

Novo Nordisk Pharma Operations A/S

c/o Novo Nordisk A/S
Novo Allé 1
2880 Bagsværd
Denmark

CVR number 32 65 72 22

Annual Report 2022

The Annual Report has been presented and adopted at the Annual General Meeting on 17 May 2023.

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 2022.

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 2022 and of the results of the company's operations for 2022 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, 17 May 2023

Executive Management:

Lars Bo Smidt

Board of Directors:

Tomas Haagen
Chairman

Linette Tangsgaard Nielsen

Claus Sølje

Independent Auditor's report

To the Shareholder of Novo Nordisk Pharma Operations A/S

Opinion

We have audited the financial statements of Novo Nordisk Pharma Operations A/S for the financial year 1 January 2022 - 31 December 2022, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31 December 2022 and of the results of its operations for the financial year 1 January 2022 - 31 December 2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent Auditor's report

- 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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary 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 of the management commentary.

Copenhagen, 17 May 2023

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR-no. 33 96 35 56

Sumit Sudan
State Authorised Public Accountant
MNE no. 33716

Yassir Iqbal
State Authorised Public Accountant
MNE no. 45103

Financial key figures

	2022	2021	2020	2019	2018
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Income statement:					
Income from service activity	105.720	98.630	79.197	81.042	61.361
Operating profit/(loss)	4.131	2.884	7.216	4.492	2.224
Net financials gain/(loss)	648	1.514	(3.483)	(623)	(487)
Net profit/(loss) for the year	3.365	3.155	3.014	2.825	1.710
Balance sheet:					
Total assets	67.875	70.860	54.676	55.917	43.973
Equity	23.903	20.538	17.383	14.369	11.544
Investments in property, plant and equipment	5.634	10.545	77	1.667	4.381

Novo Nordisk Pharma Operations A/S

Management commentary

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 3,365 thousand for the year 2022 compared to DKK 3,155 thousand for the year 2021. The net profit reflects the development in the underlying branches and is in line with the expectations stated in the Annual Report 2021.

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 slightly higher return in 2023 compared with 2022.

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 the branches Novo Nordisk Opertion A/S, Kosovo Branch (Kosovo), Novo Nordisk Pharma Operations A/S (Montenegro), Rep Office of NN Pharma Operations A/S Vietnam (Vietnam), Novo Nordisk Scientific Bureau For Medicines' prom (Iraq), NovoNordisk scientific office (Saudi Arabia), Novo Nordisk Pharma Operations Representative Office (Ecuador) and Novo Nordisk Pharma Operations A/S Sucursal del Peru (Peru) (under liquidation).

Income statement

	Note	2022 DKK '000	2021 DKK '000
Income from service activity		105.720	98.630
Expenses from service activity	1, 5	101.589	95.746
Operating profit/(loss)		4.131	2.884
Financial income	2	1.681	2.088
Financial expenses	3	1.033	574
Profit/(loss) before income taxes		4.779	4.398
Income taxes expense/(income)		1.414	1.243
NET PROFIT/(LOSS) FOR THE YEAR	4	3.365	3.155

For proposed appropriation of net profit see note 4.

Balance sheet at 31 December

	Note	2022 DKK '000	2021 DKK '000
ASSETS			
Property, plant and equipment	5	11.444	10.298
Deferred income tax	6	755	721
TOTAL NON-CURRENT ASSETS		12.199	11.019
Amounts owed by affiliated companies		32.615	42.283
Tax receivables		114	461
Other receivables		4.959	5.157
Cash at bank		17.988	11.940
TOTAL CURRENT ASSETS		55.676	59.841
TOTAL ASSETS		67.875	70.860
EQUITY AND LIABILITIES			
Share capital		500	500
Retained earnings		23.403	20.038
TOTAL EQUITY		23.903	20.538
Borrowings	7	6.068	5.839
Other long term provisions		2.947	1.990
LONG-TERM LIABILITIES		9.015	7.829
Borrowings	7	3.034	2.154
Trade payables		1.307	-
Amounts owed to affiliated companies		10.660	16.949
Tax payables		976	1.533
Other liabilities	8	18.980	21.857
TOTAL CURRENT LIABILITIES		34.957	42.493
TOTAL LIABILITIES		43.972	50.322
TOTAL EQUITY AND LIABILITIES		67.875	70.860

Statement of changes in equity at 31 December

	Share capital DKK '000	Retained earnings DKK '000	Total DKK '000
2022			
Balance at the beginning of the year	500	20.038	20.538
Net profit/(loss) for the year		3.365	3.365
Balance at the end of the year	500	23.403	23.903
2021			
Balance at the beginning of the year	500	16.883	17.383
Net profit/(loss) for the year		3.155	3.155
Balance at the end of the year	500	20.038	20.538

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 from service activity

IFRS 15 has been used as interpretation for revenue recognition and measurement. Income from service activity is recognised as earned. Services are related to promotional activities in the branch offices.

Expenses from service activity

Expenses from service activity are made up of costs incurred in the branch offices providing promotial services.

Financial items

Financial income and expenses include interest income and expenses, debt and transactions in foreign currencies as well as surcharges and allowances under the tax prepayment scheme etc. Financial income and expenses are recognised by the amounts pertaining to the financial year.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment loss. Depreciation is provided under the straight-line method over the estimated useful lives of the assets:

Other fixtures and fittings	3-16 years
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Assets with a short estimated useful live is recognised in the income statement at the date of acquisition.

If the carrying amount of property, plant and equipment are higher than the recoverable amount, the asset is written down to its lower recoverable amount.

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.

Accounting policies

Borrowings

Borrowings consists of lease liabilities.

Amounts owed by affiliated companies and other receivables

Amounts owed by affiliated companies and other receivables are stated at amortised cost less write-downs for potential losses on doubtful debts. Any write-downs are based on an individual assessment of each debtor, including an evaluation of payment risk associated with individual countries.

Tax

Deferred tax is provided for using the balance sheet liability method and comprises all temporary differences between the carrying amount and tax base of assets and liabilities. The tax value of tax loss carry-forwards is included in the statement of deferred tax if the losses are likely to be utilised in the future. Deferred tax is provided for using the tax rate expected to apply when the temporary differences are expected to be eliminated.

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.

Income tax in the income statement comprises current tax for the year and any change in the provision for deferred 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.

Dividends

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

Amounts owed to affiliated companies and other liabilities

Amounts owed to affiliated companies and other liabilities are measured at amortised cost.

Statement of cash flows

In accordance with paragraph 86, section 4, 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	2022	2021
	DKK '000	DKK '000
Wages and salaries	70.468	61.748
Pensions	3.005	6.383
Other contributions to social security	5.676	4.888
Other employee costs	9.764	8.557
Total employee costs	88.913	81.576

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

	2022	2021
	DKK '000	DKK '000
Average number of full-time employees at year-end	81	130

2 - Financial income	2022	2021
	DKK '000	DKK '000
Foreign exchange rate gain (net)	1.654	2.088
Interest income	27	-
Total financial income	1.681	2.088

3 - Financial expenses	2022	2021
	DKK '000	DKK '000
Interest paid	10	4
Other financial expenses	1.023	570
Total financial expenses	1.033	574

4 - Proposed appropriation of net profit	2022	2021
	DKK '000	DKK '000
Retained earnings	3.365	3.155
Distribution of net profit	3.365	3.155

5 - Property, plant and equipment	2022	2021
	DKK '000	DKK '000
Cost at the beginning of the year	21.954	17.630
Additions during the year	5.634	10.545
Disposals during the year	(914)	(6.221)
Cost at the end of the year	26.674	21.954
Depreciation and impairment losses at the beginning of the year	11.656	11.933
Depreciation for the year	4.488	5.944
Depreciation and impairment losses reversed on disposal during the year	(914)	(6.221)
Depreciation and impairment losses at the end of the year	15.230	11.656
Carrying amount at the end of the year	11.444	10.298
Of which related to leased property, plant and equipment	9.732	8.267

Notes

6 - Deferred income tax assets/(liabilities)	2022	2021
	DKK '000	DKK '000
Net deferred tax asset/(liability) at 1 January	721	450
Income/(charge) to the Income statement	34	271
Net deferred tax asset/(liability) at 31 December	755	721

7 - Borrowings	2022	2021
	DKK '000	DKK '000
Within 1 year	3.034	2.154
1-5 years	6.068	5.839
Total borrowings	9.102	7.993

8 - Other liabilities	2022	2021
	DKK '000	DKK '000
Employee costs payable	8.761	8.711
Duties payable	7.750	7.674
Payables regarding promotion activities	1.436	3.914
Legal and consultancy costs payables	365	656
Other liabilities	668	902
Total other liabilities	18.980	21.857

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	Basis
Novo Nordisk Region AAMEO and LATAM A/S, Novo Allé 1, 2880 Bagsværd, Denmark	Principal shareholder, owns 100%
Novo Nordisk A/S, Novo Allé 1, 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 Fonden, in which Novo Nordisk Pharma Operations A/S is fully consolidated, can be ordered from Novo Nordisk A/S (CVR no. 24 25 67 90), Novo Allé 1, 2880 Bagsværd, Denmark, and from the Novo Nordisk Fonden (CVR no. 10 58 29 89), Tuborg Havnevej 19, 2900 Hellerup, Denmark.