

# **Novo Nordisk North America Operations A/S**

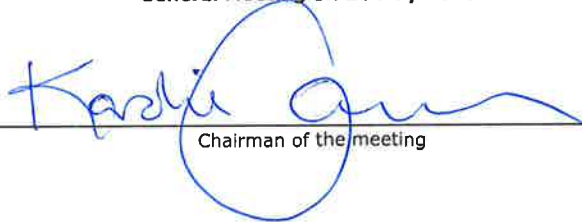
*(Former Novo Nordisk Invest 3 A/S)*

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

CVR number 33 76 12 01

## **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 'Kasli', is written over a horizontal line. The signature is stylized and cursive.

Chairman of the meeting

**Novo Nordisk North America Operations A/S**  
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**Novo Nordisk North America 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 North America Operations 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

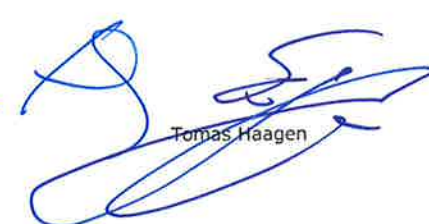
**Board of Directors:**



Karsten Munk Knudsen  
Chairman



Lene Bang



Tomas Haagen

## **Novo Nordisk North America Operations A/S Independent Auditor's report**

**To the Shareholder of Novo Nordisk North America 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 North America 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.

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 North America Operations 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 North America Operations A/S Company information**

<b>Company</b>	Novo Nordisk North America Operations A/S c/o Novo Nordisk A/S Novo Allé 2880 Bagsværd Denmark  CVR.no.: 33 76 12 01 Founded: 14 June 2011 Municipality of domicile: Gladsaxe Financial year: 1 January – 31 December
<b>Board of Directors</b>	Karsten Munk Knudsen, chairman Lene Bang Tomas Haagen
<b>Executive Management</b>	Peter Bøggild
<b>Auditors</b>	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup Denmark
<b>General meeting</b>	The Annual General Meeting will be held on 20 May 2020 at the company's address.
<b>Consolidated financial statements</b>	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 North America 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.

**Novo Nordisk North America Operations A/S**  
**Financial key figures**

	<b>2019</b>	2018	2017	2016	2015
	<u>DKK '000</u>	<u>DKK '000</u>	<u>DKK '000</u>	<u>DKK '000</u>	<u>DKK '000</u>
<b>Income statement:</b>					
Operating profit/(loss)	(29)	(25)	(20)	(21)	25,494
Net financials & profit/(loss) in subsidiaries	182,982	184,038	115,611	59,780	23,125
Net profit/(loss) for the year	189,945	183,827	115,680	53,755	48,630
<b>Balance sheet:</b>					
Financial assets	716,799	495,071	329,577	237,602	182,691
Total assets	728,760	518,224	418,247	314,798	204,540
Equity	728,462	498,467	332,243	262,662	195,872

The company acquired Novo Nordisk Canada Inc. in 2019. Amounts for 2015-2018 have been restated. Please refer to accounting policies for a description of the accounting for the acquisition.

## **Novo Nordisk North America Operations A/S Management Review**

### **Main activities**

The company's main activity is handling of milestone payments related to intellectual property rights as well as 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 North America Operations A/S ended at DKK 189,945 thousand for the year 2019 compared with net profit of DKK 183,827 thousand for the year 2018.

As of 1 December 2019 the company acquired Novo Nordisk Canada Inc. from the parent company Novo Nordisk A/S. The transaction has been accounted for in accordance with the "pooling of interests"-method. Please refer to Accounting Policies for further details.

In 2019 the company has changed name from Novo Nordisk Invest 3 A/S to Novo Nordisk North America Operations A/S.

### **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 10 to the financial statement.

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

The company's most important activity, also in 2020, is expected to comprise the holding of equity investment in the Canadian subsidiary.

The company's financial performance reflects the development in the underlying subsidiary. 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.



**Novo Nordisk North America Operations A/S**  
**Income statement**

	Note	2019 DKK '000	2018 DKK '000
Administrative costs		29	25
Other operating income/(expense)	1	-	-
<b>Operating profit/(loss)</b>		<b>(29)</b>	<b>(25)</b>
Profit/(loss) in subsidiaries	2	181,678	183,097
Financial income	3	1,355	990
Financial expenses	4	51	49
<b>Profit/(loss) before income taxes</b>		<b>182,953</b>	<b>184,013</b>
Income taxes	5	(6,992)	186
<b>NET PROFIT/(LOSS) FOR THE YEAR</b>	6	<b>189,945</b>	<b>183,827</b>

For proposed appropriation of net profit see note 5.

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

	Note	2019 DKK '000	2018 DKK '000
<b>ASSETS</b>			
Financial assets	2	716,799	495,071
Other financial assets		65	81
Deferred tax	7	-	6,205
<b>TOTAL NON-CURRENT ASSETS</b>		<b>716,864</b>	<b>501,357</b>
Amounts owed by affiliated companies		-	414
Cash at bank		11,896	16,453
<b>TOTAL CURRENT ASSETS</b>		<b>11,896</b>	<b>16,867</b>
<b>TOTAL ASSETS</b>		<b>728,760</b>	<b>518,224</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital		1,000	1,000
Proposed dividends		10,000	-
Retained earnings		717,462	497,467
<b>TOTAL EQUITY</b>		<b>728,462</b>	<b>498,467</b>
Tax payable		274	19,733
Other liabilities		24	24
<b>TOTAL CURRENT LIABILITIES</b>		<b>298</b>	<b>19,757</b>
<b>TOTAL LIABILITIES</b>		<b>298</b>	<b>19,757</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>728,760</b>	<b>518,224</b>

**Novo Nordisk North America Operations A/S**  
**Statement of changes in equity at 31 December**

	Share capital DKK '000	Retained earnings DKK '000	Proposed dividends DKK '000	Total DKK '000
<b>2019</b>				
Balance at the beginning of the year	1,000	497,467	-	498,467
Net profit/(loss) for the year		189,945		189,945
Proposed dividends		(10,000)	10,000	-
Exchange rate adjustments of investments in subsidiaries		40,050		40,050
<b>Balance at the end of the year</b>	<b>1,000</b>	<b>717,462</b>	<b>10,000</b>	<b>728,462</b>
<b>2018</b>				
Balance at the beginning of the year	500	2,166	-	2,666
Adjustment due to purchase of subsidiary and capital injection	500	329,077		329,577
Adjusted balance at the beginning of the year	1,000	331,243	-	332,243
Net profit/(loss) for the year		183,827		183,827
Exchange rate adjustments of investments in subsidiaries		(17,603)		(17,603)
<b>Balance at the end of the year</b>	<b>1,000</b>	<b>497,467</b>	<b>-</b>	<b>498,467</b>

## **Novo Nordisk North America 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 enterprise.

As of 1 December 2019, the company acquired Novo Nordisk Canada Inc. from Novo Nordisk A/S. The transaction has been accounted for in accordance with the "pooling of interests"-method. The assets and liabilities of the acquired company has been recognised at book value as the transaction took place 1 January 2018. The effect hereof at the beginning of 2018 is an increase of the equity of DKK 329,577 thousand. The effect hereof in 2018 is an increase of assets of DKK 495,071 thousand, an increase of net profit of DKK 183,097 thousand and an increase of equity of DKK 495,071 thousand. Amounts in Key Financial Highlights for 2015-2017 has been restated to reflect the acquisition.

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.

#### **Administrative expenses**

Administrative expenses comprise expenses for the management and administration of the company.

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

#### **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. 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.

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.

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.

#### **Other financial assets**

Shares in Novo Nordisk affiliated companies are recognised at fair value.

#### **Amounts owed by affiliated companies**

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.

## **Novo Nordisk North America Operations A/S**

### **Accounting policies**

#### ***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.

#### ***Short-term debt***

Short-term debt are measured at amortised cost.

#### ***Dividends***

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

#### ***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 North America Operations A/S**  
**Notes**

	<b>2019</b>	2018
	DKK '000	DKK '000
<b>1 - Other operating income/(expense)</b>		
Other operating income	-	163,349
Other operating expense	-	163,349
<b>Other operating income/(expense)</b>	-	-

Other operating expense in 2018 was milestone payments related to the purchase of intellectual property rights in 2015. Novo Nordisk A/S acquired the rights from Novo Nordisk North America Operations A/S, also in 2015, and Other operating income is payment in 2018 from Novo Nordisk A/S to cover the milestone payment in accordance with a written agreement between Novo Nordisk A/S and Novo Nordisk North America Operations A/S.

	<b>2019</b>	2018
	DKK '000	DKK '000
<b>2 - Financial assets</b>		
<b>Capital investments in subsidiaries</b>		
Cost at the beginning of the year	3,743,987	3,743,987
<b>Cost at the end of the year</b>	<b>3,743,987</b>	<b>3,743,987</b>
Value adjustments at the beginning of the year	(3,248,916)	(3,414,410)
Profit/(loss) before tax	244,184	240,283
Income taxes on profit for the year	(62,506)	(57,186)
Effect of exchange rate adjustment	40,050	(17,603)
<b>Value adjustments at the end of the year</b>	<b>(3,027,188)</b>	<b>(3,248,916)</b>
<b>Carrying amount at the end of the year</b>	<b>716,799</b>	<b>495,071</b>

The capital investment in subsidiary is the fully owned subsidiary Novo Nordisk Canada Inc., incorporated in Canada.

<b>3 - Financial income</b>		
Value adjustment of other financial assets	27	33
Foreign exchange rate gain (net)	156	955
Interests receivables	1,172	2
<b>Total financial income</b>	<b>1,355</b>	<b>990</b>

<b>4 - Financial expenses</b>		
Other financial expenses	51	49
<b>Total financial expenses</b>	<b>51</b>	<b>49</b>

	<b>2019</b>	2018
	DKK '000	DKK '000
<b>5 - Income taxes</b>		
Tax on the profit/(loss) for the year	274	13,665
Deferred tax on the profit/(loss) for the year	-	(13,471)
Adjustments recognised for current tax of prior periods	(13,471)	(8)
Adjustments recognised for deferred tax of prior periods	6,205	
<b>Income taxes</b>	<b>(6,992)</b>	<b>186</b>

<b>6 - Proposed appropriation of net profit</b>		
Retained earnings	189,945	183,827
<b>Distribution of net profit/(loss)</b>	<b>189,945</b>	<b>183,827</b>

## **Novo Nordisk North America Operations A/S Notes**

### **7 - Deferred income tax**

	<b>2019</b>	2018
	DKK '000	DKK '000
Net deferred tax asset/(liability) at the beginning of the year	6,205	(7,266)
Income/(charge) to the Income statement	(6,205)	13,471
<b>Net deferred tax asset/(liability) at the end of the year</b>	<b>-</b>	<b>6,205</b>

### **8 - Contingencies**

The company is jointly taxed with the Danish companies in the Novo Holdings A/S Group. The joint taxation also covers

The company has no other contingent liabilities.

### **9 - Share capital**

The share capital consists of 1000,000 shares of nominal value DKK 1. No shares carry any special rights.

	<b>2019</b>	2018	2017	2016	2015
	DKK	DKK	DKK	DKK	DKK
Share capital 1 January	500,100	500,100	500,100	500,100	500,000
Capital contribution	499,900	-	-	-	100
<b>Balance at the end of the year</b>	<b>1,000,000</b>	<b>500,100</b>	<b>500,100</b>	<b>500,100</b>	<b>500,100</b>

In 2019 a capital increase of 499,900 shares of nominal value DKK 1 was issued. The capital increase was registered on 2019, but due to the use of the "pooling of interest" method the transaction is accounted for as the capital increase was decided on the 1 January 2018.

### **10 - 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 a subsidiary. The impact on the earnings in 2020 is therefore dependent on the impact from COVID-19 in the subsidiary. 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 subsidiary.

### **11 - Related party transactions**

For information on transactions with related parties, please refer to the annual report of Novo Nordisk A/S.

### **12 - 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  
Controls Novo Nordisk A/S  
Ultimate parent of the Group