

Adopted at the Annual General Meeting on: June 7, 2024

Mikkel Viltoft
Chairman

NOVOZYMES BIOAG A/S

Krogshøjvej 36, 2880 Bagsværd

CVR-nr. 30 91 92 46

ANNUAL REPORT 2023

Management's Statement

The Executive Board and the Board of Directors have today considered and adopted the Annual Report of Novozymes BioAg A/S for the financial year 1 January - 31 December 2023.

The Annual Report is prepared in accordance with the Danish Financial Statements Act. We consider the accounting policies applied appropriate and the estimates made reasonable.

In our opinion, the Financial Statements give a true and fair view of the financial position at 31 December 2023 of the Company and of the results of the Company operations for 2023.

In our opinion, Management's Review includes a true and fair account of the matters mentioned and describes the most significant risks and elements of uncertainty facing the Company.

We recommend that the Annual Report be adopted at the Annual Shareholders' Meeting.

Bagsværd, June 7, 2024

Executive Board

Camilla Kinch Jensen

Board of Directors

Mikkel Viltoft
(Chair)

Rainer Lehmann

Camilla Kinch Jensen

Independent Auditor's Report

To the Shareholders of Novozymes BioAg A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2023, and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Novozymes BioAg A/S for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 Financial Statements section of our report. We are independent of the Company 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and 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 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 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 about 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 the 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 these financial statements.

As part of an audit conducted in accordance with ISAs and the 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 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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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.

Hellerup, June 7, 2024

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Christian Møller Gyrsting
State Authorised Public Accountant
mne44111

Martin Jarness Schmidt Andersen
State Authorised Public Accountant
mne49061

Management Review

5 year Financial Highlights

	2023	2022	2021	2020	2019
Revenue	112,486,821	148,562,040	133,334,572	149,425,194	8,921,802
Gross profit	422,227,177	364,470,630	232,609,203	201,915,895	379,114,561
Operating profit	400,154,754	254,908,678	121,948,871	27,210,814	232,941,700
Net financials	53,443,334	2,974,915	1,339,856	-1,835,593	-9,534,168
Net profit for the year	309,011,928	272,818,768	119,174,788	-9,959,809	395,047,743
Fixed assets	179,335,377	251,395,415	331,124,835	439,180,278	609,147,147
Current assets	793,188,550	771,248,986	491,966,484	359,701,416	968,546,173
Total Assets	972,523,927	1,022,644,401	823,091,319	798,881,694	1,577,693,320
Share capital	600,000	600,000	600,000	600,000	600,000
Total equity	729,271,208	820,259,280	637,440,512	593,265,724	1,003,225,533
Gross margin	375.4%	245.3%	174.5%	135.1%	4249.3%
Operating Profit margin	355.7%	171.6%	91.5%	18.2%	2610.9%
Equity ratio	75.0%	80.2%	77.4%	74.3%	63.6%
Return on equity	39.9%	37.4%	19.4%	-1.2%	46.0%

Key ratios have been prepared as described below:

Gross margin	Gross profit as a percentage of revenue
Operating Profit margin	Operating profit for the year as a percentage of revenue
Equity ratio	Equity as a percentage of total assets
Return on equity	Profit for the year as a percentage of average equity

Management Review

The purpose of the company is to operate and invest in research and development, production and trade with biological solutions, herunder biotechnological products and processes, as well as any business related to this as determined by the Board of Directors. The company strives to operate on a sustainable and responsible way, both financially, socially and environmentally.

For the financial year 2023 the company has realized a profit of DKK 309,011,928 which is line with expectations.

Equity as of 31 December 2023 was DKK 729,271,208.

The company proposes to pay ordinary dividend for the financial year of DKK 400.000.000.

Research and development activities

Research and development is primarily within the field of Bioag products and processes.

Expectations for 2024

Revenue and profit for 2024 are expected to be at the same level as 2023. Novozymes BioAg A/S is part of the Novonesis Group. Refer to Novonesis to see outlook for the full Novonesis Group.

Accounting policies

The Annual Report has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

Accounting policies are unchanged compared to last year.

With reference to section 112 of the Danish Financial Statements Act, the Company has omitted to prepare consolidated financial statements as Novozymes BioAg A/S and group enterprises are included in the consolidated financial statements of Novozymes A/S, Gladsaxe, CVR No 10 00 71 27.

Recognition and measurement

The Company's income and expenses are included in the Annual Report in consideration of full accrual of income and expenses.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below

Translation policies

Transactions in foreign currencies are translated into DKK at the exchange rates at the dates of transaction. Monetary items in foreign currencies are translated into DKK at the exchange rates at the balance sheet date. Realised as well as unrealised exchange gains and losses are recognised in financial income and expenses in the income statement.

Revenue

Revenue is recognized when the company has satisfied on its performance obligations and the customer has obtained control of the goods sold.

Revenue is measured at the value of the agreed transaction price, less VAT and taxes, as well as rebates and discounts.

Cost of goods sold

Cost of goods sold include costs that have been incurred in fulfilling performance obligations and recognizing the revenue for the year.

Other operating income

Other operating income includes capital gains from sale of immaterial assets and gains from the related bilateral advance pricing agreements (APAs).

Other external expenses

Other external expenses include costs for administration, research, audit etc.

Financial income and expenses

Financial income and expenses include interest, as well as gains and losses on financial assets, liabilities and transactions in foreign currency.

Tax

Tax on profit for the year which comprises current tax for the year, change in deferred tax as well as any adjustments of previous years is recognised in the income statement. Deferred tax is measured under the balance sheet liability method and comprises all temporary differences between the carrying amount and the tax base of assets and liabilities. Deferred tax on goodwill is not recognized unless amortisations on goodwill are tax deductible.

Deferred tax is measured on the basis of applicable tax rules and at the tax rate expected to be effective when the temporary differences are eliminated. Any changes in deferred tax due to changes to the tax rates are recognised in the income statement.

The Company is jointly taxed with the Danish enterprises in the Novo Holdings A/S Group. The tax of the individual enterprises is fully allocated on the basis of the expected taxable income

Accounting policies

Intangible assets

Intangible assets are measured at cost less accumulated amortisation and less any accumulated impairment losses.

Goodwill is amortised over the expected life, which is 10 years. Expected life is based on an individual evaluation.

Acquired patents, licences and know-how are amortised over their useful lives. Patents are amortised over their useful lives which are normally identical with the patent periods, and licences are amortised over the period of the agreement. Recorded patents, licences and know-how are amortised over 4-10 years.

The carrying amounts of intangible assets are assessed on an annual basis to determine whether there is any indication of impairment. If there is an indication of impairment, an impairment test is performed, and the asset is written down to the lower of recoverable amount and carrying amount.

Investments in subsidiaries and other investments

Investments in subsidiaries are recognised at the cost of the shares. Impairment losses on the investments are recognised, however, where the impairment is considered to be of a permanent nature.

Dividends received are recognized in the income statement as income from subsidiaries and other investments.

If the equity of subsidiaries or associates is negative and Novozymes A/S has a legal or constructive obligation to cover the company's negative equity, a provision is recognized

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value which normally corresponds to nominal value less any loss allowance for bad debts. Loss allowance for bad debts are determined on the basis of an individual assessment of each receivable.

Financial liabilities

Financial liabilities are measured at amortised cost, substantially corresponding to nominal value. Financial liabilities include trade payables and intercompany payables.

Cash flow statement

The Company has not prepared any cash flow statement, see section 86(4) of the Danish Financial Statements Act

Income statement 1. January - 31. December 2023

	Note	<u>2023</u>	<u>2022</u>
		DKK	DKK
Revenue		112,486,821	148,562,040
Other operating income	1	317,414,131	223,957,708
Other external expenses	2	<u>(7,673,775)</u>	<u>(8,049,118)</u>
Gross profit		<u>422,227,177</u>	<u>364,470,630</u>
Amortisation and impairment on intangible assets	3	<u>(22,072,423)</u>	<u>(109,561,952)</u>
Operating profit		<u>400,154,754</u>	<u>254,908,678</u>
Financial income	4	58,610,874	7,544,309
Financial expenses	5	(5,167,540)	(4,569,394)
Income/expenses from investments in group enterprises	6	(5,500,000)	87,787,200
Impairment of financial fixed assets	6,7	<u>(55,599,547)</u>	<u>(12,700,000)</u>
Profit before tax		<u>392,498,541</u>	<u>332,970,793</u>
Tax on profit for the year	8	<u>(83,486,613)</u>	<u>(60,152,025)</u>
Net profit for the year		<u>309,011,928</u>	<u>272,818,768</u>

Balance sheet at December 31, 2023

	Note	<u>2023</u>	<u>2022</u>
		DKK	DKK
Assets			
Acquired patents, licences, and know-how	3	19,403,547	41,475,970
Intangible assets		19,403,547	41,475,970
Investments in subsidiaries	6	159,931,830	204,922,881
Other investments	7	-	4,996,564
Financial fixed assets		159,931,830	209,919,445
Fixed assets		179,335,377	251,395,415
Trade receivables		16,050	781
Receivables from group enterprises		792,560,232	761,695,399
Other receivables		-	8,500,000
Receivables		792,576,282	770,196,180
Cash at bank and in hand		612,268	1,052,806
Current assets		793,188,550	771,248,986
Assets		972,523,927	1,022,644,401
Liabilities and equity			
Share capital	9	600,000	600,000
Retained earnings		328,671,208	419,659,280
Proposed dividend	10	400,000,000	400,000,000
Equity		729,271,208	820,259,280
Other provisions		5,500,000	0
Deferred tax	11	40,519,694	8,053,116
Provisions		46,019,694	8,053,116
Trade payables		1,596,747	352,252
Payables to group enterprises		93,408,109	107,795,772
Corporation tax		96,672,365	79,910,816
Other payables		5,555,804	6,273,165
Short-term liabilities		197,233,025	194,332,005
Liabilities and equity		972,523,927	1,022,644,401
Related parties	12		
Contingent liabilities	13		
Events after the reporting date	14		

Statement of changes in equity

DKK	Share capital	Retained earnings	Proposed dividend	Total
Equity at January 1	600,000	419,659,280	400,000,000	820,259,280
Net profit for the year	-	309,011,928	-	309,011,928
Paid dividend	-	-	(400,000,000)	(400,000,000)
Proposed dividend for the year	-	(400,000,000)	400,000,000	-
Equity at December 31	600,000	328,671,208	400,000,000	729,271,208

Notes to the Annual Report

1 Other operating income

Other operating income in 2023 is related to sale of royalty agreements in previous years.

2 Employee expenses

There were no employees in the company in 2023 or 2022.

3 Acquired patents, licences, and know-how

	<u>2023</u>
	DKK
Cost at 1. January	1,252,161,329
Cost at 31 December	<u>1,252,161,329</u>
Depreciation at 1 January	1,210,685,359
Depreciation for the year	22,072,423
Depreciation and impairment at 31 December	<u>1,232,757,782</u>
Carrying amount at 31 December	<u>19,403,547</u>

4 Financial income

	<u>2023</u>	<u>2022</u>
	DKK	DKK
Interest income	37,106,139	16,046
Foreign exchange gain	6,827,495	5,635,217
Interest on receivables from group enterprises	14,677,240	1,893,046
	<u>58,610,874</u>	<u>7,544,309</u>

Interest income has been positively affected by accumulated interest income from the settlement of a long-standing tax case.

Notes to the Annual Report

5 Financial expenses	2023	2022
	DKK	DKK
Bank charges	(7,188)	(6,989)
Interest expenses	(14,342)	(1,873)
Foreign exchange loss	(5,146,010)	(4,560,532)
	(5,167,540)	(4,569,394)

6 Investments in subsidiaries	2023
	DKK
Cost at 1. January	661,742,527
Additions for the year	5,611,932
Cost at 31 December	667,354,459
Impairment 1 January	456,819,646
Reversal of impairments for the year	(10,600,000)
Impairments for the year	61,202,983
Impairment 31 December	507,422,629
Carrying amount 31 December	159,931,830

Subsidiaries with published financial statements:

Name	Ownership share (%)	Share capital	Equity	Net loss for the year
Novozymes BioAg S.A, Argentina (2022)	94	ARS 2,296,801,473	ARS 2,485,321,667	ARS (1,475,784,278)

The result for 2023 is impacted by an impairment in the subsidiary Novozymes BioAg S.A, Argentina of DKK 61.2 million due to inflation and financial results and a reversal of impairment in Novozymes BioAg Productos Para Agricultura Ltda, Brasilien of DKK 10.6 million. In addition a provision of DKK 5.5 million has been recognized related to constructive obligations in relation to Novozymes BioAg S.A, Argentina.

In 2023 Novozymes BioAg DK A/S has not received dividends. In 2022 the company received DKK 88 million in dividends from Novozymes BioAg Limited, Canada.

7 Other investments	2023
	DKK
Cost at 1. January	4,996,564
Disposals for the year	(4,996,564)
Cost at 31 December	0
Impairments for the year	(4,996,564)
Disposals for the year	4,996,564
Impairment 31 December	0
Carrying amount 31 December	0

Notes to the Annual Report

8 Tax on profit for the year

	<u>2023</u>	<u>2022</u>
	DKK	DKK
Tax on profit for the year	(96,672,370)	(79,910,818)
Deferred tax	(32,466,579)	24,542,568
Adjustment of tax, previous year	45,825,125	0
Paid Withholding taxes	<u>(172,789)</u>	<u>(4,783,775)</u>
	<u>(83,486,613)</u>	<u>(60,152,025)</u>

Tax on profit for the year has been positively affected from the settlement of a long-standing tax case. The amount has been included as adjustment of taxes previous year.

9 Share capital

Share capital amounts to DKK 600,000 and consists of 600 shares of DKK 1,000.

10 Distribution of profit

	<u>2023</u>	<u>2022</u>
	DKK	DKK
Proposed distribution of profit:		
Proposed dividend	400,000,000	400,000,000
Transferred to retained earnings	<u>(90,988,072)</u>	<u>(127,181,232)</u>
	<u>309,011,928</u>	<u>272,818,768</u>

11 Deferred tax

	<u>2023</u>	<u>2022</u>
	DKK	DKK
Deferred tax 1 January	8,053,115	32,595,683
Adjustment for the year	<u>32,466,579</u>	<u>(24,542,568)</u>
Deferred tax 31 December	<u>40,519,694</u>	<u>8,053,115</u>
Deferred tax relates to		
Intangible assets	4,268,778	9,124,711
Prepayments	<u>36,250,916</u>	<u>(1,071,596)</u>
Deferred tax 31 December	<u>40,519,694</u>	<u>8,053,115</u>

Notes to the Annual Report

12 Related parties

Novozymes BioAg A/S is a wholly-owned subsidiary of Novozymes A/S, Glaxo and is included in the Consolidated Statements of Novozymes A/S. The ultimate parent company preparing consolidated financial statements is the Novo Nordisk Foundation, Gentofte.

The Novo Nordisk Foundation and its subsidiaries, i.e. the Novo Group and the Novo Nordisk Group, members of the executive boards of these entities and the management of Novozymes A/S as well as their close family members are considered related parties. Related parties moreover comprise enterprises in which the above-mentioned group of people hold considerable interests.

All agreements about these transactions are based on list prices when sales are effected to third parties where such list prices exist, or the price has been estimated at the amount considered the market price. The majority of the agreements are renegotiated regularly.

13 Contingent liabilities

The company has no contingent liabilities.

The company is jointly taxed with the Danish companies of the Novo Holdings A/S Group, and is individually liable for the joint taxation liability.

14 Events after the reporting date

No events have occurred after the reporting date of importance to the financial statements.