Novo Nordisk Region Europe Pharmaceuticals A/S

Ørestads Boulevard 108, 2300 København S CVR no. 38 18 00 45

Annual report 2016/17 (As of the establishment of the Company 14 November 2016 - 31 December 2017)

Approved at the Company's annual general meeting on 25 April 2018

Chairman:

Karoline Enodden

Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	5
Financial statements for the period 14 November 2016 - 31 December 2017 Income statement Balance sheet Statement of changes in equity Notes to the financial statements	8 8 9 11 12

Karsten Munk Knudsen

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the Annual Report of Novo Nordisk Region Europe Pharmaceuticals A/S for the financial year as of the establishment of the Company 14 November 2016 - 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 of the Company at 31 December 2017 and of the results of the Company operations for the financial year as of the establishment of the Company 14 November 2016 - 31 December 2017.

Further, in our opinion, the Management's review gives a true and fair review of the development in the Company operations and financial matters and the results of the Company operations and financial position.

We recommend that the Annual Report be approved at the annual general meeting.

Copenhagen, 12 March 2018 Executive Board:

Stoffen Theile

Board of Directors:

Ole F. Ramsby Chairman Matt Joseph Regan

2

Independent auditor's report

To the shareholders of Novo Nordisk Region Europe Pharmaceuticals 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 and cash flows 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 Region Europe Pharmaceuticals A/S for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies ("the 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 the 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 Financials 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 judgement and maintain professional scepticism 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 March 2018 PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab

CVR no. 33 77 12 31

Mads Melgaard State Authorised Public Accountant MNE no.: mne34354

Management's review

Company details

Name

Address, Postal code, City

Novo Nordisk Region Europe Pharmaceuticals A/S Ørestads Boulevard 108, 2300 København S

CVR no. Established

Registered office

Financial year

38 18 00 45 14 November 2016

Copenhagen

14 November 2016 - 31 December 2017

Telephone

+45 35 35 00 02

Board of Directors

Ole F. Ramsby, Chairman Matt Joseph Regan Karsten Munk Knudsen

Executive Board

Steffen Thejls

Auditors

PricewaterhouseCoopers Statsautoriseret

Revisionspartnerselskab Strandvejen 44, 2900 Hellerup

5

Management's review

Financial highlights

DKK	2016/17 14 months
	14 monds
Key figures	
Revenue	317,442,873
Operating profit/loss	6,887,961
Net financials	198,430
Profit/loss for the year	5,378,615
Total assets	124,798,838
Investment in property, plant and equipment	1,768,507
Equity	5,878,615
Financial ratios	
Operating margin	2.2%
Gross margin	35.2%
EBITDA-margin	2.2%
Return on assets	5.5%
Current ratio	104.4%
Return on equity	91.5%
Equity ratio	4.7%
Average number of employees	52

Financial ratios are calculated in accordance with the Danish Finance Society's recommendations on the calculation of financial ratios. For terms and definitions, please see the accounting policies.

Management's review

Business review

In October 2016, Executive Management in Novo Nordisk A/S approved the recommendation to relocate the European regional office from Zürich to Copenhagen as of 1 January 2017 by establishing a new legal entity named: Novo Nordisk Region Europe Pharmaceuticals A/S (hereafter NNRE Pharmaceuticals A/S). Around 25 employee moved/was hired from the beginning of the year and approximately 40 employees have been hired during the year.

The purpose of NNRE Pharmaceuticals A/S is to act as a regional office and support sales and marketing activities in the Novo Nordisk affiliates in Europe in order to launch and supply best in class products. The treatment areas consist of diabetes, obesity, growth and bleeding disorders as well as hormone replacement treatment. NNRE Pharmaceuticals A/S also supports the European affiliates in regards to IT with a virtual setup where IT personnel is located in affiliates and reporting to the IT management located in Copenhagen.

Unusual matters having affected the financial statements

The financial position at 31 December 2017 of the Company and the results of the activities of the Company for the financial year for 2016/17 have not been affected by any unusual events.

Financial review

In 2016/17, the Company's revenue amounted to DKK 317,442,873. The income statement for 2016/17 shows a profit of DKK 5,378,615, and the balance sheet at 31 December 2017 shows equity of DKK 5,878,615.

Special risks

NNRE Pharmaceuticals A/S is a service company in the Novo Nordisk group and Novo Nordisk A/S bears all the risks for launches and research & development. All costs, both internal and external, in NNRE Pharmaceuticals A/S are (due to a service contract) invoiced to Novo Nordisk A/S as service fee including a mark-up for internal costs.

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Outlook

NNRE Pharmaceuticals A/S are expected to continue the support to the affiliates in Europe in 2018 with high focus on the launch of new products. Revenue and profit/loss for the coming year is expected to be in the same range as for 2017 due to the service contract with Novo Nordisk A/S.

Income statement

Note	DKK	2016/17 14 months
	Revenue Cost of sales Other external expenses	317,442,873 -86,263,108 -119,547,116
2	Gross margin Staff costs Depreciation of property, plant and equipment	111,632,649 -104,659,624 -85,064
3 4	Profit before net financials Financial income Financial expenses	6,887,961 564,250 -365,820
5	Profit before tax Tax for the year	7,086,391 -1,707,776
	Profit for the year	5,378,615

Balance sheet

Note	DKK	2016/17
	ASSETS Fixed assets	
6	Property, plant and equipment	
	Fixtures and fittings, other plant and equipment	1,683,443
		1,683,443
	Total fixed assets	1,683,443
	Non-fixed assets	· · · · · · · · · · · · · · · · · · ·
	Receivables	05 402 244
7	Receivables from group enterprises Deferred tax assets	95,493,314
8	Prepayments	2,083,372 3,943,050
	, ,	101,519,736
	Cash	· · · · · · · · · · · · · · · · · · ·
	Casii	21,595,659
	Total non-fixed assets	123,115,395
	TOTAL ASSETS	124,798,838

Balance sheet

Note	DKK	2016/17
	EQUITY AND LIABILITIES Equity Share capital Retained earnings	500,000 5,378,615
	Total equity	5,878,615
9	Provisions Other provisions	1,024,084
	Total provisions	1,024,084
	Liabilities other than provisions Current liabilities other than provisions	
	Trade payables	10,442,849
	Payables to group enterprises	33,729,601
	Joint taxation contribution payable	3,291,148
	Other payables	70,432,541
		117,896,139
	Total liabilities other than provisions	117,896,139
	TOTAL EQUITY AND LIABILITIES	124,798,838

¹ Accounting policies
10 Contractual obligations and contingencies, etc.
11 Related parties

Statement of changes in equity

	DKK	Share capital	Retained earnings	Total
12	Cash payments concerning formation of enterprise Transfer, see "Appropriation of profit"	500,000 0	0 5,378,615	500,000 5,378,615
	Equity at 31 December 2017	500,000	5,378,615	5,878,615

Notes to the financial statements

1 Accounting policies

The annual report of Novo Nordisk Region Europe Pharmaceuticals A/S for 2016/17 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are reflected in the consolidated cash flow statement for the higher-ranking parent company Novo Nordisk A/S.

Basis of recognition and measurement

The Financial Statements have been preparedunder the historical cost method.

Revenues are recognised in the income statementa's earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Com-pany, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Reporting currency

The financial statements are presented in Danish kroner (DKK).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Leases

All lease contracts are operational lease commitments. Payments on operational lease commitments are measured in the income statement as per the leasing period.

Notes to the financial statements

Accounting policies (continued)

Income statement

Revenue

Income from the rendering of services is recognised as revenue as the services are rendered. All income is related to invoiced service fees to Novo Nordisk A/S which consist of the actual expenses including a mark-up.

Cost of sales

Cost of sales includes the cost of external services used in generating the year's revenue.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to sales, marketing, administration, premises, IT, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The Company and its Danish group entities are jointly taxed. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Balance sheet

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Notes to the financial statements

Accounting policies (continued)

Depreciation

The item comprises amortisation/depreciation and impairment of property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Fixtures and fittings, other plant and equipment

10 years

The residual value is determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised. In case of changes in the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Notes to the financial statements

1 Accounting policies (continued)

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Financial ratios

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios.

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating margin

Operating profit x 100

Revenue

Gross margin ratio

Gross margin x 100

Revenue

EBITDA-margin

EBITDA Revenue x 100

Return on assets

Profit/loss from operating activites x 100

Average assets

Current ratio

Current assets x 100

Current liabilities

Return on equity

Profit/loss for the year after tax x 100

Average equity

Equity ratio

Equity, year-end x 100

Total equity and liabilities, year-end

Notes to the financial statements

	DKK	2016/17 14 months
2	Staff costs and incentive programmes	
	Wages/salaries Pensions	80,026,676
	Other staff costs	4,668,386 19,964,562
		104,659,624
	Average number of full-time employees	52
	By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneral Management is not disclosed.	ation to
	Incentive programmes	
	Management participates in Novo Nordisk A/S's incentive programme. Novo Nordisk A cost.	A/S bears the
3	Financial income	
	Interest income, group entities	375,702
	Other financial income	188,548
		564,250
4	Financial expenses	
	Interest expenses, group entities	152,371
	Other financial expenses	213,449
		365,820
5	Tax for the year	
	Estimated tax charge for the year	3,791,148
	Deferred tax adjustments in the year	-2,083,372
		1,707,776
6	Property, plant and aguinment	
U	Property, plant and equipment	Fixtures and
		fittings, other
	DKK	plant and equipment
	Additions	1,768,507
	Cost at 31 December 2017	1,768,507
	Depreciation	85,064
	Impairment losses and depreciation at 31 December 2017	85,064
	Carrying amount at 31 December 2017	1,683,443

Notes to the financial statements

2016/17 Deferred tax Other deferred tax -2,083,372 Deferred tax at 31 December 2017 -2,083,372

Prepayments

Prepayments include accrual of expenses relating to subsequent financial years, including payments for market data, congresses and software licenses.

Other provisions

Other provisions comprise provisions for anniversary bonuses, totalling DKK 1,024,084.

10 Contractual obligations and contingencies, etc.

Other contingent liabilities

The Company is jointly taxed with its parent, Novo Nordisk A/S, which acts as management company, and is jointly and severally liable with other jointly taxed group entities for payment of income taxes for the income year 2017 onwards as well as withholding taxes on interest, royalties and dividends falling due for payment on or after 14 November 2016.

Other financial obligations

Other rent and lease liabilities:

Rent and lease liabilities

22,060,585

Basis for control

11 Related parties

Related party

Novo Nordisk Region Europe Pharmaceuticals A/S' related parties comprise the following:

Domicile

Parties exercising control

Novo Nordisk Region Europe A/S	Novo Alle 1, 2880 Bagsværd	Participating interest
	3	Shareholders' agreement Participating interest
Information about consolidated finar	ncial statements	
Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Novo Nordisk A/S	Novo Alle 1, 2880 Bagsværd	www.novonordisk.dk

2016/17 DKK 12 Appropriation of profit Recommended appropriation of profit Retained earnings 5,378,615 5,378,615