

# **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 2019**

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



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 2019.

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 2019 of the Company 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.

Bagsvaerd, 20 May 2020

**Executive Management:**

  
Lars Bo Smidt

**Board of Directors:**

  
Tomas Haagen  
Chairman

  
Lene Bang

  
Claus Selje

## **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 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 Pharma Operations 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.

**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, 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 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>	Tomas Haagen, chairman Lene Bang 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 20 May 2020 at the Company's address.	

**Novo Nordisk Pharma Operations A/S**  
**Financial key figures**

	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
	<u>DKK '000</u>	<u>DKK '000</u>	<u>DKK '000</u>	<u>DKK '000</u>	<u>DKK '000</u>
<b>Income statement:</b>					
Income from service activity	81,042	61,361	65,682	56,887	62,398
Operating profit/(loss)	4,492	2,224	3,615	2,510	2,878
Net financials gain/(loss)	(623)	(487)	(1,159)	165	175
Net profit/(loss) for the year	2,825	1,710	759	2,324	1,756
<b>Balance sheet:</b>					
Total assets	55,917	43,973	41,586	37,643	48,707
Equity	14,369	11,544	9,834	9,075	7,119
Investments in property, plant and	1,667	4,381	-	(66)	390

The company has applied IFRS 16 'Leases' for the first time on 1 January 2019. Amounts for 2015-2018 have not been restated.

## **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 2,825 thousand for the year 2019 compared to DKK 1,710 thousand for the year 2018.

### **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 2020.

### **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 9 to the financial statement.

### **Foreign branches**

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



**Novo Nordisk Pharma Operations A/S**  
**Income statement**

	Note	2019 DKK '000	2018 DKK '000
Income from service activity		81,042	61,361
Expenses from service activity	1, 5	76,550	59,137
<b>Operating profit/(loss)</b>		<b>4,492</b>	<b>2,224</b>
Financial Income	2	181	56
Financial expenses	3	804	543
<b>Profit/(loss) before income taxes</b>		<b>3,869</b>	<b>1,737</b>
Income taxes		1,044	27
<b>NET PROFIT/(LOSS) FOR THE YEAR</b>	<b>4</b>	<b>2,825</b>	<b>1,710</b>

For proposed appropriation of net profit see note 4.

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

	Note	2019 DKK '000	2018 DKK '000
<b>ASSETS</b>			
Property, plant and equipment	5	11,323	4,416
<b>TOTAL FIXED ASSETS</b>		<b>11,323</b>	<b>4,416</b>
Deferred income tax	6	356	291
<b>TOTAL LONG TERM ASSETS</b>		<b>356</b>	<b>291</b>
Amounts owed by affiliated companies		27,857	17,889
Tax receivables		22	1,226
Other receivables		2,728	1,996
Cash at bank		13,631	18,155
<b>TOTAL CURRENT ASSETS</b>		<b>44,238</b>	<b>39,266</b>
<b>TOTAL ASSETS</b>		<b>55,917</b>	<b>43,973</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital		500	500
Retained earnings		13,869	11,044
<b>TOTAL EQUITY</b>		<b>14,369</b>	<b>11,544</b>
Borrowings		3,302	-
<b>LONG-TERM LIABILITIES</b>		<b>3,302</b>	<b>-</b>
Borrowings		4,584	-
Trade payables		1,300	681
Amounts owed to affiliated companies		16,113	19,132
Tax payables		527	48
Other liabilities	7	15,722	12,568
<b>TOTAL CURRENT LIABILITIES</b>		<b>38,246</b>	<b>32,429</b>
<b>TOTAL LIABILITIES</b>		<b>41,548</b>	<b>32,429</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>55,917</b>	<b>43,973</b>

**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
<b>2019</b>			
Balance at the beginning of the year	500	11,044	11,544
Net profit/(loss) for the year		2,825	2,825
<b>Balance at the end of the year</b>	<b>500</b>	<b>13,869</b>	<b>14,369</b>
<b>2018</b>			
Adjusted balance of the beginning of the year	500	9,334	9,834
Net profit/(loss) for the year		1,710	1,710
<b>Balance at the end of the year</b>	<b>500</b>	<b>11,044</b>	<b>11,544</b>

The share capital consists of 500.200 shares of nominal DKK 1.

## **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.

In accordance with the Danish Financial Statements Act § 86a a separate statement of cash flow has not been prepared. Reference is made to the cash flow statement in the Consolidated Financial Statements for the Novo Nordisk Group.

The Annual Report is presented in DKK 1,000.

#### **Change in accounting policy**

As of 1 January 2019, the Company has changed accounting policy for leases from using IAS 17 for Interpretation of the Danish Financial Statements Act to use the measurement and recognition principles in IFRS 16. The change has been applied by using the modified retrospective approach. Under this method, the cumulative effect of initially applying the standard is recognised at 1 January 2019. Rights-of-use assets and lease liabilities have been recognised for those leases previously classified as operating leases, except for short-term leases and leases of low value assets. The rights-of-use assets have been recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities are recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate as of 1 January 2019. The comparative information has not been restated. The initial impact of the change was an increase in property, plant & equipment amounting to DKK 11,229 thousand and increase in liabilities amounting to 11,229 thousand. The change has not had a significant impact on net profit for the year.

In addition the Company has changed accounting policy for revenue from using IAS 11 for Interpretation of the Danish Financial Statement Act to use the measurement and recognition principles of IFRS 15 as of 1 January 2019. The change has not had any impact.

#### **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.

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

### **Accounting policies**

#### **Leases (From 1 January 2019)**

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.

#### **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**

<b>1 - Employee costs</b>	<b>2019</b>	<b>2018</b>
	<b>DKK '000</b>	<b>DKK '000</b>
Wages and salaries	47,226	38,226
Pensions	931	1,472
Other contributions to social security	4,371	3,405
Other employee costs	6,079	2,230
<b>Total employee costs</b>	<b>58,607</b>	<b>45,333</b>

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

	<b>2019</b>	<b>2018</b>
	<b>DKK '000</b>	<b>DKK '000</b>
Average number of full-time employees at year-end	106	89

<b>2 - Financial income</b>	<b>2019</b>	<b>2018</b>
	<b>DKK '000</b>	<b>DKK '000</b>
Foreign exchange gain (net)	21	-
Interest income	160	56
<b>Total financial income</b>	<b>181</b>	<b>56</b>

<b>3 - Financial expenses</b>	<b>2019</b>	<b>2018</b>
	<b>DKK '000</b>	<b>DKK '000</b>
Interest paid	-	38
Foreign exchange loss (net)	-	252
Other financial expenses	804	253
<b>Total financial expenses</b>	<b>804</b>	<b>543</b>

<b>4 - Proposed appropriation of net profit:</b>	<b>2019</b>	<b>2018</b>
	<b>DKK '000</b>	<b>DKK '000</b>
Retained earnings	2,825	1,710
<b>Distribution of net profit</b>	<b>2,825</b>	<b>1,710</b>

<b>5 - Property, plant and equipment</b>	<b>2019</b>	<b>2018</b>
	<b>DKK '000</b>	<b>DKK '000</b>
Cost at the beginning of the year	5,964	1,583
Change of accounting policy for leases	11,229	-
Additions during the year	1,667	4,381
Disposals during the year	(904)	-
<b>Cost at the end of the year</b>	<b>17,956</b>	<b>5,964</b>
Depreciation and impairment losses at the beginning of the year	1,548	604
Depreciation for the year	5,618	944
Depreciation and impairment losses reversed on disposal during the year	(533)	-
<b>Depreciation and impairment losses at the end of the year</b>	<b>6,633</b>	<b>1,548</b>
<b>Carrying amount at the end of the year</b>	<b>11,323</b>	<b>4,416</b>
<b>Of which related to leased property, plant and equipment</b>	<b>8,178</b>	<b>-</b>

<b>6 - Deferred income tax assets/(liabilities)</b>	<b>2019</b>	<b>2018</b>
	<b>DKK '000</b>	<b>DKK '000</b>
Net deferred tax asset/(liability) at 1 January	291	331
Income/(charge) to the Income statement	65	(40)
<b>Net deferred tax asset/(liability) at 31 December</b>	<b>356</b>	<b>291</b>

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

<b>7 - Other liabilities</b>	<b>2019</b>	<b>2018</b>
	<u>DKK '000</u>	<u>DKK '000</u>
Employee costs payable	9,689	7,734
Duties payable	2,199	2,527
Payables regarding promotion activities	1,298	-
Legal and consultancy costs payables	1,185	650
Other liabilities	1,351	1,657
<b>Total other liabilities</b>	<b>15,722</b>	<b>12,568</b>

**8 - 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.

**9 - 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 to own branches in foreign countries. The impact on the earnings in 2020 is therefore dependent on the impact from COVID-19 in the branches. 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 branches.

**10 - Related parties and ownership**

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

<b>Controlling interests</b>	<b>Basis</b>
Novo Nordisk Region AAMEO and LATAM A/S, Novo Allé, 2880 Bagsværd, Denmark	Principal shareholder, owns 100%
Novo Nordisk A/S, Novo Allé, 2880 Bagsværd, Denmark	Controls Novo Nordisk Region AAMEO and LATAM A/S
Novo Holdings A/S, Tuborg Havnevej 19, 2900 Hellerup, Denmark	Controls Novo Nordisk A/S
Novo Nordisk Fonden, Tuborg Havnevej 19, 2900 Hellerup, Denmark	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.