. Hansen Ukraine LLC, Ukraine	●	100
Chr. Hansen Inc.[1], U.S.	□ ●	100
Novozymes, Inc., U.S.	◆	100
Novozymes BioAg, Inc., U.S.	□ ●	100
Novozymes Biologicals, Inc., U.S.	□ ● ◆	100
Novozymes Blair, Inc., U.S.	□	100
Novozymes North America, Inc., U.S.	□ ● ◆	100
Novozymes US, Inc.[1], U.S.	○	100
Physicians Exclusive LLC (d.b.a) Microbiome Labs, U.S.	● ◆	100
UAS Laboratories LLC, U.S.	○	100
Joint operations/associates		
Bacthera AG[2], Switzerland		50
Bacthera Denmark A/S[2], Denmark		50
Grundejerforeningen Hallas Park[4], Denmark		
Grundejerforeningen Smørmosen[4], Denmark		
MagnaBioAnalytics LLC, U.S.		19.35
Microbiogen PTY Ltd.[1], Australia		23.10
Tecnol s.r.l. in liquidazione (formerly Beta Renewables S.p.A.)[1], Italy		9.95
21st.BIO A/S[1], Denmark		40.60

[1] Owned directly by Novozymes A/S.
[2] Under liquidation.
[3] Sales will be discontinued in 2025.
[4] Joint operation.

Financial statements for Novozymes A/S

Income statement, Novozymes A/S

Income statement **EUR million**	**Note**	**2024**	**2023**
Net sales	2.1	1,481.2	1,357.5
Cost of goods sold	2.5	(681.1)	(679.7)
Gross profit		**800.1**	**677.8**
Sales and distribution costs	2.5	(336.1)	(330.4)
Research and development costs	2.5	(221.6)	(248.6)
Administrative costs	2.5	(124.5)	(98.4)
Other operating income and expenses	2.3	196.4	254.1
Operating profit (EBIT)		**314.3**	**254.5**
Income from investments in subsidiaries	2.4	92.6	113.0
Share of result in associates	3.5	(3.5)	(2.4)
Financial income	4.1	36.8	28.7
Financial costs	4.1	(100.4)	(49.1)
Profit before tax		**339.8**	**344.7**
Tax		(67.6)	(55.9)
Net profit		**272.2**	**288.8**
Proposed appropriation of net profit			
Proposed dividend to shareholders		263.7	-
Interim dividend paid to shareholders		124.9	156.2
Retained earnings		(116.4)	132.6
	4.4	**272.2**	**288.8**
Interim dividend per share, DKK		2.00	4.20
Proposed dividend per share, DKK*		4.20	2.00

* After publication of the annual report for 2023, the Board of Directors proposed a dividend of DKK 2.00 (EUR 0.27) per share at the Annual General Meeting in 2024, which was approved and paid out with EUR 124.9 million in 2024.

Management's Review

The activities of the parent company Novozymes A/S include production and sale of products within Food & Health Biosolutions and Planetary Health Biosolutions to both external customers and subsidiaries; related commercial, research and development, and administrative activities; holding of shares in Group enterprises; and the Group's treasury activities.

Sales for 2024 amounted to EUR 1,481.2 million (2023: EUR 1,357.5 million). Other operating income and expenses amounted to EUR 196.4 million (2023: EUR 254.1 million).

Dividends from Group enterprises to Novozymes A/S amounted to EUR 148.4 million in 2024 (2023: EUR 139.2 million), while impairment losses related to subsidiaries amounted to EUR 55.8 million in 2024 (2023: net EUR 26.2 million).

Net financial costs are EUR 63.6 million (2023: EUR 20.4 million).

Net profit for the year amounted to EUR 272.2 million (2023: EUR 288.8 million).

Total assets at year end amounted to EUR 13,199.3 million (2023: EUR 3,130.5 million), and total equity amounted to EUR 10,770.5 million (2023: EUR 1,642.7 million). The combination with Chr. Hansen Holding A/S in 2024, and the related share issue, is the primary reason for the large increase in assets and equity in 2024.

As described in both the Group Management Review and in the accounting policies for the Parent company, a legal merger between Novozymes A/S and Chr. Hansen Holding A/S was completed on January 29, 2024. In the statutory merger, all assets and liabilities of Chr. Hansen Holding A/S were transferred to Novozymes A/S, after which Chr. Hansen Holding A/S was dissolved. This has had a significant impact on both the income statement and balance sheet of Novozymes A/S, with the largest effects being on Investments in subsidiaries, Equity and Borrowings.

Balance sheet, Novozymes A/S

Assets

EUR million	Note	Dec. 31, 2024	Dec. 31, 2023
Intangible assets	3.1	375.8	460.5
Property, plant and equipment	3.2	688.6	645.5
Investments in subsidiaries	3.4	11,227.2	1,381.7
Investments in associates	3.5	24.0	27.5
Other financial assets		2.0	1.9
Other long-term receivables		12.3	5.1
Receivables from Group enterprises		44.1	40.5
Financial fixed assets		**11,309.6**	**1,456.7**
Fixed assets		**12,374.0**	**2,562.7**
Raw materials and consumables		32.3	27.1
Work in progress		85.7	86.5
Finished goods		137.0	126.0
Inventories		**255.0**	**239.6**
Trade receivables		178.6	186.8
Receivables from Group enterprises		165.4	53.7
Tax receivables		128.2	27.9
Other receivables		56.3	25.9
Receivables		**528.5**	**294.3**
Cash and cash equivalents		41.8	33.9
Current assets		**825.3**	**567.8**
Assets		**13,199.3**	**3,130.5**

Liabilities and equity

EUR million	Note	Dec. 31, 2024	Dec. 31, 2023
Common shares		125.6	75.4
Treasury shares		(388.6)	(426.8)
Reserve for development costs		40.5	37.8
Cash flow hedges		(21.0)	8.7
Retained earnings		10,750.3	1,947.6
Proposed dividend		263.7	-
Total equity		**10,770.5**	**1,642.7**
Deferred tax liability	3.6	74.8	81.7
Other provisions		16.2	11.1
Provisions		**91.0**	**92.8**
Lease liabilities	3.3	14.3	15.6
Borrowings	4.2	1,300.7	580.8
Non-current liabilities		**1,315.0**	**596.4**
Lease liabilities	3.3	3.8	8.5
Borrowings	4.2	244.2	413.4
Trade payables		132.3	98.5
Payables to Group enterprises		531.0	166.1
Other liabilities		111.5	112.1
Current liabilities		**1,022.8**	**798.6**
Liabilities		**2,428.8**	**1,487.8**
Liabilities and equity		**13,199.3**	**3,130.5**

Statement of equity, Novozymes A/S

EUR million	Notes	Common shares	Treasury shares	Reserve for development costs	Cash flow hedges	Retained earnings	Proposed dividend	Total
Equity at January 1, 2024		**75.4**	**(426.8)**	**37.8**	**8.7**	**1,947.6**	**-**	**1,642.7**
Currency translation adjustments		(0.1)	0.4		0.1	(1.9)		(1.5)
Net profit for the year						272.2		272.2
Capital increase	5.3	50.3				9,026.5		9,076.8
Transaction costs of capital increase						(5.0)		(5.0)
Capitalized development costs				2.7		(2.7)		-
Dividend paid regarding 2023	4.4					(124.9)		(124.9)
Interim dividend paid	4.4					(124.9)		(124.9)
Proposed dividend	4.4					(263.7)	263.7	-
Sale of treasury shares	5.3		37.8					37.8
Fair value adjustments					(29.8)			(29.8)
Other adjustments						27.1		27.1
Equity at December 31, 2024		**125.6**	**(388.6)**	**40.5**	**(21.0)**	**10,750.3**	**263.7**	**10,770.5**

As a result of the statutory merger with Chr. Hansen Holding A/S in 2024, the share capital of Novozymes A/S has been increased by 187,298,646 newly issued shares in Novozymes A/S (the Merger Consideration Shares). The total capital increase and consideration for Chr. Hansen Holding A/S amounts to EUR 9.1 billion, based on a price per share of EUR 48.5 (DKK 361.4), equal to the closing share price of Novozymes A/S on Nasdaq Copenhagen on the date of the registration of the merger.

Notes

1.1 Accounting policies

The financial statements of Novozymes A/S have been prepared in accordance with the Danish Financial Statements Act (accounting class D). Novozymes A/S applies IFRS 15 and IFRS 16 as interpretation.

The accounting policies are consistent with those applied for the consolidated financial statements, except as described below. For a description of the Group's accounting policies, please refer to the consolidated financial statements.

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

With the exception of the change in presentation currency, the accounting policies are unchanged from 2023.

No separate statement of cash flows has been prepared for Novozymes A/S; please refer to the consolidated statement of cash flows.

Combination with Chr. Hansen
On January 29, 2024, the statutory merger between Novozymes A/S and Chr. Hansen Holding A/S was completed. The merger has been accounted for as a business combination using the acquisition method, where Novozymes A/S was identified as the acquirer and Chr. Hansen Holding A/S was identified as the acquiree.

Recognition and measurement in general
Income is recognized in the income statement as earned.

All costs incurred in generating the year's net sales are also recognized in the income statement, including depreciation, amortization and impairment losses.

Value adjustments of financial assets and liabilities measured at fair value or amortized cost are recognized in the income statement.

Assets are recognized in the balance sheet when it is considered probable that future economic benefits will flow to the company, and the value of the asset can be reliably measured. Liabilities are recognized in the balance sheet when they are considered probable and can be reliably measured. On initial recognition, assets and liabilities are measured at cost. Assets and liabilities are subsequently measured as described below for each item.

Intangible assets
The accounting policies for intangible fixed assets follow those of the Group, with the exception of goodwill. Goodwill is amortized over a period of 10 years using the straight-line method, which reflects the useful life of the underlying assets and activities generating the goodwill.

An amount equal to the total capitalized development costs after tax is recognized under Equity in Reserve for development costs.

Financial assets
Investments in subsidiaries are recognized initially at cost and subsequently measured using the cost method. Dividends from investments in subsidiaries are recognized in the income statement of the Parent Company in the financial year in which the dividend is declared. The carrying amount is tested for impairment when there is an indication of impairment. This includes where the carrying amount of an investment in a subsidiary exceeds the carrying amount of the net assets in the subsidiary's financial statements, or the dividend exceeds the total comprehensive income of the subsidiary in the period in which the dividend is declared.

Share-based payments granted to employees of the Company's subsidiaries are recognized as contributions to the investment in the respective subsidiaries.

Investments in associates are initially recognized at cost and subsequently measured using the equity method. If the equity of associates is negative, and Novozymes A/S has a legal or constructive obligation to cover their negative equity, a provision is recognized.

Share purchase liabilities are obligations to invest in subsidiaries and are disclosed as contractual obligations. The derivative embedded in the share purchase obligation is measured at fair value through the income statement.

Dividend
The dividend proposed for the financial year is shown as a separate item under Equity.

Notes

2.1 Net sales

EUR million	2024	2023
Geographical distribution:		
Denmark	22.7	31.2
Rest of Europe, Middle East & Africa	833.7	780.1
North America	185.4	199.9
Latin America	176.0	145.2
Asia Pacific	263.4	201.1
Net sales	**1,481.2**	**1,357.5**

EUR million	2024	2023
Food & Health Biosolutions		
Food & Beverages	246.4	247.2
Human Health	26.6	39.3
	273.0	**286.5**
Planetary Health Biosolutions		
Household Care	380.1	344.0
Agriculture, Energy & Tech	828.1	727.0
	1,208.2	**1,071.0**
Net sales	**1,481.2**	**1,357.5**

2.2 Employee costs

EUR million	2024	2023
Wages and salaries	304.2	292.9
Pensions - defined contribution plans	29.8	28.0
Other social security costs	3.1	3.1
Other employee costs	26.5	27.6
Employee costs	**363.6**	**351.6**
Average number of employees in Novozymes A/S	2,934	2,931

Employee costs in 2024 included severance pay, retention bonuses and other employee costs of EUR 24.3 million (2023: EUR 9.5 million) related to the combination of Novozymes and Chr. Hansen.

Reference is made to Note 6.1 to the consolidated financial statements, concerning remuneration of the Board of Directors and the Executive Management.

Notes

2.3 Other operating income and expenses

EUR million	2024	2023
Royalty income relating to subsidiaries	312.6	235.9
Gain on divestment of the lactase enzyme business	11.9	-
Net gain from divestment of selected wastewater treatment solutions	-	11.8
Other operating income	8.7	6.4
Other operating income	**333.2**	**254.1**
Profit sharing relating to subsidiaries	(136.8)	-
Other operating expenses	**(136.8)**	**-**
Other operating income and expenses	**196.4**	**254.1**

Profit sharing relating to subsidiaries concerns a research and development cost contribution agreement between Novozymes A/S and Chr. Hansen A/S.

2.4 Income from investments in subsidiaries

EUR million	2024	2023
Dividends from subsidiaries	148.4	139.2
Impairment of subsidiaries	(55.8)	(43.2)
Reversal of impairment of subsidiaries	-	17.0
Income from investments in subsidiaries	**92.6**	**113.0**

Impairment of subsidiaries is recognized when the business plans and net assets of a specific subsidiary do not support the value recognized. For 2024, the impairment is partly due to the discontinuation of actitivies in Russia, and partly the result of payments of dividends to Novozymes A/S.

2.5 Special items

In 2024, costs included an expense of EUR 108.2 million (2023: EUR 72.9 million) relating to costs of a special nature not related to Novozymes A/S' recurring operating profit. The costs of a special nature include significant integration and transaction costs, restructuring expenses and related impairment losses, primarily related to the combination with Chr. Hansen.

Of the total costs, EUR 7.1 million (2023: EUR 4.6 million) is recognized in Cost of goods sold, EUR 55.5 million (2023: EUR 50.0 million) in Sales and distribution costs, EUR 24.3 million (2023: EUR 1.1 million) in Research and development costs, and EUR 21.3 million (2023: EUR 17.2 million) in Administrative costs.

Notes

3.1 Intangible assets

EUR million	2024				2023
	Goodwill	Technology and strain library	Software and other intangibles	Total	Total
Cost at January 1	587.0	325.7	222.2	1,134.9	1,136.7
Currency translation adjustments	(0.6)	(0.4)	(0.3)	(1.3)	(2.4)
Additions from business acquisitions	-	-	0.5	0.5	-
Additions during the year	-	-	17.5	17.5	17.4
Disposals during the year	-	-	-	-	(16.8)
Cost at December 31	**586.4**	**325.3**	**239.9**	**1,151.6**	**1,134.9**
Amortization and impairment losses at January 1	(331.6)	(217.9)	(124.9)	(674.4)	(590.6)
Currency translation adjustments	0.4	0.2	0.2	0.8	1.3
Amortization during the year	(62.7)	(22.0)	(17.5)	(102.2)	(101.9)
Disposals during the year	-	-	-	-	16.8
Amortization and impairment losses at December 31	**(393.9)**	**(239.7)**	**(142.2)**	**(775.8)**	**(674.4)**
Carrying amount at December 31	**192.5**	**85.6**	**97.7**	**375.8**	**460.5**

Changes to the presentation

Intangible assets categories were changed in 2024 to be consistent with those applied for the consolidated financial statements. This is to provide a better presentation of the material intangible assets identified in connection with the Chr. Hansen purchase price allocation. The categories presented are:

- Goodwill, which only arises from business combinations
- Technology and strain library, which include process and product technology, patents, licenses and trademarks
- Software and other intangible assets, which mainly include software, other IT projects and product brands.

Impairment

No impairment loss was recognized in 2023 or 2024.

Notes

3.2 Property, plant and equipment

	2024					2023
EUR million	**Land and buildings**	**Plant and machinery**	**Other equipment**	**Assets under construction**	**Total**	**Total**
Cost at January 1	486.7	746.9	213.9	129.2	1,576.7	1,489.7
Currency translation adjustments	(0.5)	(0.7)	(0.1)	(0.1)	(1.4)	(3.3)
Additions during the year	3.7	9.8	10.4	81.8	105.7	98.4
Disposals during the year	(1.6)	(21.1)	(22.7)	-	(45.4)	(8.1)
Transfers to/(from) other items	8.5	37.8	5.9	(52.2)	-	-
Cost at December 31	**496.8**	**772.7**	**207.4**	**158.7**	**1,635.6**	**1,576.7**
Depreciation and impairment losses at January 1	(229.2)	(559.0)	(143.0)		(931.2)	(884.4)
Currency translation adjustments	0.3	0.6	0.1		1.0	1.9
Depreciation during the year	(14.7)	(26.8)	(15.0)		(56.5)	(56.2)
Disposals during the year	1.5	20.7	17.5		39.7	7.5
Depreciation and impairment losses at December 31	**(242.1)**	**(564.5)**	**(140.4)**		**(947.0)**	**(931.2)**
Carrying amount at December 31	**254.7**	**208.2**	**67.0**	**158.7**	**688.6**	**645.5**

Capitalized interest
Interest of EUR 1.4 million was capitalized under Additions during the year (2023: EUR 0.7 million). Capitalization rate: 2.7% (2023: 2.3%).

Land and buildings with an aggregate carrying amount of EUR 168.2 million (2023: EUR 173.9 million) were pledged as security to credit institutions in respect of mortgage loans expiring in 2029 and 2039.

Contractual obligations
Contractual obligations to third parties relating to property, plant and equipment amount to EUR 30.6 million (2023: EUR 18.5 million).

Impairment
No impairment loss was recognized in 2023 or 2024.

Notes

3.3 Leases

EUR million	2024	2023
Land and buildings	3.5	4.4
Plant and machinery	10.5	11.0
Other equipment	3.5	7.5
Carrying amount of lease assets	**17.5**	**22.9**

Additions to lease assets during 2024 amounted to EUR 3.9 million (2023: EUR 6.3 million).

Maturity analysis of the lease liabilities

EUR million	2024	2023
Lease liability		
Less than 1 year	3.8	8.5
Between 1 and 5 years	6.5	7.1
More than 5 years	7.8	8.4
Undiscounted lease liabilities at December 31	**18.1**	**24.0**

EUR million	2024	2023
Amounts recognized in the income statement:		
Interest on lease liabilities	0.4	0.4
Depreciation of lease assets per asset class		
Land and buildings	1.1	1.1
Plant and machinery	0.8	0.7
Other equipment	2.6	3.8
Depreciation of lease assets	**4.5**	**5.6**

Notes

3.4 Investments in subsidiaries

EUR million	2024
Cost at January 1	1,637.6
Currency translation adjustments	(1.5)
Additions from business acquisitions	9,722.1
Additions during the year	180.4
Cost at December 31	**11,538.6**
Impairment losses at January 1	(255.9)
Currency translation adjustments	0.3
Impairment losses	(55.8)
Impairment losses at December 31	**(311.4)**
Carrying amount at December 31	**11,227.2**

Combination with Chr. Hansen
On January 29, 2024, the statutory merger between Novozymes A/S and Chr. Hansen Holding A/S was completed, as described in Note 3.4. to the Consolidated financial statements. The total consideration amounts to EUR 9.1 billion, by the issue of a total of 187,298,646 Merger Consideration Shares. The identified assets and liabilities mainly relate to Chr. Hansen subsidiaries, which are recognized at a cost price of EUR 9.7 billion.

Other additions
As described in note 6.5 to the consolidated financial statements, the remaining 40% of the shares in Synergia Life Sciences Pvt. Ltd, India, were recognized at a cost price of EUR 83.1 million.

Reference is made to Note 6.9 to the consolidated financial statements concerning investments in subsidiaries, joint operations and associates.

3.5 Investments in associates

EUR million	2024
Cost at January 1	44.1
Cost at December 31	**44.1**
Revaluation reserve at January 1	(16.6)
Share of result in associates	(3.5)
Revaluation reserve at December 31	**(20.1)**
Carrying amount at December 31	**24.0**

Notes

3.6 Deferred tax

	Deferred tax assets		Deferred tax liabilities	
EUR million	**2024**	**2023**	**2024**	**2023**
Intangible assets	-	-	(38.1)	(39.7)
Property, plant and equipment	-	-	(34.5)	(36.1)
Inventories	-	-	(6.5)	(4.0)
Share-based payment	11.9	7.9	-	-
Other	-	-	(7.6)	(9.8)
	11.9	**7.9**	**(86.7)**	**(89.6)**
Offsetting items	(11.9)	(7.9)	11.9	7.9
Deferred tax at December 31	**-**	**-**	**(74.8)**	**(81.7)**

EUR million	**2024**	**2023**
Deferred tax at January 1	(81.7)	(87.3)
Prior-year adjustments	2.6	4.2
Tax related to the income statement	3.1	0.3
Tax on equity items	1.2	1.1
Deferred tax at December 31	**(74.8)**	**(81.7)**

4.1 Financial income and costs

EUR million	**2024**	**2023**
Interest income relating to subsidiaries	15.2	4.0
Fair value adjustment of payables relating to subsidiaries	-	22.2
Other financial income	21.6	2.5
Financial income	**36.8**	**28.7**
Interest costs relating to subsidiaries	(13.8)	(7.9)
Other financial costs	(86.6)	(41.2)
Financial costs	**(100.4)**	**(49.1)**

Notes

4.2 Credit institutions

EUR million	2024	2023
Long-term debt to credit institutions falling due after 5 years	198.1	245.8

Undrawn committed credit facilities amounted to EUR 795.0 million at December 31, 2024 (2023: EUR 705.2 million), which expire in 2025–2029. Reference is made to Note 5.1 to the consolidated financial statements concerning undrawn committed credit facilities, as the information applying to Novozymes A/S is identical to the information provided there.

4.3 Derivatives

Reference is made to Note 5.4 to the consolidated financial statements concerning derivatives, as the amounts and information applying to Novozymes A/S in all material aspects are identical to the information provided there. The consolidated amounts include a small number of forward contracts with fair value, amounting to less than EUR 0.1 million from other companies than Novozymes A/S.

4.4 Proposed appropriation of net profit

EUR million	2024	2023
Proposed appropriation of net profit		
Proposed dividend to shareholders	263.7	-
Interim dividend paid to shareholders	124.9	156.2
Retained earnings	(116.4)	132.6
Net profit	**272.2**	**288.8**

After publication of the annual report for 2023, the Board of Directors proposed a dividend of DKK 2.00 (EUR 0.27) per share at the Annual General Meeting in 2024, which was approved and paid out with EUR 124.9 million in 2024.

Notes

5.1 Related party transactions

Transactions

EUR million	2024	2023
Novo Holdings A/S		
Dividend payment to Novo Holdings A/S	62.0	107.8
The Novo Nordisk Group		
Sale of services	15.4	15.0
Purchase of goods and services	(5.9)	(6.6)
The NNIT Group		
Purchase of services	(0.7)	(1.9)
Microbiogen Pty. Ltd.*		
Purchase of services	(9.0)	(9.5)

Outstanding balances

EUR million	2024	2023
The Novo Nordisk Group		
Receivables	4.0	3.0
Payables	(10.1)	(9.8)
The NNIT Group		
Payables	(0.1)	(0.1)
Microbiogen Pty. Ltd.*		
Payables	(2.3)	(4.2)

* Associate of Novozymes A/S

In 2024, there have been very limited transactions with the Chr. Hansen Group until the time of the combination in January 2024. In 2023, there were sales of EUR 17.2 million to the Chr. Hansen Group, with an outstanding receivable of EUR 3.8 million at year end 2023.

Novonesis is expanding the wastewater and biomass treatment facility in Kalundborg, which is a joint operation with the Novo Nordisk Group. The expansion is fully financed by Novo Nordisk, and in 2024 Novozymes A/S has received EUR 60.7 million (2023: 13.0 million) from Novo Nordisk to fund the investment. The expansion is expected to be completed in 2027.

In connection with the relocation of the headquarters in Bagsvaerd, Denmark, Novonesis has sold land and buildings with effect from January 1, 2025, to Novo Nordisk A/S for EUR 16.8 million. The sales price is based on external valuations.

As part of the combination with Chr. Hansen, Novo Holdings received Merger Consideration Shares at a ratio of 1.0227 for each Chr. Hansen Share held by Novo Holdings, with respect to Novo Holdings' holding of 28,983,112 Chr. Hansen Shares.

There were no transactions with related parties other than the transactions described herein, and the ordinary remuneration of the Board of Directors and the Executive Management, which is presented in Note 6.1 to the consolidated financial statements.

Novozymes A/S has commitments and guarantees to related parties in the amount of EUR 46.4 million (2023: EUR 45.8 million), which primarily relate to guarantees issued for subsidiaries.

Reference is made to Note 6.4 to the consolidated financial statements concerning identification of related parties.

Novozymes A/S is included in the consolidated financial statements of the Novo Nordisk Foundation.

Notes

5.2 Fees to statutory auditors

EUR million	2024	2023
Statutory audit	0.9	0.9
Other assurance engagements	0.3	0.3
Tax advisory services	0.2	-
Other services	0.0	0.8
Fees to statutory auditors	**1.4**	**2.0**

Reference is made to Note 6.6 to the consolidated financial statements concerning fees to statutory auditors.

5.3 Common shares and treasury shares

In 2024, Novozymes has issued 187,298,646 common shares related to the combination with Chr. Hansen, which is described further in Note 3.4 to the consolidated financial statements.

Reference is made to Note 5.5 to the consolidated financial statements concerning common shares and treasury shares.

5.4 Contingent liabilities and pending litigation

Reference is made to Note 6.3 to the consolidated financial statements concerning pending litigation and arbitration, a contingent liability in 2023 in the form of a break-up fee, and consultancy agreements.

In 2023, Novozymes A/S had a contingent liability to purchase the remaining 40% of the shares in Synergia Life Sciences. The purchase was effected in 2024, and the liability is no longer relevant. Reference is made to Note 6.5 to the consolidated financial statements concerning non-controlling interests.

Reference is made to Note 2.5 to the consolidated financial statements concerning joint taxation.

5.5 Events after the reporting date

Reference is made to Note 6.8 to the consolidated financial statements concerning events after the reporting date.

Statements and information

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Statement of the Board of Directors and the Executive Management

The Board of Directors and the Executive Management have today considered and approved the Annual Report of Novozymes A/S (Novonesis A/S) for the financial year January 1 – December 31, 2024.

The Consolidated Financial Statements have been prepared in accordance with IFRS Accounting Standards, as adopted by the EU, and additional disclosure requirements in the Danish Financial Statements Act. The Parent Company Financial Statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the accounting policies used are appropriate, and the Group's internal controls relevant to the preparation and presentation of the Annual Report are adequate. The Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position at December 31, 2024, of the Group and the Parent Company, and of the results of the Group and the Parent Company operations and consolidated cash flows for the financial year January 1 – December 31, 2024.

The sustainability statement is prepared in accordance with the European Sustainability Reporting Standards ESRS as required by the Danish Financial Statements Act section 99a as well as article 8 in the EU Taxonomy regulation.

In our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Group and the Parent Company, of the results for the year, and of the financial position of the Group and the Parent Company as well as a description of the most significant risks and elements of uncertainty facing the Group and the Parent Company.

In our opinion, the Annual Report of Novonesis A/S for the financial year January 1 - December 31, 2024, with the file name NOVOZYMES-2024-12-31-en.zip, has been prepared, in all material respects, in accordance with the ESEF Regulation.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Bagsvaerd, February 26, 2025

Executive Management

Ester Baiget
President & CEO

Rainer Lehmann
CFO

Board of Directors

Cornelis (Cees) de Jong
Chair

Jesper Brandgaard
Vice Chair

Heine Dalsgaard

Lena Bech Holskov

Lise Kaae

Anders Hentze Knudsen

Kasim Kutay

Kevin Lane

Preben Nielsen

Morten Otto Alexander Sommer

Kim Stratton

Jens Øbro

Independent Auditor's Report

To the shareholders of Novozymes A/S (Novonesis A/S)

Report on the audit of the Consolidated Financial Statements and Parent Company Financial Statements

Opinion
We have audited the consolidated financial statements and the parent company financial statements of Novonesis A/S for the financial year January 1 – December 31, 2024, which comprise income statement, balance sheet, statement of changes in equity and notes, including material accounting policy information, for the Group and the Parent Company, and a consolidated statement of comprehensive income and a consolidated cash flow statement. The consolidated financial statements are prepared in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act, and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group at December 31, 2024 and of the results of the Group's operations and cash flows for the financial year January 1 – December 31, 2024 in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Further, in our opinion the parent company financial statements give a true and fair view of the financial position of the Parent Company at December 31, 2024 and of the results of the Parent Company's operations for the financial year January 1 – December 31, 2024 in accordance with the Danish Financial Statements Act.

Our opinion is consistent with our long-form audit report to the Audit Committee and the Board of Directors.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

To the best of our knowledge, we have not provided any prohibited non-audit services as described in article 5(1) of Regulation (EU) no. 537/2014.

Appointment of auditor
We were initially appointed as auditor of Novonesis A/S at the annual general meeting on April 30, 2024 for the financial year 2024.

Key audit matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year 2024. These matters were addressed during our audit of the financial statements as a whole and in forming our opinion thereon. We do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the "Auditor's responsibilities for the audit of the financial statements" section, including in relation to the key audit matters below. Accordingly, our audit included the design and performance of procedures to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Key audit matter

The Chr. Hansen business combination
On January 29, 2024, the merger between Novozymes A/S and Chr. Hansen Holding A/S was completed and effected through the exchange of all shares of Chr. Hansen Holding A/S with newly issued shares in Novozymes A/S for a total consideration of EUR 9.1 billion. To account for the Chr. Hansen business combination, management prepared a purchase price allocation to recognise the fair value of the identifiable assets and liabilities acquired.

Significant judgements and estimates have been exercised by management in preparing the purchase price allocation. These significant judgements and estimates mainly relate to identifying and assessing the fair value of acquired intangible assets, including technology related assets, strain library, research and development projects, customer relationships and brands, for which observable market prices are typically not available. Given the size of the acquisition and the level of management judgements and estimates involved, we considered the accounting for the Chr. Hansen business combination to be a key audit matter for the consolidated financial statements.

The accounting policies and critical accounting estimates and disclosures about the Chr. Hansen business combination are included in Note 3.4 to the consolidated financial statements.

How our audit addressed the key audit matter

As part of our audit, we have assessed the appropriateness of the accounting policies for business combinations applied by management compared to applicable accounting standards. We involved our internal specialists in assessing the valuation methodologies and key assumptions used by management when assessing the fair value of the acquired assets including in particular intangible assets. We assessed the key assumptions applied by management by comparing these to available market data, underlying accounting records, supporting documentation, past performance of the acquired businesses and our experience from comparable transactions. We assessed the knowledge, skills, abilities, and objectivity of management's experts used in determining the fair value of the acquired assets and evaluated the work performed. We further considered the adequacy of disclosures provided by management in the financial statements compared to applicable accounting standards.

Key audit matter	*How our audit addressed the key audit matter*
Valuation of acquired intangible assets including goodwill (impairment tests) The Group has recognised significant intangible assets amounting to EUR 10.0 billion, including goodwill, technology and strain library, customer relationships and other intangibles acquired in connection with the Chr. Hansen business combination in 2024. The cash-generating units to which the acquired intangible assets including goodwill are allocated are impairment tested by management on an annual basis. The impairment tests are based on management's determination of value in use, which is based on the net present value of future cash flows applying estimates about key assumptions such as sales growth, adjusted EBITDA margins, discount rates and growth expectations. Due to the inherent uncertainty involved in determining the net present value of future cash flows, we considered the impairment tests used in the valuation of acquired intangible assets to be a key audit matter for the consolidated financial statements. The accounting policies and critical accounting estimates and disclosures about valuation of acquired intangible assets are included in Note 3.1 to the consolidated financial statements.	As part of our audit, we have tested the mathematical accuracy of the discounted cash flow models used in determining the value in use and compared forecasted profitability to management approved budgets and long-term forecasts. We evaluated the assumptions and methodologies used in the discounted cash flow model, including those in relation to the forecasted sales growth and adjusted EBITDA margins, including comparing with historical sales growth rates. We compared the assumptions applied to externally derived data as well as our own assessments in relation to key assumptions such as long-term growth rates and discount rates. Further, we evaluated the sensitivity analysis on the key assumptions applied. We further considered the adequacy of disclosures provided by management in the financial statements compared to applicable accounting standards.

Statement on the Management's review
Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements, or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required by relevant law and regulations. This does not include the requirements in section 99a related to the sustainability statement covered by the separate auditor's limited assurance report hereon. Based on our procedures, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of relevant law and regulations. We did not identify any material misstatement of the Management's review.

Management's responsibilities for the financial statements
Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act and for the preparation of parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act.

Moreover, Management is responsible for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements and the parent company financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements and the parent company financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on compliance with the ESEF Regulation

As part of our audit of the Consolidated Financial Statements and Parent Company Financial Statements of Novonesis A/S, we performed procedures to express an opinion on whether the annual report of Novonesis A/S for the financial year January 1 – December 31, 2024 with the file name NOVOZYMES-2024-12-31-en.zip is prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the Consolidated Financial Statements including notes.

Management is responsible for preparing an annual report that complies with the ESEF Regulation. This responsibility includes:

- The preparing of the annual report in XHTML format;
- The selection and application of appropriate iXBRL tags, including extensions to the ESEF taxonomy and the anchoring thereof to elements in the taxonomy, for all financial information required to be tagged using judgement where necessary;
- Ensuring consistency between iXBRL tagged data and the Consolidated Financial Statements presented in human readable format; and
- For such internal control as Management determines necessary to enable the preparation of an annual report that is compliant with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance on whether the annual report is prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained, and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error. The procedures include:

Testing whether the annual report is prepared in XHTML format;

- Obtaining an understanding of the company's iXBRL tagging process and of internal control over the tagging process;
- Evaluating the completeness of the iXBRL tagging of the Consolidated Financial Statements including notes;
- Evaluating the appropriateness of the company's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified;
- Evaluating the use of anchoring of extension elements to elements in the ESEF taxonomy; and
- Reconciling the iXBRL tagged data with the audited Consolidated Financial Statements.

In our opinion, the annual report of Novonesis A/S for the financial year January 1 – December 31, 2024 with the file name NOVOZYMES-2024-12-31-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

Copenhagen, February 26, 2025

EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Henrik Kronborg Iversen
State Authorised Public Accountant
mne24687

Jens Thordahl Nøhr
State Authorised Public Accountant
mne32212

Independent Auditor's limited assurance report on the Sustainability statement

To the shareholders of Novozymes A/S (Novonesis A/S)

Limited assurance conclusion
We have conducted a limited assurance engagement on the Sustainability statement of Novonesis A/S (the group) included in the Annual Report 2024, pages 50-119 (the sustainability statement), for the financial year January 1 – December 31, 2024 including disclosures incorporated by reference listed in the table 'Disclosure requirements and incorporation by reference' on pages 115-117.

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the sustainability statement is not prepared, in all material respects, in accordance with the Danish Financial Statements Act section 99a, including:

- compliance with the European Sustainability Reporting Standards (ESRS), including that the process carried out by management to identify the information reported in the sustainability statement (the process) is in accordance with the description set out in the chapters 'Double Materiality Assessment' and 'Impacts, risks and opportunities', within the 'General' section on pages 60-69 and
- compliance of the disclosures in the chapter 'EU Taxonomy', within the environmental section on pages 71-75 of the sustainability statement with Article 8 of EU Regulation 2020/852 (the Taxonomy Regulation).

Basis for conclusion
We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance engagements other than audits or reviews of historical financial information (ISAE 3000 (Revised)) and the additional requirements applicable in Denmark.

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. Our responsibilities under this standard are further described in the Auditor's responsibilities for the assurance engagement section of our report.

Our independence and quality management
We are independent of the group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

EY Godkendt Revisionspartnerselskab applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Inherent limitations in preparing the sustainability statement
In reporting forward-looking information in accordance with ESRS, management is required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the group. Actual outcomes are likely to be different since anticipated events frequently do not occur as expected.

Management's responsibilities for the sustainability statement
Management is responsible for designing and implementing a process to identify the information reported in the sustainability statement in accordance with the ESRS and for disclosing this process in the chapters ‘Double Materiality Assessment’ and ‘Impacts, risks and opportunities’, within the ‘General’ section on pages 60-69 of the sustainability statement. This responsibility includes:

- understanding the context in which the group's activities and business relationships take place and developing an understanding of its affected stakeholders;
- the identification of the actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect, or could reasonably be expected to affect, the group's financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium-, or long-term;
- the assessment of the materiality of the identified impacts, risks and opportunities related to sustainability matters by selecting and applying appropriate thresholds; and
- making assumptions that are reasonable in the circumstances.

Management is further responsible for the preparation of the sustainability statement, in accordance with the Danish Financial Statements Act section 99a, including:

- compliance with the ESRS;
- preparing the disclosures in the chapter ‘EU Taxonomy’, within the environmental section on pages 71-75 of the sustainability statement, in compliance with Article 8 of the Taxonomy Regulation;
- designing, implementing and maintaining such internal control that management determines is necessary to enable the preparation of the sustainability statement that is free from material misstatement, whether due to fraud or error; and
- the selection and application of appropriate sustainability reporting methods and making assumptions and estimates that are reasonable in the circumstances.

Auditor's responsibilities for the assurance engagement
Our objectives are to plan and perform the assurance engagement to obtain limited assurance about whether the sustainability statement is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the sustainability statement as a whole.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised) we exercise professional judgement and maintain professional scepticism throughout the engagement.

Our responsibilities in respect of the process include:

- Obtaining an understanding of the process but not for the purpose of providing a conclusion on the effectiveness of the process, including the outcome of the process;
- Considering whether the information identified addresses the applicable disclosure requirements of the ESRS, and
- Designing and performing procedures to evaluate whether the process is consistent with the group's description of its process, as disclosed in the chapters ‘Double Materiality Assessment’ and ‘Impacts, risks and opportunities’, within the ‘General requirements’ section on pages 60-69.

Our other responsibilities in respect of the sustainability statement include:

- Identifying disclosures where material misstatements are likely to arise, whether due to fraud or error; and
- Designing and performing procedures responsive to disclosures in the sustainability statement where material misstatements are likely to arise. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Summary of the work performed
A limited assurance engagement involves performing procedures to obtain evidence about the sustainability statement.

The nature, timing and extent of procedures selected depend on professional judgement, including the identification of disclosures where material misstatements are likely to arise, whether due to fraud or error, in the sustainability statement.

In conducting our limited assurance engagement, with respect to the process, we:

- Obtained an understanding of the process by performing inquiries to understand the sources of the information used by management; and reviewing the group's internal documentation of its process; and

- Evaluated whether the evidence obtained from our procedures about the process implemented by the group's was consistent with the description of the process set out in the chapters 'Double Materiality Assessment' and 'Impacts, risks and opportunities', within the 'General' section on pages 60-69.

In conducting our limited assurance engagement, with respect to the sustainability statement, we:

- Obtained an understanding of the Group's reporting processes relevant to the preparation of its sustainability statement including the consolidation processes by obtaining an understanding of the Group's control environment, processes and information systems relevant to the preparation of the sustainability statement, but not evaluating the design of particular control activities, obtaining evidence about their implementation or testing their operating effectiveness;

- Evaluated whether material information identified by the process is included in the sustainability statement;

- Evaluated whether the structure and the presentation of the sustainability statements is in accordance with the ESRS;

- Performed inquiries of relevant personnel and analytical procedures on selected information in the sustainability statement;

- Performed substantive assurance procedures on selected information in the sustainability statement;

- Evaluated methods, assumptions and data for developing material estimates and forward-looking information and how these methods were applied;

- Obtained an understanding of the process to identify EU taxonomy economic activities for turnover, CAPEX and OPEX and the corresponding disclosures in the sustainability statement;

- Evaluated the presentation and use of EU taxonomy templates in accordance with relevant requirements; and

- Reconciled and ensured consistency between the reported EU taxonomy economic activities and the items reported in the primary financial statements including the disclosures provided in related notes.

Copenhagen, February 26, 2025

EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Henrik Kronborg Iversen
State Authorised Public Accountant
mne24687

Lars Fermann
State Authorised Public Accountant
mne45879

Financial definitions and ratios (part of Management Review – not audited)

Financial ratios have been prepared in accordance with the guidelines from the Danish Society of Financial Analysts, and supplemented by certain key ratios for Novonesis. Financial ratios are described below and in the section 'Non-IFRS financial measures'.

FINANCIAL DEFINITIONS

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

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

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

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

Net interest-bearing debt (NIBD)
The market value of interest-bearing liabilities (financial liabilities) less the market value of cash and cash equivalents and other readily convertible interest-bearing current assets.

Net working capital
Current assets less current liabilities used in, or necessary for, the company's operations. The main components are inventories, trade receivables and trade payables.

Operating costs
Operating costs consist of Sales and distribution costs, Research and development costs and Administrative costs.

Operating profit (EBIT)
Net profit before interest and tax.

Operating profit (EBIT) before special items
Net profit before special items, interest and tax.

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

PPA inventory step-up
PPA inventory step-up is the change in value of acquired inventories following the Purchase Price Allocation (PPA), where inventory is measured at fair value, rather than cost.

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

KEY RATIOS

Adjusted earnings per share, diluted (Adjusted EPS, diluted)
Adjusted net profit divided by the weighted average number of shares in circulation (diluted).

Adjusted EBITDA margin
Adjusted EBITDA as a percentage of net sales.

CAPEX (% of net sales)
Net investments, excluding acquisitions, as a percentage of net sales.

Earnings per share (diluted)
Net profit attributable to the shareholders of Novozymes A/S divided by the weighted average number of shares in circulation (diluted).

EBIT margin
Net profit before interest and tax as a percentage of net sales.

Effective tax rate
Income tax expense as a percentage of profit before tax.

Gross margin
Gross profit as a percentage of net sales.

Net interest-bearing debt to EBITDA (NIBD/EBITDA)
Net interest-bearing debt as a percentage of last 12 months' EBITDA.

R&D costs (% of net sales)
Research and development costs as a percentage of net sales.

Non-IFRS financial measures (part of Management Review – not audited)

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

The non-IFRS financial measures presented in the Annual Report are:

- Organic sales growth
- Operating profit (EBIT) before special items
- EBITDA
- Adjusted EBITDA
- Free cash flow before acquisitions
- Pro forma figures

Adjusted EBITDA

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

EUR million	2024	2023
Operating profit (EBIT)	501.0	533.6
Amortization	304.8	40.3
Depreciation	239.3	146.1
Impairment losses	53.3	-
EBITDA	**1,098.4**	**720.0**
EBITDA margin	28.7%	30.0%
Special items excluding impairment losses	104.7	77.3
PPA inventory step-up	183.9	-
Adjusted EBITDA	**1,387.0**	**797.3**
Adjusted EBITDA margin	36.2%	33.2%

Free cash flow before acquisitions and divestments (FCF)

Free cash flow less cash flows from business acquisitions, divestments, etc.

EUR million	2024	2023
Cash flows from operating activities	1,019.9	557.1
Cash flows from investing activities	(199.7)	(286.2)
Free cash flow	**820.2**	**270.9**
Cash flows from business acquisitions, etc.	(14.8)	22.7
Cash flows from divestments	(144.5)	(11.8)
Free cash flow before acquisitions	**660.9**	**281.8**

Pro forma figures

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

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

The pro forma figures are unaudited.

The pro forma figures reflect Novonesis' internal reporting and management structure. The historical figures have been restated to reflect the two operating segments: Food & Health Biosolutions and Planetary Health Biosolutions.

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

- Elimination of intercompany sales
- Harmonization of freight cost allocation from net sales to sales & distribution costs.

Please refer to page 15 in the Management Review for a bridge between IFRS and pro forma figures, and to Financial definitions and ratios for definitions and key ratios.

Pro forma adjusted earnings per share, diluted

Adjusted pro forma net profit divided by the weighted average number of shares in circulation (diluted).

	Pro forma	
EUR million	**2024**	**2023**
Net profit attributable to the shareholders of Novozymes A/S	276.6	614.8
Special items	199.0	114.2
PPA inventory step-up	183.9	-
Tax impact	(64.8)	(25.5)
Adjusted net profit	**594.7**	**703.5**
Average number of shares in circulation, diluted, million	277.9	277.9
Correction to reflect pro forma average number of shares end of period*, million	187.3	187.3
Pro forma average number of shares, diluted, million	**465.2**	**465.2**
Adjusted earnings per share, diluted, EUR	**1.28**	**1.51**

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

About the Report

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Reporting and audits
The Novonesis website contains links to a PDF version of The Annual Report as well as the XHTML version submitted to the Danish Financial Supervisory Authority. The audit covers the Sustainability statement in accordance with the Corporate Sustainability Reporting Directive (CSRD). Please also see the Independent Auditor's Reports in the statements section of this Report.

The report has been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU, additional requirements of the Danish Financial Statements Act and additional requirements of Nasdaq Copenhagen A/S for the presentation of financial statements by listed companies.

Forward-looking statements
The Novonesis Annual Report contains forward-looking statements, including statements about future events, future financial performance, plans, strategies and expectations. Forward-looking statements are associated with, but not limited to, words such as "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. Such risks and uncertainties may, among other things, include unexpected developments in i) the ability to develop and market new products; ii) the demand for Novonesis' products, market-driven price decreases, industry consolidation, and launches of competing products or disruptive technologies in Novonesis' 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 growth platforms; 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 input and other materials that compete with Novonesis' biological solutions. The company undertakes no obligation to update any forward-looking statements as a result of future developments or new information.