

Novo Nordisk Pharma Operations A/S

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

CVR number 32 65 72 22

Annual Report 2018

**The Annual Report has been presented and adopted at the Annual
General Meeting on 14 May 2019.**


Chairman of the meeting

Novo Nordisk Pharma Operations A/S
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Novo Nordisk Pharma Operations 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 Pharma Operations A/S for the financial year 1 January – 31 December 2018.

The Annual Report is 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 at 31 December 2018 of the Company and of the results of the company's operations for 2018 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.


Bagsvaerd, 14 May 2019

Executive Management:


Lars Bo Smidt

Board of Directors:


Thomas Haagen
Chairman


Lene Bang


Claus Sølje

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Novo Nordisk Pharma Operations A/S

Independent Auditor's report

To the Shareholder of Novo Nordisk Pharma Operations 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 2018, and of the results of the Company's operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Novo Nordisk Pharma Operations A/S for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies.

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.

Novo Nordisk Pharma Operations A/S
Independent Auditor's report

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, 14 May 2019

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 Pharma Operations A/S
Company information

Company	Novo Nordisk Pharma Operations A/S c/o Novo Nordisk A/S Novo Allé 2880 Bagsværd Denmark
	CVR no.: 32 65 72 22 Founded: 18 December 2009 Municipality of domicile: Gladsaxe Financial year: 1 January - 31 December
Board of Directors	Thomas Haagen, chairman Lene Bang Claus Sølje
Executive Management	Lars Bo Smidt
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup Denmark
General meeting	Annual General Meeting to be held on 14 May 2019 at the Company's address.

Novo Nordisk Pharma Operations A/S Management Review

Main activities

The main activity of the company is to establish and own branches and shares in domestic and foreign companies, to make investments and financial dealings, including domestic and foreign placement of capital in companies and real estate, and at the discretion of the board of directors to support the operations of such companies. The Company aims also to support the Novo Nordisk A/S pharmaceutical activities.

Development during the financial year

The net profit for Novo Nordisk Pharma Operations A/S ended at DKK 1.710 thousand for the year 2018 compared to DKK 759 thousand for the year 2017.

During 2018 the company has established a branch office in Ecuador.

Events after the balance sheet date

No events have occurred after the end of the reporting period which materially affect the financial standing of the company.

Foreign branches

The company has branches in Kosovo, Montenegro, Vietnam, Iraq, Saudi Arabia, Ecuador (established 2018) and Peru (under liquidation).

Novo Nordisk Pharma Operations A/S
Income statement

	Note	2018 DKK '000	2017 DKK '000
Income from service activity		61,361	65,682
Expenses from service activity	1, 5	59,137	62,067
Operating profit/(loss)		2,224	3,615
Financial Income	2	56	20
Financial expenses	3	543	1,179
Profit/(loss) before income taxes		1,737	2,456
Income taxes		27	1,697
NET PROFIT/(LOSS) FOR THE YEAR	4	1,710	759

For proposed appropriation of net profit see note 4.

Novo Nordisk Pharma Operations A/S
Balance sheet at 31 December

	Note	2018 DKK '000	2017 DKK '000
ASSETS			
Property, plant and equipment	5	4,416	979
TOTAL FIXED ASSETS		4,416	979
Deferred income tax	6	291	347
TOTAL LONG TERM ASSETS		291	347
Amounts owed by affiliated companies		17,889	22,681
Tax receivables		1,226	109
Other receivables		1,996	2,672
Cash at bank		18,155	14,798
TOTAL CURRENT ASSETS		39,266	40,260
TOTAL ASSETS		43,973	41,586
EQUITY AND LIABILITIES			
Share capital	7	500	500
Retained earnings		11,044	9,334
TOTAL EQUITY		11,544	9,834
Deferred tax liability		-	16
LONG-TERM LIABILITIES		-	16
Trade payables		681	234
Amounts owed to affiliated companies		19,132	10,986
Tax payables		48	1,055
Other liabilities	8	12,568	19,461
TOTAL CURRENT LIABILITIES		32,429	31,736
TOTAL LIABILITIES		32,429	31,752
TOTAL EQUITY AND LIABILITIES		43,973	41,586

Novo Nordisk Pharma Operations A/S
Statement of changes in equity at 31 December

	Share capital DKK '000	Retained earnings DKK '000	Total DKK '000
2018			
Balance at the beginning of the year	500	9,334	9,834
Net profit/(loss) for the year		1,710	1,710
Balance at the end of the year	500	11,044	11,544
2017			
Adjusted balance of the beginning of the year	500	8,575	9,075
Net profit/(loss) for the year		759	759
Balance at the end of the year	500	9,334	9,834

Novo Nordisk Pharma Operations A/S

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.

The Annual Report is presented in DKK 1,000.

Translation of foreign currencies

Foreign currency transactions are translated into DKK 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 denominated in foreign currencies are recognised in the Income statement.

Income recognition

Revenues are recognised as earned.

Expenses from service activity

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

Financial items

Financial income and expenses include interest income and expenses, realised and unrealised gains and losses on debt and transactions denominated in foreign currencies and amortisation of financial assets and liabilities. Financial income and expenses are recognised at the amounts that concern the reporting period.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment loss. Depreciation is provided under the straight-line method over the estimated useful lives of the assets:

Other fixtures and fittings	3-16 years
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Assets with a short estimated useful life is recognised in the income statement at the date of acquisition.

If the carrying amount of property, plant and equipment are higher than the recoverable amount, the asset is written down to its lower recoverable amount.

Amounts owed by affiliated companies

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

Income taxes

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

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.

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 debts are measured at amortised cost.

Novo Nordisk Pharma Operations A/S
Notes

1 - Employee costs	2018	2017
	DKK '000	DKK '000
Wages and salaries	38,226	38,437
Pensions	1,472	1,416
Other contributions to social security	3,405	3,361
Other employee costs	2,230	3,773
Total employee costs	45,333	46,987

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

	2018	2017
	DKK '000	DKK '000
Average number of full-time employees at year-end	89	76

2 - Financial income	2018	2017
	DKK '000	DKK '000
Interest income	56	20
Total financial income	56	20

3 - Financial expenses	2018	2017
	DKK '000	DKK '000
Interest paid	38	17
Foreign exchange loss (net)	252	872
Other financial expenses	253	290
Total financial expenses	543	1,179

4 - Proposed appropriation of net profit:	2018	2017
	DKK '000	DKK '000
Retained earnings	1,710	759
Distribution of net profit	1,710	759

5 - Property, plant and equipment	2018	2017
	DKK '000	DKK '000
Cost at the beginning of the year	1,583	1,583
Additions during the year	4,381	-
Cost at the end of the year	5,964	1,583
Depreciation and impairment losses at the beginning of the year	604	254
Depreciation for the year	944	350
Depreciation and Impairment losses at the end of the year	1,548	604
Carrying amount at the end of the year	4,416	979

6 - Deferred income tax assets/(liabilities)	2018	2017
	DKK '000	DKK '000
Net deferred tax asset/(liability) at 1 January	331	356
Income/(charge) to the Income statement	(40)	-25
Net deferred tax asset/(liability) at 31 December	291	331

Novo Nordisk Pharma Operations A/S
Notes

7 - Share capital

The share capital consists of 500,200 shares of nominal DKK 1.

	2018 DKK	2017 DKK	2016 DKK	2015 DKK	2014 DKK
Share capital 1 January	500,200	500,200	500,200	500,100	500,100
Capital contribution	-	-	-	100	-
Balance at the end of the year	500,200	500,200	500,200	500,200	500,100

8 - Other liabilities

	2018 DKK '000	2017 DKK '000
Employee costs payable	7,734	8,597
Duties payable	2,527	3,795
Payables regarding promotion activities	-	236
Legal and consultancy costs payables	650	2,771
Other liabilities	1,657	4,062
Total other liabilities	12,568	19,461

9 - Contingent liabilities

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.

10 - Related parties and ownership

Controlling Interests

Novo Nordisk Region International Operations A/S, Novo Allé, 2880 Bagsværd, Denmark
 Novo Nordisk A/S, Novo Allé, 2880 Bagsværd, Denmark
 Novo Holdings A/S, Tuborg Havnevej 19, 2900 Hellerup, Denmark
 Novo Nordisk Fonden, Tuborg Havnevej 19, 2900 Hellerup, Denmark

Basis

Principal shareholder, owns 100%
 Controls Novo Nordisk Region International Operations A/S
 Controls Novo Nordisk A/S
 Ultimate parent of the group