

Novo Nordisk Pharmaceuticals A/S

c/o Novo Nordisk A/S
Novo Allé
2880 Bagsværd
Denmark

CVR number 24 25 79 24

Annual Report 2020

The Annual Report has been presented and adopted at the Annual General Meeting on 12 May 2021.



Chairman of the meeting

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Statement by the Board of Directors and Executive Management

Today, the Board of Directors and Executive Management have approved the Annual Report of Novo Nordisk Pharmaceuticals A/S for the year 2020.

The Annual Report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the financial position of the company at 31 December 2020 and of the results of the company's operations for 2020 in accordance with the Danish Financial Statements Act.

Further, in our opinion, the Management's review gives a fair review of the development in the company's operations and financial matters and the results of the company's operations and financial position.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Bagsværd, 12 May 2021

Executive Management:



Peter Bøggild

Board of Directors:



Karsten Munk Knudsen
Chairman



Linette Nielsen



Tomas Haagen

Independent Auditor's report

To the Shareholder of Novo Nordisk Pharmaceuticals A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2020, and of the results of the Company's operations for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Novo Nordisk Pharmaceuticals A/S for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity, summary of significant accounting policies and notes ("financial statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

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

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

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

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Independent Auditor's report

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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, 12 May 2021

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31



Mads Melgaard

State Authorised Public Accountant

mne34354

Company information

| | |
|----------------|---|
| Company | Novo Nordisk Pharmaceuticals A/S c/o Novo Nordisk A/S Novo Allé 2880 Bagsværd Denmark |
| | CVR number 24 25 79 24 |
| | Founded: 4 April 1974 |
| | Municipality of domicile: Gladsaxe |
| | Financial year: 1 January – 31 December |

| | |
|---------------------------|---|
| Board of Directors | Karsten Munk Knudsen, chairman Linette Nielsen Tomas Haagen |
|---------------------------|---|

| | |
|-----------------------------|---------------|
| Executive Management | Peter Bøggild |
|-----------------------------|---------------|

| | |
|-----------------|--|
| Auditors | PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup Denmark |
|-----------------|--|

| | |
|------------------------|--|
| General meeting | The Annual General Meeting will be held on 12 May 2021 at the company's address. |
|------------------------|--|

Management Review

Main activities

The company's main activities are holding of equity investments in companies and other investments, and – at the discretion of the Board of Directors – supporting the operations of such companies. Finally main activities relate to investments in- and receipt of royalty streams related to GLP-1 products that utilises the SNAC technology. Novo Nordisk Pharmaceuticals A/S owns 5% of the shares in Novo Nordisk Pharma Argentina SA, 2.52% of the shares in Novo Nordisk Sağlık Ürünleri Ticaret Ltd., Turkey, and also 1% or a smaller portion of shares in some other Novo Nordisk affiliated companies.

Development during the financial year

Novo Nordisk Pharmaceuticals A/S ended with a net loss of DKK 2,368 thousand for the year 2020 compared with net profit DKK 3,722 thousand for the year 2019.

At December 2020, Novo Nordisk Pharmaceuticals A/S acquired a royalty contract of DKK 2,857 million (USD 450 million) that gives the right to receive USD royalty payments from Novo Nordisk A/S. The main development in the 2020 result is driven by fair value adjustment of financial assets.

The implications of COVID-19 did not have a material impact on the earnings in the subsidiaries.

Events after the balance sheet date

No events have occurred after the end of the reporting period that materially affect the financial position of the company.

Income statement

| | | 2020 | 2019 |
|--|----------|----------------|--------------|
| | Note | DKK '000 | DKK '000 |
| Royalty income | | 3,941 | - |
| Administrative costs | | 38 | 39 |
| Operating profit/(loss) | | 3,903 | (39) |
| Financial income | 1 | 240 | 3,761 |
| Financial expenses | 2 | 6,426 | 1 |
| Profit/(loss) before income taxes | | (2,283) | 3,721 |
| Income taxes | | 85 | (1) |
| NET PROFIT/(LOSS) FOR THE YEAR | 3 | (2,368) | 3,722 |

For proposed appropriation of net profit see note 3.

Balance sheet at 31 December

| | | 2020 | 2019 |
|--------------------------------------|------|------------------|---------------|
| | Note | DKK '000 | DKK '000 |
| ASSETS | | | |
| Financial assets | 4 | 2,864,705 | 14,545 |
| TOTAL NON-CURRENT ASSETS | | 2,864,705 | 14,545 |
| Tax receivables | | 88,871 | 9 |
| Amounts owed by affiliated companies | | 3,941 | - |
| Cash at bank | | 1,107 | 1,048 |
| TOTAL CURRENT ASSETS | | 93,919 | 1,057 |
| TOTAL ASSETS | | 2,958,624 | 15,602 |
| EQUITY AND LIABILITIES | | | |
| Share capital | 5 | 1,002 | 1,001 |
| Retained earnings | | 2,848,702 | 14,568 |
| TOTAL EQUITY | | 2,849,704 | 15,569 |
| Deferred tax liabilities | | 88,914 | - |
| TOTAL NON-CURRENT LIABILITIES | | 88,914 | - |
| Amounts owed to affiliated companies | | 19,974 | - |
| Other liabilities | | 32 | 33 |
| TOTAL CURRENT LIABILITIES | | 20,006 | 33 |
| TOTAL LIABILITIES | | 108,920 | 33 |
| TOTAL EQUITY AND LIABILITIES | | 2,958,624 | 15,602 |

Statement of changes in equity at 31 December

| | Share capital DKK '000 | Share premium DKK '000 | Fair value reserve DKK '000 | Retained earnings DKK '000 | Total DKK '000 |
|--|---------------------------|------------------------------|-----------------------------------|----------------------------------|-------------------|
| 2020 | | | | | |
| Balance at the beginning of the year | 1,001 | - | - | 14,568 | 15,569 |
| Net profit/(loss) for the year | | | | (2,368) | (2,368) |
| Paid in share capital and share premium *) | 1 | 2,836,502 | | | 2,836,503 |
| Transfer of share premium to retained earnings | | (2,836,502) | | 2,836,502 | - |
| Fair value adjustments of cash flow hedges incurred in the period | | | 74,722 | | 74,722 |
| Realised cash flow hedge in the period transferred to financial assets | | | (74,722) | | (74,722) |
| Balance at the end of the year | 1,002 | - | - | 2,848,702 | 2,849,704 |

*) Paid in share capital amounts to nominal DKK 1,000 at a price of DKK 2,836,503 thousands.

2019

| | | | | | |
|---------------------------------------|--------------|----------|----------|---------------|---------------|
| Balance at the beginning of the year | 1,001 | - | - | 10,846 | 11,847 |
| Net profit/(loss) for the year | | | | 3,722 | 3,722 |
| Balance at the end of the year | 1,001 | - | - | 14,568 | 15,569 |

Accounting policies

Accounting basis

The Annual Report of the company is prepared in accordance with the Danish Financial Statements Act for a class B enterprise as well as selected rules applying to reporting class C.

In accordance with the Danish Financial Statements Act § 86 a separate statement of cash flow has not been prepared. Reference is made to the statement of cash flow presented for the parent company.

The accounting policies applied remain unchanged from last year.

The Annual Report is presented in DKK 1,000.

Translation of foreign currencies

Assets and debt in foreign currencies are translated into Danish kroner at the exchange rates at the balance sheet date. Financial statements of foreign subsidiaries are translated into Danish kroner at the exchange rates at the balance sheet date for the balance sheet items and at average exchange rates for income statement items.

All exchange rate adjustments are recognised in the income statement.

Administrative costs

Administrative costs comprise expenses for the management and administration of the company, such as expenses for audit fee, administrative staff, management, office premises, office costs etc, as well as depreciation, amortisation and impairment losses.

Financial items

Financial income and expenses include interest income and expenses, realised and unrealised capital gains and losses on securities, debt and transactions in foreign currencies, amortisation of financial assets and liabilities. Financial income and expenses are recognised by the amounts pertaining to the financial year.

Financial assets

Financial assets are initially measured at cost, being the acquisition amount and costs related to the investment. The financial assets is subsequently remeasured at fair value at the end of the reporting period.

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

Cash flow hedges are discontinued 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.

Amounts owed by affiliated companies

Receivables are stated at amortised cost less write-downs for potential losses on doubtful debts. The write-downs are based on an individual assessment of each debtor.

Dividend

Proposed dividends (not yet declared) for the accounting period are recognised in the equity as proposed dividends.

Tax

The company is jointly taxed with the Danish companies in the Novo Holdings A/S Group. The tax effect of the joint taxation with the parent company and other subsidiaries is allocated to the companies in proportion to their taxable incomes (full allocation). The current tax in the joint taxation is paid by the ultimate parent company, Novo Holdings A/S, which functions as the tax administration company. The jointly taxed Danish enterprises have adopted the on-account taxation scheme.

Notes

| 1 - Financial income | 2020 | 2019 |
|--------------------------------------|------------|--------------|
| | DKK '000 | DKK '000 |
| Value adjustment of financial assets | - | 3,761 |
| Foreign exchange rate gain (net) | 240 | - |
| Total financial income | 240 | 3,761 |

| 2 - Financial expenses | 2020 | 2019 |
|--|--------------|----------|
| | DKK '000 | DKK '000 |
| Interest expenses relating to affiliated companies | - | 1 |
| Value adjustment of financial assets | 6,421 | - |
| Other financial expenses | 5 | - |
| Total financial expenses | 6,426 | 1 |

| 3 - Proposed appropriation of net profit | 2020 | 2019 |
|--|----------------|--------------|
| | DKK '000 | DKK '000 |
| Retained earnings | (2,368) | 3,722 |
| Distribution of net profit | (2,368) | 3,722 |

| 4 - Financial assets | 2020 | |
|--|--|-------------------------------|
| | Shares in affiliated companies DKK '000 | Royalty contracts DKK '000 |
| Fair value beginning of year | 14,545 | - |
| Addition | - | 2,856,676 |
| Dividends | (95) | - |
| Fair value adjustments for the year recognised in income statement | (2,480) | (3,941) |
| Fair value end of period | 11,970 | 2,852,735 |

The royalty contract was acquired in December 2020. The fair value corresponds to the cost price less received royalties from acquisition date to balance sheet date.

5 - Share capital

The share capital constitutes DKK 1,002,000 and consists of:

| | |
|---------------------------------------|---------|
| 12 shares of nominal value per share: | 1,000 |
| 9 shares of nominal value per share: | 10,000 |
| 9 shares of nominal value per share: | 100,000 |

| | 2020 | 2019 |
|---------------------------------------|--------------|--------------|
| | DKK '000 | DKK '000 |
| Share capital 1 January | 1,001 | 1,001 |
| Capital contribution | 1 | - |
| Balance at the end of the year | 1,002 | 1,001 |

Notes

6 - Contingencies

The company is jointly taxed with the Danish companies in the Novo Holdings A/S Group. The joint taxation also covers withholding taxes in the form of dividend tax, royalty tax and interest tax. The Danish companies are jointly and individually liable for the joint taxation. Any subsequent adjustments to income taxes and withholding taxes may lead to a larger liability. The tax for the individual companies is allocated in full on the basis of the expected taxable income.

The company has no other contingent liabilities.

7 - Related parties and ownership

Controlling interests

Novo Nordisk A/S, Novo Allé, 2880 Bagsværd, Denmark

Novo Holdings A/S, Tuborg Havnevej 19, 2900 Hellerup, Denmark

Novo Nordisk Foundation, Tuborg Havnevej 19, 2900 Hellerup, Denmark

Basis

Principal shareholder, owns 100%

Controls Novo Nordisk A/S

Ultimate parent of the Group

The company is included in the consolidated financial statements of Novo Nordisk A/S.