

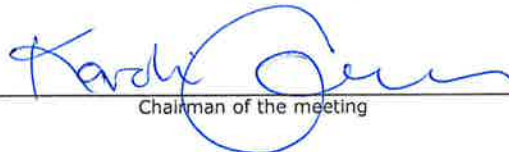
Novo Nordisk Region Japan & Korea A/S

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

CVR number 25 68 07 66

Annual Report 2019

**The Annual Report has been presented and adopted at the Annual
General Meeting on 20 May 2020.**



A handwritten signature in blue ink, appearing to read "Kordy Oen", is written over a horizontal line. The signature is stylized and cursive.

Chairman of the meeting

Novo Nordisk Region Japan & Korea A/S
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Novo Nordisk Region Japan & Korea A/S

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 Region Japan & Korea A/S for the year 2019.

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 2019 and of the results of the company's operations for 2019 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, 20 May 2020

Executive Management:




Peter Bøggild


Board of Directors:



Karsten Munk Knudsen
Chairman



Lene Bang



Tomas Haagen

Novo Nordisk Region Japan & Korea A/S Independent Auditor's Report

To the Shareholder of Novo Nordisk Region Japan & Korea 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 2019, and of the results of the Company's operations for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Novo Nordisk Region Japan & Korea A/S for the financial year 1 January - 31 December 2019, 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.

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:

Novo Nordisk Region Japan & Korea A/S
Independent Auditor's report

- 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, 20 May 2020

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31



Mads Melgaard
State Authorised Public Accountant
mne34354



Elife Savas
State Authorised Public Accountant
mne34453

Novo Nordisk Region Japan & Korea A/S
Company information

Company Novo Nordisk Region Japan & Korea A/S
c/o Novo Nordisk A/S
Novo Allé
2880 Bagsværd
Denmark

CVR no.: 25 68 07 66
Founded: 1 October 2000
Municipality of domicile: Gladsaxe
Financial year: 1 January – 31 December

Board of Directors Karsten Munk Knudsen, chairman
Lene Bang
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 20 May 2020 at the company's address.

Novo Nordisk Region Japan & Korea A/S
Financial key figures

	2019	2018	2017	2016	2015
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Income statement:					
Income from service activity	30,286	43,301	30,593	33,393	61,618
Operating profit from service activity	6,325	9,940	7,867	6,897	14,041
Operating profit/(loss)	335	1,600	2,186	273	2,147
Net financials & profit/(loss) in subsidiaries	233,979	184,301	218,585	222,394	215,654
Net profit/(loss) for the year	231,997	183,952	252,260	220,966	218,745
Balance sheet:					
Financial assets	1,488,040	1,374,403	1,621,810	1,701,684	1,718,392
Total assets	1,798,495	1,529,472	1,885,312	2,248,415	1,804,264
Equity	1,797,948	1,519,266	1,878,723	1,730,072	1,444,814

Novo Nordisk Region Japan & Korea A/S Management Review

Main activities

The company's main activities are the holding of equity investments in companies, and other investments, as well as financial activities, and – at the discretion of the Board of Directors – supporting the operations of such companies.

Development during the financial year

Net profit for Novo Nordisk Region Japan & Korea A/S ended at DKK 231,997 thousand for the year 2019 compared with DKK 183,952 thousand for the year 2018. The increase in net profit is mainly related to a increase in net profit in subsidiaries. The net profit is in line with the expectations stated in the Annual Report 2018.

The company's most important activity in 2020, is expected to comprise the holding of equity investments in a portfolio of subsidiaries. The operational services has been transferred to the fully owned Japanese subsidiary.

Events after the balance sheet date

Governments across the world have decided to initiate measures as a response to the COVID-19 outbreak. See comments in note 11 to the financial statement.

Outlook for the company, including specific assumptions and elements of uncertainty

The company's financial performance reflects the development in the underlying subsidiaries. Management expects to record a positive return in 2020.

Specific risks

For other specific risks and presentation of capital resources please see management review included in the annual report of Novo Nordisk A/S.

Foreign branches

The company had a branch in Tokyo, Japan. The name of the branch was Novo Nordisk Region Japan & Korea A/S, Japan Branch Office. The branch was closed in 2019 and the employees and activities was transferred to the subsidiary in Japan.

Novo Nordisk Region Japan & Korea A/S
Income statement

	Note	2019 DKK '000	2018 DKK '000
Income from service activity		30,286	43,301
Expenses from service activity	1	23,961	33,361
Operating profit from service activity		6,325	9,940
Administrative costs	1	5,990	8,340
Operating profit/(loss)		335	1,600
Profit/(loss) in subsidiaries	2	228,358	178,289
Financial income	3	5,631	6,023
Financial expenses	4	10	11
Profit/(loss) before income taxes		234,314	185,901
Income taxes	5	2,317	1,949
NET PROFIT/(LOSS) FOR THE YEAR	6	231,997	183,952

For proposed appropriation of net profit see note 6.

Novo Nordisk Region Japan & Korea A/S
Balance sheet at 31 December

	Note	2019 DKK '000	2018 DKK '000
ASSETS			
Financial assets	2	1,488,040	1,374,403
Other financial assets		2	2
Deferred income tax assets	7	-	2,034
TOTAL NON-CURRENT ASSETS		1,488,042	1,376,439
Amounts owed by affiliated companies		276,588	42,761
Tax receivables		-	381
Other receivables		33,865	109,891
TOTAL CURRENT ASSETS		310,453	153,033
TOTAL ASSETS		1,798,495	1,529,472
EQUITY AND LIABILITIES			
Share capital	8	15,500	15,500
Net revaluation reserve according to the equity method		925,634	812,003
Retained earnings		461,814	441,763
Proposed dividends		395,000	250,000
TOTAL EQUITY		1,797,948	1,519,266
Amounts owed to affiliated companies		-	1,599
Tax payables		86	1,684
Other liabilities	9	461	6,923
TOTAL CURRENT LIABILITIES		547	10,206
TOTAL LIABILITIES		547	10,206
TOTAL EQUITY AND LIABILITIES		1,798,495	1,529,472

Novo Nordisk Region Japan & Korea A/S
Statement of changes in equity at 31 December

	Share capital DKK '000	Net revaluation reserve DKK '000	Retained earnings DKK '000	Proposed dividends DKK '000	Total DKK '000
2019					
Balance at the beginning of the year	15,500	812,003	441,763	250,000	1,519,266
Net profit/(loss) for the year			231,997		231,997
Proposed dividends			(145,000)	145,000	-
Remeasurements of defined benefit plans in subsidiaries			9,988		9,988
Transfer of net profit for the year to net revaluation reserve		113,631	(113,631)		-
Exchange rate adjustments of investments in subsidiaries			36,697		36,697
Balance at the end of the year	15,500	925,634	461,814	395,000	1,797,948
2018					
Balance at the beginning of the year	15,500	1,059,410	163,813	640,000	1,878,723
Net profit/(loss) for the year			183,952		183,952
Proposed dividends			(250,000)	250,000	-
Remeasurements of defined benefit plans in subsidiaries			2,343		2,343
Dividends paid				(640,000)	(640,000)
Transfer of net profit for the year to net revaluation reserve		(247,407)	247,407		-
Exchange rate adjustments of investments in subsidiaries			94,248		94,248
Balance at the end of the year	15,500	812,003	441,763	250,000	1,519,266

Novo Nordisk Region Japan & Korea A/S

Accounting policies

Accounting basis

The Annual Report of the company is prepared in accordance with the Danish Financial Statements Act for a medium-sized class C enterprise.

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 except exchange rate adjustments arising from:

- translation of subsidiaries' net assets at the beginning of the year at the exchange rates at the balance sheet date
- translation of subsidiaries' income statements at average exchange rates and translation of their balance sheet items at the exchange rates at the balance sheet date
- translation of non-current intra-Group receivables that are considered a supplement to the net assets of the subsidiaries.

The above currency translation differences are recognised directly in equity.

Income from service activity

Income from service activity is recognised as earned.

Expenses from service activity

Expenses from service activity are made up of costs relating to income from service activity.

Administrative costs

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

Share-based payment

The parent company offers incentive schemes to a group of managerial employees in the company's branch and subsidiaries. The fair value of the employee services received in exchange for the grant of shares is recognised as an expense.

Retirement benefit obligations

A few of the company's subsidiaries operate defined benefit plans. The cost for the year for defined benefit plans are determined using the projected unit credit method based on actuarial assumptions. Gains and losses arising from changes in actuarial assumptions are charged directly to Equity.

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, as well as surcharges and allowances under the tax prepayment scheme etc. Financial income and expenses are recognised by the amounts pertaining to the financial year.

Financial assets

Equity investments in subsidiaries are recognised at equity value, i.e. at the proportional share of the carrying amount of the equity value of the subsidiary.

The share of profit or loss in subsidiaries is recognised in the income statement of the parent company.

For business combinations in connection with the foundation of the company the acquisition method is used, resulting in a revaluation of the acquired companies' assets and liabilities and recognition of goodwill. This goodwill is amortised over a maximum period of 20 years, based on life expectancy, and an impairment test is conducted annually.

Subsequent internal business combinations are recognised using the pooling of interests method, meaning that assets and liabilities are recognised at the carrying amounts that would have applied if the Group relationship had been established at the beginning of the comparative period, without any subsequent revaluation.

Novo Nordisk Region Japan & Korea A/S

Accounting policies

When using the pooling of interests method, there is no recognition of goodwill. The difference between the amount paid as capital and the equity in the acquired company is recognised directly in equity.

Net revaluation of equity investments in subsidiaries exceeding the declared dividend of the subsidiaries is transferred to equity as net revaluation reserve according to the equity method.

Receivables

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, including an evaluation of payment risk associated with individual countries.

Tax

Deferred tax is provided for using the balance sheet liability method and comprises all temporary differences between the carrying amount and tax base of assets and liabilities, with the exception of goodwill in situations where goodwill is not deducted for tax purposes. The tax value of tax loss carry-forwards is included in the statement of deferred tax if the losses are likely to be utilised in the future. Deferred tax is provided for using the tax rate expected to apply when the temporary differences are expected to be eliminated.

Novo Nordisk recognises deferred income tax assets if it is probable that sufficient taxable income will be available in the future against which the temporary differences can be utilised.

Tax payable/receivable includes tax payable computed on the basis of the expected taxable income for the year and any adjustments of taxes payable for previous years.

Income tax in the income statement comprises current tax for the year and any change in the provision for deferred 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.

Dividends

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

Long- and short-term debt

Long- and short-term debt are measured at amortised cost.

Statement of cash flows

In accordance with section 4, paragraph 86, of the Danish Financial Statements Act, no separate cash flow statement has been prepared for the parent company. Reference is made to the cash flow statement in the Consolidated Financial Statements for the Novo Nordisk Group.

Novo Nordisk Region Japan & Korea A/S
Notes

1 - Employee costs

	2019	2018
	DKK '000	DKK '000
Wages and salaries	8,196	12,250
Other social security contributions	2,126	1,910
Share-based payment, paid	5,359	3,788
Other employee costs	6,433	17,818
Total employee costs	22,114	35,766
Average number of full-time employees (incl. branch)	15	15
Number of full-time employees at year-end (incl. branch)	-	16

According to the Danish Financial Statements Act §98b (3) executive management remuneration is not disclosed.

2 - Financial assets

	2019	2018
	DKK '000	DKK '000
Capital investments in subsidiaries		
Cost at the beginning of the year	562,400	562,400
Investments during the year	6	-
Cost at the end of the year	562,406	562,400
Value adjustments at the beginning of the year	812,003	1,059,410
Profit/(loss) before tax	360,903	276,463
Income taxes on profit for the year	(125,020)	(90,649)
Amortisation and write-down of goodwill	(7,525)	(7,525)
Remeasurements of defined benefit plans	9,988	2,343
Dividends	(161,412)	(522,287)
Effect of exchange rate adjustment	36,697	94,248
Value adjustments at the end of the year	925,634	812,003
Carrying amount at the end of the year	1,488,040	1,374,403

The carrying amount of equity investments in subsidiaries includes goodwill of DKK 24 million (2018: DKK 32 million), which occurred in connection with the acquisition of subsidiaries. Amortisation of goodwill amounts to DKK 7.5 million (2018: DKK 7.5 million).

A list of capital investments in subsidiaries is shown in note 14.

3 - Financial income

	2019	2018
	DKK '000	DKK '000
Foreign exchange rate gain (net)	5,631	6,004
Other financial income	-	19
Total financial income	5,631	6,023

4 - Financial expenses

	2019	2018
	DKK '000	DKK '000
Other financial expenses	10	11
Total financial expenses	10	11

Novo Nordisk Region Japan & Korea A/S
Notes

5 - Income taxes	2019	2018
	DKK '000	DKK '000
Tax on the profit/(loss) for the year	176	2,404
Deferred tax on the profit/(loss) for the year	2,142	(919)
Adjustments recognised for current tax of prior periods	(1)	464
Income taxes	2,317	1,949

6 - Proposed appropriation of net profit	2019	2018
	DKK '000	DKK '000
Proposed dividends	145,000	250,000
Retained earnings	(26,634)	181,359
Net revaluation reserve according to the equity method	113,631	(247,407)
Distribution of net profit	231,997	183,952

7 - Deferred income tax	2019	2018
	DKK '000	DKK '000
Net deferred tax asset/(liability) at the beginning of the year	2,034	1,042
Income/(charge) to the Income statement	(2,034)	919
Income/(charge) to Equity	-	73
Net deferred tax asset/(liability) at the end of the year	-	2,034

8 - Share capital

The share capital consists of 155,000 shares of nominal value DKK 100. No shares carry any special rights.

9 - Other liabilities	2019	2018
	DKK '000	DKK '000
Employee costs payable	-	3,791
Other payables	461	3,132
Total other liabilities	461	6,923

10 - 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.

**Novo Nordisk Region Japan & Korea A/S
Notes**

11 - Events after the balance sheet date

Governments across the world have decided to initiate measures as a response to the COVID-19 outbreak. The measures were initiated after the balance sheet date (31 December 2019). The Management therefore considers the implications of COVID-19 a non-adjusting subsequent event to the Company. The main activity of the company is the holding of shares in subsidiaries. The impact on the earnings in 2020 is therefore dependent on the impact from COVID-19 in the subsidiaries. To date, all Novo Nordisk manufacturing sites continue to operate and products are still distributed across the globe. It is however, too early to give an opinion as to whether and, if so, to what extent COVID-19 will impact earnings from the subsidiaries.

12 - Related party transactions

All transactions with related parties have been carried out at arm's length principle.

13 - 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

In accordance with section 112 of the Danish Financial Statements Act, consolidated financial statements have not been prepared. The consolidated financial statements of the parent company, Novo Nordisk A/S, and the ultimate parent company, Novo Nordisk Foundation, in which Novo Nordisk Region Japan & Korea A/S is fully consolidated, can be ordered from Novo Nordisk A/S (CVR nr. 24 25 67 90), Novo Allé, 2880 Bagsværd, Denmark, and from the Novo Nordisk Foundation (CVR nr. 10 58 29 89), Tuborg Havnevej 19, 2900 Hellerup, Denmark.

14 - Subsidiaries

	Country	Percentage of shares owned	Activity
			▲ Production ■ Sales and marketing • Research and development □ Services/investments
Subsidiaries			
Novo Nordisk Pharma Ltd.	Japan	100	▲ ■
Novo Nordisk Pharma Korea Ltd.	South Korea	100	■