


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 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 Pharma Operations A/S for the financial year 1 January – 31 December 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:



Lars Bo Smidt

Board of Directors:



Tomas Haagen
Chairman



Linette Nielsen



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 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 Pharma Operations 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 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	Tomas Haagen, chairman Linette Nielsen Claus Søjle
Executive Management	Lars Bo Smidt
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.

Financial key figures

	2020	2019	2018	2017	2016
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Income statement:					
Income from service activity	79,197	81,042	61,361	65,682	56,887
Operating profit/(loss)	7,216	4,492	2,224	3,615	2,510
Net financials gain/(loss)	(3,483)	(623)	(487)	(1,159)	165
Net profit/(loss) for the year	3,014	2,825	1,710	759	2,324
Balance sheet:					
Total assets	54,676	55,917	43,973	41,586	37,643
Equity	17,383	14,369	11,544	9,834	9,075
Investments in property, plant and equipment	77	1,667	4,381		(66)

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 also aims 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 3,014 thousand for the year 2020 compared to DKK 2,825 thousand for the year 2019. The net profit reflects the development in the underlying branches and is in line with the expectations stated in the Annual Report 2019. The implications of COVID-19 did not have a material impact on the earnings in the branches.

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

The company's financial performance reflects the development in the underlying branches. Management expects to record a positive return in 2021.

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.

Foreign branches

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

Income statement

	Note	2020 DKK '000	2019 DKK '000
Income from service activity		79,197	81,042
Expenses from service activity	1, 5	71,981	76,550
Operating profit/(loss)		7,216	4,492
Financial income	2	8	181
Financial expenses	3	3,491	804
Profit/(loss) before income taxes		3,733	3,869
Income taxes		719	1,044
NET PROFIT/(LOSS) FOR THE YEAR	4	3,014	2,825

For proposed appropriation of net profit see note 4.

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

	Note	2020 DKK '000	2019 DKK '000
ASSETS			
Property, plant and equipment	5	5,697	11,323
TOTAL FIXED ASSETS		5,697	11,323
Deferred income tax	6	450	356
TOTAL LONG TERM ASSETS		450	356
Amounts owed by affiliated companies		31,670	27,857
Tax receivables			22
Other receivables		3,237	2,728
Cash at bank		13,622	13,631
TOTAL CURRENT ASSETS		48,529	44,238
TOTAL ASSETS		54,676	55,917
EQUITY AND LIABILITIES			
Share capital		500	500
Retained earnings		16,883	13,869
TOTAL EQUITY		17,383	14,369
Borrowings	7	492	3,302
LONG-TERM LIABILITIES		492	3,302
Borrowings	7	2,696	4,584
Trade payables		1,061	1,300
Amounts owed to affiliated companies		14,995	16,113
Tax payables		523	527
Other liabilities	8	17,526	15,722
TOTAL CURRENT LIABILITIES		36,801	38,246
TOTAL LIABILITIES		37,293	41,548
TOTAL EQUITY AND LIABILITIES		54,676	55,917

Statement of changes in equity at 31 December

	Share capital DKK '000	Retained earnings DKK '000	Total DKK '000
2020			
Balance at the beginning of the year	500	13,869	14,369
Net profit/(loss) for the year		3,014	3,014
Balance at the end of the year	500	16,883	17,383
2019			
Balance at the beginning of the year	500	11,044	11,544
Net profit/(loss) for the year		2,825	2,825
Balance at the end of the year	500	13,869	14,369

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 medium sized class C company.

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.

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

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.

Leases

For contracts which are or contain a lease, the Company recognises a right-of-use asset and a lease liability. The right-of-use asset is presented in property, plant and equipment and the lease liability in borrowings.

The right-of-use asset is initially measured at cost, being the initial amount of the lease liability adjusted for any lease payments made at/or before the commencement date. The right-of use asset is subsequently depreciated using the straight-line method over the lease term. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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 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.

Contracts may contain both lease and non-lease components. The lease components are recognised in the balance sheet and the non-lease components are recognised as an expense in profit and loss.

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.

Borrowings

Borrowings consists of lease liabilities.

Accounting policies

Amounts owed by affiliated companies and other receivables

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.

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.

Notes

1 - Employee costs	2020	2019
	DKK '000	DKK '000
Wages and salaries	50,111	47,226
Pensions	1,073	931
Other contributions to social security	4,262	4,371
<u>Other employee costs</u>	<u>8,926</u>	<u>6,079</u>
Total employee costs	64,372	58,607

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

	2020	2019
	DKK '000	DKK '000
Average number of full-time employees at year-end	124	106

2 - Financial income	2020	2019
	DKK '000	DKK '000
Foreign exchange rate gain (net)	-	21
<u>Interests income</u>	<u>8</u>	<u>160</u>
Total financial income	8	181

3 - Financial expenses	2020	2019
	DKK '000	DKK '000
Interests paid	1	-
Foreign exchange rate loss (net)	2,876	-
<u>Other financial expenses</u>	<u>614</u>	<u>804</u>
Total financial expenses	3,491	804

4 - Proposed appropriation of net profit	2020	2019
	DKK '000	DKK '000
<u>Retained earnings</u>	<u>3,014</u>	<u>2,825</u>
Distribution of net profit	3,014	2,825

5 - Property, plant and equipment	2020	2019
	DKK '000	DKK '000
Cost at the beginning of the year	17,956	5,964
Change of accounting policy for leases	-	11,229
Additions during the year	77	1,667
<u>Disposals during the year</u>	<u>(403)</u>	<u>(904)</u>
Cost at the end of the year	17,630	17,956
Depreciation and impairment losses at the beginning of the year	6,633	1,548
Depreciation for the year	5,300	5,618
<u>Depreciation and impairment losses reversed on disposal during the year</u>	<u>-</u>	<u>(533)</u>
Depreciation and impairment losses at the end of the year	11,933	6,633
Carrying amount at the end of the year	5,697	11,323
Of which related to leased property, plant and equipment	3,651	8,178

Notes

6 - Deferred income tax assets/(liabilities)	2020	2019
	DKK '000	DKK '000
Net deferred tax asset/(liability) at 1 January	356	291
Income/(charge) to the Income statement	94	65
Net deferred tax asset/(liability) at 31 December	450	356

7 - Borrowings	2020	2019
	DKK '000	DKK '000
Within 1 year	2,696	4,584
1-5 years	492	3,302
Total borrowings	3,188	7,886

8 - Other liabilities	2020	2019
	DKK '000	DKK '000
Employee costs payable	9,742	9,689
Duties payable	4,413	2,199
Payables regarding promotion activities	2,022	1,298
Legal and consultancy costs payables	41	1,185
Other liabilities	1,308	1,351
Total other liabilities	17,526	15,722

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 - 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.

11 - Related parties and ownership

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

Controlling interests

Novo Nordisk Region AAMEO and LATAM 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 AAMEO and LATAM A/S
 Controls Novo Nordisk A/S
 Ultimate parent of the group

The company is included in the consolidated financial statements of Novo Nordisk A/S and the ultimate parent company, Novo Nordisk Foundation, in which Novo Nordisk Region International Operations 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.

