

Improving the lives of **people** and the sustainability of **society**



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Letter from the Chairmanship

Benefitting people and society

On behalf of the Board of the Novo Nordisk Foundation, we are pleased to present this Annual Report for 2021, which reports on the activities across the entire Group.

The Foundation's central vision is to contribute significantly to research and development that improves the lives of people and the sustainability of society. As an enterprise foundation, we do this by providing a stable basis for the commercial activities of the companies in the Novo Group (Novo Nordisk A/S and Novozymes A/S), as well as through our grant-awarding activities. Our grants are partly awarded through open calls and partly through stand-alone initiatives which are developed and implemented in collaboration with key partners.

A year of transition

Looking back, 2021 has been a transitional year in a number of ways. We are nearing the end of our current strategy period, which commenced in 2019, and so the Foundation has been engaged in the work of developing a new, ambitious grant-giving strategy for the coming period up until 2030.

Several events impacting the world have been agenda-setting, not just for our grant-giving activities in 2021 but also for our coming strategy. In the area of health, the COVID-19 pandemic has served as a wake-up call, while the emerging global climate crisis has stressed the urgency of pushing for a green transition. In response to the coronavirus, the Foundation has increased its focus on themes such as equity in health and pandemic prevention and preparedness. As for the green transition, we continue to see scientific discovery and innovation in the life sciences as a key driver in the effort to create a sustainable future.

Thus, our grant-giving activities in the years ahead will fall within three overarching themes. In the area of health, we will seek to improve the lives of people by advancing science and solutions for cardiometabolic disease, infectious disease and inequity in healthcare. In addition, we will improve the sustainability of society by advancing knowledge, research and technological solutions within food production, agriculture and climate change mitigation. And finally, we will strengthen the life science ecosystem through fundamental research, innovation, technology and infrastructure, catalysing impact within health and sustainability.

Points of focus in 2021

Our efforts and grant-awarding have increased significantly in recent years, and 2021 has been no exception. While Denmark continues to be the centre of gravity for our activities, more and more of the initiatives we support also involve research collaborations on an international scale. In 2021, the Foundation launched three major research centres, all of which aim for research excellence through the establishment of partnerships between internationally leading research institutions. We believe that forming such collaborative partnerships and gathering the expertise of leading scientists is a powerful way of strengthening the life sciences and the research environments also in Denmark.

2021 marked the centenary of the discovery of insulin, and the area of diabetes and endocrinology continues to be a special focus area for us. With plans for establishing a diabetes and lifestyle centre in Greenland in place, the Foundation initiated in 2021 a collaboration with the Faroese Ministry of Health to establish a diabetes centre in the Faroe Islands. These initiatives pave the way for Steno Diabetes Centers covering the entire Danish Realm. It is also a testimony to the impact of the Foundation's efforts that Steno Diabetes Center Copenhagen in 2021 was appointed as an international role model for patient care by the World Economic Forum's Global Coalition for Value in Healthcare.

COVID-19 was at the top of the agenda yet again in 2021, and it is likely to continue to be so in the years ahead. The COVID-19 pandemic has trained a spotlight on the need for concerted action on a global scale, so that the world society may become better prepared for preventing and responding to future epidemics. Over the last couple of years, the Foundation has become actively engaged in the area of antimicrobial resistance. In 2021, we have expanded our initiatives within infection medicine, vaccine research, viral infections and microbial diseases, and this area will continue to be a central focus area for the Foundation in the coming years.

On 1 March 2021, the Foundation parted ways with our CEO for nearly 12 years, Birgitte Nauntofte. We would like to express our gratitude for the tremendous work she has carried out during a period that has been truly transformational for the Foundation. In her stead, we have been fortunate to be able to welcome Mads Krogsgaard Thomsen as our new CEO. Before joining the Foundation, Mads has among other things held various positions at Novo Nordisk A/S, most recently as Executive Vice President and Chief Scientific Officer, being responsible for global

drug and device research. At the same time, Søren Nedergaard was appointed to the new position as the Foundation's COO, coming from a position as Deputy Director and Head of Rector's Office at the University of Copenhagen.

This change in Executive Management came at an opportune time, as the Foundation was about to initiate the process of preparing a new ambitious strategy for its activities up until 2030. Looking back on 2021, we can now say this preparation process is well on track.

We would like to take this opportunity to thank the Boards of Directors, committee members as well as managements and employees across the entire Novo Nordisk Foundation Group for their contributions in 2021. We are looking forward to the exciting developments in the coming year, for the benefit of people's lives and the sustainability of society.

On behalf of the Board of Directors,

Lars Rebien Sørensen
Chair

Marianne Philip
Vice Chair

Letter from the CEO

The Novo Nordisk Foundation's activities in 2021

2021 was an eventful year marked by great activity. The Foundation awarded a total of DKK 8.8 billion in grants, an increase from DKK 5.5 billion the previous year. Its payouts rose from DKK 4.6 billion in 2020 to DKK 4.8 billion in 2021.

Grants in open competition

In 2021, the Foundation received an impressive number of high-quality applications for ambitious and innovative projects. A total of 2,911 applications were submitted, of which 617 were awarded a grant.

Among the grants awarded in open competition were grants under the annual Challenge Programme, targeted ambitious research projects that address major societal challenges. This year, a total of DKK 366 million was awarded to seven projects.

In addition, grants totalling DKK 432 million were awarded to 45 researchers under the Foundation's Research Leader Programme in 2021. The programme targets the best and most talented researchers at different stages of their careers and aims to generate new knowledge on topics such as health, disease, sustainable food production and biomanufacturing. Through its newly established Start Package grant programme, the Foundation awarded five grants to international researchers who have been selected by universities in Denmark. The purpose of the programme is to strengthen the competitiveness of Danish universities in recruiting uniquely talented researchers.

Mission-driven research centres

With the launch of two international research centres, the Foundation intensified its support of research collaborations across disciplines that seek to tackle major societal challenges. In September, DKK 630 million was awarded for the establishment of the Novo Nordisk Foundation CO₂ Research Center, based at Aarhus University and involving six satellite institutions worldwide and collaborating industry partners. It is the world's first interdisciplinary research centre aimed at developing knowledge and scalable technology that can be used to capture and recycle carbon dioxide.

With the Board's approval of an unprecedented DKK 2.2 billion grant, we were able to announce the Novo Nordisk Foundation Center for Stem Cell Medicine (reNEW), a collaborative partnership between the University of Copenhagen, Murdoch Children's Research Institute in Melbourne, Australia and Leiden University Medical Center in the Netherlands. The ambition is to pave the way for future stem cell-based treatments, leading to curative therapies for chronic diseases.

Other strategic initiatives

The focus on mission-driven research reflects the Foundation's continued ambition of supporting innovation and the development of scientific discoveries into specific products and solutions for the benefit of people and society. Thus, in 2021 we awarded DKK 128 million for the establishment of an innovation platform at Denmark's university hospitals, where researchers can pursue the development of new methods and solutions for improving patient care.

Two major initiatives were launched for the purpose of developing patient care through an improved understanding of disease. One was the establishment of a nationwide Cardiovascular Academy at Aarhus University. The Academy will bring together Denmark's experts in cardiovascular disease research, with the aim of improving diagnosis, prevention and treatment in the area.

The other initiative was the establishment of the Novo Nordisk Foundation Center for Genomic Mechanisms of Disease. The centre will facilitate collaborations between Danish researchers and the Broad Institute of MIT and Harvard (US), which will provide access to its unique technology platforms and expertise in genomic technologies, gene regulation and data science. The ambition with this international collaboration is to advance patient-centered research and precision medicine in relation to complex diseases such as type 2 diabetes and obesity.

In 2021, the Foundation awarded DKK 200 million together with VILLUM FONDEN for the establishment of Science Academy NAFA, a national programme aiming to ensure motivational and rewarding natural science teaching in primary and lower-secondary schools by strengthening the education of natural science teachers.

Another initiative co-funded with the VILLUM FONDEN is the Data Science Academy at the Technical University of Denmark. Building on the Foundation's existing strategic focus on data science, the purpose is to build a national infrastructure of data science for the benefit of other areas of scientific research. The Foundation awarded DKK 152.5 million towards the academy.

Social and humanitarian efforts

Equity in health is a central theme when it comes to the Foundation's social and humanitarian efforts. Thus, in 2021 we launched a new grant programme to support the integration of health into social initiatives targeted children and young people. In addition to this, the Foundation took the initiative to establish a new national alliance of private and public organisations called Børnevægt i Balance. This alliance will work towards promoting healthy weight among children.

On the humanitarian front, DKK 10 million was granted to rapidly increase the hospital capacity in India in response to COVID-19, while we awarded DKK 20 million to mitigate the negative consequences of the pandemic for young people in Lebanon. Also, efforts to fight NCDs are high on the agenda. In 2021, the Foundation and Novo Nordisk A/S made a joint DKK 100 million donation to the World Diabetes Foundation to kickstart the Diabetes Compass initiative, which aims to improve diabetes care in low- and middle-income countries.

Finally, a DKK 200 million grant was awarded to a consortium led by PlanBørnefonden to help young Syrian refugees in Jordan enter educational programmes and join the labour market.

Prizes

The Foundation awarded numerous prizes during 2021. To mark the 100th anniversary of the discovery of insulin, we introduced a new award, the EFSD and the Novo Nordisk Foundation Precision Diabetes Medicine Award, together with the European Foundation for the Study of Diabetes. And in a year marked by the pandemic, the Novo Nordisk Prize was awarded to four leading contributors to the development of the COVID-19 mRNA vaccine.

Organisational changes

To strengthen the level of collaboration across the Foundation's functions and prepare for the tasks ahead of us, a number of organisational changes were implemented in 2021. Thus, we saw a restructuring of the leadership team while the whole organisation has started the transition towards more project-centric way of working. This constitutes an important first step towards becoming a more agile organisation, making us fully geared for the wide range of activities under our coming strategy.

Mads Krogsgaard Thomsen
CEO

Management's review

Purpose, vision and mission

The Novo Nordisk Foundation is an independent Danish foundation with corporate interests. Its history dates back to 1922, when Nobel Laureate August Krogh was awarded the rights to produce insulin in Scandinavia by the Insulin Committee in Toronto. Under its Articles of Association, the Foundation has the following objectives:

Commercial objectives:

- » To provide a stable basis for the commercial and research activities carried out by:
- » Novo Nordisk A/S, which is engaged in research, development, production and sale within pharmaceuticals and related products and services;
- » Novozymes A/S, which is engaged in carrying out research, development, production and trade within biological solutions; and
- » any future public or private limited companies in which the Foundation's subsidiary, Novo Holdings A/S, may hold a material equity interest or over which Novo Holdings A/S may have material influence, whether through proxy or otherwise.

Grant-awarding objectives:

- » To support physiological, endocrinological, metabolic and other medical research
- » To support research hospital activities within diabetes in Denmark; and furthermore
- » To support other scientific, humanitarian and social purposes

The Novo Nordisk Foundation's vision is to contribute significantly to research and development that improves the lives of people and the sustainability of society.

To fulfil its vision, the Foundation will pursue a three-pronged mission:

- » To enable Novo Nordisk A/S and Novozymes A/S to create world-class business results and contribute to growth
- » To develop knowledge-based environments in which innovative and talented people can carry out research of the highest quality and translate discoveries into new treatments and solutions
- » To inspire and enable children and young people to learn

Strategic goals for the Foundation's activities

With its strategy for 2019-2023, the Board of Directors has set the direction for how the Foundation wishes to contribute to society through its commercial and grant-awarding activities.

Commercial focus areas and long-term objectives:

- » To be a strong owner of the companies in the Novo Group
- » To generate attractive investment returns for the Foundation on its financial investment portfolio
- » To make investments with the main goals of promoting better health, sustainability and welfare

Grant-awarding focus areas and long-term objectives:

- » To enable people to live healthier and better lives by facilitating research that advances knowledge of human health and disease, solves health challenges and develops the healthcare system
- » To make Denmark a global leader in delivering patient-centred and research-based care for people with diabetes and facilitate development of patient-centred and research-based care within diabetes comorbidities and other endocrine disorders
- » To act for and inspire the development of a more sustainable world by supporting research that translates into life science solutions to benefit people and the environment
- » To catalyse natural and technical science research, particularly in fields with potential interdisciplinary application to the life and health sciences and industrial biotechnology
- » To support general science education and cultivate scientific and technical competencies and engagement
- » To promote life science ecosystems that translate scientific discoveries into products and solutions and drive growth
- » To improve the lives and prospects of vulnerable children and young people through education, developing competencies and other interventions

In the period 2017-2021, the Novo Nordisk Foundation has awarded DKK 28.9 billion to almost 2,900 grants.

Of these, 38% (DKK 11.1 billion) were awarded for physiological, endocrinological, metabolic and other medical research, while 17% (DKK 5.0 billion) and 44% (DKK 12.8 billion) have been awarded for research hospital activities within diabetes and other scientific, humanitarian and social purposes, respectively.

For further information, please see the Novo Nordisk Foundation's reporting on its grant-awarding policy, categories, grants and initiatives in "BENEFITING PEOPLE AND SOCIETY - NNF Grant Report 2021", <https://novonordiskfonden.dk/wp-content/uploads/Novo-Nordisk-Foundation-Annual-Grant-Report-2021.pdf>, provided in accordance with Section 77b of the Danish Financial Statements Act.

Organisation and governance of the Novo Nordisk Foundation Group

The Novo Nordisk Foundation Group is comprised of the Novo Nordisk Foundation (the Parent Foundation), the companies in the Novo Group as well as the life science companies in which Novo Holdings A/S has invested and holds majority ownership. The Foundation receives dividends from Novo Holdings A/S, which are used to award grants to society.

Novo Holdings A/S' income stems from:

- » Dividends from Novo Nordisk A/S and Novozymes A/S as well as participation in their share buy-back programmes
- » Returns on its Life Science Investment portfolio as well as capital investments

In organisational terms, the commercial activities and the grant-awarding activities are managed separately.

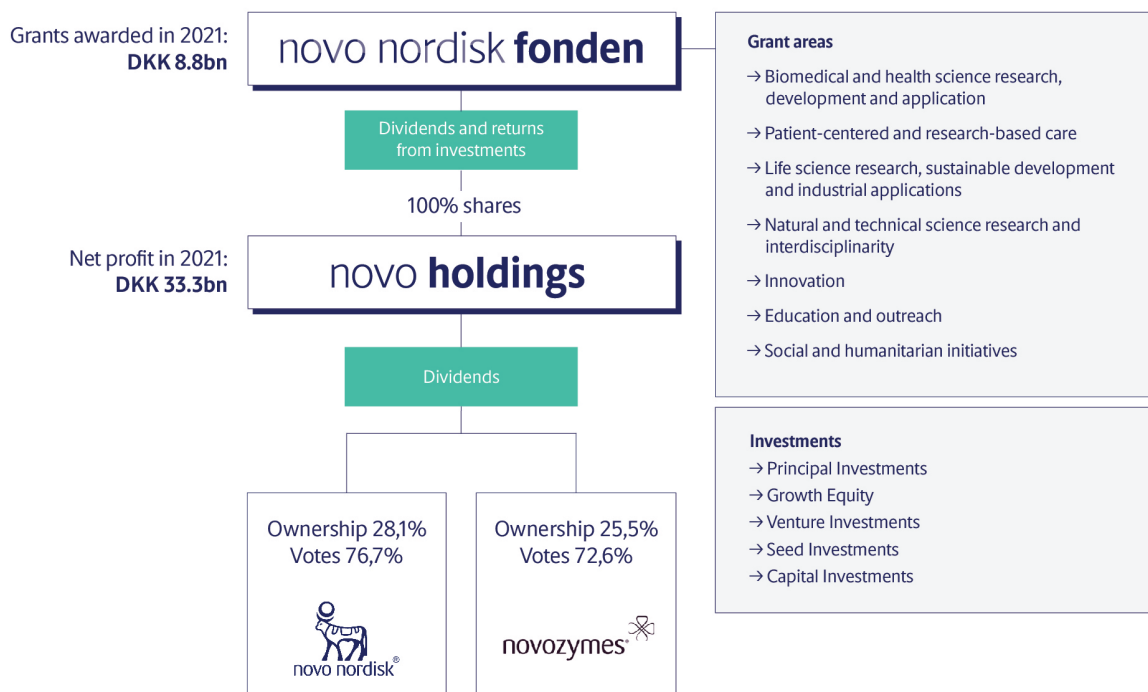
The Foundation's Board of Directors draws up the charter for the Novo Group and determines the overall financial strategy and investment framework.

Novo Holdings A/S manages the Foundation's commercial activities within the framework defined by the Foundation's Board of Directors. The Novo Group is comprised of Novo Holdings A/S, Novo Nordisk A/S and Novozymes A/S. The Foundation's Board of Directors constitutes the Annual General Meeting of Novo Holdings A/S and thereby approves Novo Holdings' Annual Report as well as elects the Board members of Novo Holdings A/S.

Through its majority ownership in Novo Nordisk A/S and Novozymes A/S, the Foundation maintains – via Novo Holdings A/S – a controlling interest in these companies. The Foundation's Board of Directors has formulated clear principles for the Foundation's engaged ownership in the Novo Group. These principles have been codified into a document together with Novo Nordisk A/S and Novozymes A/S.

The Novo Nordisk Foundation manages the grant-awarding activities, for which the Board of Directors determines the grant-awarding strategy, just as the Board makes the grant decisions.

Figure 1 - Organisation and cash flows in the Novo Nordisk Foundation Group in 2021



Note: Novo Nordisk A/S, Novozymes A/S and Novo Holdings A/S make up the Novo Group and are among the most significant research-based companies in Denmark's life science cluster.

The Novo Nordisk Foundation finances its grants through returns from Novo Holdings A/S. The Foundation's Board is required to ensure a reasonable consolidation through appropriate allocations, so that, among other things, the Foundation can participate – to the extent the Board deems this necessary – in future capital increases in Novo Nordisk A/S and Novozymes A/S or other companies in which Novo Holdings has substantial ownership.

In 2020, the Foundation's Board implemented a Code of Conduct containing a set of principles that describe the conduct expected of our employees, Board members, committee members, persons financed by our grants as well as persons and organisations that collaborate with the Foundation and its subsidiary.

The Code of Conduct covers areas such as discrimination, data security, abuse of funds and general working conditions. The Code of Conduct is supplemented by a whistleblower scheme. For further information on these, see <https://novonordiskfonden.dk/da/code-of-conduct/> and <https://novonordiskfonden.dk/da/whistleblower/>.¹

Novo Holdings A/S

Novo Holdings A/S is wholly owned by the Novo Nordisk Foundation. It acts as the Novo Nordisk Foundation's investment company and as holding company for Novo Nordisk A/S and Novozymes A/S. Novo Holdings A/S was established in 1999. One of its key tasks is, through its business activities, to enable the Foundation to provide a stable, long-term basis for the commercial and research activities of Novo Nordisk A/S and Novozymes A/S.

In addition to this, Novo Holdings A/S' objective is to manage the Foundation's assets in a way that ensures a satisfactory return, so that the Foundation can fulfil its grant-giving ambitions.

Novo Holdings A/S' obligations are:

- » to assure that all companies in which it has material influence contribute actively to the development of the Novo Group and conduct their business in accordance with the Group's visions and values;
- » to maintain its material influence on Novo Nordisk A/S and Novozymes A/S;
- » to observe the rules and principles described in the Novo Nordisk Foundation's Articles of Association regarding exercise of the voting rights of A and B shares in Novo Nordisk A/S and Novozymes A/S, respectively; and
- » to undertake investment and financing business activities including placing of capital in companies and real estate domestically and abroad.

Through the Foundation's voting right in Novo Holdings A/S, the Foundation's Board of Directors is at all times obligated to:

- » prevent any capital increase in Novo Holdings A/S whereby the Foundation would lose its majority vote;
- » prevent any sell-off of Novo Holdings' A shares in Novo Nordisk A/S and/or Novozymes A/S; and
- » ensure that any decision made in Novo Holdings A/S complies with the Foundation's Articles of Association.

Novo Nordisk A/S

Novo Nordisk is a global pharmaceutical company which for nearly 100 years has been synonymous with innovation and leadership in relation to diabetes treatment. Through this long-term engagement, the company has gained extensive experience and competencies which have enabled it to branch out into other areas as well, helping to fight obesity, haemophilia, growth hormone disorders and other serious chronic diseases.

The company has its headquarters in Denmark and by the end of 2021, it employed 48,478 people in 80 countries, with products marketed in 168 countries.

Novozymes A/S

Novozymes is the global market leader in biological solutions, producing a wide range of enzymes, microorganisms, technical and digital solutions, which among other things help their customers add new features to their products and produce more from less. To fulfil its objective – to find biological answers for better lives in a growing world – Novozymes A/S uses and delivers innovation to the market and launches new, significant platforms that create value for the customers, helping them to improve their performance while saving resources, energy and reducing their environmental impact.

The company has its headquarters in Denmark and by the end of 2021, it employed 6,527 people.

¹ These documents do not form part of the Management's review.

Novo Nordisk Foundation: Financial results, grants and payouts

Financial results

The Foundation's financial results for 2021 showed a profit of DKK 9,118 million, compared to DKK 10,824 million in 2020. The decrease is driven by lower dividends from Novo Holdings, which decreased from DKK 8,000 million in 2020 to DKK 6,000 million in 2021, partly counter-balanced by increased proceeds from the joint investment portfolio – up from DKK 3,098 million in 2020 to DKK 3,420 million in 2021.

Total equity amounted to DKK 10,621 million in 2021, of which DKK 10,599 million can be committed to grant-awarding in 2022. In addition, in the first quarter of 2022, DKK 8 billion is expected to be transferred from Novo Holdings A/S to the Foundation, which can also be allocated to grant-awarding during 2022.

The rate of cost also includes a service level agreement with Novo Holdings A/S, which, among other things, provides services to the Novo Nordisk Foundation in relation to accounting, facility management, IT, financial activities and activities within Novo Seeds. In return, the Novo Nordisk Foundation provides services within law, HR and communication to Novo Holdings A/S.

Salaries and fees in 2021 amounted to 3.6% of grant payouts and 2.0% of grant awards. The corresponding figures for 2020 were 3.2% and 2.7%.

Table 1. Key figures and financial ratios for the Novo Nordisk Foundation (DKK million)

	2021	2020
Dividend from Novo Holdings A/S	6,000	8,000
Profit for the year	9,118	10,824
Grants, net	8,663	5,479
Share capital Novo Holdings A/S *)	2,142	2,142
Joint investment portfolio with Novo Holdings A/S	27,291	22,841
Total assets	29,471	25,224
Total equity	10,621	10,166
Grants payable	18,792	14,959
Equity ratio	36.0%	40.3%

*) Novo Holdings is valued at historical cost.

The Novo Nordisk Foundation's financial activities are carried out and administered by Novo Holdings A/S, which has a total investment portfolio valued at DKK 182 billion as of 31 December 2021. The market value of the shares in Novo Nordisk A/S and Novozymes A/S amounts to DKK 515 billion as of 31 December 2021, as stated in the Management's review in Novo Holdings' Annual Report for 2021.

The ratio of cost was 6.2% relative to the Foundation's payouts and 3.5% relative to grants, net. The corresponding figures for 2020 were 5.9% and 5.0%, respectively. The rate of cost is calculated based on the Foundation's administrative costs (see notes 1 and 2 in the parent foundation's Annual Report) and includes, among other things, employee salaries, furniture and equipment, rent, consultancy fees, travel expenses and fees for committee and board members.

Grants and payouts

Figure 2 shows the development in the Foundation's grants and payouts in the period 2017-2021.

The Foundation's grant-awarding has increased from DKK 5,840 million in 2017 to DKK 8,799 million in 2021. In 2021, DKK 136 million of appropriations were cancelled and DKK 7 million were repaid. 2021 net grant-awarding from the Foundation amounts to DKK 8,663 million.

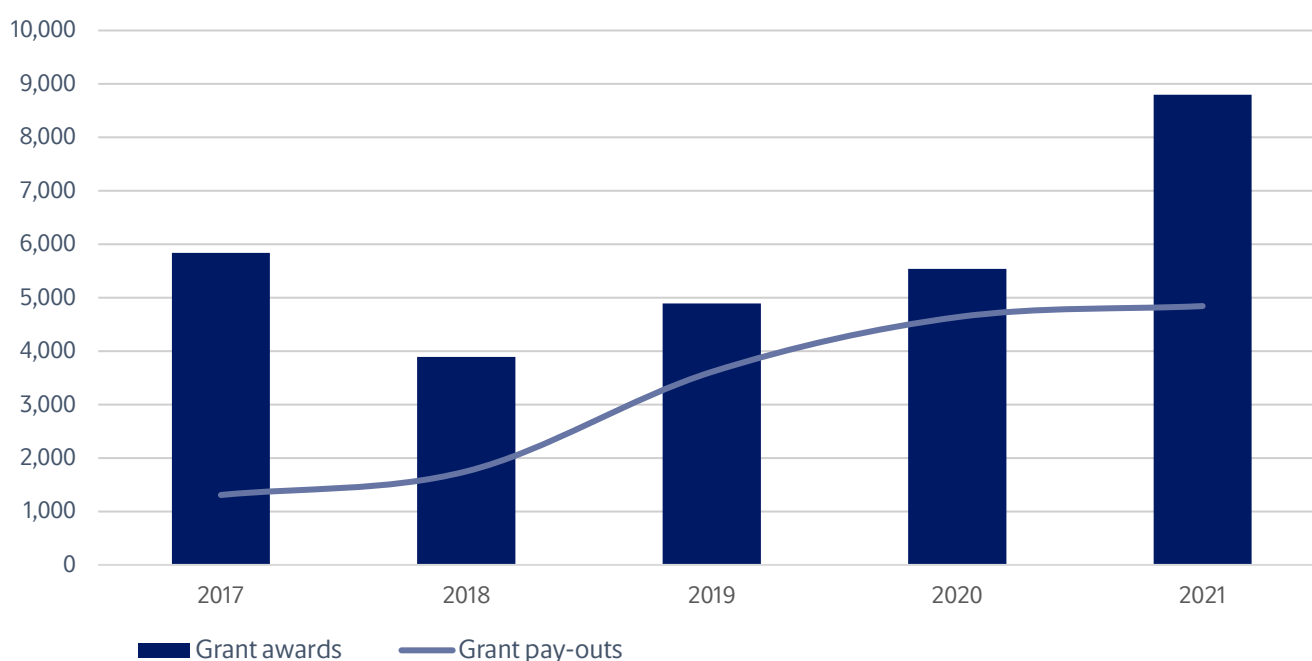
During the period, the Foundation's annual grant payouts have grown from DKK 1,308 million in 2017 to DKK 4,843 million in 2021. In 2022, the Foundation expect to award grants of up to DKK 7,200 million. Grant payouts of up to DKK 6,500 million are expected. The Foundation's grant awards in 2021 went primarily to universities, hospitals and other research institutions in Denmark and the Nordic region, to new research, as well as humanitarian and social purposes.

In 2021, the DKK 8.8 billion that was granted for purposes in accordance with the Foundation's Articles of Association has been distributed as follows:

- » 26.9% (DKK 2.36 billion) for physiological, endocrine, metabolic and other medical research;
- » 0.1% (DKK 0.01 billion) for research hospital activities in Denmark within diabetes^[1];
- » 73% (DKK 6.43 billion) for other scientific, humanitarian and social causes.

For further information on awarded grants, please see the list of [grant recipients for 2021](#). The list provides the names of recipients as well as awarded amounts and is submitted to the Danish Business Authority simultaneously with this Annual Report.

Figure 2 – Grants and payouts of the Novo Nordisk Foundation, 2017-2021 (DKK million)



^[1] In 2016-2018 the Foundation awarded exceptionally large grants for the establishment of the Steno Diabetes Centers in Denmark – a total of approx. DKK 7.5 billion.

The area accounts for 33% of the total of grants awarded by the Foundation in the period 2016-2020.

Highlights and financial results within the Novo Nordisk Foundation Group

The key figures and financial ratios for the Foundation must – due to financial coordination, including coordination of liquidity and investment collaborations – be seen in context of the financial development within Novo Holdings A/S, Novo Nordisk A/S and Novozymes A/S.

The Novo Nordisk Foundation Group

Highlights

Operating profit within the Novo Nordisk Foundation Group increased by 22% in 2021, from DKK 71 billion in 2020 to DKK 87 billion in 2021. The Group's total assets increased by DKK 96 billion to DKK 396 billion in 2021, and its total equity increased by DKK 40 billion to DKK 227 billion. The number of employees within the group rose from 61,055 in 2020 to 66,387 in 2021.

In conclusion, 2021 has been a strong year for the Foundation and Group as a whole, with a satisfactory financial performance. The result is above the initial expectations for 2021.

Novo Holdings A/S

Financial results

Since 2000, where Novo Holdings A/S began to establish its portfolio, mainly by investing in Danish companies, the investment activities have accelerated considerably. Today, Novo Holdings A/S is an international investor within the area of life sciences, with investments in more than 150 companies, mainly in Europe and the United States. In addition to its life science investments, Novo Holdings A/S also has capital investment activities, in order to ensure adequate cash resources with competitive returns and a suitable risk profile.

Life science investments

Novo Holdings A/S carries out its life science investments in companies within four areas:

- » Principal Investments carries out investments in well-established and profit-making companies with leading positions in attractive market segments and strong underlying growth drivers. The objective is to ensure long-term value creation and diversity in the investment portfolio. By the end of 2021, the portfolio comprised 16 companies at a total value of DKK 71 billion.
- » Novo Growth carried out its first investment in 2019 and invests in companies that have recently reached, or are close to reaching the commercial stage, and that exhibit a high growth potential. By the end of 2021, the investment portfolio comprised 21 companies at a total value of DKK 8 billion.
- » Novo Ventures is an active international partner in the life sciences venture industry. By the end of 2021, the investment portfolio comprised 62 companies at a total value of DKK 13 billion.
- » Novo Seeds develops and finances innovative biotech and life science companies in the Nordic countries through direct investments, and also assists the Novo Nordisk Foundation in connection with its awarding of Pre-Seed Grants. Investments under the Pre-Seed Programme are made on commercial terms, i.e. in return for ownership in the companies. By the end of 2021, the

investment portfolio comprised 36 companies at a total value of DKK 3 billion.

The value of life science investments increased from DKK 78 billion in 2020 to 95 billion in 2021.

Capital investment activities

Concurrently with its investment activities in life science companies, Novo Holdings A/S has for more than 10 years expanded its capital investment activities, building a broad global portfolio. The main objective of the capital investments is to build a solid liquidity reserve that generates high returns and mitigates the risk by spreading the Foundation's assets. The investment portfolio comprises listed and unlisted securities in the form of shares, bonds, debt instruments, emerging market bonds, infrastructure and real property. By the end of 2021, the value of capital investments was DKK 88 billion. The Novo Nordisk Foundation's share amounted to DKK 27 billion.

Financial key figures and ratios

Net profit for the year in Novo Holdings A/S amounted to DKK 33 billion in 2021, against DKK 25 billion in 2020.

Table 2. Key figures and financial ratios for Novo Holdings A/S* (DKK million)

	2021	2020
Dividends Novo Nordisk A/S and Novozymes A/S	6,526	6,156
Gain from sale of shares in Novo Nordisk A/S and Novozymes A/S	6,979	6,429
Return from Life Science Investments	11,610	11,166
Return from Capital Investments*	12,287	5,309
Net profit for the year	33,327	25,443
Share capital in Novo Group Companies	3,339	3,393
Life Science Investments	94,523	77,554
Capital Investments**	88,084	73,576
Total assets	187,252	155,581
Total equity	158,661	131,334
Equity ratio	85%	84%

For more information, see Novo Holdings A/S' Annual Report 2021:

<https://www.novoholdings.dk/wp-content/uploads/Novo-Holdings-Annual-Report-2021.pdf>

* Including the Foundation's share of return of joint investment portfolio.

** The Foundation's share amounted to DKK 27,3 billion.

Novo Nordisk A/S

Financial results

Operating profit increased by 8% measured in DKK and by 13% measured in local currencies, to DKK 58.6 billion, which tallies with the most recent expectation of a 12-15% increase for 2021 (measured in local currencies).

Sales of products for the treatment of diabetes and obesity rose by 13% measured in DKK to DKK 121.6 billion. Novo Nordisk A/S is the world's leading company in the field of diabetes treatment, with a global value market share of 30.1% – the corresponding value market share was 29.3% this time last year. Sales of biopharmaceutical products increased by 1% measured in DKK and amounted to DKK 19.2 billion.

Read more about Novo Nordisk A/S' financial results in Novo Nordisk's Annual Report 2021, pp. 33-39.

Financial key figures and ratios

Table 3. Key figures and financial ratios for Novo Nordisk A/S (DKK million)

	2021	2020
Net sales Diabetes and Obesity care	121,597	108,020
Net sales Biopharm	19,203	18,926
Net sales total	140,800	126,946
Net profit	47,757	42,138
Total equity	70,746	63,325
Total assets	194,508	144,922
Operating margin	42%	43%
Equity ratio	36%	44%

For more information, see Novo Nordisk A/S' Annual Report 2021: <https://www.novonordisk.com/investors/annual-report.html>

Novo Nordisk A/S Annual Report. Note that the consolidated revenue within the Novo Group is not eliminated above.

Novozymes A/S

Financial results

In 2021 sales amounted to DKK 15.0 billion, corresponding to a 7% increase measured in DKK and a 6% organic growth. The effects of the COVID-19 pandemic lessened in 2021; however, changes in consumer behaviour and supply chain issues have continued to affect industries in different ways. Despite the challenges, Food, Beverages & Human Health, Bioenergy as well as Grain & Tech Processing all delivered double-digit growth in 2021.

Operating profit increased by 10% measured in DKK, from DKK 3.7 billion in 2020 to DKK 4.0 billion in 2021, while the EBIT margin increased from 26% in 2020 to 27% in 2021, corresponding to the most recent expectations of an EBIT margin at around 27%.

Read more about Novozymes A/S' financial results in Novozymes' Annual Report 2021, pp. 58-65.

Financial key figures and ratios

Table 4. Key figures and financial ratios for Novozymes A/S (DKK million)

	2021	2020
Revenue	14,951	14,012
Net profit	3,145	2,826
Total equity	12,206	11,244
Total assets	24,767	20,510
EBIT margin	27%	26%
Equity ratio	49%	55%

For more information, see Novozymes A/S' Annual Report 2021:

<https://report2021.novozymes.com/#home>

Novozymes A/S Annual Report. Note that the consolidated revenue within the Novo Group is not eliminated above.

Outlook for the Novo Nordisk Foundation Group

The outlook for the Novo Nordisk Foundation Group is closely linked to the outlook for the subsidiaries in the Novo Group as well as the developments in the international financial markets. The outlook for the subsidiaries in the Novo Group is described in more detail in the companies' Annual Reports for 2021 – see the links on pp. 13-14.

Business related and financial risks

The most significant risks for the Novo Nordisk Foundation Group are linked to the Novo Group's most significant risks. The Foundation follows an overall financial strategy where the policy for managing the Foundation's financial and investment risks is defined.

Within Novo Holdings A/S, the main risks are associated with investments in companies. In addition, there are risks connected to investments in securities which depend on the development in the financial markets.

Novo Nordisk applies a dual-lensed approach to risk management. This means that Novo Nordisk identifies and mitigates both operational risks that pose a threat to the short to medium-term plans, as well as strategic risks that could reduce the ability to achieve the corporate strategy over the long term.

Read more about Novo Nordisk A/S' risk management process on pages 41-42 in the Novo Nordisk Annual Report for 2021.

Novozymes is exposed to different risks due to the global and diverse nature of the industries it operates in. Within an evolving risk management framework, Novozymes identifies and mitigates key risks to secure the business and the impact now and in the future.

Read more about Novozymes A/S' risk management process on pages 45-48 in the Novozymes Annual Report for 2021.

Prospects for the Novo Nordisk Foundation's and Novo Holdings A/S' results

The Novo Nordisk Foundation's result is contingent on Novo Holdings A/S' result, and this especially includes the results for Novo Nordisk A/S and Novozymes A/S. At Novozymes' annual general meeting at the beginning of 2022, the company's shareholders have approved a dividend of DKK 5.50 per share for 2021. A DKK 6.90 dividend per share has been approved at Novo Nordisk's annual general meeting. In addition to this, Novo Holdings A/S expects to participate in the two companies' share buy-back programmes, for the purpose of increasing its revenue and facilitating further grant-awarding activities for the Novo Nordisk Foundation.

Novo Holdings A/S expects that in 2022, the long-term economic tendencies within the life sciences area will remain positive, and that this will form a basis for continued consolidation and development of investments within Novo Holdings A/S' focus areas. Novo Holdings A/S expects to deliver returns on par with capital markets. Combined with the expected income from the Novo Group companies as described above, Novo Holdings A/S' expectations are to deliver positive income and returns, as well as operating profit in 2022, however at a lower level than 2021, given the very favorable development during 2021.

The Group's results are primarily contingent on the development within Novo Nordisk A/S, which for 2022 expects a 6-10% increase in

sales and a 4-8% increase in the result of the operating activities. Based on this, a continued profit increase is expected for 2022.

The Novo Nordisk Foundation Group's corporate social responsibility

The Foundation's Board of Directors has a clear focus on societal impact as an integrated part of the Foundation's grant-awarding policy and commercial activities. The Foundation Group defines its corporate social responsibility in terms of initiatives that benefit society, whether economically, scientifically, socially, in terms of health, resources or in relation to the climate or the environment. It also encompasses initiatives that contribute to a healthy and inspiring work environment with development opportunities for employees in the entire Group. In accordance with Section 99a and 99b of the Danish Financial Statements Act, an account of the Novo Nordisk Foundation Group's corporate social responsibility is provided in Annex A.

Annex A contains a section on the Novo Nordisk Foundation's corporate social responsibility as well as a section summarising the social responsibility for the respective companies in the Novo Group. Novo Nordisk A/S and Novozymes A/S publish their own CSR reports, containing among other things performance measurements and results in accordance with the Danish Financial Statements Act. Novo Nordisk A/S include information on their social as well as environmental responsibility in their Annual Report, and Novozymes A/S provide a supplement to its Annual Report. Novo Holdings A/S include information on their ESG responsibility in their Annual Report. The three annual reports are available at: <https://www.novoholdings.dk/wp-content/uploads/Novo-Holdings-Annual-Report-2021.pdf>, <https://www.novonordisk.com/investors/annual-report.html> and <https://report2021.novozymes.com/#home>.

Data ethics in the Novo Nordisk Foundation Group

Section 99d of the Danish Financial Statements Act requires that Danish companies of a certain size report on their policy on data ethics.

In 2020, in advance of the legal requirement for policy on data ethics, the Novo Nordisk Foundation Group took the initiative to have the companies in the Foundation Group draw up policies and principles for good data ethics.

Novo Nordisk Foundation

The Novo Nordisk Foundation complies with both Danish and EU law on data and privacy protection. In addition, the Foundation recognises that the fast pace of technological development, along with evolving risks and benefits from large scale data use, requires thoughtful and responsible decision-making where existing laws and regulations do not necessarily provide clear ethical guidance. The Foundation has developed a policy on data ethics based on six principles for how to handle data in an ethical way. The rules describe how the Novo Nordisk Foundation must use and process both personal data and non-identifiable (e.g. anonymised, aggregated, non-personal) data as well as data and information that applicants submit when applying for a grant using the Foundation's application system. Read more at: https://novonordisk-fonden.dk/wp-content/uploads/Grant_Report_2020_230x285mm-data-ethics.pdf

Novo Holdings A/S

To cope with the challenges that arise from the fast moving technological development, along with evolving risks and benefits from large scale data use, Novo Holdings has developed a policy on how to use and handle data in an ethical way. Read more at:

https://www.novoholdings.dk/wp-content/uploads/NovoHoldings_Policy-on-data-ethic.pdf

Novo Nordisk A/S

In 2021, data ethics principles were enhanced and will be implemented through policies and trainings across the organisation in 2022. The data ethics principles support ethical decision making when using data across the value chain. The integration of data protection and human rights risks into the business ethics risk-management processes has been further strengthened. Read more at: <https://www.novonordisk.com/data-privacy-and-user-rights/data-ethics.html>

Novozymes A/S

In 2021, Novozymes has adopted a policy which sets the overall principals for the ethical management of data in Novozymes and supplements our general commitment to integrity and compliance. This year, focus has been on development and implementation of the policy and on anchoring the policy with relevant stakeholders. Read more at: <https://www.novozymes.com/-/media/Project/Novozymes/Website/website/document-library/Miscellaneous/Data-Ethics-Policy.pdf?la=en>

The Foundation's Board of Directors, committees, panels and Executive Management

Board of Directors

The Board in 2021

The Foundation's Board of Directors consists of nine members: Six members are elected in accordance with the Foundation's Articles of Association, and three members are Group employee representatives, currently from Novo Nordisk A/S and Novozymes A/S. At least two of the members elected under the Articles of Association have a medical or natural science background, and in addition to this, two members are independent. The Chair of the Board also serves as Chair of the Board of Novo Holdings A/S.

Chairmanship

The Chair and the Vice Chair of the Board of Directors constitute the Foundation's Chairmanship. The Board has adopted a charter that sets out the framework for the Chairmanship's work.

Recommendations on good foundation governance

In accordance with Danish law, The Committee on Good Foundation Governance has prepared a set of recommendations on foundation governance, which foundations with corporate interests must address. If there are recommendations that the foundations do not comply with, this must be accounted for in their annual report (the "comply or explain" principle).

The Novo Nordisk Foundation follows all recommendations except the recommendation on the election period for board members. The Committee recommends that board members be elected for a minimum period of two years and a maximum period of four years. In 2004, the Foundation's Board of Directors decided, with the approval of the public authorities, to change the election period for members elected under the Articles of Association from three years to one year. The Board deems that an election period of one year better allows for coordinating the succession in the boards of the whole Novo Nordisk Foundation Group

For a description of the Foundation's degree of compliance with the individual recommendations, see, novonordisk-fonden.dk/en/about-the-foundation/recommendations-on-foundation-governance/

For Novo Nordisk A/S, Novozymes A/S and Novo Holdings A/S, which are all covered by Section 99b of the Danish Financial Statements Act, key figures have been defined for the respective Boards of Directors.

Diversity

In 2022, the Board of Directors' ambition is to attain a higher level of internationalisation in the composition of the Board and have at least two members of each sex elected under the Articles of Association.

Nomination Committee

In 2017, the Board of Directors appointed a Nomination Committee consisting of two members from the Board. The Board of Directors has adopted a charter that sets out the framework for the Committee's work.

The Committee is comprised of Lars Rebien Sørensen (Chair) and Lars Munch. The Nomination Committee assists the Board of Directors with the task of reviewing the competency profile of the Board, nominating candidates for election to the Board as well as reviewing Novo Holdings A/S' nominations for their Board of Directors.

Scientific Advisory Group

In 2019, the Board appointed a Scientific Advisory Group, which includes two scientific members elected by the Board: Liselotte Højgaard and Lars Fugger. The purpose of the Scientific Advisory Group is to oversee the work of the scientific committees and assist in appointing new committee members, as well as advise the Secretariat in relation to certain strategic scientific grants. The Foundation's Board of Directors has adopted a charter that describes the framework for the Scientific Advisory Group's work. In December 2021, the Scientific Advisory Group was decommissioned as a formal board committee. The two members continue to provide scientific advice regarding the appointment of new committee members.

Communications policy

The Board of Directors has adopted a communications policy with guidelines for the Foundation's external communication, including instructions on who can and should act as public spokespersons for the Foundation and in relation to what subject matters. More specifically, it has been decided that the Chair will serve as spokesperson of the Board and speak on behalf of the Foundation in relation to its commercial activities. The CEO will represent the Foundation in relation to grant-giving policies and strategies that have been adopted by the Board, and in connection with all operational matters concerning the Foundation's activities. Employees with leadership responsibilities may serve as public spokespersons on matters that fall within their area of expertise, including grants and publications.

Remuneration

In November 2020, the Board of the Foundation approved an annual fee of DKK 400,000 for Board members, DKK 800,000 for the Vice Chair and DKK 1,200,000 for the Chair.

The fee for the Chair of the Nomination Committee is DKK 200,000, while the other member of the Nomination Committee will receive DKK 100,000. The fee for members of the Scientific Advisory Group is DKK 100,000

Table 5. Board fees, Novo Group 2021 (DKK)

Position	Novo Nordisk Fonden	Novo Holdings A/S	Novo Nordisk A/S	Novozymes A/S
Chair	1,200,000	1,725,000	2,160,000	1,500,000
Vice Chair	800,000	1,150,000	1,440,000	1,000,000
Board member	400,000	575,000	720,000	500,000

Table 6. Remuneration to Board members within the Novo Group 2021 (DKK)

Medlem	Novo Nordisk Fonden	Novo Holdings A/S	Novo Nordisk A/S	Novozymes A/S	Committees	Other	Total
Lars Rebien Sørensen	1,200,000	1,725,000			200,000		3,125,000
Marianne Philip	800,000						800,000
Steen Riisgaard	400,000	1,150,000				936,961	2,486,961
Lars Munch	400,000				130,000		530,000
Anne Marie Kverneland*	400,000		920,000				1,320,000
Lars Bo Køppler*	400,000						400,000
Lars Fugger	400,000		315,000		250,000		965,000
Liselotte Højgaard	400,000				250,000		650,000
Mads Boritz Grøn*	400,000						400,000

Note: Lars Rebien Sørensen: Chair of the Nomination Committee. Lars Munch: Member of the Nomination Committee and member of the Novo Nordisk Foundation Humanitarian and Development Advisory Panel, HUMDAP. Steen Riisgaard: Vice Chair of Novo Holdings A/S and Chair of the Board of New Xellia Group A/S. Lars Fugger: Member of the Scientific Advisory Group, consultant for Novo Nordisk A/S, Member of the Novo Nordisk Prize Assessment Committee, member of the Novo Nordisk Foundation Research Cluster Advisory Panel (ReCAP). Liselotte Højgaard: Member of the Scientific Advisory Group, of the Novo Nordisk Foundation Research Cluster Advisory Panel (ReCAP) and of the Novo Nordisk Prize Assessment Committee.

Lars Rebien Sørensen holds shares in Novo Nordisk A/S and Novozymes A/S. Marianne Philip holds shares in Novo Nordisk A/S. Steen Riisgaard holds shares in Novo Nordisk A/S and Novozymes A/S. Lars Fugger holds shares in Novo Nordisk A/S, Novozymes A/S and Chr. Hansen A/S. Anne Marie Kverneland holds shares in Novo Nordisk A/S and Novozymes A/S. Lars Bo Køppler holds shares in Novozymes A/S. Mads Boritz Grøn holds shares in Novo Nordisk A/S.

*Employee-elected members of the boards within the Novo Group donate most of their board fees to the Employees' Honorarium Foundation (the Board members will receive 10% of the gross amount).

Table 7. Members of the Novo Nordisk Foundation Board of Directors, 2021

Name, position, title, year of birth, gender	Date of accession	End of current term	Managerial and other board assignments Competencies (only for members appointed under the provisions of the Articles of Association)
Lars Rebien Sørensen Chair MSc (Forest and Nature Management) and a HD-IB 1954 Male	16 March 2017	March 2022	<p>Lars Rebien Sørensen serves as Chair of the board of Novo Holdings A/S, Chair of the board of Ferring Pharmaceuticals (Switzerland) and Chair of the Advisory Board of Axcel Management A/S. Furthermore, he is a member of the boards of Thermo Fischer Scientific Inc. (USA), Essity AB (Sverige) and Jungbunzlauer Suisse AG (Schweiz). Lars Rebien Sørensen serves as Adjunct Professor at the Faculty of Life Sciences at the University of Copenhagen and Adjunct Professor at the Center for Corporate Governance, Copenhagen Business School (CBS).</p> <p>Board competencies: Managerial experience from a large international company. Extensive knowledge of the Novo Group business standards and practices as well as knowledge of the international pharmaceutical industry. Board work experience.</p> <p>Lars Rebien Sørensen is considered a non-independent board member as he is Chair of the board of Novo Holdings A/S.</p>
Marianne Philip Vice Chair LLM (Master of Law) Lawyer 1957 Female	19 March 2014	March 2022	<p>Marianne Philip serves as Chair of the boards of Gerda & Victor B. Strands Fond (the Toms Group Foundation), Gerda and Victor B. Strand Holding A/S, Nordea Invest, Nordea Invest Kommune, Nordea Invest Bolig, Nordea Invest Engros, Copenhagen Capacity, Fonden til Markedsføring af Erhvervsfremme i Region Hovedstaden and the Board Leadership Society of Denmark's Center for Cyberkompetencer A/S. She is Vice Chair of the boards of Nordea Funds Oy, Bitten og Mads Clausens Fond (Danfoss Foundation), Norli Pension Livsforsikring A/S, BII Foundation, LIFE Foundation, LIFE A/S and BII Holdings A/S. Marianne Philip is a member of the boards of Kirsten og Peter Bangs Fond, Axcelfuture, Codan A/S, Codan Forsikring A/S, Nordic I&P DK ApS, Chopin Forsikring A/S, Scandi JV Co A/S, Brenntag Nordic A/S, Aktieselskabet af 1. januar 1987 and Forsikringsselskabet Alm. Brand Liv og Pension A/S. Furthermore, Marianne Philip is Chair of Codan and Codan Forsikring's Nomination & Remuneration Committee and a member of both the Codan and the Codan Forsikring's Audit & Risk Committees. Marianne Philip also serves as Chair of the Committee on Foundation Governance and is Post-doctoral Lecturer at the Center for Corporate Governance, CBS. Marianne Philip is Partner in the law firm Kromann Reumert.</p> <p>Competencies: Experience with business law matters, incl. company and foundation law, financial and capital market related topics, investments, corporate governance, management in general and board-related work.</p> <p>Marianne Philip is considered a non-independent board member as she is Vice Chair in BII Foundation and LIFE Foundation.</p>
Steen Riisgaard MSc CEO 1951 Male	19 March 2013	March 2022	<p>Steen Riisgaard serves as Chair of the boards of New Xellia Group A/S and Lactobio A/S. Steen Riisgaard is also Vice Chair of the boards of Novo Holdings A/S and VILLUM FONDEN. Steen Riisgaard is a member of the board of Corbion.</p> <p>Competencies: Experience with management in general from a large international company. Knowledge of the Novo Group business standards and practices and extensive knowledge of international biotechnology industry and research with the private sector. Experience with innovation and entrepreneurship.</p> <p>Steen Riisgaard is considered a non-independent board member as he is Vice Chair of Novo Holdings A/S and Chair of New Xellia Group A/S.</p>

Table 7. Members of the Novo Nordisk Foundation Board of Directors, 2021 - continued

Name, position, title, year of birth, gender	Date of accession	End of current term	Managerial and other board assignments Competencies (only for members appointed under the provisions of the Articles of Association)
Lars Fugger Professor, MD, Ph.D., Nuffield Department of Clinical Neurosciences, Division of Clinical Neurology, John Radcliffe Hospital, University of Oxford, United Kingdom MD, PhD 1960 Male	19 March 2013	March 2022	Lars Fugger is Professor at the Nuffield Department of Clinical Neurosciences, Division of Clinical Neurology, John Radcliffe Hospital, University of Oxford, UK. He serves as member of the board of the Alfred Benzon Foundation. Competencies: Experience with medical science research, innovation and research management. Experience with research evaluations/authorisations/counselling as well as politics within medical science. Lars Fugger is considered a non-independent board member as he is advisor to Novo Nordisk A/S
Lars Munch MSc (Economics) 1959 Male	23 March 2018	March 2022	Lars Munch serves as Chair of the board of JP/Politikens Hus A/S and as Chair of the boards of the Louisiana Museum of Modern Art, Museumsfonden, Louisiana Fonden, BRFFonden, BRFFholding A/S, BRFFinvest a/s, Fonden for Håndværkskollegier, SOS Børnebyerne and GUBI A/S. Furthermore, Lars Munch is a member of the boards of Utzon Center A/S and the KUNSTEN Museum of Modern Art, Aalborg. Lars Munch is also a member of the boards of the European Press Prize (Amsterdam) and the World Association of News Publishers (Paris), as well as Chair of Advisory Board for Master of Management Development, CBS and Vice Chair of the board of Axcellfuture. As of 25 February 2022, Lars Munch will step down as Chair of the board of JP/Politikens Hus A/S, and as of 17 March 2022, he will be appointed Chair of the boards of Politiken Foundation and Politiken Holding A/S. As of 1 March 2022, Lars Munch will serve as Adjunct Professor at the Department of Organisation, Copenhagen Business School (CBS). Competencies: Experience with society and social conditions, art and culture, media and board work. Lars Munch is considered an independent board member.
Liselotte Højgaard Professor, Consultant MD, DMSc 1957 Female	1 April 2018	March 2022	Liselotte Højgaard is Clinical Professor in the fields of medicine and technology at the Faculty of Health and Medical Sciences at the University of Copenhagen. She is a member of the boards of BRFFonden, Die Robert Bosch Stiftung (Germany), Kronprins Frederiks og Kronprinsesse Marys Fond and Arvid Nilsson's Foundation and a member of the Scientific Council of ERC the European Research Council. Competencies: Experience with medical science research, innovation and research management. Experience with research evaluations/authorisations/counselling as well as politics within medical science. Liselotte Højgaard is considered an independent board member.
Mads Boritz Grøn Auditor MSc (Biology) 1967 Male	23 March 2018	March 2022	Employee representative. Auditor in Novo Nordisk A/S.
Anne Marie Kverneland Laboratory technician 1956 Female	19 March 2014	March 2022	Employee representative. Laboratory technician in Novo Nordisk A/S. Anne Marie Kverneland is a member of the board of Novo Nordisk A/S and of the Remuneration Committee as well as a union representative.
Lars Bo Køppler Technician 1962 Male	19 March 2014	March 2022	Employee representative. Lars Bo Køppler is a member of the board of Novozymes A/S until 11 March 2021.

Committees and panels of the Novo Nordisk Foundation

The Foundation supports research, innovation and education in open competition, and has for this purpose appointed 28 committees and panels with external members who receive honoraria for their work. 26 of the appointed committees carry out the task of implementing the Board's decisions concerning assessment and awarding of grants. In addition to this, the Foundation awards grants for strategic and stand-alone projects. The Foundation has appointed various advisory panels which the Board consults before making its grant-awarding decisions in connection with specific applications and projects. Furthermore, the Foundation's Board of Directors makes use of international peer review.

See the Foundation's website for further details about its committee structure (<https://novonordiskfonden.dk/en/about-the-foundation/committees/>) and Articles of Association (<https://novonordiskfonden.dk/en/about-the-foundation/articles-of-association/>). The members of the committees and panels are internationally recognised experts in their field, often supplemented by experience gained as members of research councils and other academic research committees. The Foundation has adopted a set of rules for eligibility to ensure a fair, equal and unbiased assessment of all applications. The rules can be accessed on the Foundation's website: <https://novonordiskfonden.dk/en/about-the-foundation/rules-for-eligibility/>.

Table 8. Fees for committee and panel members in 2021

DKK thousands

		DKK thousands
Committee on Clinical and Translational Medicine	Chair	190
	Members	125
Committee on Bioscience and Basic Biomedicine	Chair	180
	Members	120
Committee on Endocrinology and Metabolism	Chair	165
	Members	110
Committee on Non-Diabetic Endocrinology	Chair	90
	Members	60
Committee for Exploratory Pre-Seed Grants	Chair	90
	Members	60
Committee on the Novo Nordisk Prize	Chair	150
	Members	100
Committee on the Novozymes Prize	Chair	125
	Members	85
Committee on Research in Art and Art History	Chair	95
	Members	65
Committee on Industrial Biotechnology and Environmental Biotechnology	Chair	125
	Members	85
Committee on Plant Science, Agriculture and Food Biotechnology	Chair	125
	Members	85
Committee for the Natural and Technical Sciences	Chair	135
	Members	90
Humanitarian and Development Advisory Panel	Chair	0
	Members	30
Committee on Science Education and Outreach	Chair	110
	Members	75
Committee on the Novo Nordisk Foundation Teaching Prizes	Chair	40
	Members	25
Committee on Steno Research Collaboration	Chair	90
	Members	60

Table 8. Fees for committee and panel members in 2021 (continued) DKK thousands

Committee on Nursing Research	Chair	90
	Members	60
Committee on Interdisciplinary Research	Chair	125
	Members	85
Committee on International Research Leader Grants	Chair	80
	Members	55
Committee on Science Communication and Debate	Chair	45
	Members	30
NNF Research Cluster Advisory Panel (ReCAP) *Committee closed 30 September 2021	Chair	0
	Members	50
Committee on Health Integrated in Social Initiatives	Chair	43
	Members	29
Committee on STEM Vocational Education and Training	Chair	45
	Members	30
Committee on "Coherence in Health Care"	Chair	60
	Members	40
Committee on Data Science 2021	Chair	155
	Members	105
Committee on Novo Nordisk Fondens Challenge Programme 2021 - Mathematical Modelling of Health and Disease	Chair	60
	Members	45
Committee on Novo Nordisk Fondens Challenge Programme 2021 - Proteins for Tomorrow's Food	Chair	60
	Members	45
Committee on Novo Nordisk Fondens Challenge Programme 2021 - Smart nanomaterials	Chair	60
	Members	45
Committee on Youth Empowerment in Libanon	Chair	55
	Members	35

Note: CEO Mads Krogsgaard Thomsen chairs the Advisory Panel for the Novo Nordisk Foundation Research Cluster and serves as member of the Committee on the Novozymes Prize, for which he receives no fee.

In addition to the above, the Foundation has four internal committees (Committee for Research Infrastructure, NNF Symposium Committee, Committee for RECRUIT and Committee for Start Package Grants, which are comprised of employees from the Novo Nordisk Foundation). None of these internal members receive fees for their work.

Executive Management

In 2021 the Executive Management, which undertakes the daily management of the Novo Nordisk Foundation, consisted of the Foundation's CEO Birgitte Nauntofte until 28 February 2021, where current CEO Mads Krogsgaard Thomsen was appointed in her stead and after which the Executive Management was renamed CEO Office. The CEO Office is responsible for all operational matters and for the implementation of the strategy and policies that have been decided by the Board of Directors. The Board approves the appointment of the CEO based on the recommendations of the Chairmanship, which also assesses the CEO's performance every year. In 2021, the Foundation paid DKK 2,903,290 in ordinary salary, bonus and pension to the now retired CEO Birgitte Nauntofte, and DKK 5,135,000 in salary bonus and pension to her successor Mads Krogsgaard Thomsen.

Table 9. Key figures and financial ratios in the Novo Nordisk Foundation Group

DKK million	2021	2020	2019	2018	2017
Net sales	163,063	146,331	142,175	131,398	131,190
Operating profit	87,002	71,450	67,229	50,577	60,545
Net financials	1,824	3,702	-3,835	-2,040	-354
Profit before income taxes	88,826	75,152	63,394	48,537	60,191
Net profit including non-controlling interest	76,785	63,483	52,941	39,111	48,748
Parent foundation's share of the result	39,826	30,951	22,971	8,152	19,787
Equity including non-controlling interest	226,861	187,118	155,663	132,721	125,243
Group's share of equity	166,246	132,928	105,135	86,543	80,812
Total assets	396,473	300,362	254,015	219,086	201,300
Investment in tangible assets	8,786	7,739	10,687	11,946	10,559
Financial ratios					
Gross margin	53.4%	48.8%	47.3%	38.5%	46.2%
Profit ratio (net profit for the year including non-controlling interests)	47.1%	43.4%	37.2%	29.8%	37.2%
Equity ratio (including non-controlling interests)	57.2%	62.3%	61.3%	60.6%	62.2%
Average number of employees	66,387	61,055	60,306	59,295	57,275
Cash flow					
Cash flow from operating activities	59,181	55,601	50,902	48,706	47,073
Cash flow from investing activities	-44,102	-31,006	-20,742	-22,218	-16,074
Cash flow from financing activities	-17,078	-26,746	-30,899	-27,575	-33,088

Managements's statement

The Board of Directors and Executive Management have today considered and adopted the Annual Report of Novo Nordisk Fonden for the financial year 1 January - 31 December 2021.

The Consolidated Financial Statements and the Financial Statements of the Parent Foundation are prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and further requirements in the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements give a true and fair account of the Group's and the Parent Foundation's assets and liabilities as well as financial position as per 31 December 2021, as well as of the Group's and the Parent Foundation's operations and cash flows for the financial year 2021.

In our opinion, the Management's review includes a true and fair account of the development in the Group's and the Parent Foundation's operations and financial circumstances, as well as a description of the most significant risks and elements of uncertainty facing the Group and the Parent Foundation.

Hellerup, 25 March 2022

Executive Management:

Mads Krogsgaard Thomsen
(CEO)

Board of Directors:

Lars Rebien Sørensen
(Chair)

Marianne Philip
(Vice Chair)

Steen Riisgaard

Lars Henrik Munch

Lars Fugger

Liselotte Højgaard

Anne Marie Kverneland

Lars Bo Køppler

Mads Grøn

Independent auditor's report

To the Board of Directors of Novo Nordisk Fonden

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Foundation's Financial Statements give a true and fair view of the Group's and the Parent Foundation's financial position at 31 December 2021 and of the results of the Group's and the Parent Foundation's operations and cash flows for the financial year 1 January to 31 December 2021 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Foundation's Financial Statements of Novo Nordisk Fonden for the financial year 1 January - 31 December 2021, which comprise income statement and statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for both the Group and the Parent Foundation (hereinafter referred to as "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 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. 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 Consolidated Financial Statements and the Parent Foundation's Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement in Management's Review.

Management's Responsibilities for the Financial Statement

Management is responsible for the preparation of Consolidated Financial Statements and Parent Foundation's Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in 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 Group's and the Parent Foundation'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 Foundation's 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 judgment 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 Foundation'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 Foundation'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 Foundation's 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance 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.

Hellerup, 25 March 2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR-nr. 33 77 12 31

Torben Jensen
State Authorised Public Accountant
mne18651

Elife Savas
State Authorised Public Accountant
mne34453

Financial statements of the Parent Foundation

Income statement and statement of comprehensive income for the period 1 January – 31 December

DKK million	Note	2021	2020
Dividend from Novo Holdings A/S		6,000	8,000
Administration costs			
Employee costs	2	-174	-150
Other costs	3	-127	-125
Result of primary activities		5,699	7,725
Net financial income	4	3,419	3,099
Profit before tax		9,118	10,824
Tax on profit for the year		-	-
Profit and comprehensive income for the year		9,118	10,824
Proposed distribution of profit			
Grants, net	5	8,663	5,479
Reserve for future grants		455	5,345
		9,118	10,824

Balance sheet at 31 December

DKK million	Note	2021	2020
Assets			
Intangible assets		9	63
Tangible assets		-	31
Investments in subsidiaries	6	2,142	2,163
Other securities and investments	7	11	7
Other receivables		-	20
Total non-current assets		2,162	2,284
Joint investment portfolio with Novo Holdings A/S		27,291	22,841
Other receivables		9	6
Cash at bank		9	93
Total current assets		27,309	22,940
Total assets		29,471	25,224
Equity and liabilities			
Capital base		22	22
Retained earnings		-	-
Reserve for future grants		10,599	10,144
Total equity		10,621	10,166
Grants payable	5	18,792	14,959
Payables to group companies		13	28
Trade payables		25	43
Other liabilities		20	28
Total current liabilities		18,850	15,058
Total liabilities		18,850	15,058
Total equity and liabilities		29,471	25,224

Statement of changes in equity at 31 December

DKK million	Note	Capital base	Retained earnings	Reserve for future grants	Total
2020					
Equity as of 1 January		22	-	4,799	4,821
Comprehensive income for the year		-	-	10,824	10,824
Grants, net	5	-	-	-5,479	-5,479
Equity as of 31 December		22	-	10,144	10,166
2021					
Equity as of 1 January		22	-	10,144	10,166
Comprehensive income for the year		-	-	9,118	9,118
Grants, net	5	-	-	-8,663	-8,663
Equity as of 31 December		22	-	10,599	10,621

Cash flow statement for the year ended 31 December

DKK million	2021	2020
Profit for the year	9,118	10,824
Reversals of items with no effect on cash flow:		
Proceeds from the joint investment portfolio with Novo Holdings A/S	-3,420	-3,098
Value adjustments of other securities and investments	-1	-
Other adjustments	1	-
Gain on debt conversion	-	-4
Depreciations	-	13
Cash flow before changes to working capital	5,698	7,735
Increase/decrease in other receivables	17	-5
Increase/decrease in payables to group companies	-15	28
Increase/decrease in other payables	-26	13
Cash flow from operating activities	5,674	7,771
Contribution to the joint investment portfolio with Novo Holdings A/S	-6,000	-8,000
Repayments from the joint investment portfolio with Novo Holdings A/S	4,969	4,908
Investments in other securities and investments	-3	-3
Purchase of intangible assets	-9	-
Purchase of property, plant and equipment	-	-4
Cash flow from investing activities	-1,043	-3,099
Grant payments	-4,722	-4,636
Refunds from grant recipients	7	14
Cash flow from grants	-4,715	-4,622
Net cash flow	-84	50
Cash and cash equivalents at the beginning of the year	93	43
Cash and cash equivalents at the end of the year	9	93

Notes

Note 1 Accounting policies

The accounting policies are the same as for the consolidated financial statements with the adjustments described below. For a description of the accounting policies of the Group, please refer to the consolidated financial statements.

Investments in subsidiaries

Investments in subsidiaries are recognised at cost price and dividend received from the subsidiaries are included in the profit and loss.

Gain and losses on sale of shares in subsidiaries are included in the profit and loss.

Grants

Grants are recognised as deductions once the Foundation is obligated towards the grant recipient. From that point in time and until the grant has been paid out, the grant is included in provisions for grants as a provision.

The grants which are expected to be granted in the future are included in the equity as reserve for future grants.

Note 2 Employee costs

DKK million	2021	2020
Salaries	143	171
Pensions - defined contribution plans	18	22
Social security	2	2
Fees to committees	15	14
Other employee costs	2	2
	180	211
Allocated as follows:		
Hereof salaries included as internal grants	-6	-61
	174	150
Remuneration of Executive management and Board of Directors		
Salary and short-term incentives	7	8
Pension	1	1
Benefits	0	0
Severance payments	-	15
Executive management in total	8	24
Fee to Boards of Directors	5	4
Total	13	28

Salary, bonus, pension to CEO	8	5
Salary, bonus, pension to deputy CEO	-	4

Management and the Board of Directors of the are not covered by any share-based payment incentive schemes.

Average number of full-time employees	131	173
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Note 3 Fees to statutory auditors

DKK million	2021	2020
Statutory audit	0.7	0.3
Audit-related services	0.6	1.0
Tax assurance services	0.0	0.2
Other services	0.0	0.0
Fees to statutory auditors	1.3	1.5

Note 4 Net financial income

DKK million	2021	2020
Proceeds from the joint investment portfolio with Novo Holdings A/S	3,420	3,098
Other financial items	-1	1
Net financial items	3,419	3,099

Note 5 Grants

DKK million	2021	2020
Grants awarded in the year:		
Biomedical and health science research and applications	3,895	1,908
Life science research and industrial applications promoting sustainability	1,203	1,346
Natural and technical science research and interdisciplinarity	877	517
Patient-centred and research-based care	206	585
Innovation	1,041	446
Education and outreach	886	414
Social, humanitarian and development aid	691	324
Total grants awarded in the year	8,799	5,540
Adjustment of grants awarded	-136	-61
Grants awarded in the year after adjustments	8,663	5,479
Grant liability at the beginning of year	14,959	14,070
Grants paid out during the year	-4,843	-4,636
Other adjustments	6	32
Refunds from grant recipients	7	14
Grant liability at the end of year	18,792	14,959

Note 6 Investments in subsidiaries

DKK million	2021	2020
Cost at the beginning of year	2,163	2,145
Addition during the year	-	18
Disposals during the year	-21	-
Cost at the end of year	2,142	2,163

Novo Holdings A/S is a 100% owned subsidiary of Novo Nordisk Foundation. The shares in Novo Holdings A/S consist of DKK 115,400,000 A-shares and DKK 384,600,000 B-shares.

Note 7 Contingent liabilities

In 2017, the Novo Nordisk Foundation committed to an investment of DKK 25 million in Den Sociale Kapitalfond Invest 1 K/S, for the purpose of supporting social efforts, which is a main area of support under the Foundation's Articles of Association. In 2021, DKK 3 million has been paid out to Den Sociale Kapitalfond Invest 1 K/S. Thus, DKK 15 million remains of the original commitment.

Note 8 Related party transactions

DKK million	2021	2020
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Novo Holdings A/S, the Novo Nordisk Group, the Novozymes Group, the NNIT Group, the Xellia Group, the Sonion Group, BBI Group, Altasciences Group, associated companies and the Boards and Executive Managements of these companies, including the Novo Nordisk Foundation, are considered to be related parties. Fees to the Executive Management are stated in note 3 in the Group Annual Report. All agreements have been negotiated on market-based terms, and the majority of the agreements are valid for one year.

In 2021 and 2020, the Novo Nordisk Foundation had the following transactions with related parties:

Novo Holdings A/S

Purchase of services	100	109
Sale of services	13	12
Dividend payment received	6,000	8,000
Share of joint investment portfolio	27,291	22,841
Share of result of joint investment portfolio	3,432	3,107
Rent obligation	11	10

The Novo Nordisk Group

Purchase of services delivered by Novo Nordisk A/S	2	1
Purchase of services delivered by NNIT A/S	-	1
Purchase of services delivered by NNE A/S	1	-

No transactions have taken place with the management in the Novo Nordisk Foundation, Novo Holdings A/S, the Novo Nordisk Group and Novozymes Group.

Besides the above-stated related party transactions, regulated grants and ordinary compensation to management, there have been no transactions with the Board, Executive Management, or other related parties.

Group companies

	Country	Ownership (%)/voting rights
Novo Nordisk Foundation subsidiaries		
Novo Holdings A/S	Denmark	100
Novo Holdings A/S subsidiaries		
Novo Nordisk A/S	Denmark	28.1/76.7
Novozymes A/S	Denmark	25.5/72.6
NNIT A/S 1)	Denmark	33.5
21st.Bio A/S	Denmark	71
Aristaeus HoldCo A/S	Denmark	100
BiOrigin ApS	Denmark	100
CGG Amalthea HoldCo A/S (Altasciences Group)	Denmark	100
ENV HoldCo A/S	Denmark	100
ERT HoldCo A/S	Denmark	100
HyperBio Therapeutics ApS	Denmark	100
Komplementarselskabet Novo Capital Investors ApS	Denmark	100
Novo Accelerator, Inc.	USA	100
Novo Capital Investors P/S	Denmark	100
Novo DP2, Inc.	USA	100
Novo Holdings Equity (US), Inc.	USA	100
Novo Holdings Equity Asia Pte. Ltd	Singapore	100
Novo Invest 1 A/S	Denmark	100
Novo Invest 2A A/S (BBI Group)	Denmark	100
Novo Invest 2C A/S	Denmark	100
Novo Invest 2E A/S	Denmark	100
Novo Ventures (US), Inc.	USA	100
Novo Ventures 1 A/S	Denmark	100
Obis Medicines ApS	Denmark	100
Rhea HoldCo A/S	Denmark	100
Sonion HoldCo A/S	Denmark	100
Xellia HoldCo A/S	Denmark	100
Associated companies		
Chr. Hansen Holding A/S	Denmark	22
Life Science Investments		
Acesion Pharma ApS	Denmark	53
Allievex Corporation, USA	USA	43
AMRA Medical AB	Sweden	26
Antag Therapeutics ApS	Denmark	43

(continues)

	Country	Ownership (%)/voting rights
Aristea Therapeutics, Inc.	USA	59
Avalyn Pharma, Inc., USA	USA	22
Avilex Pharma ApS	Denmark	50
Bactolife ApS	Denmark	27
Biomason, Inc.	USA	26
BioPhero ApS	Denmark	30
Biosyntia ApS	Denmark	48
Chromologics ApS	Denmark	24
Claris Biotherapeutics, Inc.,	USA	52
Convatec Group Plc	United Kingdom	21
Dades A/S	Denmark	47
Disc Medicine, Inc.	USA	22
Draupnir Bio ApS, Denmark	Denmark	28
F2G Limited	United Kingdom	34
Glycomine, Inc.	USA	39
Hemab ApS	Denmark	30
Heparegenix GmbH	Germany	24
Hoba Therapeutics ApS	Denmark	49
Inthera Bioscience Ltd	Switzerland	28
Karus Therapeutics Ltd	United Kingdom	25
MinervaX ApS	Denmark	41
Muna Therapeutics ApS	Denmark	21
NIP Norway Gardermoen Logistikkbygg Holding AS	Norway	27
NMD Pharma ApS	Denmark	25
NREP A/S	Denmark	25
Nuvig Therapeutics, Inc.	USA	26
Orexo AB	Sweden	28
Prothelia, Inc.	USA	31
Revagenix, Inc.	USA	23
Rgenix, Inc.	USA	23
Stargazer Pharmaceuticals, Inc.	USA	48
Tarveda Therapeutics, Inc., USA	USA	37
Tribune Therapeutics AB	Sweden	34
Vestaron Corporation	USA	31

1) Novo Holdings A/S owns together with Novo Nordisk A/S 51% of the shares in NNIT A/S, and thus the company is listed as a subsidiary.

2) Novo Holdings A/S has invested in life science companies, and these are presented as other investments in the balance sheet.

Novo Nordisk A/S subsidiaries**EMEA**

Aldaph SpA	Algeria	100
Novo Nordisk Pharma GmbH	Austria	100
S.A. Novo Nordisk Pharma NV	Belgium	100
Novo Nordisk Pharma d.o.o.	Bosnia- Hercegovina	100
Novo Nordisk Pharma EAD	Bulgaria	100
Novo Nordisk Hrvatska d.o.o.	Croatia	100
Novo Nordisk s.r.o.	Czech Republic	100
Novo Nordisk Pharmatech A/S	Denmark	100
Novo Nordisk Egypt LLC	Egypt	100
Novo Nordisk Farma OY	Finland	100
Novo Nordisk, France	France	100
Novo Nordisk Production SAS	France	100
Novo Nordisk Pharma GmbH	Germany	100
Novo Nordisk Hellas Epe.	Greece	100
Novo Nordisk Hungaria Kft.	Hungary	100
Novo NordiskNeuroscience Limited	Ireland	100
Novo Nordisk Limited	Ireland	100
Novo Nordisk Ltd	Israel	100
Novo Nordisk S.P.A.	Italy	100
Novo Nordisk Kazakhstan LLP	Kazakhstan	100
Novo Nordisk Kenya Ltd	Kenya	100
Novo Nordisk Pharma SARL	Lebanon	100
UAB Novo Nordisk Pharma	Lithuania	100
Novo Nordisk Farma dooel	North Macedonia	100
Novo Nordisk Pharma SAS	Morocco	100
Novo Nordisk B.V.	Netherlands	100
Novo Nordisk Finance (Netherlands) B.V.	Netherlands	100
Novo Nordisk Pharma Limited	Nigeria	100
Novo Nordisk Norway AS	Norway	100
Novo Nordisk Pharmaceutical Services Sp. z.o.o.	Poland	100
Novo Nordisk Pharma Sp.z.o.o.	Poland	100
Novo Nordisk Comércio Produtos Farmacêuticos Lda.	Portugal	100
Novo Nordisk Farma S.R.L.	Romania	100
Novo Nordisk Limited Liability Company	Russia	100
Novo Nordisk Production Support LLC	Russia	100
Novo Nordisk Saudi for Trading	Saudi Arabia	100
Novo Nordisk Pharma d.o.o. Belgrade (Serbia)	Serbia	100
Novo Nordisk Slovakia s.r.o.	Slovakia	100
Novo Nordisk d.o.o.	Slovenia	100
Novo Nordisk (Pty) Limited	South Africa	100

(continues)

Country

Ownership (%)/voting rights

Novo Nordisk Pharma S.A.	Spain	100
Novo Nordisk Scandinavia AB	Sweden	100
Novo Nordisk Health Care AG	Switzerland	100
Novo Nordisk Pharma AG	Switzerland	100
Novo Nordisk Tunisie SARL	Tunisia	100
Novo Nordisk Saglik Ürünleri Tic. Ltd. Sti.	Turkey	100
Novo Nordisk Ukraine, LLC	Ukraine	100
Novo Nordisk Pharma Gulf FZ-LLC	United Arab Emirates	100
Novo Nordisk Holding Limited	United Kingdom	100
Novo Nordisk Limited	United Kingdom	100
Ziyo Limited	United Kingdom	100

North America

Novo Nordisk Canada Inc	Canada	100
Novo Nordisk Pharma Inc.	USA	100
Novo Nordisk North America Operations A/S	Denmark	100
Novo Nordisk US Bio Production Inc.	USA	100
Novo Nordisk US Holdings Inc.	USA	100
Novo Nordisk Pharmaceutical Industries Inc LP	USA	100
Novo Nordisk Pharmatech US, Inc.	USA	100
Novo Nordisk Inc.	USA	100
Novo Nordisk Research Center Indianapolis, Inc.	USA	100
Novo Nordisk Research Center Seattle, Inc.	USA	100
Novo Nordisk US Commercial Holdings, Inc.	USA	100
Corvidia Therapeutics, Inc	USA	100
Dicerna Pharmaceuticals, Inc.	USA	100
Emisphere Technologies, Inc.	USA	100

International Operations

Novo Nordisk Pharmaceuticals A/S	Denmark	100
Novo Nordisk Pharma Operations A/S	Denmark	100
Novo Nordisk Region AAMEO and LATAM A/S	Denmark	100
Novo Nordisk Region Europe A/S	Denmark	100
Novo Nordisk Region Japan & Korea A/S	Denmark	100

(continues)

	Country	Ownership (%)/voting rights
Rest of the world		
Novo Nordisk Pharma Argentina S.A.	Argentina	100
Novo Nordisk Pharmaceuticals Pty. Ltd.	Australia	100
Novo Nordisk Pharma (Private) Limited	Bangladesh	100
Novo Nordisk Produção Farmacêutica do Brasil Ltda.	Brasil	100
Novo Nordisk Farmacêutica do Brasil Ltda.	Brasil	100
Novo Nordisk Farmacêutica Limitada	Chile	100
Novo Nordisk Columbia SAS	Colombia	100
Novo Nordisk India Private Limited	India	100
Novo Nordisk Service Centre (India) Pvt. Ltd.	India	100
PT. Novo Nordisk Indonesia	Indonesia	100
Novo Nordisk Pars	Iran	100
Novo Nordisk Pharma Ltd.	Japan	100
Novo Nordisk Pharma (Malaysia) Sdn Bhd	Malaysia	100
Novo Nordisk Pharma Operations (Business Area) Sdn Bhd	Malaysia	100
Novo Nordisk Mexico S.A. de C.V.	Mexico	100
Novo Nordisk Pharmaceuticals Ltd.	New Zealand	100
Novo Nordisk Pharma (Private) Limited	Pakistan	100
Novo Nordisk Panama S.A.	Panama	100
Novo Nordisk Peru, S.A.C.	Peru	100
Novo Nordisk Pharmaceuticals (Philippines) Inc	Philippines	100
Novo Investment Pte Limited	Singapore	100
Novo Nordisk Pharma (Singapore) Pte Ltd	Singapore	100
Novo Nordisk Pharma Korea Ltd.	South Korea	100
Novo Nordisk Lanka (PVT) Ltd	Sri Lanka	100
Novo Nordisk Pharma (Thailand) Ltd	Thailand	100
Novo Nordisk Venezuela Casa de Representación C.A.	Venezuela	100
Region China		
Novo Nordisk (China) Pharmaceuticals Co., Ltd.	China	100
Novo Nordisk Region China A/S	Denmark	100
Novo Nordisk (Shanghai) Pharma Trading Co., Ltd.	China	100
Novo Nordisk Hong Kong Limited	Hong Kong	100
Beijing Novo Nordisk Pharmaceuticals Science & Technology Co., Ltd.	China	100
Novo Nordisk Pharma (Taiwan) Ltd	Taiwan	100
Other subsidiaries		
NNE A/S	Denmark	100
NNIT A/S	Denmark	18
CS Solar Fund XIV, LLC	USA	99
NNE A/S subsidiaries		
NNE, Inc.	USA	100

(continues)

	Country	Ownership (%)/voting rights
NNE Private Limited	India	100
NNE AB	Sweden	100
NNE Pharmaplan OOO	Russia	100
NNIT A/S subsidiaries		
NNIT (Tianjin) Technology Co.Ltd	China	100
NNIT Philippines Inc	Philippines	100
NNIT Switzerland AG	Switzerland	100
NNIT Germany GMBH	Germany	100
NNIT Inc.	USA	100
NNIT Czech Republic s.r.o.	Czech Republic	100
NNIT UK Ltd	United Kingdom	100
Scales A/S	Denmark	100
NNIT IT-Services (Thailand)	Thailand	100
Valiance Partners LLC	USA	100
Valiance Partners ltd	Ireland	100
NNIT Poland Sp. Z.o.o.	Poland	100
NNIT Singapore Holdings Pte. Ltd.	Singapore	100
NNIT Singapore Pte. Ltd.	Singapore	100
PT. Halfmann Goetsch Partner	Indonesia	100
Excellis Health Solutions LLC	USA	100
Excellis Europe Ltd.	United Kingdom	100
SL Controls Limited	Ireland	100
SL Controls USA Inc.	USA	100
Sonion Group subsidiaries		
Sonion HoldCo A/S	Denmark	100
Sonion InvestCo A/S	Denmark	100
Sonion Holding A/S	Denmark	100
Sonion A/S	Denmark	100
Sonion Nederland B.V.	Nederlands	100
Sonion US, Inc.	USA	100
Sonion Polska S.P.zoo	Poland	100
Sonion Vietnam Ltd, Inc.	Vietnam	100
Sonion Vietnam II Ltd, Inc.	Vietnam	100
Sonion Philippines, Inc.	Philippines	100
Xilco (CH) AG	Switzerland	100
Xellia Group subsidiaries		
Xellia Group AS	Norway	100
Xellia Pharmaceuticals AS	Norway	100
Xellia Group ApS	Denmark	100
Xellia Pharmaceuticals ApS	Denmark	100

(continues)

	Country	Ownership (%) / voting rights
CFT Pharmaceuticals LLC	USA	100
Xellia Pharmaceuticals Ltd.	Hungary	100
Xellia Pharmaceuticals Inc.	USA	100
Nippon Axellia Co. Ltd.	Japan	100
Xellia Hong Kong Ltd.	Hong Kong	100
Xellia d.o.o.	Croatia	100
Xellia Pharmaceuticals Private Limited	India	99.9
Pharmaero ApS	Denmark	50
Xellia Pharmaceuticals USA LLC	USA	100
Crane Pharmaceuticals LLC	USA	100
Otnortopco AS	Norway	100
Xellia Pharmaceuticals Shanghai Co., Ltd.	China	100
Xellia (Taizhou) Pharmaceuticals Company Ltd.	China	51

	Country	Ownership (%)/voting rights
Novozymes A/S subsidiaries		
Novozymes BioAg S.A.	Argentina	100
Novozymes Australia Pty. Ltd.	Australia	100
Novozymes Belgium BVBA	Belgium	100
Novozymes Latin America Ltda.	Brasil	100
Novozymes BioAg Productos Para Agricultura Ltda.	Brasil	100
Novozymes BioAg Limited	Canada	100
Novozymes Canada Limited	Canada	100
Novozymes (China) Biotechnology Co. Ltd.	China	100
Novozymes (China) Investment Co. Ltd.	China	100
Novozymes (Shenyang) Biologicals Co. Ltd.	China	100
Suzhou Hongda Enzyme Co. Ltd.	China	96
Novozymes Bioindustrial A/S	Denmark	100
Novozymes Bioindustrial China A/S	Denmark	100
Novozymes Biopharma DK A/S	Denmark	100
Novozymes BioAg A/S	Denmark	100
Novozymes Biotechnology ApS	Denmark	100
Novozymes France S.A.S	France	100
Novozymes Deutschland GmbH	Germany	100
Novozymes Berlin GmbH	Germany	100
Novozymes Nederland B.V.	Nederlands	100
Novozymes Hong Kong Ltd.	Hong Kong	100
Novozymes South Asia Pvt. Ltd.	India	100
Riata Life Sciences Pvt. Ltd.	India	60
Synergia Life Sciences Pvt. Ltd.	India	60
PrecisionBiotics Group Ltd.	Ireland	100
Novozymes Italia S.r.l.	Italy	100
Novozymes Japan Ltd.	Japan	100
Novozymes Kenya Ltd.	Kenya	100
Novozymes Malaysia Sdn. Bhd.	Malaysia	100
Novozymes Mexicana, S.A. de C.V.	Mexico	100
Novozymes Mexico, S.A. de C.V.	Mexico	100
Novozymes RUS LLC	Russia	100
Novozymes Singapore Pte. Ltd.	Singapore	100
Novozymes South Africa (Pty) Ltd.	South Africa	100
Novozymes Korea Limited	South Korea	100
Novozymes Spain S.A.	Spain	100
Novozymes Sweden AB	Sweden	100
Novozymes Switzerland AG	Switzerland	100
Novozymes Switzerland Holding AG	Switzerland	100
Novozymes (Thailand) Ltd.	Thailand	100
Novozymes Enzim Dis Ticaret Limited Sirketi	Turkey	100
Novozymes UK Ltd.	United Kingdom	100

(continues)

	Country	Ownership (%)/voting rights
Novozymes BioAg, Inc.	USA	100
Novozymes Biologicals, Inc.	USA	100
Novozymes Blair, Inc.	USA	100
Novozymes, Inc.	USA	100
Physicians Exclusive LLC (d.b.a) Microbiome Labs	USA	100
Novozymes North America, Inc.	USA	100
Novozymes Us, Inc.	USA	100

	Country	Ownership(%) /votings rights
CGG Amalthea HoldCo A/S subsidiaries		
Amalthea GP, Limited	USA	100
Amalthea Aggregator, LP	USA	89
Amalthea Holdings, LP	USA	89
Amalthea Acquisition 1, LP	USA	89
Amalthea Acquisition II, LP	USA	89
Amalthea Parent Inc	USA	89
Altasciences Holdings Inc	USA	89
Altsciences US Acquisition Inc	USA	89
Altasciences Clinical Kansas Inc.	USA	89
Altascience Preclinical Seattle LLC	USA	89
Altasciences Clinical Los Angeles, Inc	USA	89
Calvert Laboratories Inc.	USA	89
Altasciences CDMO Phillidelphia, LLA	USA	89
Altasciences USA, LLC	USA	89
9360-1318 Quebec Inc	Canada	89
Altasciences Company Inc.	Canada	89
9186-5328 Quebec Inc	Canada	89
Sinclair Maintenance, LLC	USA	89
Sinclair Real Estate, LLC	USA	89
Sinclair Research Center, LLC	USA	89
BR Holdings, LLC	USA	44
Pet Foods Solutions, LLC	USA	44
Sinclair Bio Resources, LLC	USA	44
Altasciences Clinical Fargo, LLC (Discontinued Operations- Site closed in 2019)	USA	89

	Country	Ownership(%)/votings rights
Novo Invest 2A A/S subsidiaries		
Baduhenna TopCo Limited	UK	100
Baduhenna Holdco Limited	UK	97
Baduhenna BidCo Limited	UK	97
BioTeZ Berlin-Buch GmbH	Germany	97
Steffens Biotechnische Analysen GmbH	Germany	97
BBI Group Holdco Limited	UK	97
Vector Bidco Limited	UK	97
BBI Group Holding Limited	UK	97
Eagle SPV 2 Limited	UK	97
Eagle SPV 3 Limited	UK	97
BBI Acquisition Limited	UK	97
BBI Diagnostics Group Limited	UK	97
BBI Detection Limited	UK	97
BBI Resources Limited	UK	97
BBI Solutions OEM Limited	UK	97
BBI Detection LLC	USA	97
BBI Solutions LLC	USA	97
BBI Enzymes (USA) Limited	UK	97
BBI Enzymes SA (Pty) Limited	South Africa	97
Vision Biotech Proprietary Limited	South Africa	97
Alchemy Laboratories Limited	UK	97
BBI Enzymes (UK) Limited	UK	97
British Biocell International Limited	UK	97
Scipac Limited	UK	97
BBI Enzymes Limited	UK	97
Novarum DX Limited	UK	97
BBI US Holding LLC	USA	97
BBI US Group LLC	USA	97
Maine Biotechnology Services Inc	USA	97
BBI Biotechnology (Shanghai) Co Limited	China	97
BBI Solutions GmbH	Germany	97
Diarect GmbH	Germany	97
BBI USD Limited	UK	97
BBI GBP Limited	UK	97

Consolidated financial statements Novo Nordisk Foundation Group

Income statement and statement of comprehensive income for the year 1 January - 31 December

DKK million	Note	2021	2020
Income statement			
Net sales	2	163,063	146,331
Cost of goods sold	3,5	36,178	31,655
Gross profit		126,885	114,676
Sales and distribution costs	3,5	39,554	34,903
Research and development costs	3,4,5	20,135	17,720
Administrative costs	3,4,5	4,978	4,351
Return on investment activities and other operating income	6	26,300	14,861
Other operating expenses	3,5	1,516	1,113
Operating profit		87,002	71,450
Income from associated companies		1,745	5,441
Financial income	7	3,174	1,549
Financial expenses	7	3,095	3,288
Profit before income taxes		88,826	75,152
Income taxes	8	12,041	11,669
Net profit		76,785	63,483
Net profit for the year is specified as follows:			
Non-controlling interests		36,575	32,155
Controlling interests		40,210	31,328
Net profit		76,785	63,483
Statement of comprehensive income			
Net profit		76,785	63,483
Other comprehensive income:			
Items that will not be reclassified subsequently to the income statement:			
Remeasurement of retirement benefit obligations		150	-73
Items that will be reclassified subsequently to the income statement:			
Exchange rate adjustments of investments in subsidiaries and associated companies		2,323	-2,585
Cash flow hedges, realisation of previously deferred gains/losses		-1,802	329
Cash flow hedges, deferred gains/losses incurred during the period		-1,953	1,509
Other items		-251	16
Tax on other comprehensive income, income/expense		972	-535
Other comprehensive income, net of tax		-561	-1,339
Total comprehensive income		76,224	62,144
Total comprehensive income for the year is specified as follows:			
Non-controlling interests	26	36,398	31,193
Controlling interests		39,826	30,951
Total comprehensive income		76,224	62,144

Balance sheet at 31 December

DKK million	Note	2021	2020
Assets			
Intangible assets	9	62,976	28,744
Tangible assets	10,11	70,599	64,485
Investments in associated companies	13	10,790	12,581
Financial assets	14	142,618	110,846
Deferred tax assets	8	10,531	7,405
Total non-current assets		297,514	224,061
Inventories	15	23,830	21,833
Trade receivables	16	45,308	31,179
Contractual assets		259	42
Tax receivables		1,426	803
Derivative financial instruments	21	1,786	2,487
Other receivables and prepayments		6,515	5,003
Marketable securities		6,765	-
Cash at bank		13,070	14,931
Assets held for sale		-	23
Total current assets		98,959	76,301
Total assets		396,473	300,362

Balance sheet at 31 December

DKK million	Note	2021	2020
Equity and liabilities			
Capital base		22	22
Retained earnings		156,326	123,364
Reserve for future grants		10,599	10,144
Other reserves		-701	-602
Total equity parent foundation		166,246	132,928
Non-controlling interests	26	60,615	54,190
Total equity		226,861	187,118
Liabilities			
Borrowings		25,016	10,357
Deferred income tax liability	8	7,489	4,158
Other provisions	17	5,807	6,205
Other liabilities	18	3,135	377
Total non-current liabilities		41,447	21,097
Borrowings		16,225	9,032
Trade payables		10,701	7,175
Tax payables		4,086	4,200
Other liabilities	18	23,978	20,231
Derivative financial instruments	21	2,341	1,431
Contractual obligations		129	67
Provision for grants		18,792	14,959
Other provisions	17	51,913	35,052
Total current liabilities		128,165	92,147
Total liabilities		169,612	113,244
Total equity and liabilities		396,473	300,362
Other information			
Commitments	22		
Share-based payments schemes	23		
Financial risks	24		
Related party transactions	25		
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Events after the reporting date	27		

Statement of changes in equity at 31 December 2021

DKK million									
2021	Capital base	Retained earnings	Reserve for future grants	Currency adjustments	Cash flow hedges	Other adjustments	Total other comprehensive income	Minority interests	Total
Balance at the beginning of the year	22	123,364	10,144	-1,265	499	164	-602	54,190	187,118
Currency adjustments of subsidiaries	-	-	-	271	-	-	271	13	284
Opening adjustments	-	-	-	-	-	-	-	-	-
Change in effective ownership	-	75	-	-	-	-	-	-75	-
	22	123,439	10,144	-994	499	164	-331	54,128	187,402
Net profit	-	40,210	-	-	-	-	-	36,575	76,785
Other comprehensive income	-	-14	-	583	-1,100	147	-370	-177	-561
Total comprehensive income	-	40,196	-	583	-1,100	147	-370	36,398	76,224
Share-based payments	-	338	-	-	-	-	-	805	1,143
Tax related to equity postings	-	118	-	-	-	-	-	313	431
Purchase of treasury shares	-	1,111	-	-	-	-	-	-15,034	-13,923
Sale of treasury shares	-	217	-	-	-	-	-	241	458
Dividends	-	-	-	-	-	-	-	-16,520	-16,520
Grants, net	-	-9,118	455	-	-	-	-	-	-8,663
Other adjustments	-	25	-	-	-	-	-	284	309
Balance at the end of the year	22	156,326	10,599	-411	-601	311	-701	60,615	226,861
2020									
Balance at the beginning of the year	22	100,987	4,799	-910	-30	267	-673	50,528	155,663
Currency adjustments of subsidiaries	-	-	-	426	-	-	426	-13	413
Opening adjustments	-	-	-	-	-12	12	-	-	-
Change in effective ownership	-	-104	-	1	-	-1	-	104	-
	22	100,883	4,799	-483	-42	278	-247	50,619	156,076
Net profit	-	31,328	-	-	-	-	-	32,155	63,483
Other comprehensive income	-	-22	-	-782	541	-114	-355	-962	-1,339
Total comprehensive income	-	31,306	-	-782	541	-114	-355	31,193	62,144
Share-based payments	-	270	-	-	-	-	-	636	906
Tax related to equity postings	-	15	-	-	-	-	-	53	68
Purchase of treasury shares	-	1,205	-	-	-	-	-	-13,148	-11,943
Sale of treasury shares	-	142	-	-	-	-	-	376	518
Dividends	-	-	-	-	-	-	-	-15,539	-15,539
Grants, net	-	-10,824	5,345	-	-	-	-	-	-5,479
Other adjustments	-	367	-	-	-	-	-	-	367
Balance at the end of the year	22	123,364	10,144	-1,265	499	164	-602	54,190	187,118

Cash flow statement

DKK million	Note	2021	2020
Operating profit		87,002	71,450
Adjustment of non-cash items:			
Depreciations, amortisation and impairment losses	5	8,424	7,785
Other non-cash items	19	-11,710	-7,236
Income taxes paid		-14,929	-11,164
Interest received		697	1,593
Interest paid		-542	-3,142
Cash flow before changes to working capital		68,942	59,286
Increase/decrease in receivables		-16,207	-822
Increase/decrease in inventory		-1,724	-1,794
Increase/decrease in trade payables and other debt		6,678	648
Currency adjustments		1,492	-1,717
Cash flow from operating activities		59,181	55,601
Purchase of subsidiaries		-25,017	-143
Sale of subsidiaries		-	87
Purchase of associated companies		-30	-
Sale of associated companies		-	-3,098
Purchase of financial assets - Life Science Investments		-9,831	-10,340
Sale of financial assets - Life Science Investments		8,563	13,533
Purchase of financial assets - other		-43,879	-30,819
Sale of financial assets - other		40,450	23,438
Purchase of intangible assets		-1,278	-17,158
Purchase of tangible assets		-7,800	-6,684
Sale of tangible assets		125	15
Payments for marketable securities		-7,109	-
Proceeds from sale of marketable securities		1,172	-
Received dividend		532	163
Cash flow from investing activities		-44,102	-31,006
Proceeds from borrowing		28,650	7,353
Repayment of borrowings		-10,816	-2,284
Novo Groups purchase of treasury shares		-13,923	-11,943
Novo Groups sale of treasury shares		458	518
Repayment leasing		-212	-230
Paid dividend to non-controlling interests		-16,520	-15,538
Paid grants - Novo Nordisk Foundation		-4,715	-4,622
Net cash flow used in financing activities		-17,078	-26,746
Net cash generated from activities		-1,999	-2,151
Cash and cash equivalents at the beginning of the year		14,389	17,110
Exchange gains/(losses) on cash and cash equivalents		678	-570
Cash and cash equivalents at the end of the year	20	13,068	14,389

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Note 1 Accounting policies

Principal accounting policies and key accounting estimates

The consolidated financial statements included in this Annual Report have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the EU and further requirements in the Danish Financial Statements Act. All entities in the Novo Nordisk Foundation Group follow the same Group accounting policies.

Measurement basis

The consolidated financial statements have been prepared on the historical cost basis except for derivative financial instruments, equity investments and trade receivables in a factoring portfolio, which are measured at fair value.

The principal accounting policies set out below have been applied consistently in the preparation of the consolidated financial statements for all the years presented.

Applying materiality

The consolidated financial statements are a result of processing large numbers of transactions and aggregating those transactions into classes according to their nature or function. The transactions are presented in classes of similar items in the consolidated financial statements. If a line item is not individually material, it is aggregated with other items of a similar nature in the consolidated financial statements or in the notes. Management provides specific disclosures required by IFRS unless the information is not applicable or is considered immaterial to the decision making of the primary users of these financial statements.

Key accounting estimates and judgements

The use of reasonable estimates and judgements is an essential part of the preparation of the parent and consolidated financial statements. Given the uncertainties inherent in Novo Nordisk Foundation Group business activities, Management must make certain estimates regarding valuation and make judgements on the reported amounts of assets, liabilities, net sales, expenses and related disclosures.

The key accounting estimates identified are those that have a significant risk of resulting in a material adjustment to the measurement of assets and liabilities in the following reporting period. Management bases its estimates on historical experience and various other assumptions that are held to be reasonable under the circumstances. The estimates and underlying assumptions are reviewed on an ongoing basis. If necessary, changes are recognised in the period in which the estimate is revised. Management considers the key accounting estimates to be reasonable and appropriate based on currently available information. The actual amounts may differ from the amounts estimated as more detailed information becomes available.

In addition, Management makes judgements in the process of applying the entity's accounting policies, for example classification of a transaction as an asset acquisition or a business combination.

The estimates are made by Management in Novo Nordisk, Novozymes and Novo Holdings and subsequently evaluated by Management in Novo Nordisk Foundation. The Foundation regards the following as the key accounting estimates and judgements used in preparation of the consolidated financial statements:

- » Estimate of US sales deduction for sales rebates (note 2)
- » Estimate in determining the fair value of intangible assets when acquiring assets in a business combination (note 12)
- » Judgment and estimate regarding deferred income tax assets and provision for uncertain tax positions (note 8)
- » Estimate regarding impairment of assets and judgement of whether a transaction is an asset acquisition or a business combination (note 9)
- » Fair value measurement and valuation of unquoted investments (note 14)
- » Estimate of indirect production costs capitalized and inventory write down (note 15)
- » Estimate of ongoing legal disputes, litigation and investigations (note 17)

The estimates are described in the notes to the consolidated financial statements.

Changes in accounting policies and disclosures

Adoption of new or amended IFRS

Management has assessed the impact of new or amended and revised accounting standards and interpretations (IFRS) issued by the IASB and IFRS endorsed by the European Union effective on or after 1 January 2021.

It is assessed that the application of amendments effective 1 January 2021 has not had a material impact on the consolidated financial statements for 2021. Furthermore, Management does not anticipate any significant impact in future years from adoption of these amendments.

General policies

Principles of consolidation

The consolidated financial statements incorporate the financial statements of the parent foundation Novo Nordisk Foundation and entities controlled by the Novo Nordisk Foundation. Control exists when the Novo Nordisk Foundation has effective power over the entity and has the right to variable returns from the entity.

Where necessary, adjustments are made to bring the financial statements of subsidiaries in line with the Novo Nordisk Foundation Group's accounting policies. All intra-Group transactions, balances, income and expenses are eliminated in full when consolidated.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition and up to the effective date of disposal.

Entities in which the Group directly or indirectly controls at least 20% but not more than 50% of the voting power are accounted for as associates and measured using the equity method.

The consolidated financial statements are prepared by combining items of a uniform nature and subsequently eliminating intercompany transactions, internal stockholdings and balances, and unrealised intercompany profits and losses.

Translation of foreign currencies

Functional and presentation currency

Items included in the financial statements of Novo Nordisk Foundation's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Danish kroner (DKK), which is also the functional and presentation currency of the parent company.

Translation of transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the transaction dates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities are recognised in the income statement.

Foreign currency differences arising from the translation of effective qualifying cash flow hedges are recognised in other comprehensive income.

Translation of Group companies

Financial statements of foreign subsidiaries are translated into DKK at the exchange rates prevailing at the end of the reporting period for balance sheet items, and at average exchange rates for income statement items.

All effects of exchange rate adjustments are recognised in other comprehensive income, i.e.:

- » the translation of foreign subsidiaries' net assets at the beginning of the year to the exchange rates at the end of the reporting period;
- » the translation of foreign subsidiaries' statements of comprehensive income at average to year-end exchange rates.

Other Accounting policies

Research and development costs

The Group expenses all research costs related to Novo Nordisk. In line with industry practice, internal and subcontracted development costs are also expensed as they are incurred, due to significant regulatory uncertainties and other uncertainties inherent in the development of new products. This means that they do not qualify for capitalisation as intangible assets until marketing approval by a regulatory authority is obtained or considered highly probable. Costs for post-approval activities that are required by authorities as a condition for obtaining regulatory approval are recognised as research and development costs.

Research and development costs primarily comprise employee costs, and internal and external costs related to execution of studies, including manufacturing costs and facility costs of the research centres. The costs also comprise amortisation, depreciation and impairment losses related to software and property, plant and equipment used in the research and development activities. Impairment losses recognised on intangible assets not yet available for use related to research and development projects are presented in research and development costs.

For acquired research and development projects, patents and licences, the likelihood of obtaining future commercial sales is reflected in the cost of the asset, and thus the probability recognition criteria are always considered to be satisfied. As the cost of acquired research and development projects can often be measured reliably, these projects fulfil the capitalisation criteria as intangible assets on acquisition. Subsequent milestone payments payable on achievement of a contingent event (e.g. commencement of phase 3 trials) are accrued and capitalised into the cost of the intangible asset when the achievement of the event is probable. Development costs incurred subsequent to acquisition are treated consistently with internal project development costs.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

If the carrying amount of intangible assets exceeds the recoverable amount based on the existence of one or more of the above indicators of impairment, any impairment is measured based on discounted projected cash flows. Impairments are reviewed at each reporting date for possible reversal

Financial assets and liabilities

Depending on purpose, the Group classifies investments into the following categories:

- Financial assets at fair value through the income statement
- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income

Management determines the classification of its financial assets on initial recognition and re-evaluates this at the end of every reporting period to the extent that such a classification is permitted or required.

Recognition and measurement

Purchases and sales of financial assets are recognised on the settlement date. These are initially recognised at fair value.

Fair value disclosures are made separately for each class of financial instruments at the end of the reporting period.

Financial assets are removed from the balance sheet when the rights to receive cash flows have expired or have been transferred, and the Group has transferred substantially all the risks and rewards of ownership.

Financial assets 'at fair value through the income statement'

Financial assets at fair value through the income statement consist of equity investments and forward exchange contracts. Equity investments are included in other financial assets unless management intends to dispose of the investment within 12 months of the end of the reporting period. In that case, the current part is included in other receivables and prepayments.

Net gains and losses arising from changes in the fair value of financial assets are recognised in the income statement as financial income or expenses. The fair values of quoted investments are based on current bid prices at the end of the reporting period. Financial assets for which no active market exists are carried at fair value based on a valuation methodology.

Financial assets 'at amortised cost'

Financial assets at amortised cost are cash at bank and non-derivative financial assets solely with payments of principal and interest. Novo Nordisk normally 'holds-to-collect' the financial assets to attain the contractual cash flows. If collection is expected within one year (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are initially recognised at transaction price and other receivables are recognised initially at fair value. Subsequently, they are measured at amortised cost using the effective interest method, less allowance for doubtful receivables.

Financial assets 'at fair value through other comprehensive income'

Financial assets at fair value through other comprehensive income are trade receivables that are held to collect or to sell in factoring agreements.

Financial liabilities 'at fair value through the income statement'

Financial liabilities at fair value through the income statement consist of forward exchange contracts.

Financial liabilities 'at amortised cost'

Financial liabilities at amortised cost consist of bank overdrafts, trade payables and other liabilities.

Financial assets (Investments)

The Group divides the financial assets into two main types: Life Science Investments and securities, and two minor types: other financial assets and contract assets.

Life Science Investments are defined as direct or indirect investments in financial assets that are primarily related to either healthcare or bio-industrial segments.

Investments that do not meet the definition of the above category are defined as securities.

Financial assets that fall into the category of either life science or securities are recognised in accordance with IFRS9 at fair value through profit or loss. Investments are initially recognised at fair value and subsequently adjusted to fair value. For more information, please refer to note 14.

Financial definitions*Operating profit*

Operating profit as percentage of sales.

Net profit margin (incl. non-controlling interests)

Net profit margin as percentage of sales.

Equity ratio

Total shareholders' equity (incl. non-controlling interests) as a percentage of total asset at year-end.

Supplementary accounting policies for the parent company**Investments in subsidiaries**

In the financial statements of the parent company, investments in subsidiaries are recognised at cost price and dividend received from the subsidiaries are included in the profit and loss.

Gain and losses on sale of shares in subsidiaries are included in the profit and loss.

Grants

Grants are recognised as deductions once the Foundation is obligated towards the grant recipient. From that point in time and until the grant has been paid out, the grant is included in provisions for grants as a provision.

The grants which are expected to be granted in the future are included in the equity as reserve for future grants.

Note 2 Net sales – business areas

DKK million	2021	2020
Net sales by subgroups:		
Novo Nordisk Group	140,686	126,833
Novozymes Group	14,950	14,012
NNIT Group	2,233	2,063
Sonion Group	1,403	1,343
Xellia Group	1,902	2,080
BBI Group	252	-
Altascience Group	1,637	-
Total net sales	163,063	146,331
Net sales geographical areas:		
Region EMEA	46,630	42,802
Region China	16,343	14,385
Region North America	74,945	66,725
Rest of the world	25,145	22,419
Total sales by geographical area	163,063	146,331

Accounting policy

Revenue from sale of goods is recognised when the control of products has been transferred to the buyer and it is probable that the Group will collect the considerations to which it is entitled for transferring the products. Transfer of control of goods to the buyer is effectuated at a point in time, typically at the time of delivery. The amount of sale to be recognised is based on the consideration the Group expects to receive in exchange for its goods.

When sales are recognised, the Group also records estimates for a variety of sales deductions, including product returns as well as rebates and discounts to government agencies, wholesalers, health insurance companies, managed healthcare organisations and retail customers. Sales deductions are recognised as a reduction of gross sales to arrive at net sales, by assessing the expected value of the sales deductions (variable consideration). Where contracts contain customer acceptance criteria, the Group recognises sales when the acceptance criteria are satisfied.

Unsettled rebates are recognised as provisions when the timing or amount is uncertain. Where absolute amounts are known, the rebates are recognised as other liabilities.

Key accounting estimates and judgements

Estimate of US sales deductions and provisions for sales rebates

The estimates are based on analyses of existing contractual obligations and historical experience. Provisions are calculated on the basis of a percentage of sales for each product as defined by the contracts with the various customer groups. Provisions for sales rebates are adjusted to actual amounts as rebates, discounts and returns are processed.

The main sales discounts and sales rebates are issued in the US and includes US Managed Care, Medicare, Medicaid and other minor US rebate types.

Provisions for Medicaid and Medicare rebates are estimated according to the specific terms in each agreement, historical experience, anticipated channel mix, growth rates, market share information, price changes, and the impact of contracting strategies. The calculation also involves interpretation of relevant regulations that are subject to changes in interpretative guidance from government authorities. The provisions are adjusted periodically to reflect actual sales performance.

The calculation for Medicaid also involves interpretation of relevant regulations that are subject to changes in interpretative guidance from government authorities. Even though the provisions for rebates are recorded at the time the related revenue are recorded, these rebates will typically be settled up to five months from the transaction date. Due to the timing difference, it is possible that the rebate adjustment for a given period will include rebate adjustments relating to previous periods.

The Group considers the provisions established for sales rebates to be reasonable and appropriate based on currently available information. However, the actual amount of rebates and discounts may differ from the amounts estimated by Management as more detailed information becomes available.

Note 3 Employee costs

DKK million	2021	2020
Wages and salaries	36,066	32,868
Share-based payments costs	1,239	960
Pensions - defined contribution plans	2,567	2,452
Pensions - defined benefit plans	156	161
Other social security contributions	2,580	2,210
Other employee costs	2,596	2,398
Total employee costs for the year	45,204	41,049
Employee costs capitalised as intangible assets and property, plant and equipment	-1,228	-1,522
Change in employee costs capitalised as inventories	-107	-26
Total employee costs in the income statement	43,869	39,501
Included in the income statement:		
Cost of goods sold	14,220	12,948
Sales and distribution costs	16,297	15,156
Research and development costs	8,610	7,487
Administrative costs	4,477	3,995
Other operating expenses, net	265	-85
Total employee costs in the income statement	43,869	39,501
Remuneration of Executive management and Board of Directors		
Salary and short-term incentives	7	8
Pension	1	1
Benefits	0	0
Severance payments	-	15
Executive management in total	8	24
Fee to Boards of Directors	5	4
Total	13	28
Salary for CEO	8	5
Salary for Deputy CEO	-	4

The table below shows the remuneration in 2021 of the Board of Directors in the Novo Nordisk Foundation and within the rest of the Group.

DKK thousands	Novo Nordisk Foundation		Other Group companies		Total
	Board of Directors	Committees	Boards	Committees and other tasks	
Lars Rebien Sørensen	1,200	200	1,725		3,125
Marianne Philip	800				800
Steen Riisgaard	400		2,087		2,487
Lars Henrik Munch	400	100		30	530
Anne Marie Kverneland	400		920		1,320
Lars Bo Køppler	400				400
Lars Fugger	400	100		465	965
Liselotte Højgaard	400	100		150	650
Mads Grøn	400				400
	4,800	500	4,734	645	10,677

	Number	Number
Average number of full-time employees within the Novo Nordisk Foundation Group	66,387	61,055

Accounting Policy

Wages, salaries, social security contributions, paid annual leave and sick leave, bonuses, and non-monetary benefits are recognised in the year in which the employees render the associated services. Where the Group provides long-term employee benefits, the costs are accrued to match the rendering of the services.

Note 4 Fees to statutory auditors

DKK million	2021	2020
Statutory audit	20	42
Audit-related services	2	4
Tax advisory services	18	20
Other services	16	8
Fees to statutory auditors	56	74
Statutory audit	27	1
Audit related services	3	-
Tax advisory services	6	1
Other services	5	-
Fees to other auditors	41	2

Note 5 Amortisation and impairment losses

DKK million	2021	2020
Included in the income statement under the following headings:		
Cost of goods sold	5,109	4,381
Research and development costs	1,856	2,093
Sales and distribution costs	712	529
Administration costs	587	602
Other operating expenses	160	180
Total amortisation and impairment losses	8,424	7,785

Note 6 Return on investment activities and other operating income

DKK million	2021	2020
Result of Life Science Investments and securities	25,539	14,156
Other operating income	761	705
Return on investment activities and other operating income	26,300	14,861

In 2021 a "step-up" appreciation of fair value of DKK 3.3 billion in connection with the transfer of a company from Associated companies to Financial assets - Life Science Investments is included in Result of the Life Science Investments and securities (2020: DKK 0).

Note 7 Financial income and expenses

Financial income

DKK million	2021	2020
Interest income	252	363
Foreign exchange gain	69	2
Financial gain on financial instruments	2,449	1,183
Other financial income	404	1
Total financial income	3,174	1,549

Financial expenses

DKK million	2021	2020
Interest expenses	697	648
Leases	28	33
Loss on foreign exchange	2,161	173
Financial loss on forward contracts net	-	2,054
Other financial costs	209	380
Total financial expenses	3,095	3,288

Accounting policy

Financial items primarily relate to foreign exchange elements and are mainly impacted by the cumulative value adjustment of cash flow hedged transferred from other comprehensive income to the income statement when the hedged transaction is recognised in the income statement.

In addition, value adjustments of fair value hedges are recognised in financial income and financial expenses along with any value adjustments of the hedged asset or liability that are attributable to the hedged risk. Finally, value adjustments of foreign currency assets and liabilities in non-hedged currencies will impact financial income and financial expenses.

Note 8 Income taxes

DKK million	2021	2020
Current tax on profit for the year	14,777	12,384
Deferred tax on profit for the year	-1,675	933
Tax on profit for the year	13,102	13,317
Adjustment tax recognised for prior years	-1,061	-1,648
Income taxes in the income statement	12,041	11,669
Current and deferred tax on other equity postings for the year	-431	-15
Current and deferred tax on other comprehensive income for the year	-972	535

Adjustments to previous periods include adjustments stemming from events in the current year in relation to current tax and deferred tax for prior periods. They mainly include tax payments in connection with transfer price tax cases and reversal of the tax commitment recognised in previous periods related to these tax cases.

Computation of effective tax rate:

Statutory corporate income tax rate in Denmark	22.0%	22.0%
Deviation in foreign subsidiaries' tax rate compared to the Danish tax rate (net)	-1.1%	-1.6%
Non-taxable income less non-tax-deductible expenses (net)	-5.8%	-7.3%
Other adjustments (net)	-1.5%	-0.6%
Effective tax rate	13.6%	12.5%

Accounting policy

The tax expense for the period comprises current and deferred tax. It also includes adjustments to previous years and changes in provisions for uncertain tax positions. Tax is recognised in the income statement except to the extent that it relates to items recognised in equity or other comprehensive income.

Provisions for ongoing tax disputes are included as part of deferred tax assets, tax receivables and tax payables.

Deferred income taxes arise from temporary differences between the accounting and tax values of the individual consolidated companies and from realisable tax loss carryforwards. The tax value of tax loss carryforwards is included in deferred tax assets to the extent that these are expected to be utilised in future taxable income. The deferred income taxes are measured according to current tax rules and at the tax rates assumed in the year in which the assets are expected to be utilised.

Deferred tax is not calculated for investments in subsidiaries, branches or associated companies, as these are permanent deviations. Deferred tax is only calculated if the deviations are tax deductible. In general, the Danish tax rules related to dividends from group companies provide exemption from tax for most repatriated profits. A provision for withholding tax is only recognised if a concrete distribution of dividends is planned.

The value of future tax deductions in relation to share programmes is recognised as deferred tax, until the shares are paid out to the employees. Any estimated excess tax deduction compared to the costs realised in the income statement is charged to equity.

Key accounting estimates and judgements

The Group is subject to income taxes around the world. Significant judgement and estimates are required in determining the worldwide accrual for income taxes, deferred income tax assets and liabilities, and provisions for uncertain tax positions.

The Group recognises deferred income tax assets if it is probable that sufficient taxable income will be available in the future, against which the temporary differences and unused tax losses can be utilised. Management has considered future taxable income and applied its judgement in assessing whether deferred income tax assets should be recognised.

In the course of conducting business globally, tax and transfer pricing disputes with tax authorities may occur. Management judgement is applied to assess the possible outcome of such disputes. The 'most probable outcome' method is applied when making provisions for uncertain tax positions, and Novo Nordisk foundation considers the provisions made to be adequate. However, the actual obligation may deviate and depends on the result of litigation and settlements with the relevant tax authorities

Development in deferred income tax assets and liabilities

DKK million	2021	2020
Net deferred tax asset/(liability) at the beginning of the year	3,247	4,082
Income/(charge) to the income statement	2,142	1
Acquisition of subsidiaries	-4,058	196
Adjustment to prior year	-20	-12
Income/(charge) to other comprehensive income	1,002	-575
Income/(charge) to equity	367	-128
Effect of exchange rate adjustment	362	-317
Net deferred tax asset/(liability) at the end of the year	3,042	3,247
Deferred tax asset at 31 December	10,531	7,405
Deferred tax liability at 31 December	-7,489	-4,158
	3,042	3,247

Deferred tax assets and liabilities can be specified as below:

	Assets	Liabilities	Total
2021			
Tangible assets	1,676	-4,479	-2,803
Intangible assets	81	-7,735	-7,654
Inventories	3,659	-298	3,361
Provisions	7,252	-291	6,961
Share options	249	-	249
Tax loss carryforward	196	-	196
Other	4,009	-1,277	2,732
	17,122	-14,080	3,042
Offset within countries	-6,591	6,591	-
	10,531	-7,489	3,042
2020			
Tangible assets	1,901	-4,047	-2,146
Intangible assets	27	-3,764	-3,737
Inventories	2,909	-227	2,682
Provisions	4,933	-340	4,593
Share options	79	-	79
Tax loss carryforward	162	-	162

Other	3,212	-1,598	1,614
	13,223	-9,976	3,247
Offset within countries	-5,818	5,818	-
	7,405	-4,158	3,247

Note 9 Intangible assets

DKK million	Goodwill	Patens, licenses and know how	Other intangibles	Total
2021				
Costs at the beginning of year	5,377	27,209	6,714	39,300
Effect of exchange rate adjustments	106	273	-13	366
Additions during the year stemming from acquisition of companies and activities	12,742	20,408	2,050	35,200
Additions during the year	-	611	716	1,327
Disposals during the year	-	-6	-129	-135
Transfer and reclassifications	-	249	-253	-4
Cost at the end of the year	18,225	48,744	9,085	76,054
Amortisation/depreciations and impairment losses at the beginning of the year	175	6,431	3,950	10,556
Effect of exchange rate adjustments	-	172	-12	160
Amortisation/depreciations for the year	-	1,191	599	1,790
Impairment losses for the year	-	600	-	600
Amortisation/depreciation and impairment losses reversed on disposals during the year	-	-5	-23	-28
Amortisation/depreciation and impairment losses at the end of the year	175	8,389	4,514	13,078
Carrying amount at the end of the year	18,050	40,355	4,571	62,976
2020				
Costs at the beginning of year	5,107	12,744	6,068	23,919
Effect of exchange rate adjustments	-97	-332	138	-291
Additions during the year stemming from acquisition of companies and activities	424	-	2	426
Additions during the year	-	16,563	595	17,158
Disposals during the year	-57	-1,802	-40	-1,899
Transfer and reclassifications	-	36	-49	-13
Cost at the end of the year	5,377	27,209	6,714	39,300

Amortisation/depreciations and impairment losses at the beginning of the year	176	6,777	3,697	10,650
Effect of exchange rate adjustments	-1	-79	-58	-138
Amortisation/depreciations for the year	-	1,153	409	1,562
Impairment losses for the year	-	382	31	413
Amortisation/depreciation and impairment losses reversed on disposals during the year	-	-1,802	-40	-1,842
Transfer and reclassifications	-	-	-89	-89
Amortisation/depreciation and impairment losses at the end of the year	175	6,431	3,950	10,556
Carrying amount at the end of the year	5,202	20,778	2,764	28,744

An impairment test of the value of the goodwill at 31 December 2021 was performed. The test concluded that there was no need for further write-down of the goodwill.

When performing the impairment test, the value of each cash-generating unit's discounted cash flow is compared to the booked value of the unit.

The Group's goodwill relates to Sonion Group, Xellia Group, NNIT Group, Novo Nordisk Group, Novozymes Group, Altasciences Group and BBI Group.

Accounting policy

Goodwill

Goodwill arising from business combinations is recognised and measured as the difference between the total of the fair value of the consideration transferred compared to the fair value of identifiable net assets on the date of acquisition.

Goodwill is not amortised, but the carrying amount is tested at relevant cash generating unit level (CGU-level) for impairment once a year. Goodwill is written down to its recoverable amount through the income statement if lower than the carrying amount.

Patents, licenses and other intangible assets

Patents and licences, including patents and licences acquired for research and development projects, are carried at historical cost less accumulated amortisation and any impairment loss. Upfront fees and acquisition costs are capitalised and subsequent milestone payments payable on achievement of a contingent event will be capitalised on the contingent event being probable of being achieved.

Amortisation is based on the straight-line method over the estimated useful life. This means the legal duration or the economic useful life depending on which is shorter, and not exceeding 15 years. The amortisation of patents and licences begins after regulatory approval has been obtained.

Internal development of software for internal use are recognised as intangible assets if the recognition criteria are met, for example a significant business system where the expenditure leads to the creation of a durable asset. Amortisation is based on the straight-line method over the estimated useful life of 3-15 years. The amortisation begins when the asset is in the location and condition necessary for it to be capable of operating in the manner intended by Management.

Acquisition of entities

On acquisition of companies, the identifiable assets acquired and the liabilities and contingent liabilities assumed are recognised at their fair values at the acquisition date. The consideration transferred includes the fair value at the acquisition date of any contingent consideration arrangement.

Goodwill may subsequently be adjusted for changes in the fair value of the consideration transferred and/or changes in the fair value of the identifiable net assets acquired until 12 months after the acquisition date, to the extent such changes relate to facts and circumstances present at the acquisition date. Acquired companies are consolidated from the date of acquisition.

Research and development projects

For acquired research and development projects, patents and licences, the likelihood of obtaining future commercial sales is reflected in the cost of the asset, and thus the probability recognition criteria are always considered to be satisfied. As the cost of acquired research and development projects can often be measured reliably, these projects fulfil the capitalisation criteria as intangible assets on acquisition. Subsequent milestone payments payable on achievement of a contingent event (e.g. commencement of phase 3 trials) are accrued and capitalised into the cost of the intangible asset when the achievement of the event is probable. Development costs incurred subsequent to acquisition are treated consistently with internal project development costs.

Key accounting estimates and judgements

Management assesses the risk of impairment of the Group's intangible assets. This requires judgment in relation to the identification of cash-generating units (CGUs) and the underlying assumptions in the Group's impairment model. Intangible assets with indefinite useful life and intangible assets not yet available for use are not subject to amortization. They are tested annually for impairment, irrespective of whether there is any indication that they may be impaired.

If there is any indication of impairment, value in use is estimated and compared with the carrying amount. 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 are the expected revenue streams and the rate used to discount the cash flows.

Management makes judgements related to intangible assets when assessing whether a transaction is a business combination or an asset acquisition. An asset acquisition will arise when substantially all the transaction value is concentrated in a single asset or when there are no substantive business processes in the acquired entity. Judgements are also made in evaluating whether payments under collaboration arrangements are acquisition of assets or prepayments of R&D services.

Note 10 Tangible assets

DKK million	Land and buildings	Plant and machinery	Other equipments	Payments on account and assets under construction	Total
2021					
Cost at the beginning of the year	47,503	45,064	10,518	12,307	115,392
Effect of exchange rate adjustments	1,412	1,297	251	628	3,588
Additions during the year stemming from acquisition of companies and activities	761	226	77	15	1,079
Additions during the year	1,151	1,236	793	5,606	8,786
Disposals during the year	-437	-223	-530	-42	-1,232
Transfer and reclassifications	1,596	3,354	649	-5,582	17
Cost at the end of the year	51,986	50,954	11,758	12,932	127,630
Amortisation/depreciations and impairment losses at the beginning of the year	17,030	27,642	6,176	59	50,907
Effect of exchange rate adjustments	350	668	174	4	1,196
Amortisation/depreciations for the year	2,379	2,262	1,195	-	5,836
Impairment losses for the year	56	32	54	56	198
Amortisation/depreciation and impairment losses reversed on disposals during the year	-407	-190	-486	-41	-1,124
Transfer and reclassifications	22	-3	-1	-	18

Amortisation/depreciation and impairment losses at the end of the year	19,430	30,411	7,112	78	57,031
Carrying amount at the end of the year	32,556	20,543	4,646	12,854	70,599
Leased assets included at the end of the year	3,813	93	628	-	4,534
2020					
Cost at the beginning of the year	39,721	40,652	9,739	23,240	113,352
Effect of exchange rate adjustments	-1,081	-1,216	-337	-1,764	-4,398
Additions during the year	918	684	695	5,442	7,739
Disposals during the year	-186	-652	-428	-16	-1,282
Transfer and reclassifications	8,131	5,596	849	-14,595	-19
Cost at the end of the year	47,503	45,064	10,518	12,307	115,392
Amortisation/depreciations and impairment losses at the beginning of the year	15,351	26,804	5,584	48	47,787
Effect of exchange rate adjustments	-484	-769	-214	-3	-1,470
Amortisation/depreciations for the year	2,308	2,181	1,179	-1	5,667
Impairment losses for the year	14	69	28	31	142
Amortisation/depreciation and impairment losses reversed on disposals during the year	-159	-637	-407	-16	-1,219
Transfer and reclassifications	-	-6	6	-	-
Amortisation/depreciation and impairment losses at the end of the year	17,030	27,642	6,176	59	50,907
Carrying amount at the end of the year	30,473	17,422	4,342	12,248	64,485
Leased assets included at the end of the year	3,477	98	611	-	4,186

Accounting policy

Property, plant and equipment is measured at historical cost less accumulated depreciation and any impairment loss. The cost of self-constructed assets includes costs directly and indirectly attributable to the construction of the assets.

Any subsequent cost is included in the asset's carrying amount or recognised as a separate asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Depreciation is based on the straight-line method over the estimated useful lives of the assets:

- » Buildings, 12-50 years
- » Plant and machinery: 5-25 years
- » Other equipment: 3-18 years

Land is not depreciated.

The depreciation commences when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by Management.

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period. If an asset's carrying amount is higher than its estimated recoverable amount, it is written down to the recoverable amount.

Plant and equipment with no alternative use developed as part of a research and development project are expensed. However, plant and equipment with an alternative use or used for general research and development purposes are capitalised and depreciated over the estimated useful life as research and development costs.

Note 11 Leases

DKK million	2021	2020			
Amounts recognised in the income statement					
Depreciation	1,125	1,201			
Interest on lease liability	122	131			
Variable lease expenses	131	137			
Short-term leases	93	98			
Lease of low value assets	75	80			
Income from sub-leasing	2	-			
Total amounts recognised in the income statement	1,548	1,647			
Total paid amount related to leases	1,517	1,622			
	Within 1 year	1-3 year	3-5 year	More than 5 year	Total
Undiscounted lease commitment	1,186	1,889	977	1,444	5,496

Accounting policy

The Group mainly leases office buildings, warehouses, laboratories and vehicles. The right-of-use asset is presented in property, plant and equipment and the lease liability in borrowings.

For contracts which are or contain a lease, the Group recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at cost, being the initial amount of the lease liability. The right-of-use asset is subsequently depreciated using the straight-line method over the lease term. The right-of-use asset is periodically adjusted for certain remeasurements of the lease liability and reduced by any impairment losses.

The lease term determined by the Group is the non-cancellable period of a lease, together with extension/termination option if these are reasonably certain to be exercised.

When determining the term, Management considers multiple factors that create economic incentives to exercise an option to extend the lease or not to terminate the lease, including termination penalties, potential relocation costs and whether significant leasehold improvements have been capitalised on the lease, with a remaining useful life which exceeds the fixed minimum duration of the lease.

For contracts with a rolling term (evergreen leases), the Group estimates the leasing period to be equal to the termination period if no probable scenario exists for estimating the leasing period.

The lease liability is initially measured at the present value of the lease payments outstanding at the commencement date, discounted using the incremental borrowing rate. The lease liability is measured using the effective interest method. Variable lease payments not based on an index or a rate are recognised as an expense in the income statement as incurred. Residual value guarantees that are expected to be paid are included in the initial measurement of the lease liability.

The lease liability is remeasured when there is a change in future lease payments, typically due to a change in index or rate (e.g. inflation) on property leases, or if there is a reassessment of whether an extension or termination option will be exercised. A corresponding adjustment is made to the right-of-use asset, or in the income statement when the right-of-use asset has been fully depreciated.

New lease contracts with a lease term of 12 months or less and lease of low value assets are not recognised on the balance sheet. These are expensed on a straight-line basis over the lease term or another systematic basis. Lease of low value assets include personal computers, telephones and small items of office equipment.

Note 12 Business acquisitions

DKK million	Novo Nordisk	Novozymes	Novozymes	NH Holdings	NH Holdings	Others	2021 Total
	Dicerna Pharmaceuticals	Microbiome Labs	Synergia Life Sciences	Altasciences	BBI		
Intangible assets excluding goodwill	18,711	718	991	1,145	597	1	22,163
Tangible assets	-	6	84	113	185	-	388
Financial assets	31	-	-	-	-	-	31
Other non-current assets	-	-	-	-	-	3	3
Deferred tax assets	-	-	-	263	-	-	263
Inventories	-	21	8	174	175	-	378
Trade and other receivables	-	30	44	411	184	12	681
Cash at bank and cash equivalents	3,033	8	112	47	54	13	3,267
Deferred income tax liabilities	-3,480	-	-236	-213	-182	-	-4,111
Financial and other liabilities	-	-14	-83	-1,934	-2,300	-27	-4,358
Other net assets	-607	-	-	-	-	-	-607
Non-controlling interest	-	-	-368	-	-	-	-368
Acquired net assets	17,688	769	552	6	-1,287	2	17,730
Purchase price:							
Cash / consideration transferred	21,316	769	982	2,253	2,736	228	28,284
Settlement of pre-existing relationships	145	-	-	-	-	-	145
Fair value of existing shareholdings	573	-	-	-	-	-	573
Contingent considerations	-	338	-	-	-	30	368
Deferred considerations	-	-	77	-	-	-	77
Total purchase price	22,034	1,107	1,059	2,253	2,736	258	29,447
Goodwill	4,346	338	507	2,247	4,023	256	11,717
Cash flow for acquisitions:							
Cash payment / consideration transferred	21,316	769	982	2,253	2,736	228	28,284
Less cash and cash equivalents in acquired business	-3,033	-8	-112	-47	-54	-13	-3,267
Cash outflow for acquisitions	18,283	761	870	2,206	2,682	215	25,017

Accounting policy

When accounting for business combinations, the acquisition method is applied in accordance with IFRS 3.

Upon acquisition of new entities, the acquired assets, liabilities, and contingent liabilities are measured at fair value at the date when control was achieved.

The consideration transferred as payment for the acquiree consist of the fair value of assets transferred, liabilities incurred to former owners of the acquiree, and equity instruments issued. Contingent considerations dependent on future events or the performance of contractual obligations are also recognised at fair value and form part of the total consideration transferred. Fair value changes in contingent considerations are recognised in the income statement until final settlement.

Identifiable intangible assets are recognised if they arise from a contractual right or can otherwise be separately identified.

Deferred tax is recognised for identifiable tax benefits existing at the date of acquisition and from the perspective of the new combined Group in compliance with local tax legislation.

The differences between the fair value of the acquisition cost and the fair value of the acquired identifiable net assets is recognised as goodwill.

Transaction costs are recognised as operating costs as they are incurred. If measurement of the identifiable net assets is uncertain at the date of acquisition, initial recognition is done based on provisional amounts. Measurement period adjustments to the provisional amounts may be done up to 12 months following the date of acquisition.

Business acquisitions in 2021

Business acquisitions in 2021 in Novo Nordisk

Dicerna Pharmaceuticals, Inc.

On 28 December 2021, Novo Nordisk acquired all outstanding shares of the publicly held US company Dicerna Pharmaceuticals, Inc. via a cash tender offer. Before the acquisition, Novo Nordisk held 2.9% of the shares in Dicerna Pharmaceuticals, Inc. at a fair value of DKK 573 million.

About Dicerna Pharmaceuticals, Inc.

Dicerna Pharmaceuticals, Inc. is a biopharmaceutical company focused on discovering, developing and commercialising medicines that are designed to leverage RNAi to silence selectively genes that cause or contribute to diseases. Dicerna Pharmaceuticals, Inc. has established collaborative relationships with some of the leading pharmaceutical companies and has together with the collaborative partners more than 20 active discovery, preclinical or clinical programmes. Dicerna Pharmaceuticals, Inc. employs around 320 people.

Strategic rationale

The acquisition of Dicerna Pharmaceuticals, Inc.'s RNAi platform is a strategic addition to Novo Nordisk's existing research technology platforms and support the strategy of using a broad range of technology platforms applicable across all Novo Nordisk's therapeutic focus areas. In 2019, Novo Nordisk entered into a research collaboration and license agreement with Dicerna Pharmaceuticals, Inc. to discover and develop RNAi therapies using Dicerna Pharmaceuticals, Inc.'s proprietary RNAi platform technology.

Details of the acquisition

The total purchase price amounts to DKK 22,034 million, which has been settled by the fair value of existing shareholdings of DKK 573 million, settlement of a pre-existing relationship of DKK 145 million and a cash consideration of DKK 21,316 million. The settlement of a pre-existing relationship relates to the existing research collaboration and license agreement, according to which Novo Nordisk has paid upfront for research services that on the date of acquisition had a value of DKK 145 million.

Furthermore, under the existing research collaboration and license agreement, Novo Nordisk has prior to the acquisition acquired rights to license from Dicerna Pharmaceutical Inc. with a carrying value of DKK 863 million. As part of the acquisition of Dicerna Pharmaceutical Inc., Novo Nordisk has acquired the underlying intellectual property rights that replace the previously acquired rights to license. The additional value of the underlying property rights of DKK 2,454 million over the carrying value of previously acquired rights to license, is included in intellectual property rights

acquired in the business combination and is calculated as the present value of future payment avoided by acquisition of Dicerna Pharmaceutical Inc. No material gain or loss has been recognised as part of settling the pre-existing arrangement.

The purchase price allocation for the acquisition is considered provisional due to the fact that the transaction was closed on 28 December 2021, leaving limited time to identify and determine fair value of assets acquired and liabilities assumed. Adjustments may be applied to the purchase price allocation for a period of up to 12 months from the acquisition date.

The goodwill is primarily attributable to the highly-skilled workforce and expected synergies generated from Novo Nordisk's know-how and commercialisation abilities within protein and peptide based medicines and Dicerna Pharmaceuticals, Inc.'s know-how within RNAi technology. The goodwill is not expected to be deductible for tax purposes.

Transaction costs of DKK 124 million are included in other operating income and expenses in the income statement.

Business acquisitions in 2021 in Novozymes

Microbiome Labs

On January 7, 2021, Novozymes acquired all shares in Microbiome Labs. Microbiome Labs offers a comprehensive suite of proprietary probiotic and microbiome solutions targeting gastrointestinal, immune, metabolic and cognitive health. The solutions are marketed under both the company's own supplement brands and in private label products. The branded products are sold exclusively through the company's access to an extensive network of healthcare practitioners predominately consisting of medical doctors, nutritionists and naturopaths.

By acquiring Microbiome Labs, Novozymes added a broad range of proprietary microbiome solutions to its human health activities. The acquisition also created an attractive entry point into the North American probiotics market accessed through the company's network of healthcare practitioners. Goodwill of DKK 338 million is attributable to expected synergies with Novozymes' existing business operations and technologies within probiotics and enzymes for human health. The goodwill is tax deductible. The following valuation techniques have been applied in the fair value assessment of significant assets acquired:

- » Customer relationships; The Multi-period Excess Earnings method (MEEM)
- » Technology; The Relief from Royalty (RfR) method
- » Brands; The Relief from Royalty (RfR) method

The purchase agreement includes a contingent consideration of up to DKK 825 million at the acquisition date. The consideration is contingent on the achievement of sales targets for 2022 and is recognised at the anticipated fair value of DKK 338 million at the acquisition date. Fair value is assessed by using the earn-out from the most probable sales estimates in 2022 discounted at a rate of 8%.

The contribution from Microbiome Labs would not be significantly different if the acquisition had been completed on January 1, 2021. For further details, please refer to Note 3.5 in The Novozymes Report 2020.

The transaction costs incurred in 2020 amounted to DKK 29 million and are included in Sales and distribution costs.

Synergia Life Sciences

On December 10, 2021, Novozymes acquired 60% of the shares in Synergia Life Sciences. Synergia Life Sciences is a leading player within spore probiotics and vitamin K2-7. Synergia Life Sciences has a global footprint and adds strong developing and manufacturing capabilities in spore probiotics and vitamin K2-7 from three production sites in India. Synergia Life Sciences is the producer and supplier to Microbiome Labs, which was acquired by Novozymes early in 2021. The vitamin K2-7 portfolio is a strong complementary enabler to support growth in Novozymes' Bio-Health platform. The acquisition offers a scientifically proven spore strain portfolio that strengthens Novozymes' human health business and accelerates its functional food offerings. Goodwill of DKK 507 million is attributable to expected synergies with Novozymes' existing business operations and technologies within spore probiotics for human health and is highly synergistic to the previous acquisition of Microbiome Labs within the human health business. The goodwill is not tax deductible. The fair value and allocation of acquired assets, liabilities and non-controlling interests are provisional, pending receipt of the final valuations. The following valuation techniques have been applied in the fair value assessment of significant assets acquired:

- » Technology; the Relief from Royalty (RfR) method
- » Customer relationships; The Multi-period Excess Earnings method (MEEM)
- » Brands; The Relief from Royalty (RfR) method

The remaining 40% of the shares in Synergia Life Sciences are held by non-controlling interests. The non-controlling interests are recognised at their proportionate share of the acquired net identifiable assets and amount to DKK 368 million. The remaining 40% are to be acquired in 2025. Reference is made to Note 6.5 to the Consolidated financial statements concerning Non-controlling interests.

The purchase price includes a deferred consideration of DKK 77 million, which is expected to be paid in 2022.

Net revenue and profit contributed from Synergia Life Sciences to the consolidated income statement are immaterial for the reporting period. On a pro forma basis, if the acquisition had been effective from January 1, 2021, Synergia Life Sciences would have contributed DKK ~130 million to revenue (adjusted for Novozymes related sales) and an EBIT margin above Novozymes' EBIT margin. The transaction costs incurred in 2021 amounted to DKK 46 million and are included in Sales and distribution costs.

Business acquisitions in 2021 in Novo Holdings

BBI Group

On 5 August 2021, the Group acquired BBI Group ("BBI"), a UK-based developer and manufacturer of immunoassay reagents and point of care ("PoC") tests for the global in vitro diagnostics ("IVD") industry.

About BBI Group

BBI was founded in 1986, when John Chandler at Cardiff University developed and manufactured BBI's now market-leading gold nanoparticles and supplied them to the electron microscopy industry. Since then, BBI has grown its portfolio of products organically and through a series of acquisitions and is now able to offer a broad and differentiated immunoassay portfolio including antigens, antibodies, labels, and complementary reagents – as well as the ability to develop and manufacture complete PoC tests on behalf of its blue-chip customer base. BBI works as a close partner with customers throughout their test development cycle, and once in market, BBI is able to deliver with quality and reliability from its fully accredited sites in the UK, Germany, South Africa and US.

Strategic rationale and synergies

Life Science Tools & Diagnostics is an attractive sector due to its significant size and innovation levels. The sector benefits from the strong underlying tailwind of an increased focus on early diagnosis to minimize overall disease costs across global healthcare systems. Within Diagnostics, the broader immunoassay space is estimated at approximately GBP 15 billion in size and one of the higher growing segments. BBI's products and services are crucial to ensuring the proper diagnosis of patients suffering from autoimmune, oncology, diabetes, and infectious diseases.

The Group is expected to be a value-added owner and strong match with BBI thanks to its prior experience and valuable insights into the Life Science Tools & Diagnostics industry, through investments made in Synlab, Tempus, Mission Bio, and Unchained Labs. Furthermore, the Group offers a broad industrial network, and the ability to support management in driving the next chapter of BBI's growth.

Transaction costs of DKK 109 millions has been recognised as expenses in 2021.

The accounting for the BBI Group acquisition is considered provisional at 31 December 2021.

Earnings impact

From the acquisition date to 31 December 2021, BBI Group contributed with a net sales of DKK 252 million and a contribution of net profit of DKK -189 million. If the acquisition had occurred on 1 January 2021, the impact on the Group's net sales would have been DKK 318 million. The EBITDA contributed to the Group would have been DKK 82 million.

Altasciences Group

On 25 March 2021, the Group acquired Altasciences, a Canadian based, fully integrated early drug development service platform.

About Altasciences Group

Altasciences provides early drug development services, offering pharma and biotech a single outsourced partner from lead candidate selection to clinical proof of concept. Altasciences currently serves over 450 customers including both innovators and generic sponsors. Altasciences is headquartered in Laval, Canada and currently operates eight facilities in US and Canada, employing over 1,600 people.

Strategic rationale and synergies

While serving a wide variety of customers, Altasciences focuses on satisfying the growing demand from small and medium sized biopharma who are looking to work with partners who are more nimble than large institutionalized CROs. Altasciences leverages the Group's extensive expertise in life sciences and pharma services.

Transaction costs of DKK 78 millions has been recognised as expenses in 2021.

The accounting for the Altasciences Group acquisition is considered provisional at 31 December 2021.

Earnings impact

From the acquisition date to 31 December 2021, Altasciences Group contributed with a net sales of DKK 1,637 million and a contribution of net profit of DKK 8 million.

If the acquisition had occurred on 1 January 2021, the impact on the Group's revenue would have been DKK 398 million. The EBITDA contributed to the Group would have been DKK 31 million.

Business acquisitions in 2020

No significant business acquisitions were made in 2020 by the Group.

Note 13 Associated companies

DKK million	2021	2020
Cost at the beginning of the year	16,413	19,310
Effect of exchange rate adjustments	-	-8
Additions during the year	30	68
Disposals during the year	-	-2,957
Transferred to investments	-3,578	-
Cost at the end of the year	12,865	16,413
Value adjustment at the beginning of the year	-3,832	-5,408
Effect of exchange rate adjustment	146	-247
Share of result for the year	1,682	879
Reversal of impairment losses for the year	63	-
Impairment losses for the year	-	-63
Received dividend	-532	-87
Disposals during the year	-	1,053
Other adjustments	68	41
Transferred to investments	330	-
Value adjustments at the end of the year	-2,075	-3,832
Associated companies at carrying amount at year end	10,790	12,581
Fair value of shares in listed stocks in associated companies		
Chr. Hansen Holding A/S	14,938	18,155
ConvaTec Group PLC	7,191	6,895

Accounting policy

Investments in associated companies are recorded under the equity method, using the respective share of the net values in the associated companies using the Group accounting principles. Goodwill related to associated companies are included in the value of investments in associated companies.

Note 14 Financial assets

DKK million	2021				2020			
	Life science investments	Securities	Other Financial assets	Total	Life science investments	Securities	Other Financial assets	Total
Investments								
Cost at the beginning of the year	24,023	57,294	1,086	82,403	14,665	49,597	1,012	65,274
Transferred from associated companies	3,578	-	-	3,578	2,188	-	-	2,188
Additions during the year, net	9,217	6,866	202	16,285	7,170	7,697	74	14,941
Cost at the end of the year	36,818	64,160	1,288	102,266	24,023	57,294	1,086	82,403
Value adjustments at the beginning of the year	12,250	16,399	-206	28,443	4,506	12,641	-	17,147
Transferred from associated companies	-330	-	-	-330	2,872	-	-	2,872
Appreciations to fair value, net	5,086	7,539	-386	12,239	4,872	3,758	-206	8,424
Value adjustments at the end of the year	17,006	23,938	-592	40,352	12,250	16,399	-206	28,443
Fair value at the end of the year	53,824	88,098	696	142,618	36,273	73,693	880	110,846
Split on asset classes								
Public Equity	16,502	41,792	-	58,294	6,678	38,730	-	45,408
Private Equity	21,977	2,899	-	24,876	13,657	429	-	14,086
Venture capital	15,345	1,472	-	16,817	15,938	93	-	16,031
Credit	-	11,240	-	11,240	-	9,092	-	9,092
Real assets	-	8,396	696	9,092	-	4,494	860	5,354
Bonds	-	22,299	-	22,299	-	20,855	20	20,875
Financial assets	53,824	88,098	696	142,618	36,273	73,693	880	110,846
Fair value measurement by hierarchy								
Level 1	21,548	55,082	-	76,630	14,642	52,262	-	66,904
Level 2	-	19,097	-	19,097	-	15,793	-	15,793
Level 3	32,276	13,919	696	46,891	21,631	5,638	880	28,149
	53,824	88,098	696	142,618	36,273	73,693	880	110,846

Change in the value not based on observable market data (level 3)

At the beginning of the year	21,631	5,638	880	28,149	11,092	4,354	1,012	16,458
Additions during the year	8,086	5,341	216	13,643	7,650	1,683	76	9,409
Disposals during the year	-3,802	-377	-14	-4,193	-1,620	-17	-2	-1,639
Gains through profit and loss	10,101	3,317	-386	13,032	6,288	-382	-206	5,700
Change in hierarchy due to investments that completed an IPO during the year	-3,740	-	-	-3,740	-1,779	-	-	-1,779
	32,276	13,919	696	46,891	21,631	5,638	880	28,149

Accounting policy

The Group divides the financial assets into two main types: Life Science Investments and securities, and two minor types: other financial assets and contract assets.

Life Science Investments are defined as direct or indirect investments in financial assets that are primarily related to either healthcare or bioindustrial segments.

Investments that do not meet the definition of the above category are defined as securities.

Financial assets that fall into the category of either Life Science Investments or securities are recognised in accordance with IFRS9 at fair value through profit and loss. Investments are initially recognised at fair value and subsequently adjusted to fair value.

Key accounting estimates and judgements**Life Science Investments**

Investments in biotechnological companies are associated with considerable risks, as we are talking about long-term investments in the development of new medicine and new technologies. In order to limit the risks, the Group has, in accordance with its investment policy, spread its investments, geographically as well as across various technologies and across different stages of development.

Life Science Investments are valued at fair value. By nature, uncertainties exist regarding fair value assessment of investments not based on observable market data. Consequently, preparation of financial statements requires the application of certain estimates and judgements. Management reviews and assesses the value of the individual investments on an ongoing basis, with specific and planned reviews of the total investment portfolio on a quarterly basis. Investments are initially recognised at fair value and subsequently adjusted to fair value.

Fair value estimation

Fair value is the price that would be received by selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Group has implemented fair value guidelines and procedures which ensure a consistent fair value measurement of each individual investment over time. Moreover, the fair value guidelines provide a framework for reasonable, consistent and transparent selection of valuation methodologies for valuing the investments. The selection criteria are in line with the value hierarchy in IFRS 13.

Hierarchy of fair value inputs

Investments measured at fair value are classified according to a fair value hierarchy depending on the inputs used in the valuation method. The fair value hierarchy distinguishes between observable and unobservable inputs, which are classified at one of the following levels:

Level 1

Unadjusted quoted market prices for identical assets in an active market.

Level 2

Inputs other than quoted market prices included within level 1, which are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). Quoted prices for similar assets are level 2 inputs.

Level 3

Inputs for the asset that are not based on observable market data.

Securities traded on active markets are classified at level 1. Securities traded on inactive markets are generally classified at level 2. Securities in private unlisted operating companies are generally classified at level 3.

Investments in private investment companies are classified at level 2 or level 3, depending on the nature of their investment portfolios, their ability to liquidate their underlying investments and any other restrictions on the disposition of the investments. If the investment can be redeemed at the reported net asset value on the measurement date or in the near future, the investment is classified at level 2. Otherwise the investment is classified at level 3.

Policy for determining when transfers between levels are deemed to have occurred

Transfers to level 3 occur when quoted market prices (level 1) or other observable inputs (level 2) are no longer available. Transfers out of level 3 occur if quoted market prices (level 1) or other observable inputs (level 2) become available (e.g. when a private company goes public through an IPO), equity investments in the company transfers from level 3 to level 1 as the shares can be valued using the quoted market price (level 1).

Valuation method and inputs

The general principle applied in the selection of valuation approach maximizes the use of observable inputs and minimises the use of unobservable inputs.

If a security trades in an active market, the closing price is applied. An active market is defined as one in which transactions for the security occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Should a security not trade in an active market, it is initially booked and held at cost in the first twelve months succeeding the investment, unless any material events occur within this timeframe. Beyond the twelve months window, the valuation methodology follows the following hierarchy:

When independent broker quotes representing contemporaneous trades exist, these will be applied in estimating the fair value of the security. If a portfolio company has carried out any financing rounds within the last twelve months and the pricing in the financing round is likely to represent a fair value, the fair value estimate is based on the price obtained in the financing round.

If neither independent broker quotes nor pricing from financing rounds are available, the fair value will be based on application of a modelling approach, which again follows a strict hierarchy:

1. If the company runs an established business with an identifiable stream of continuing earnings or cash flows that are considered to be maintainable, and it is possible to identify comparable companies in terms of risk attributes and earnings growth prospects, the fair value shall be based on application of the market approach (i.e. relevant multiples based on a set of comparable companies);
2. If no comparable companies in terms of risk attributes and earnings growth prospects can be identified, the fair value shall be based on application of an income approach (i.e. a discounted cash flow model);
3. If the company does not run an established business with an identifiable stream of continuing earnings or cash flows that are considered to be maintainable, the fair value shall be based on a value trigger approach, by which the fair value changes based on the occurrence of value triggering events.

Fair value measurement by hierarchy

Overview of investments by category at 31 December 2021:

DKK million	Level 1	Level 2	Level 3	Total
Public Equity	53,670	4,624	-	58,294
Private Equity	50	-	24,826	24,876
Venture capital	5,046	-	11,771	16,817
Credit	3,744	6,294	1,202	11,240
Real assets	-	-	9,092	9,092
Bonds	14,120	8,179	-	22,299
Total investments	76,630	19,097	46,891	142,618
Total Life Science Investments	21,548	-	32,276	53,824
Total securities	55,082	19,097	13,919	88,098
Total other financial assets	-	-	696	696
Total	76,630	19,097	46,891	142,618

Overview of investments by category at 31 December 2020:

DKK million	Level 1	Level 2	Level 3	Total
Public Equity	40,590	4,818	-	45,408
Private Equity	-	-	14,086	14,086
Venture capital	7,964	-	8,067	16,031
Credit	3,098	5,372	622	9,092
Real estate and real assets	-	-	5,354	5,354
Bonds	15,252	5,603	20	20,875
Total investments	66,904	15,793	28,149	110,846
Total Life Science Investments	14,642	-	21,631	36,273
Total securities	52,262	15,793	5,638	73,693
Total other financial assets	-	-	880	880
Total	66,904	15,793	28,149	110,846

For the investments in unquoted equities, estimations of fair value rely substantially on non-observable input (level 3) such as pro forma adjusted operating income multiplied by relevant multiples (e.g. EV/EBITDA) for a set of comparable companies less net interest-bearing debt. If comparable companies are not available or applicable, fair value estimation will rely on other inputs such as projected cash flows discounted with a weighted average cost of capital (WACC).

Note 15 Inventories

DKK million	2021	2020
Raw materials	5,231	3,982
Work in progress	13,532	13,192
Finished goods	7,520	7,006
Write-downs at year-end	-2,453	-2,347
Total inventories	23,830	21,833
Write-down at the beginning of the year	2,347	1,642
Write-downs during the year	989	1,741

Utilisation of write-downs	-707	-460
Reversal of write-downs	-176	-576
Write-downs at the end of the year	2,453	2,347
Indirect production costs included in the work in progress and finished goods	9,908	10,524

Accounting policy

Inventories are stated at cost or net realisable value, whichever is lower.

Cost is determined using the first-in, first-out method. Cost comprises direct production costs such as raw materials, consumables and labour as well as indirect production costs.

Production costs for work in progress and finished goods include indirect production costs such as employee costs, depreciation, maintenance, etc. If the expected sales price less completion costs to execute sales (net realisable value) is lower than the carrying amount, a write-down is recognised for the amount by which the carrying amount exceeds its net realisable value.

Inventory manufactured prior to regulatory approval (prelaunch inventory) is capitalised but immediately provided for, until there is a high probability of regulatory approval for the product. A write-down is made against inventory, and the cost is recognised in the income statement as research and development costs. Once there is a high probability of regulatory approval being obtained, the write-down is reversed, up to no more than the original cost.

Key accounting estimates and judgements

Inventories are stated at cost or net realisable value, whichever is lower. Cost is determined using the first-in, first-out method. Cost comprises direct production costs such as raw materials, consumables and labour as well as indirect production costs. Production costs for work in progress and finished goods include indirect production costs such as employee costs, depreciation, maintenance, etc.

Indirect production costs are measured using a standard cost method. This is reviewed regularly to ensure relevant measures of capacity utilisation, production lead time, cost base and other relevant factors, hence inventory is valued at actual cost. When calculating total inventory, Management must make judgements about cost of production, standard cost variances and idle capacity in estimating indirect production costs for capitalisation. Changes in the parameters for calculation of indirect production costs could have an impact on the gross margin and the overall valuation of inventories.

Note 16 Trade receivables

DKK million	2021	2020
Gross carrying amount	46,917	32,731
Loss allowance	-1,609	-1,552
Net carrying amount	45,308	31,179
Movements in allowance for doubtful trade receivables		
Carrying amount at the beginning of the year	1,552	1,649
Reversal of allowance on realised losses	-100	-119
Change of allowance during the year	151	162
Effect of exchange rate adjustments	10	-137
Realised loss	-4	-3
Allowance at the end of the year	1,609	1,552
Not yet due	43,386	29,774

Due between 1-90 days	1,494	1,105
More than 90 days due	428	300
Net carrying amount	45,308	31,179

Accounting policy

Trade receivables are initially recognised at transaction price and subsequently measured at amortised cost using the effective interest method, less allowance for doubtful trade receivables. The allocation of trade receivables and allowance for trade receivables is based on the location of the customer.

Allowance for expected credit loss for trade receivables

Trade receivables are initially recognised at transaction price and subsequently measured at amortised cost using the effective interest method, less allowance for doubtful trade receivables. The allocation of trade receivables and allowance for trade receivables is based on the location of the customer.

The allowance for expected credit losses for trade receivables and contract assets 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.

Note 17 Provisions and contingent liabilities

DKK million	2021					2020	
	Provisions for sales rebates	Provisions for product returns	Retirement benefit obligations	Provisions for legal disputes	Other provisions	Total	Total
At the beginning of the year	34,092	795	1,463	2,551	2,356	41,257	37,692
Additional provisions, including increases to existing provisions	155,609	493	9	657	556	157,324	114,052
Adjustments, including unused amounts reversed during the year	-141,370	-450	-126	-666	-258	-142,870	-107,430
Amount used during the year	-284	13	-3	-488	-287	-1,049	25
Effect of exchange rate adjustment	2,825	7	-	175	51	3,058	-3,082
At the end of the year	50,872	858	1,343	2,229	2,418	57,720	41,257
Non-current liabilities	255	316	1,280	1,997	1,959	5,807	6,205
Current liabilities	50,617	542	63	232	459	51,913	35,052
At the end of the year	50,872	858	1,343	2,229	2,418	57,720	41,257

For non-current liabilities, provisions for sales rebates are expected to be settled after one year, provisions for product returns will be utilised in 2023 and 2024. In the case of provisions for legal disputes, the timing of settlement cannot be determined.

Provisions for sales rebates

Provisions for sales rebates are related to US Managed Care, Medicare, Medicaid and other minor US rebate types, as well as rebates in a number of European countries and Canada.

Retirement benefit obligations

The Group operates a number of defined contribution plans throughout the world. Group companies contributions to the defined contribution plans are charged to the income statement in the year to which they relate. The yearly costs for defined benefit plans are determined using the projected unit credit method. This reflects services rendered by employees to the valuation dates and is based on actuarial assumptions primarily regarding discount rates used in determining the present value of benefits and projected rates of remuneration growth. Discount rates are based on the market yields of high-rated corporate bonds in the country concerned.

The net obligation recognised in the balance sheet is reported as non-current liabilities.

Other provisions

Other provisions comprise various types of provisions, including obligations in relation to employee benefits such as jubilee benefits, company-owned life insurance, etc.

Accounting policy*Provision for sales rebates*

Provisions for sales rebates and discounts granted to government agencies, wholesalers, retail pharmacies, Managed Care and other customers are recorded at the time the related revenues are recorded or when the incentives are offered. Provisions are calculated based on historical experience and the specific terms in the individual agreements. Unsettled rebates are recognised as provisions when the timing or amount is uncertain. Where absolute amounts are known, the rebates are recognised as other liabilities.

Provision for product returns

The Group issues credit notes for expired goods as a part of normal business. Where there is historical experience or a reasonably accurate estimate of expected future returns can otherwise be made, a provision for estimated product returns is recorded. The provision is measured at gross sales value.

Retirement benefit obligations

The Group operates a number of defined contribution plans throughout the world.

The costs for the year for defined benefit plans are determined using the projected unit credit method. This reflects services rendered by employees to the valuation dates and is based on actuarial assumptions primarily regarding discount rates used in determining the present value of benefits and projected rates of remuneration growth. Discount rates are based on the market yields of high-rated corporate bonds in the country concerned.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise. Past service costs are recognised immediately in the income statement.

Pension plan assets are only recognised to the extent that the Group is able to derive future economic benefits such as refunds from the plan or reductions of future contributions.

Costs recognised for retirement benefits are included in cost of goods sold, sales and distribution costs, research and development costs, and administrative costs. The net obligation recognised in the balance sheet is reported as non-current liabilities.

Actuarial valuations are performed annually for all major defined benefit plans. Assumptions regarding future mortality are based on actuarial advice in accordance with published statistics and experience in each country. Other assumptions such as medical cost trend rate and inflation are also considered in the calculation. Significant actuarial assumptions for the determination of the retirement benefit obligation (not considering plan assets) are discount rate and expected future remuneration increases. The sensitivity analysis has been determined based on reasonably likely changes in the assumptions occurring at the end of the period.

The net obligation recognised in the balance sheet is reported as non-current liabilities.

Provision for legal disputes

Provisions for legal disputes are recognised where a legal or constructive obligation has been incurred as a result of past events and it is probable that there will be an outflow of resources that can be reliably estimated. In this case, the Group arrives at an estimate based on an evaluation of the most likely outcome. Disputes for which no reliable estimate can be made are disclosed as contingent liabilities.

Provisions are measured at the present value of the anticipated expenditure for settlement. This is calculated using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision for interest is recognised as a financial expense

Key accounting estimates and judgements

Provisions for legal disputes consist of various types of provision linked to ongoing legal disputes. Management makes estimates regarding provisions and contingencies, including the probability of pending and potential future litigation outcomes. These are by nature dependent on inherently uncertain future events. When determining likely outcomes of litigation etc., Management considers the input of external counsels on each case as well as known outcomes in case law.

Although Management believes that the total provisions for legal proceedings are adequate based on currently available information, there can be no assurance that there will not be any changes in facts or matters, or that any future lawsuits, claims, proceedings or investigations will not be material.

Note 18 Other liabilities

Other liabilities primarily comprise employee cost payables, payables related to non-current assets, and sales rebates.

Note 19 Other non-cash items

DKK million	2021	2020
Gain sale of tangible assets	-	-17
Unrealised (gain)/loss on securities	-24,783	-14,954
Unrealised (gain)/loss on currency	13	31
Increase(decrease) in provisions	16,583	3,613
Share-based payment costs	1,138	841
Other financial items, net	-	91
Other	-4,661	3,159
Total other non-cash items	-11,710	-7,236

Note 20 Cash and cash equivalents

DKK million	2021	2020
Cash and cash equivalents at the end of the year	13,070	14,931
Credit facility at the end of the year (overdrafts)	-2	-542
Cash and cash equivalents at the end of the year in the cash flow statement	13,068	14,389

Accounting policy

The cash flow statement is presented in accordance with the indirect method commencing with net profit for the year. Cash flows in foreign currencies are translated to DKK at the average exchange rate for the respective year.

Cash from operating activities converts income statement items from the accrual basis of accounting to cash basis. As such, starting with net profit, non-cash items are reversed and actual payments included. The change in working capital is also taken into account, as this shows the development in money tied up in the balance sheet.

Cash from investing activities shows payments related to the purchase and sale of Novo Nordisk's long-term investments. This includes fixed assets such as construction of new production sites, intangible assets such as patents and licenses, and financial assets.

Cash and cash equivalents consist of cash offset by short-term bank overdrafts. Where short-term bank overdrafts are consistently overdrawn, they are excluded from cash and cash equivalents. The movement in such facilities is presented under financing activities in the cash flow statement.

Financial reserves comprise the sum of cash and cash equivalents at the end of the year and undrawn committed credit and loan facilities, with a maturity of more than 12 months, less loans and bank overdrafts classified as liabilities arising from financing activities contractually obliged for repayment within 12 months of the balance sheet date.

Note 21 Derivative financial instruments

DKK million	2021			2020		
	Contract amount at year-end	Positive fair value at year-end	Negative fair value at year-end	Contract amount at year-end	Positive fair value at year-end	Negative fair value at year-end
Forward contracts, cash flow hedges						
Forward contracts, net:						
USD	45,249	17	1,802	31,795	1,807	3
JPY, GBP, CHN and other	9,307	45	122	10,585	192	52
	54,556	62	1,924	42,380	1,999	55
Currency and interest rate swaps:						
EUR/EUR	-	-	-	-	-	-
DKK/DKK	953	5	13	1,022	1	-
USD/USD	1,465	8	-	1,350	-	-
	2,418	13	13	2,372	1	-
Forward contracts, fair value hedges						
Forward contracts:						
USD	30,843	1,607	284	20,060	379	1,320
JPY, GBP, CHN and other	8,513	104	120	5,345	108	56
	39,356	1,711	404	25,405	487	1,376
Total derivative financial instruments	96,330	1,786	2,341	70,157	2,487	1,431
Recognised in the income statement		1,718	408		433	1,351
Recognised in other comprehensive income		68	1,933		2,054	80
Included in the balance sheet as :						
Derivative financial instruments		1,786	2,341		2,487	1,431

Average hedge rate for USD cash flow hedges is mainly 628 at the end of 2021 and mainly 640 at the end of 2020.

Average hedge rate for USD fair value hedges is mainly 628 at the end of 2021 and mainly 640 at the end of 2020.

The table above states the fair value of the Group's derivative financial instruments divided into types of hedges and main currencies.

Accounting policy

The Group uses financial instruments to reduce the impact of foreign exchange on financial results.

Use of derivative financial instruments

The derivative financial instruments are used to manage the exposure to market risk. None of the derivatives are held for trading.

The Group uses forward exchange contracts and, to a lesser extent, currency options to hedge forecast transactions, assets and liabilities. The overall policy is to hedge the majority of total currency exposure.

Net investments in foreign subsidiaries are currently not hedged.

Initial recognition and measurement

On initiation of the contract, the Group designates each derivative financial contract that qualifies for hedge accounting as one of:

- » hedges of the fair value of a recognised asset or liability (fair value hedge);
- » hedges of the fair value of a forecast financial transaction (cash flow hedge).

All contracts are initially recognised at fair value and subsequently remeasured at fair value at the end of the reporting period.

Fair value hedges

Value adjustments of fair value hedges are recognised in the income statement along with any value adjustments of the hedged asset or liability that are attributable to the hedged risk.

Cash flow hedges

Value adjustments of the effective part of cash flow hedges are recognised directly in other comprehensive income. The cumulative value adjustment of these contracts is transferred from other comprehensive income to the income statement when the hedged transaction is recognised in the income statement.

For cash flow hedges of foreign currency risk on highly probable non-financial asset purchases, the cumulative value adjustments are transferred directly from the cash flow hedge reserve to the initial cost of the asset when recognised.

Discontinuance of cash flow hedging

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement under financial income or financial expenses.

Fair value determination

The fair value of derivative financial instruments is measured on the basis of quoted market prices of financial instruments traded in active markets. If an active market exists, the fair value is based on the most recently observed market price at the end of the reporting period.

If a financial instrument is quoted in a market that is not active, the Group bases its valuation on the most recent transaction price.

Adjustment is made for subsequent changes in market conditions, for instance by including transactions in similar financial instruments assumed to be motivated by normal business considerations.

If an active market does not exist, the fair value of standard and simple financial instruments, such as foreign exchange forward contracts, interest rate swaps, currency swaps and unlisted bonds, is measured according to generally accepted valuation techniques. Market-based parameters are used to measure the fair value.

Note 22 Commitments

Contractual obligations

	DKK million	2021	2020
Purchase obligations, tangible assets		1,888	628
The purchase obligations primarily relate to purchase agreements regarding tangible assets. The Group expects to fund these commitments with existing cash and cash flow from operations.			
Purchase obligations, financial assets		13,261	12,135
The purchase obligations primarily concern purchase agreements in connection with investments in financial fixed assets. The Group expects to fund these commitments through cash flow from operations.			
Purchase obligation medical equipment and consumer goods		19,405	12,063
The purchase obligations concern purchase agreements regarding medical equipment and consumer goods. The Group expects to fund these commitments with existing cash and cash flow from operations.			
Purchase obligation research and development		21,510	11,318
The Group is engaged in research and development projects with a number of external companies.			
Other guarantees		2,161	1,949
Other guarantees primarily relate to performance guarantees.			
Collateral		444	450
Carrying amount of property, plant and equipment.			

Contingent liabilities

The Group is currently involved in pending litigations, claims and investigations arising out of the normal conduct of its business. While provisions that Management deems to be reasonable and appropriate have been made for probable losses, there are uncertainties connected with these estimates.

Pending litigation against Novo Nordisk

Numerous claims alleging pancreatic cancer, pancreatitis, and thyroid cancer have been filed in US courts against various incretin class manufacturers, including Victoza® and Novo Nordisk. As of 31 January 2022, 369 plaintiffs have filed product liability cases against Novo Nordisk, the vast majority alleging pancreatic cancer. In March and April 2021, the Federal MDL and State JCCP courts granted defendants' motions for summary judgment on federal pre-emption and general causation grounds thereby dismissing all the pending cases against Novo Nordisk relating to Victoza®. Plaintiffs have filed a notice of appeal of the Federal Court ruling, and they have the right to file a similar notice of appeal of the State Court ruling. Final decisions on both appeals are not expected before the end of 2022. Novo Nordisk does not expect the lawsuit to have a material impact on Novo Nordisk's financial position, operating profit or cash flow.

In September 2021, Novo Nordisk announced that it has reached an agreement in principle to settle the previously disclosed securities class action litigation pending in the Federal District Court of New Jersey, US. The settlement was reached after a voluntary mediation process and resolves claims brought by plaintiffs for alleged violations of US securities laws. The settlement contains no admission of liability, wrongdoing, or responsibility by any of the defendants and will include a full release of all defendants in connection with the allegations made in the lawsuit. Under the terms of the settlement agreement, Novo Nordisk has agreed to pay USD 100 million (inclusive of all plaintiffs' attorneys fees and expenses and settlement costs). The payment is covered by insurance. The settlement is subject to a court approval process, which could take several months.

In January 2022, Novo Nordisk announced that it has settled the previously disclosed securities lawsuit filed against Novo Nordisk in Denmark by a number of institutional shareholders, which included a claim for a total amount of DKK 11,800 million. The lawsuit alleged that Novo Nordisk made misleading statements and did not make appropriate disclosures regarding its sales of insulin products in the US. The settlement contains no admission of liability, wrongdoing or responsibility by Novo Nordisk and no payment will be made by Novo Nordisk to the plaintiffs.

Novo Nordisk is currently defending eight lawsuits, including two plead as putative class actions, relating to the pricing of diabetes medicines. Four of these cases are pending in New Jersey federal court; three are pending in federal courts in Texas, Florida, and Mississippi and the remaining one is pending in state court in Kentucky. All pending matters also name as defendants Eli Lilly and Company and Sanofi, while certain matters also name Pharmacy Benefit Managers (PBMs) and related entities. Plaintiffs generally allege that the manufacturers and PBMs colluded to artificially inflate list prices paid by consumers for diabetes products, while offering reduced prices to PBMs through rebates used to secure formulary access. Novo Nordisk does not expect the lawsuits to have a material impact on Novo Nordisk's financial position, operating profit, or cash flow.

In 2016, Novo Nordisk US received a Civil Investigative Demand from the U.S. Department of Justice ("DOJ CID") relating to potential off-label marketing of NovoSeven® (including high dose and for prophylactic use) and interactions with physicians and patients. The DOJ investigation was likely prompted by a lawsuit filed by a former Novo Nordisk US employee (the "Relator") under seal in the Western District of Oklahoma. Relator alleges Novo Nordisk US caused the submission of false claims to Medicare, Medicaid, Federal Employees Health Benefits Program and private insurers in California as a result of the same conduct that was the subject of the DOJ CID. As a result of these allegations, Relator (on behalf of the federal and certain state governments) seeks injunctive and monetary relief. A consolidated complaint was jointly filed by Relator and the State of Washington on 9 March 2020. The consolidated complaint was unsealed (made public) by the court on 28 May 2020. Novo Nordisk has filed two motions seeking dismissal of the complaint, both of which are currently pending and awaiting ruling from the Court. Novo Nordisk does not expect the lawsuit to have a material impact on Novo Nordisk's financial position, operating profit or, cash flow.

Since January 2021, Novo Nordisk has changed its policy in the US related to the 340B Drug Pricing Program, whereby Novo Nordisk no longer provides 340B statutory discounts to certain pharmacies that contract with covered entities participating in the 340B Drug Pricing Program. Novo Nordisk's contract pharmacy policy has been challenged by the US Department of Health and Human Services. On 17 May 2021, the US government issued a letter to Novo Nordisk asserting that Novo Nordisk's policy violates the 340B statute. Novo Nordisk believes its policy does not violate the 340B Drug Pricing Program requirements and has commenced litigation against the government seeking a declaration that its 340B policy is consistent with relevant US laws. On 5 November 2021, the US District Court for the District of New Jersey issued a decision on Novo Nordisk's motion for summary judgment holding that the use of contract pharmacies is consistent with the 340B statute and that manufacturers have no statutory right to impose restrictions on the sale or distribution of 340B drugs. Novo Nordisk has appealed the decision to the US Court of Appeals for the Third Circuit. A decision on this appeal is not expected before the end of 2022. Depending on the outcome of these matters, there may be a significant impact on Novo Nordisk's financial position, net sales and cash flow.

Mosaic Health Inc. and Central Virginia Health Services, Inc. (both 340B covered entities) filed a putative class action lawsuit in NY Federal Court against Novo Nordisk US, Eli Lilly, Sanofi and AstraZeneca alleging a conspiracy among the manufacturers to artificially fix prices of diabetes medications through changes to their policies relating to the distribution of 340B drugs through contract pharmacy arrangements. A motion to dismiss the lawsuit has been filed and is currently pending before the Court. Novo Nordisk does not expect the lawsuits to have a material impact on Novo Nordisk's financial position, operating profit, or cash flow.

Pending claims against Novo Nordisk and investigations involving Novo Nordisk

Several authorities in the US have served Novo Nordisk with Civil Investigative Demands (CIDs) or subpoenas calling for the production of documents and information. Below is a list of ongoing matters:

- » Washington Attorney General's Office CID (March 2017), relating to, among other things, pricing, and trade practices for insulin products, including Levemir®, NovoLog®, and Novolin®, from 1 January 2005 through the present date.
- » New Mexico Attorney General's Office CID (April 2017), relating to, among other things, trade practice and pricing of insulin products, namely NovoLog® and Novolin® from 1 January 2012 through the present date.
- » New York State Attorney General's Office Subpoena (July 2019), relating to, among other things, pricing, and trade practices for insulin products, from 1 July 2013 through the present.
- » Colorado Attorney General's Office CID (December 2019), relating to, among other things, pricing, and trade practices for insulin products, for the period from 1 January 2010 to present.
- » Vermont Attorney General's Office Subpoena (December 2020), related to, among other things, pricing and trade practices for insulin products sold by Novo Nordisk during the period 1 January 2011 through the present date.
- » US Department of Justice (December 2021), relating to the financial relationships with healthcare professional and prescriptions for Ozempic® and Rybelsus® during the period of 1 January 2016 to present.

In all matters Novo Nordisk is cooperating with the authorities in question. Novo Nordisk does not expect the above investigations to have a material impact on Novo Nordisk's financial position, operating profit, or cash flow.

Novo Nordisk is one of several pharmaceutical companies that received requests for information involving pricing practices for its diabetes products from several committees of the United States House of Representatives and/or United States Senate. Novo Nordisk has responded to the various committees in response to their requests. Novo Nordisk does not expect the inquiries to have a material impact on Novo Nordisk's financial position, operating profit, or cash flow.

Other contingent liabilities

In addition to the above, the Group is engaged in certain litigation proceedings and various ongoing audits and investigations. In the opinion of Management, neither settlement or continuation of such proceedings, nor such pending audits and investigations, are expected to have a material effect on the Group's financial position, operating profit or cash flow.

Note 23 Share-based payment schemes

Novo Nordisk Foundation Group operates share-based payment schemes in Novo Nordisk, Novozymes, NNIT, Sonion and Xellia in order to motivate and retain a qualified management and to ensure common goals for management and shareholders. The sharebased payment schemes in Sonion and Xellia are not material for the Group as a whole.

The allocation of share options/restricted stock units under the Group's share-based payment schemes is conditional on the fulfilment of shareholder value targets, as defined by the Boards in accordance with the companies' long-term financial targets. The exercise price for options in the listed companies corresponds to the market share price at the time of issue/establishment of the scheme.

The schemes are primarily equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the grant of shares is recognised as an expense and allocated over the vesting period.

Long-term share-based incentive programme

Novo Nordisk, Novozymes and NNIT.

There are schemes for management Board and management group.

DKK million	2021	2020
Fair market value share options - conditions Novo Nordisk		
The fair value is fixed at the grant date, and adjusted for expected dividends during the vesting period. Adjustments relating to prior years are included in the income statement in the year of adjustment.		
Expensed in the income statement, DKK million	1,040	823
Fair market value share options - conditions Novozymes		
The fair value is measured using the Black-Scholes option-pricing model.		
Expensed in the income statement, DKK million	78	54
Fair market value share options - conditions NNIT		
Shares are recognised over the four-year vesting period at the market value at the grant date. Value adjustments are recognised as financial items.		
Expensed in the income statement, DKK million	8	13

Number of outstanding share options/restricted stock units(RSU)	Novo Nordisk A/S	Novozymes A/S	NNIT A/S
	(RSU)	(share options)	(RSU)
	million		thousand
Outstanding at the beginning of the year 2021	8.6	7,143,271	319
Allocated in the year	2.2	1,255,563	64
Released allocated shares	-1.1	-1,229,932	-162
Cancelled allocated shares	-0.3	-	-
Forfeited	0.0	-153,986	-31
Expired	0.0	-4,588	-
Performance adjustment	0.5	-	-
Outstanding at the end of the year 2021	9.9	7,010,328	190
Outstanding at the beginning of the year 2020	6.9	7,542,028	296
Allocated in the year	1.4	1,700,760	95
Released allocated shares	-0.4	-2,066,923	-56
Cancelled allocated shares	-0.1	-	-
Forfeited	0.0	-23,348	-16
Expired	0.0	-9,246	-
Performance adjustment	0.8	-	-
Outstanding at the end of the year 2020	8.6	7,143,271	319

Number of awarded and outstanding shares

Novo Nordisk

	Restricted units to employees		Shares for Management Board		Shares for management group below Management Board		Shares allocated to individual employees	
	2021	2020	2021	2020	2021	2020	2021	2020
Number of shares awarded in the year (million)	-	-	1	0	2	1	0	-
Value per share at launch (DKK)	-	-	423	411	423	411	538	391
Total market value at launch (DKK million)	-	-	223	152	649	416	71	17
Performance and vesting period			2021 to 2023	2020 to 2023	2021 to 2023	2020 to 2023	2021 to 2024	2020 to 2023
Allocated to recipients			Feb 2024	Feb 2024	Feb 2024	Feb 2024	2024	2023
Vesting period			3 years	4 years	3 years	4 years	3 years	3 years

DKK million	Total	Restricted units to employees		Shares for Management Board		Shares for management group below Management Board		Shares allocated to individual employees		
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Outstanding at the beginning of the year	9	7	2	2	2	1	5	3	-	-
Released allocated shares	-1	0	0	-	0	0	-1	0	0	0
Cancelled allocated shares	0	0	-	-	-	-0	0	0	-0	-0
Allocated in the year	2	1	-	-	1	0	2	1	0	-
Performance adjustment	1	1	-	-	0	0	0	1	-	-
Outstanding at the end of the year	10	9	2	2	2	2	6	5	0	0

Accounting policy

Novo Nordisk operates equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the grant of shares is recognised as an expense and allocated over the vesting period.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares granted, excluding the impact of any non-market vesting conditions. The fair value is fixed at the grant date and adjusted for expected dividends during the vesting period. Non-market vesting conditions are included in assumptions about the number of shares that are expected to vest. At the end of each reporting period, the Group revises its estimates of the number of shares expected to vest.

The Group recognises the impact of the revision of the original estimates, if any, in the income statement and in a corresponding adjustment to equity (change in proceeds) over the remaining vesting period. Adjustments relating to prior years are included in the income.

Note 24 Financial risks

Due to its global activities, a number of financial risk factors affect the Novo Nordisk Foundation Group's income and balance. The Group has centralised the control of its financial risks in Novo Nordisk A/S, Novozymes A/S and Novo Holdings A/S. The respective boards of these companies have established and approved the general framework for the financial risk management described in the companies' financial and investment policies.

For more detailed information about the individual risks please refer to the separate annual reports from Novo Nordisk A/S, Novozymes A/S and Novo Holding A/S.

Currency risk

Currency risk arises due to imbalances between income and costs in each individual currency and because the Group has more assets than liabilities in foreign currencies in connection with global operations. The overall objective of foreign exchange risk management is to reduce the short-term negative impact of exchange rate fluctuations on earnings and cash flow, thereby contributing to the predictability of the financial results.

The Group hedges existing assets and liabilities in key currencies as well as future expected cash flows up to a maximum of 24 months forward. Hedging is managed by entering into derivatives such as forward contracts, currency options and swaps. Hedge effectiveness is assessed on a regular basis.

The foreign exchange risk is most significant in USD, GBP and CNY, while the EUR exchange rate risk is regarded as low because of Denmark's fixed exchange rate policy towards EUR.

The sensitivity analysis below shows the impact on net profit of a 5% change in DKK versus the key currencies to which the Group was exposed at end of year:

	2021	2020
USD	5,908	4,518
GBP	833	640
CNY	360	460

For all other currencies together, a change of 5% would impact the net profit by less than DKK 400 million.

Interest rate risk

Interest rate exposure arises in relation to interest-bearing investments and is the risk of financial loss from a change in interest rates.

The Group's policy is to allocate the majority of the interest-bearing asset exposure to Danish government bonds and domestic mortgage credit bonds, and a minority to high yield debt. The interest rate risk is not hedged through derivatives, but the duration of the portfolio is adjusted to a desired exposure.

Credit risk

Credit risk occurs in relation to bonds and other contractual obligations and is the risk of financial loss from failure of a counterparty to meet the contractual obligations.

The Group's policy is to limit the risk of financial loss from counterparty default by having most of the interest-bearing investments in Danish government bonds and domestic mortgage credit bonds with low credit risk and a minor share in high yield debt with lower credit rating. Credit ratings are considered and monitored by the investment teams to evaluate the risk of loss from default. Investments are made across a variety of issuers to reduce the concentration of credit risk. Based on individual consideration of each asset, it is decided whether the credit risk should be hedged through derivatives.

The Group has no significant concentration of credit risk related to trade receivables or other receivables and prepayments, as the exposure in general is spread over a large number of counterparties and customers.

Liquidity risk

The liquidity risk is considered to be low. The Group ensures the availability of the required liquidity through a combination of cash management, highly liquid investment portfolios and both uncommitted and committed credit facilities.

Price risk

Price risk is the risk that the value of the investment portfolio will fluctuate due to changes in the market price, caused by factors specific to the individual investment, the sector in which the investment operates or factors generally affecting all similar investments traded in the market. In order to minimise the investment risk while still achieving an attractive return, the investment portfolio is allocated to a predefined set of risk tolerances levels with specific risk measures. The defined risk measures and portfolio allocation are monitored on a monthly basis.

Note 25 Related party transactions

Novo Holdings A/S, Novo Nordisk Group, Novozymes Group, NNIT Group, Xellia Group, Sonion Group, Altascience Group, BBI Group, associated companies and the boards and executive managements of these companies, including the Novo Nordisk Foundation, are considered to be related parties. There have not been any significant transactions with related parties. Fees to the executive management are stated in note 3 of the Group Annual Report. All agreements have been negotiated on market-based terms, and the majority of the agreements are valid for one year.

Note 26 Subsidiaries with significant non-controlling interest

(DKK million)

2021	Novo Nordisk A/S	Novozymes A/S	Other non-controlling interests	Total
Non-controlling interest	71.6%	74.1%		
Total comprehensive income:				
Net sales	140,800	14,951	-	
Net profit for the year	47,757	3,145	-	
Other comprehensive income	-670	562	-	

Total comprehensive income	47,087	3,707	-	
Non-controlling share of total comprehensive income	33,700	2,745	-47	36,398
Balance				
Non-current assets	108,913	16,944	-	
Current assets	85,595	7,823	-	
Non-current liabilities	24,246	6,888	-	
Current liabilities	99,516	5,673	-	
Non-controlling share of equity	50,633	9,137	845	60,615
Dividends				
Dividends	21,517	1,465	-	
Non-controlling share of dividends	15,400	1,085	35	16,520
Cash flow				
Cash flow from operating activities	55,000	4,062	-	
Cash flow from investing activities	-31,605	-2,747	-	
Cash flow from financing activities	-25,493	-1,586	-	

2020	Novo Nordisk A/S	Novozymes A/S	Other non- controlling in- terest	Total
Non-controlling interest	71.5%	74.0%		
Total comprehensive income:				
Net sales	126,833	14,012	-	
Net profit for the year	41,989	2,826	-	
Other comprehensive income	-543	-676	-	
Total comprehensive income	41,446	2,150	-	
Non-controlling share of total comprehensive income	29,630	1,591	-28	31,193
Balance:				
Non-current assets	78,964	13,599	-	
Current assets	65,809	6,911	-	
Non-current liabilities	11,324	5,105	-	
Current liabilities	70,273	4,161	-	
Non-controlling share of equity	41,271	8,318	4,601	54,190
Dividends				
Dividends	20,121	1,482	-	
Non-controlling share of dividends	14,385	1,096	58	15,539
Cash flow				
Cash flow from operating activities	51,951	4,355	-	
Cash flow from investing activities	-22,436	-1,524	-	
Cash flow from financing activities	-32,244	-2,314	-	

Note 27 Events after the reporting date

At the end of December 2021, Novo Holdings signed two private investments - both of which are expected to close in the first quarter of 2022. No events of importance to the consolidated financial statements have occurred after the reporting date.

Annex A

Novo Nordisk Foundation Group Corporate Social Responsibility

(a part of management's review)

This appendix is the Novo Nordisk Foundation Group's reporting on corporate social responsibility, cf. section 99a and section 99b of the Danish Financial Statements Act. The statement first reviews the social responsibility for the Novo Nordisk Foundation's grant-awarding activities and then the social responsibility for the Foundation Group's commercial activities. Finally, the diversity policy for the Novo Nordisk Foundation and Novo Holdings A/S is reviewed.

Novo Nordisk Foundation

Risks related to societal responsibility

The main risks of the Novo Nordisk Foundation Group in relation to its economic, social and environmental responsibility are connected to the risks of the companies in the Group and include issues such as climate impact, diversity, human rights and anti-corruption. The increase in the number of commercial activities and companies in the life-science portfolio as well as the global political and financial development also slightly increase the risks related to human right and anti-corruption. This risk will be reduced through new initiatives. The economic, social and environmental risks of the Foundation's funding activities are small and limited through observance of the Foundation's article of association and its various policies for acting responsibly and maintaining a responsible role in society (see below). The centre of gravity for the Foundation's grant-awarding activities is Denmark, secondarily the Nordic countries, while the commercial activities of the Novo Group are global.

Code of conduct, including anti-corruption

The foundation wishes to promote an organisation-based culture driven by respectful and ethical behaviour. All individuals affiliated with the Novo Nordisk Foundation ("the Foundation"), including Novo Holdings A/S, members of the Board of Directors and employees of the Foundation and Novo Holdings A/S, all grant recipients and their employees fully or partially funded by the Foundation, members of the Foundation's committees, as well as individuals, institutions and organisations that collaborate with the Foundation, Novo Holdings A/S, the BII Foundation and the LIFE Foundation, are obligated to safeguard and comply with the principles described in the Foundation's Code of

Conduct as it is adopted by the Foundation's Board of Directors in 2020. In return, they must be able to work in a safe and healthy working environment. The Code of Conduct is part of the Foundation's general terms and conditions for grant-awarding and thus for the individual grant agreement. Read more at: <https://novonordiskfonden.dk/da/code-of-conduct/>

In 2020, The Novo Nordisk Foundation and Novo Holdings A/S have implemented a whistleblower scheme that gives individuals the opportunity to anonymously inform the Foundation of any violations of the Foundation's Code of Conduct. In the event of violations, the Foundation can, among other things, give a warning or demand that a grant be repaid. The Whistleblower scheme aims to ensure trust and accountability in the Foundation's own as well as in our partners' and grantees' behaviour. By the end of 2021 the processes around the whistleblower scheme have been activated at least one time. Consequently, our focus will continue to be on securing that our cornerstones, as reflected in the Foundation's code of conduct, are known and met by all employees, partners and grant recipients. Read more at: <https://novonordiskfonden.dk/da/%20whistleblower/>

Economic and scientific responsibility

In 2021, the Foundation awarded DKK 8.8 billion in new grants while its payouts amounted to DKK 4.8 billion. The foundation's grant-awarding activities funded, in whole or in part, the employment of around 5,000 people within scientific fields of education, research and innovation, mainly at universities, educational institutions and hospitals in Denmark and the Nordic countries. In addition, Foundation grants helped fund employees in social and humanitarian projects in Denmark and abroad. Grant-awarding activities and payouts are described

in more detail in The Novo Nordisk Foundation Grant Report 2021: <https://novonordiskfonden.dk/wp-content/uploads/Novo-Nordisk-Foundation-Annual-Grant-Report-2021.pdf>

The Foundation supports free and independent research, primarily within biomedicine, biotechnology and natural and technical sciences at public research institutions. The institutions contribute to generations of new knowledge, education and innovation. The research results and any patents belong to the researchers and the public universities and hospitals that employ the researchers. No company in the Novo Nordisk Foundation Group or other privately held companies have preferential access to the research results funded by grants from the Foundation.

The fund measures and monitors the effects of its grant-giving activities based on the grant recipients' systematic reporting. In 2021 alone, the Foundation's grant recipients reported more than 25,000 activities, of which more than 4,100 were various scientific publications. 85% of publications are articles published in international journals. Nearly three out of five of the journal articles are published as collaborations between grant holders and international co-authors, over half take place in interdisciplinary collaborations, and every ninth journal article is published together with industry researchers. The proportion of grant recipients' international journal articles that are among the top 10% most cited worldwide was 22% in 2017-2020.

Overall, the Foundation's contributions increase the volume of excellent research and training of researchers in Denmark. In addition, a significant contribution is made to the internationalisation of Danish and Nordic research as well as to the researchers' collaboration with researchers internationally and in the industry. Read more at: https://impact.novonordiskfonden.dk/wp-content/uploads/NNF_Grants_2021_FINAL_28_juni_2021_enkeltsider.pdf

Social responsibility

The Foundation contributes to the creation and development of dynamic research environments at universities and hospitals. For society, this means strengthening research-based education and increasing the supply of talented university graduates, researchers and clinicians, and attracting highly qualified researchers and graduates from outside Denmark.

The Foundation has funded the establishment of Steno Diabetes Centers in each of the five Danish administrative regions as well as in Greenland. Furthermore, the Foundation is in dialogue with local authorities in the Faroe Islands with the aim of establishing another Steno Diabetes Center. Each centre makes an important contribution to research hospital activities in the field of diabetes, including specialised services for diabetic patients within treatment, education, and health promotion. The centres treated approximately 25,000 people with diabetes in 2021.

The Foundation wishes to support a sustainable societal development. Sustainability includes climate and environmental issues as well as social and health considerations, including that employees work in a healthy and safe working environment and that people as well as animals are treated in the best possible way and in accordance with current rules. The Novo Nordisk Foundation contributes to social and health initiatives in Denmark by supporting a wide range of activities, including initiatives that focus on education and competence development for vulnerable citizens. In addition, the Foundation supports

humanitarian efforts globally. The social and humanitarian activities amounted to approximately DKK 1,408 million in 2021.

As an example of its support for humanitarian efforts globally, the Foundation supported the World Diabetes Foundation in 2021 with a grand total of DKK 92 million for three different projects. One project concerned capacity building within the area of diabetes prevention and care, while another focused on refugee health with the aim of strengthening the response to Non-Communicable-Diseases in Eastern Africa. Read more at: https://impact.novonordiskfonden.dk/wp-content/uploads/NNF_Grants_2021_FINAL_28_juni_2021_enkeltsider.pdf

Environmental responsibility

The Foundation helps to build and strengthen Denmark's positions within environmental sustainability. In the Foundation's 2019-2023 strategy, one of the long-term goals is to "Act for and inspire the development of a more sustainable world by supporting research that translates into life science solutions to benefit people and the environment". In the strategy period, the Foundation focuses on the following themes to promote environmental sustainability:

- Industrial biotechnology
- Plant and food biotechnology
- Environmental biotechnology
- Basic research and platforms and technologies supporting research on sustainability
- Education and training programs and methods related to the four themes

Industrial biotechnology applies biological systems to produce commercially important products that reduce reliance on natural resources or use them in a more sustainable way. Plant and food biotechnology enables higher productivity from natural resources and advances the applications of alternative sources for sustainable food production. Environmental biotechnology can improve the health and welfare of people through advances in clean water, air, land and energy sources. Basic research, platforms and technologies are necessary to support the development of discoveries and solutions arising from research on sustainability. Finally, education and training programmes and methods related to research will develop critical talent through pre- and postgraduate education, internationalisation programmes, networks and new educational and pedagogical methods.

In 2021, the Novo Nordisk Foundation awarded a grant of DKK 630 million for the establishment of the Novo Nordisk Foundation CO₂ Research Center. The centre brings together international researchers across disciplines and sectors in pursuing one common goal: finding solutions that enable the capture, processing, and recycling of CO₂ from the atmosphere and factories, and its subsequent application as raw material in new products. Focusing on interdisciplinary research, the centre is the first of its kind.

In 2021, the Novo Nordisk Foundation has committed a total amount of DKK 2,653 million for research grants and paid out DKK 497 million for research activities in the field of biotechnology.

Table A in this annex shows figures for the Novo Nordisk Foundation Group's social and environmental footprint.

The Novo Nordisk Foundation as a workplace

The Foundation strives to be an attractive workplace where employees prosper and realise their professional potential. The Foundation's policy is to create a healthy, safe, collaborative and flexible working environment. The Foundation has adopted three cornerstones for its employees, which are described on the website: <https://novonordiskfonden.dk/en/hjoernestene/>

The Foundation emphasises diversity among its staff, cf. the section on the Foundation's diversity policy.

The commercial activities of the Foundation

The following description of Corporate Social Responsibility at group level applies to all the companies in the Novo Nordisk Foundation Group. The societal impact of the foundation's commercial activities is analysed in the Foundation's annual societal impact report. It shows the effect of the Novo Group on a various number of societal indicators. Read more at: https://impact.novonordiskfonden.dk/wp-content/uploads/NNF_Grants_2021_FINAL_28_juni_2021_enkeltsider.pdf

The Foundation's Board of Directors has adopted a common set of values, "Charter for companies in the Novo Group", which all companies in the Novo Group must demonstrate a willingness, ability and resolve to implement.

The criteria are:

- Company products and services make a significant difference in improving the way people live and work.
- The company is perceived to be an innovator – in technology, in products, in services and/or in market approach.
- The company is among the best in its business and a challenging place to work.
- The company delivers competitive financial performance.

Companies in the Novo Group commit to:

- Value-based management
- Open and honest dialogue with its stakeholders
 - Continuous improvement of
 - financial performance
 - environmental performance
 - social performance
- Reporting in accordance with relevant, internationally approved conventions.

Based on the charter, the companies in the Novo Group have formulated their own policies for social responsibility and publish independent reports of their work with these, e.g. policies for economic, environmental and social responsibility (including anti-corruption), compliance with conventions (e.g. human rights), value-based management and open and honest dialogue with its stakeholders. On the basis of the charter, Novo Holdings A/S has defined its own values, which are the basis for the company's investments in and collaborations with other companies. The values can be found at www.novoholdings.dk

Risks in relation to societal responsibility

The main risks of the Novo Nordisk Foundation Group in relation to economic, social and environmental responsibility are related to the risks of the companies in the Group. The risks are minimised through the Charter for the companies in the Group as well as the companies' own policies for responsibility, as described in the companies' independent corporate social responsibility reports. Read more about the

Novo Nordisk Foundation's role as a committed owner here:

<https://novonordiskfonden.dk/en/about-the-foundation/ownership/>

The companies' main risks are particularly linked to the international development in the financial and economic markets, including exchange rate uncertainty, uncertainty in international trade policy and thus the development in the global sales markets, uncertainty with share and bond prices, etc. Companies seek to address these risks through portfolio diversification in the areas of investment, trading and financial transactions, price hedging and investments in innovation and research and development.

Novo Holdings A/S includes information about its policies in relation to responsible investments in the company's annual report. Novo Nordisk A/S includes information about the company's social and environmental responsibility in its annual report, while Novozymes A/S publishes a supplement to its annual report. The three annual reports are available at: <https://www.novoholdings.dk/wp-content/uploads/Novo-Holdings-Annual-Report-2021.pdf>, <https://www.novonordisk.com/investors/annual-report.html> and <https://report2021.novozymes.com/#home>².

Anti-corruption

Novo Holdings A/S

Novo Holdings A/S' management approach to handling anti-corruption and business integrity is an integral part of the company's guiding principles and values, which are based on Novo Holdings A/S' mission. Novo Holdings A/S strives to be a respected company and is subject to the Foundation's Code-of-Conduct and Whistleblower scheme.

Novo Nordisk A/S

Novo Nordisk A/S keeps a close eye on compliance with all applicable local and international anti-corruption laws, regulations and standards, such as the US Foreign Corruption Practices Act and the UK Bribery Act. These requirements are spelled out in the company's Business Ethics Compliance Framework. Any suspected breaches of the company's standards can be reported anonymously by employees and external parties through the Compliance Hotline. Breaches are investigated and, if substantiated, action is taken immediately.

Novozymes A/S

Novozymes A/S' management approach to addressing anti-corruption and business integrity is embedded in the company's corporate values and policies. Novozymes A/S has a dedicated compliance function handling business integrity-related matters, including training of employees. Moreover, Novozymes A/S works proactively to prevent, detect and respond to fraud. An internal control system enables the identification of fraud cases and concerns raised, either through Novozymes' whistleblower scheme or other reporting channels.

Economic and scientific responsibility

Novo Holdings A/S

² Companies in which Novo Holdings A/S has a controlling interest either report on their social and environmental responsibility in accordance with the Danish Financial Statements Act or refer to the Novo Nordisk Foundation's annual report.

In 2021, the Novo Nordisk Foundation Group paid DKK 10.0 billion in corporation tax in Denmark, of which Novo Nordisk A/S accounted for by far the largest share. A large part of the Foundation's income via Novo Holdings A/S are dividends from Novo Nordisk A/S and Novozymes A/S, which primarily earn their profits outside Denmark. In 2021, Novo Holdings A/S had 132 employees.

Novo Holdings A/S' other investments in life-science and biotech companies result in thousands of jobs worldwide. The Novo Group and the life-science portfolio employed 117,700 in 2021, an increase compared to 2020, where 107,000 were employed.

Novo Nordisk A/S

Novo Nordisk A/S had sales of DKK 140.8 billion in 2021, North America accounted for 48%, Europe, the Middle East and Africa for 27%, China for 11% and the rest of the world for 14% of total revenue. For Novo Nordisk A/S, less than one percent of the revenue is realised in Denmark. In 2021, Novo Nordisk A/S has 48,478 employees worldwide. In 2021, Novo Nordisk A/S invested DKK 41.9 billion in research and development. The European Commission's 2021 overview of industrial R&D investments (<https://iri.jrc.ec.europa.eu/score-board/2021-eu-industrial-rd-investment-scoreboard>) contains data on the world's 2,500 largest companies' investments in R&D. Novo Nordisk A/S ranks as number 22 in Europe and as number 85 globally.

Novozymes A/S

Novozymes A/S' turnover in 2021 was DKK 14,951 million. 62% from activities outside Europe, the Middle East and Africa, of which the United States alone accounts for 29%. Novozymes A/S realised 98.6% of revenue outside Denmark. The company has 6,527 employees. In 2021, Novozymes A/S spent DKK 2,009 million, or 13.4% of the revenue, in R&D. Novozymes A/S is ranked as number 123 in Europe and 576 globally on R&D investments.

2.4 Social Responsibility

Novo Holdings A/S

Novo Holdings A/S has a Responsible Investment Process which is anchored in the Environmental, Social and Governance (ESG) policies. The aim is both to reduce risks and responsibilities and to create opportunities. Prior to an investment, Novo Holdings A/S examines among other things whether the entity's actions are compliant with the Novo Nordisk Foundation Group's charter. If it is a direct investment, it is Novo Holdings A/S' responsibility to ensure that the entity does not act irresponsibly at the social or environmental level. If an investment is made through a third party, it is also Novo Holdings A/S' task to ensure that the third party is not socially or environmentally irresponsible in its actions. Each investment undergoes this process, and if it is deemed that a company or third party does not meet the criteria, the investment is rejected. As Novo Holdings A/S wishes to act as an active and responsible shareholder, through employees Novo Holdings A/S are represented on the boards of Novo Nordisk A/S, Novozymes A/S, and with a few exceptions in all other portfolio companies.

Novo Nordisk A/S

The value-based management in Novo Nordisk A/S is formalised in the "Novo Nordisk Way", which includes the principle of balancing

financial, social and environmental considerations - The Triple Bottom Line. The company's Articles of Association state that Novo Nordisk A/S will "strives to conduct its activities in a financially, environmentally, and socially responsible way", which frames Novo Nordisk A/S' long-term strategy of being a sustainable business. It commits employees in the company to consider at all times how decisions and actions can affect people, society and the environment. The goal is to ensure long-term profitability by limiting any negative effects that may also pose business risks while maximising the positive contribution to society from the company's global activities. Novo Nordisk A/S supports the UN's Sustainable Development Goals.

Novo Nordisk A/S has been an active participant to the UN Global Compact since 2002 and works according to its 10 principles for responsible business. The company strives to contribute to global UN goals and enters into partnerships to solve major, systemic societal challenges.

Novo Nordisk A/S' global practice for responsible management focuses on due diligence and follow-up, which ensures that the company's standards are respected throughout the entire value chain. This includes among other things that the company's standards for business ethics and respect for human rights, bioethics, accountability in the supply chain and global labour rights are observed. A compliance hotline enables employees and external stakeholders to anonymously report suspected irregularities such as non-compliance with the Novo Nordisk Way, financial crime, conflicts of interest, corruption, and other forms of unregulated behaviour. The global practice for responsible management has continued in 2021 and going forward Novo Nordisk A/S continue to integrate among other things human rights risks into the risk management process, across operations and business relationships.

Novozymes A/S

Novozymes A/S works with transparency and responsibility across all its business activities, and proactively shares information with stakeholders via various platforms and information channels, e.g., by reporting annually on its progress toward implementing the UN Global Compact's Ten Principles in the company's Communication on Progress report.

Novozymes A/S is recognised for its strong Environmental, Social and Governance (ESG) performance and has received top ratings by many ESG rating agencies and platforms. Including a platinum medal and a top 1% position for companies assessed by Ecovadis in 2021.

Novozymes A/S is committed to the effort of seeking to keep the global climate change-induced temperature increases below 1.5 °C. Novozymes A/S is one of the first few global companies to have joined this goal, which has been validated and approved by the Science Based Targets Initiative (SBTi). Novozymes A/S is also recognised by several key customers for delivering innovative and sustainable solutions. Read more about Novozymes A/S' approach to sustainability at: <https://www.novozymes.com/en/about-us/sustainability>

Health responsibility

Novo Nordisk A/S

Novo Nordisk A/S' business is based on the promise to help people with serious chronic diseases to have a better and healthier life and a firm decision to increase patients' access to medical treatment and improve the quality of treatment. In 2021, Novo Nordisk delivered medical treatment to approximately 34.6 million people with diabetes worldwide, a 5% increase compared to the 32.8 million people with diabetes reached in 2020. The increase was primarily driven by growth in the GLP-1 and the new-generation insulin franchises.

Through the Access to Insulin Commitment programme, Novo Nordisk guarantees supply of low-priced human insulin to the least developed countries and other low-income countries as well as to organisations providing relief in humanitarian settings. From 2020, this guarantee has been extended to cover 76 of the least developed countries, as defined by the World Bank. Thus, the guarantee provides access to insulin for the benefit of more than 124 million people worldwide.

In the Novo Nordisk A/S initiative Changing Diabetes®, there is special focus on vulnerable population groups. Changing Diabetes® in Children has been established in 18 countries and reaches more than 30,000 children with type 1 diabetes, who receive free insulin, blood sugar measurements, treatment, education, etc.

The world's vulnerable population groups are in focus in Novo Nordisk's humanitarian programme. Through the Partnering for Change programme with the International Committee of the Red Cross, the Danish Red Cross and other organisations, the company aims to ensure treatment for people with diabetes and other chronic diseases in humanitarian crises.

In 2021, Novo Nordisk A/S donated DKK 92 million to humanitarian and social causes via the World Diabetes Foundation (WDF). WDF is an independent fund established by Novo Nordisk in 2002 with the aim of promoting diabetes prevention and treatment in developing countries. WDF provides assistance to sustainable partnerships and acts as a catalyst to help others do more. Read more at www.worlddiabetesfoundation.org.

Novo Nordisk A/S provides financial support to improve global access to haemophilia treatment. In 2021, the company agreed to donate DKK 20 million to the Novo Nordisk Haemophilia Foundation established in 2005, but due to financial considerations from NNHF the donation was not paid out. Read more at www.nnhf.org

Novozymes A/S

As a UN Global Compact LEAD member, Novozymes A/S is strongly involved in a number of UN-led initiatives as well as in local UNGC networks in Brazil, China, Denmark, India and the USA. At the UN General Assembly in New York in September 2015, Novozymes A/S joined the rest of the world in welcoming the 17 UN Sustainable Development Goals (World Goals for Sustainable Development). By 2030, countries and multinationals are expected to use these goals to implement policies, allocate funding and drive change that will help build a fair and more sustainable world for all.

Novozymes A/S was among the first to adapt its strategy to the Sustainable Development Goals by applying cutting-edge biotechnological solutions that have the potential to answer a number of the global challenges. For Novozymes A/S, the goals are a frame of reference for guiding decisions, managing risks, and securing future business

opportunities. More information about how Novozymes A/S delivers on the Sustainable Development Goals can be found in the company's CSR reporting, which can be downloaded at: <https://report2021.novozymes.com/#home>

Environmental and climate responsibility

Resource utilisation

Novo Nordisk A/S

Novo Nordisk's environmental strategy, "Circular for Zero", prioritises minimising the use of exhaustible or scarce natural resources, with an ambition to completely eliminate CO₂ emissions and avoid waste. In 2021, energy consumption and water consumption increased by 5% compared to 2020. The increase is mainly due to a new production facility and a general increase in produced volumes. 100% of the electricity consumption at production plants came from renewable sources such as biomass, wind and hydropower. Novo Nordisk continues to focus on ways to be more energy efficient, and Energy-saving projects implemented in 2021 within production sites resulted in annual savings of 67,000 GJ. Reducing water consumption continues to be a focus area - especially in areas of water scarcity.

The amount of waste increased by 4% compared to 2020, primarily due to an increase in production at Novo Nordisk Kalundborg, and thus an increase in the amount of ethanol waste and organic residues from fermentation processes. The energy from these residues is utilized in biogas plants, and the degassed sludge is used as fertilizer on agricultural land. In 2021, 96% of all waste is recycled, used e.g., for biogas production or incinerated in plants to generate heat or electricity.

Novozymes A/S

With increasing pressure on global resources, Novozymes A/S is focused on optimizing operations from year to year in order to reduce the consumption of natural resources and reduce the negative environmental consequences of production. Long-term efficiency targets for energy, CO₂ and water have been set to optimize production processes, thereby reducing the consumption of limited resources and reducing costs.

In 2021, water consumption in Novozymes A/S increased by 7% compared to 2020, energy consumption was increased by 5% and CO₂ emissions were increased by 7% compared to 2020. Novozymes A/S' total CO₂ emissions in 2021 were 288,000 tons, which was an increase compared to 268,000 tons in 2020. 42% of energy consumption in 2021 came from renewable energy - a slight decrease compared to the 43% in 2020.

Climate

Novo Nordisk A/S

In 2018, the company committed itself to a set of long-term environmental targets for the share of energy derived from renewable energy sources as well as its energy consumption and water consumption. The overall goal is net zero emissions across the company's entire value chain by 2045 and along the way to achieve zero CO₂ emissions from all operations and transport by 2030. The long-term environmental goals support the long-term financial results by taking into account both responsibility and earnings. The purpose is to create long-term

value for shareholders and other stakeholders. The goals reflect the strategic priorities of being a sustainable business that aims to manage the use of natural resources with respect for ecosystems and not interfere with ecosystems and societies.

Novo Nordisk's climate programme aims to eliminate CO₂ emissions throughout the value chain. Currently, there is focus on energy consumption in connection with production, procurement of products and services as well as transport such as company cars, business travel by air and product distribution.

CO₂ emissions from energy consumption for the entire business were increased by 2% from 2020 to 174,000 tons in 2021, which is mainly attributed to production facilities and distribution: Emissions from production increased by 5% due to the addition of a new production facility and general increase in production volumes; and CO₂ emissions from product distribution increased by 16%. The increase in emissions from product distribution is primarily caused by increased use of air freight instead of sea and road freight. CO₂ reductions of 4,000 tonnes were incurred from green fuel agreements with selected transportation service providers. Read more about Novo Nordisk's environmental results in the Annual Report: <https://www.novonordisk.com/annual-report.html>

Novozymes A/S

Sustainability plays a central role in the strategy of Novozymes A/S. Many of Novozymes A/S' biological solutions enable the company's customers to reduce their environmental footprint compared to the use of conventional technologies. The solutions create higher quality products with lower costs and allow customers to reduce their CO₂ emissions. For more than 10 years, Novozymes A/S has used life cycle assessments (LCA) to document the environmental consequences of the company's biological solutions. The LCA studies are usually completed in collaboration with customers and based on data from customers' specific applications of Novozymes' technology. As part of the journey towards becoming a CO₂-neutral company in 2050, Novozymes A/S will in 2030 have reduced the absolute CO₂ emissions from production by 50% compared to the starting point in 2018. By 2030, Novozymes A/S will exclusively buy electricity from renewable sources. On the way towards that goal, 69% of the company's total electricity consumption was derived from renewable sources.

The Novo Group as a workplace

The Novo Nordisk Foundation Group puts emphasis on offering a committed and professional workplace where the employees thrive, are challenged and have opportunities to develop their potential. It involves an inclusive culture with respect for the individual, continuous development, health and safety.

Novo Nordisk Foundation

In the Novo Nordisk Foundation, a high level of engagement among employees is vital. The Foundation is continuously growing, both in terms of new employees and activities in our programme areas, and our upcoming strategy process has been initiated. Therefore it is crucial that the Foundation is an inspiring and attractive workplace with highly engaged employees.

In November 2021, the Novo Nordisk Foundation carried out an employee engagement survey, in which 91% of the employees

participated. The results were generally very positive, with a satisfaction score significantly higher than the average in other international organisations, especially within the categories: Purpose, Engagement and Inclusion. The Novo Nordisk Foundation continues to strive to be an excellent workplace, always aiming to achieve our purpose and live out our values.

Novo Holdings A/S

At Novo Holdings A/S, maintaining a high level of engagement among employees is a key priority. Given the continuous growth, both in terms of additional employees and geographical expansion, it is crucial that Novo Holdings remains an inspiring and attractive workplace.

In October 2021, Novo Holdings A/S carried out a survey focused on company culture, with a participation rate of 96%. The results were very positive, especially within the categories: Company Culture, Pride in Company, Trust & Respect and Diversity & Inclusion. Novo Holdings A/S continues to strive to be an excellent workplace, always aiming to achieve our purpose and live out the Novo Holdings Way of Performance, Respect and Responsibility.

Novo Nordisk A/S

The employees' commitment and support for the company's values are still high. In 2021, the engagement survey was entirely redesigned to support Novo Nordisk's strategic goals. The results of the inaugural survey revealed that overall engagement is high with a 84% favourable score, and that Novo Nordisk scores in the top decile against external organisations when it comes to providing a Purpose-driven workplace.

During 2021, Novo Nordisk A/S launched an aspirational target of achieving a balanced gender representation across all managerial levels with a minimum of 45% for both women and men in senior leadership positions by the end of 2025. By the end of 2021, 57% of all leadership positions are held by men and 43% are held by women. Across senior leadership positions, the gender split is 64% men and 36% women. To ensure a strong recruitment base of talented candidates to management positions, the company strives for increased diversity in all management teams.

Novozymes A/S

Novozymes A/S focuses on employee development throughout the organisation. The focus is supported and driven by management, as a key element in relation to improving employee satisfaction and motivation. In the annual engagement survey, the overall score achieved was 82, exceeding the target of a minimum score of 81.

Novozymes A/S' proactive stance to avoid discrimination and promote equal opportunities is reflected in specific goals for managers in relation to gender. In 2021, 34% of our senior management (directors or higher) were women.

Diversity policy in the Novo Nordisk Foundation Group

Section 99b of the Danish Financial Statements Act requires that Danish companies of a certain size report on diversity.

The Novo Nordisk Foundation Group welcomes and promotes diversity among its staff, managements and boards, as diversity in relation to gender, age, education, cultural background and international experience helps to ensure a broad range of skills, which in turn contributes to development, renewal and quality in work efforts. Furthermore, it lays the foundation for an inclusive culture with respect for individuals, ongoing personal development, health and safety. Diversity is promoted through the recruitment processes in the Group.

In 2019, the Board of Directors of the Foundation approved a diversity policy for the Novo Nordisk Foundation and Novo Holdings A/S. The Foundation Group's two commercial companies have formulated their own diversity policies in line with the Foundation's policy. Novo Nordisk A/S: <https://www.novonordisk.com/sustainable-business/esg-portal/principles-positions-and-policies.html>; Novozymes A/S: <https://www.novozymes.com/en/about-us/positions-policies>

Diversity policy for the Novo Nordisk Foundation and Novo Holdings A/S

The diversity policy reflects the core values of the Novo Nordisk Foundation and Novo Holdings A/S. The policy sets the goals, defines the scope and provides guiding principles for the work with diversity. The Novo Nordisk Foundation and Novo Holdings A/S follow international standards and procedures and in some cases take a lead. The diversity policy is an important part of the decision-making process related to recruitments, to ensure diversity across all departments. The Novo Nordisk Foundation and Novo Holdings A/S also have a joint Personnel and Organisation department as well as a joint Impact Assessment department which provides diversity analyses on recruitments and the Foundation's grant-giving and commercial activities, including their measured effects. The Novo Nordisk Foundation thus collaborates with the Danish universities to promote diversity, for example in relation to employees fully or partly funded by the Foundation's grants. Read more at: <https://novonordiskfonden.dk/wp-content/uploads/NNF-Diversity-Policy-2020.pdf>

Diversity in the Novo Nordisk Foundation

In 2015, the Foundation's Board of Directors decided on a gender diversity goal for its board members. The goal was to have at least two board members of each gender elected in accordance with the Articles of Association by 2019. The Board met this goal in 2018 and has achieved equal representation in accordance with the goal. By 2021, one third of board members were women and two thirds were men, and therefore no further gender diversity targets have been formulated. The management team consisted of six women and 13 men, 59% of the employees were women, and 41% were men, and 11% came from countries other than Denmark.

Diversity in Novo Holdings A/S

In 2016, the Board of Directors of Novo Holdings A/S decided on a gender diversity goal for its board members. The goal was to have at least one board member of each gender by 2020. The composition of the board met this goal by 2019. The gender split in the Board of Directors was maintained in 2021 but will be assessed on an ongoing basis whether the target needs to be adjusted. The management team

consists of seven people in total and is represented by a person with a background other than Danish and a 29% female/61% male gender split among management positions. In 2021, 38% of the employees were women, and 62% were men, and 39% came from countries other than Denmark. Efforts are being made to attract more female talent in the coming years, including increasing the number of women in the management team. Based on the guiding principle in the diversity policy adopted by the Board of Directors of the Novo Nordisk Foundation, Novo Holdings A/S will in 2022 continue the work that supports the development towards more diversity.

Table A: Sustainability indicators - Social footprints

Indicators	Novo Nordisk Fonden			Novo Holdings A/S			Novo Nordisk A/S			Novozymes A/S		
	2021	2020	2019	2021	2020	2019	2021	2020	2019	2021	2020	2019
Employees												
Number of employees 31.12	156	189	159	132	122	98	48,478	45,323	43,258	6,527	6,185	6,125
Average number of employees in the year (FTE) ⁽¹⁾	131	173	131	89	78	68	46,171	43,759	42,703	6,240	6,099	6,341
Gender (Women %)												
- Board of Directors	33	33	33	14	14	17	33	38	38	29	29	40
- Committee members ⁽²⁾	41	38	31	-	-	-	-	-	-	-	-	-
- Management	38	41	40	29	13	14	43	22	22	33	33	31
- All employees	59	55	55	38	36	36	49	49	49	38	38	38
Country of origin (%)												
- Denmark	89	89	92	61	64	69	35	36	36	43	43	43
- European Union other than Denmark	8	8	5	9	11	13	11	10	10	2	57	57
- Outside the European Union	3	3	3	30	25	18	49	49	49	55		
Human capital												
Sick leave (%)	2	1	1	0	0	0	-	-	-	2	2	2
Turnover (%)	8	13	10	11	6	13	11	8	11	12	9	13
Employee satisfaction ⁽³⁾	91	6	9	96	-	9	84	N/A	91	82	82	77
Research & Development												
Number of journal articles ^{(4),(7)}	4,130	3,900	2,800	-	-	-	427	402	347	67	57	64
Number of patents and patents applications ⁽⁵⁾	229	182	140	-	-	-	12,445	11,901	11,876	7,206	7,194	6,575
Number of R&D personnel ⁽⁶⁾	6,552	4,500	4,077	-	-	-	8,759	8,209	8,117	1,330	1,411	1,522
PhD students	1,183	889	791	-	-	-	-	-	-	-	-	-
Post Doc fellows	970	1,034	989	-	-	-	-	-	-	-	-	-

⁽¹⁾ Novo Nordisk Foundation calculates the number of employees as full-time equivalents (FTEs).

⁽²⁾ Committee members are both internal experts and externals used for peer review.

⁽³⁾ In 2021, the engagement survey conducted in both Novo Nordisk and in the Novo Nordisk Foundation was entirely redesigned to support the strategic goals of the organisations. As a result, comparison to previous surveys is not possible. In 2021, Novo Holdings conducted a company culture survey and not an engagement survey, hence the results cannot be compared with previous results.

⁽⁴⁾ Number of journal and review articles reported by grant recipients of the Novo Nordisk Foundation.

⁽⁵⁾ Number of patents and patent applications reported by grant recipients of the Novo Nordisk Foundation.

⁽⁶⁾ Employees partly or fully financed by grants from the Novo Nordisk Foundation.

⁽⁷⁾ The yearly number of publications includes an estimation of the total number of publications reported in subsequent years.

Table A: Sustainability indicators - Environmental footprints

Indicators	Novo Nordisk Fonden ⁽⁹⁾			Novo Holdings A/S ⁽⁹⁾			Novo Nordisk A/S			Novozymes A/S		
	2020	2019	2018	2020	2019	2018	2020	2019	2018	2020	2019	2018
Energy (1,000 GJ)	3	4	3	3	2	3	3,191	2,993	3,099	4,475	4,574	4,831
CO2 emission (1,000 tons) ⁽⁸⁾	-	-	-	-	-	-	170	306	127	268	365	472
Renewable energy (%)	-	-	-	-	-	-	100	76	77	43	30	23
Water consumed (1.000 m3)	1	1	1	1	1	1	3,368	3,149	3,101	7,998	7,845	8,205
Waste (1.000 tons) ^{(10), (11)}	0.02	0.03	0.01	0.02	0,01	0.02	141	124	142	15	13	14

⁽⁸⁾ CO₂ emissions from operations and transport. In 2021, CO₂ emissions from production was 37,000 tons, office buildings and laboratories were 8,000 tons, product distribution was 61,000 tons, business flights were 19,000 and company cars 45,000 tons.

⁽⁹⁾ Office at Tuborg Havnevej 19, DK-2900 Hellerup. Consumption is based on invoices from suppliers.

⁽¹⁰⁾ Waste from production sites.

⁽¹¹⁾ Solid waste, excluding biomass where 99% is recycled.

