


# **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 2017**

**The Annual Report has been presented and adopted at the Annual  
General Meeting on 25 April 2018.**

  
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 2017.

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 2017 of the Company and of the results of the company's operations for 2017 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.

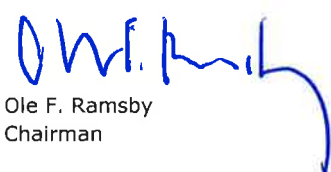
Bagsværd, 25 April 2018

**Executive Management:**



Lars Bo Smidt

**Board of Directors:**



Ole F. Ramsby  
Chairman



Karsten Munk Knudsen



Claus Sølje

## **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 2017, and of the results of the Company's operations for the financial year 1 January - 31 December 2017 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 2017, 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.

Bagsværd, 25 April 2018

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31



Torben Jensen

State Authorised Public Accountant

mne18651

## **Novo Nordisk Pharma Operations A/S**

### **Company information**

<b>Company</b>	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
<b>Board of Directors</b>	Ole F. Ramsby, chairman Karsten Munk Knudsen Claus Søjle
<b>Executive Management</b>	Lars Bo Smidt
<b>Auditors</b>	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup Denmark
<b>General meeting</b>	Annual General Meeting to be held on 25 April 2018 at the Company's address.
<b>Ownership</b>	<p>The Company is a 100% owned subsidiary of Novo Nordisk Region International Operations A/S. The consolidated financial statements of Novo Nordisk A/S, which include the Company by full consolidation, can be obtained by contacting Novo Nordisk A/S (CVR. no. 24 25 67 90), Novo Allé, DK-2880 Bagsværd.</p> <p>The ultimate parent company is Novo Nordisk Foundation. Consolidated financial statements can be obtained by contacting Novo Nordisk Fonden (CVR. no. 10 58 29 89), Tuborg Havnevej 19, 2900 Hellerup, Denmark.</p>

## **Novo Nordisk Pharma Operations A/S Management Review**

### **Main activities**

The purpose 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.

### **Trends during the financial year**

The net profit for Novo Nordisk Pharma Operations A/S ended at DKK 759 thousand for the year 2017 compared to DKK 2,060 thousand for the year 2016.

The Colombian branch was liquidated in 2017.

As of 1 March 2017, the company has transferred the activity in the Peru branch to a newly established subsidiary owned by Novo Nordisk International Operations A/S. The transfer is recognised as if it was conducted 1 January 2016. Please refer to Accounting Policies for a further description of measurement and recognition.

### **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. The company has established a branch office in Equador in March 2018.

### **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	2017 DKK '000	2016 DKK '000
Income from service activity		65.682	56.887
Expenses from service activity	1, 5	53.366	47.319
<b>Operating profit from service activity</b>		<b>12.316</b>	<b>9.568</b>
Administrative costs	1	8.701	8.970
<b>Operating profit/(loss)</b>		<b>3.615</b>	<b>598</b>
Financial income	2	20	1.236
Financial expenses	3	1.179	254
<b>Profit/(loss) before income taxes</b>		<b>2.456</b>	<b>1.580</b>
Income taxes		1.697	(480)
<b>NET PROFIT/(LOSS) FOR THE YEAR</b>	<b>4</b>	<b>759</b>	<b>2.060</b>

For proposed appropriation of net profit see note 4.



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

	Note	2017 DKK '000	2016 DKK '000
<b>ASSETS</b>			
Property, plant and equipment	5	979	1.329
<b>TOTAL FIXED ASSETS</b>		<b>979</b>	<b>1.329</b>
Deferred income tax	6	347	356
<b>TOTAL LONG TERM ASSETS</b>		<b>347</b>	<b>356</b>
Amounts owed by affiliated companies		22.681	12.121
Tax receivables		109	-
Other receivables		2.672	4.447
Cash at bank		14.798	19.390
<b>TOTAL CURRENT ASSETS</b>		<b>40.260</b>	<b>35.958</b>
<b>TOTAL ASSETS</b>		<b>41.586</b>	<b>37.643</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	7	500	500
Retained earnings		9.334	8.575
<b>TOTAL EQUITY</b>		<b>9.834</b>	<b>9.075</b>
Deferred tax liability		16	-
<b>LONG-TERM LIABILITIES</b>		<b>16</b>	<b>-</b>
Trade payables		234	134
Amounts owed to affiliated companies		10.986	11.839
Tax payables		1.055	(212)
Other liabilities	8	19.461	16.807
<b>TOTAL CURRENT LIABILITIES</b>		<b>31.736</b>	<b>28.568</b>
<b>TOTAL LIABILITIES</b>		<b>31.752</b>	<b>28.568</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>41.586</b>	<b>37.643</b>

**Statement of changes in equity at 31 December**

	Share capital DKK '000	Retained earnings DKK '000	Total DKK '000
<b>2017</b>			
Balance at the beginning of the year	500	8.575	9.075
Net profit/(loss) for the year		759	759
<b>Balance at the end of the year</b>	<b>500</b>	<b>9.334</b>	<b>9.834</b>
<b>2016</b>			
Balance at the beginning of the year	500	6.092	6.592
Adjustment due to transfer of activities		423	423
Adjusted balance of the beginning of the year	500	6.515	7.015
Net profit/(loss) for the year		2.060	2.060
<b>Balance at the end of the year</b>	<b>500</b>	<b>8.575</b>	<b>9.075</b>

## **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.

As of 1 March 2017, the company has transferred the activity in the Peru branch to a newly established subsidiary owned by Novo Nordisk Region International Operations A/S. The transfer is recognised in accordance with the "pooling of interests" method, as if the activity in the branch was always placed in the subsidiary with adjustment date 1 January 2016, meaning that comparative figures for 2016 have been restated. The effect hereof at the beginning of 2016 is an increase of the equity of DKK 423 thousand. The effect as of 31 December 2016 is a reduction of assets of DKK 5,606 thousand, a reduction of net profit of DKK 264 thousand and an increase of equity of DKK 159 thousand.

Except from above, the accounting policies applied remain unchanged from last year.

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.

#### **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 live 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**

	<b>2017</b>	2016
	DKK '000	DKK '000
Wages and salaries	38.437	35.185
Pensions	1.416	537
Other contributions to social security	3.361	1.594
Other employee costs	3.773	2.620
<b>Total employee costs</b>	<b>46.987</b>	<b>39.936</b>

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

	<b>2017</b>	2016
Average number of full-time employees at year-end	76	81

**2 - Financial income**

	<b>2017</b>	2016
	DKK '000	DKK '000
Foreign exchange gain (net)	-	1.215
Interest income	20	21
<b>Total financial income</b>	<b>20</b>	<b>1.236</b>

**3 - Financial expenses**

	<b>2017</b>	2016
	DKK '000	DKK '000
Interest paid	17	26
Foreign exchange loss (net)	872	-
Other financial expenses	290	228
<b>Total financial expenses</b>	<b>1.179</b>	<b>254</b>

**4 - Proposed appropriation of net profit:**

	<b>2017</b>	2016
	DKK '000	DKK '000
Retained earnings	-	2.060
<b>Distribution of net profit</b>	<b>759</b>	<b>2.060</b>

**5 - Property, plant and equipment**

	<b>2017</b>	2016
	DKK '000	DKK '000
Cost at the beginning of the year	1.583	1.649
Additions during the year	-	(66)
<b>Cost at the end of the year</b>	<b>1.583</b>	<b>1.583</b>
Depreciation and impairment losses at the beginning of the year	254	1.329
Depreciation for the year	(350)	1.075
<b>Depreciation and impairment losses at the end of the year</b>	<b>604</b>	<b>254</b>
<b>Carrying amount at the end of the year</b>	<b>979</b>	<b>1.329</b>

**6 - Deferred income tax assets/(liabilities)**

	<b>2017</b>	2016
	DKK '000	DKK '000
Net deferred tax asset/(liability) at 1 January	356	411
Income/(charge) to the Income statement	(25)	68
Income/(charge) to Equity	-	(123)
<b>Net deferred tax asset/(liability) at 31 December</b>	<b>331</b>	<b>356</b>

## Novo Nordisk Pharma Operations A/S Notes

### 7 - Share capital

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

	2017 DKK	2016 DKK	2015 DKK	2014 DKK	2013 DKK
Share capital 1 January	500.200	500.200	500.100	500.100	500.100
Capital contribution	-	-	100	-	-
<b>Balance at the end of the year</b>	<b>500.200</b>	<b>500.200</b>	<b>500.200</b>	<b>500.100</b>	<b>500.100</b>

### 8 - Other liabilities

	2017 DKK '000	2016 DKK '000
Duties payable	3.795	2.052
Employee costs payable	973	203
Other liabilities	14.693	14.552
<b>Total other liabilities</b>	<b>19.461</b>	<b>16.807</b>

### 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

Controls Novo Nordisk A/S

Ultimate parent of the group