

Financial report for the period 1 January 2021 to 30 June 2021

4 August 2021

Novo Nordisk's net profit increased by 10% in the first six months of 2021

- Operating profit decreased by 1% in Danish kroner and increased by 9% at constant exchange rates (CER).
- Sales increased by 5% in Danish kroner and by 12% at CER to DKK 66.8 billion. Sales in International Operations increased by 7% in Danish kroner (13% at CER), and sales in North America Operations increased by 1% in Danish kroner (11% at CER).
- Sales within Diabetes and Obesity care increased by 5% in Danish kroner to DKK 56.9 billion (13% at CER), driven by GLP-1 growth of 21% in Danish kroner (30% at CER) reflecting the uptake of Ozempic[®] and Rybelsus[®]. Obesity care grew by 23% in Danish kroner (34% at CER) and Biopharm sales remained unchanged in Danish kroner (increased by 7% at CER).
- In June 2021, Wegovy[™], semaglutide 2.4 mg, was made available to patients in the US following the approval from the US Food and Drug Administration (FDA) for weight management in adults living with obesity.
- For the 2021 outlook, sales growth is now expected to be 10-13% at CER (previously 6-10%), and operating profit growth is now expected to be 9-12% at CER (previously 5-9%). Sales growth reported in Danish kroner is still expected to be 4 percentage points lower than at CER and operating profit growth reported in Danish kroner is now expected to be 5 percentage points lower than at CER.

PROFIT AND LOSS	H1 2021	H1 2020	Growth as reported	Growth at CER*
DKK million				
Net sales	66,845	63,881	5%	12%
Operating profit	29,761	30,140	(1%)	9%
Net profit	24,746	22,522	10%	N/A
Diluted earnings per share (in DKK)	10.71	9.58	12%	N/A

* CER: Constant exchange rates (average 2020).

Lars Fruergaard Jørgensen, president and CEO: "We are pleased with the sales growth in the first half of 2021. The growth is driven by all geographical areas within International Operations as well as North America Operations, and by all therapy areas, in particular by our portfolio of GLP-1 treatments. Within R&D, we reached a very important milestone with the approval of Wegovy[™] in the US, offering people living with obesity a new, efficacious treatment option. The strong financial performance in the first half of 2021 and the initial substantial demand for Wegovy[™] in the US have enabled us to raise our outlook for the full year."

On 4 August 2021 at 19.00 CEST, corresponding to 13.00 PM EDT, an earnings call will be held. Investors will be able to listen in via a link on novonordisk.com, which can be found under 'Investors'.

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STRATEGIC ASPIRATIONS

STRATEGIC ASPIRATIONS 2025

The strategic aspirations are objectives that Novo Nordisk intends to work towards and are not a projection of Novo Nordisk's financial outlook or expected growth. Novo Nordisk intends to describe how its activities develop in relation to each of the four dimensions on an ongoing basis.

Performance highlights for the first six months of 2021 ([second-quarter developments](#)):

Purpose and sustainability

Adding value to society:

- Progress on 'Defeat Diabetes' strategy:
 - Collaboration with the University of Toronto focusing on prevention
 - Initiation of 'Diabetes Compass' by the World Diabetes Foundation to improve access to diabetes care in low and middle-income countries
 - Reaching 15 countries in Changing Diabetes in Children by including Ghana
 - Launch of Prevention Accelerator inviting start-ups to submit ideas for how to predict or prevent obesity

Progress towards zero environmental impact:

- 45% reduction in CO₂ emissions compared to the first six months of 2019
- Approximately 15% reduction in supplier CO₂ emissions

Evolve culture and ensure distinct core capabilities:

- Launch of an aspirational gender diversity target

Innovation and therapeutic focus

Further raise innovation bar for diabetes treatment:

- Approval of Ozempic® in China for the treatment of type 2 diabetes
- Resubmission of semaglutide 2.0 mg in the US
- Phase 2 initiation with cagrilintide in combination with semaglutide in people with type 2 diabetes

Develop superior treatment solutions for obesity:

- Decision to initiate phase 3a development with 50 mg oral semaglutide in obesity
- Approval of Wegovy™, semaglutide 2.4 mg, in the US

Strengthen and progress Biopharm pipeline:

- Sogroya®, somapacitan, approved in the EU for the treatment of adults with growth hormone deficiency

Establish presence in Other serious chronic diseases:

- Phase 3a development initiated for treatment of NASH and Alzheimer's disease with semaglutide
- New stem cell R&D licence agreement with Heartseed and acquisition of Prothena's ATTR amyloidosis programme

Commercial execution

Strengthen diabetes leadership:

- Diabetes value market share increased by 0.5 percentage point to 29.6% (MAT)

Strengthen obesity leadership and double sales:

- Obesity care sales increased by 34% (CER) to DKK 3.5 billion

Secure a sustained growth outlook for Biopharm:

- Biopharm sales increased by 7% (CER)

Financials

Deliver solid sales and operating profit growth:

- Sales growth at 12% (CER)
- International Operations sales growth of 13% (CER)
- US sales growth of 10% with 56% of sales coming from products launched since 2015
- Operating profit growth of 9% (CER)

Drive operational efficiencies:

- Continued productivity gains in Product Supply

Enable attractive capital allocation to shareholders:

- Free cash flow of DKK 32.7 billion and DKK 21.9 billion returned to shareholders

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PERFORMANCE HIGHLIGHTS

FINANCIAL HIGHLIGHTS FOR THE FIRST SIX MONTHS OF 2021

PROFIT AND LOSS	H1 2021	H1 2020	% change H1 2021 to H1 2020	% change H1 2021 to H1 2020 at CER
<small>(Amounts are in DKK million, except for numbers of shares, earnings per share and employees)</small>				
Net sales	66,845	63,881	5%	12%
Gross profit	55,487	53,723	3%	11%
Gross margin	83.0%	84.1%		
Sales and distribution costs	16,257	14,988	8%	15%
<i>Percentage of sales</i>	<i>24.3%</i>	<i>23.5%</i>		
Research and development costs	7,888	7,068	12%	15%
<i>Percentage of sales</i>	<i>11.8%</i>	<i>11.1%</i>		
Administrative costs	1,836	1,754	5%	8%
<i>Percentage of sales</i>	<i>2.7%</i>	<i>2.7%</i>		
Other operating income, net	255	227	12%	20%
Operating profit	29,761	30,140	(1%)	9%
Operating margin	44.5%	47.2%		
Financial items (net)	1,094	(1,703)	(164%)	N/A
Profit before income taxes	30,855	28,437	9%	N/A
Income taxes	6,109	5,915	3%	N/A
<i>Effective tax rate</i>	<i>19.8%</i>	<i>20.8%</i>		
Net profit	24,746	22,522	10%	N/A
<i>Net profit margin</i>	<i>37.0%</i>	<i>35.3%</i>		
OTHER KEY NUMBERS				
Depreciation, amortisation and impairment losses	2,594	2,244	16%	N/A
Capital expenditure	3,111	2,906	7%	N/A
Net cash generated from operating activities	36,510	34,273	7%	N/A
Free cash flow	32,696	30,335	8%	N/A
Total assets	158,095	136,121	16%	N/A
Equity	65,559	60,054	9%	N/A
<i>Equity ratio</i>	<i>41.5%</i>	<i>44.1%</i>		
Average number of diluted shares outstanding (million)	2,310.9	2,349.9	(2%)	N/A
Diluted earnings per share / ADR (in DKK)	10.71	9.58	12%	N/A
Full-time equivalent employees end of period	45,971	43,526	6%	N/A

These unaudited consolidated financial statements for the first six months of 2021 have been prepared in accordance with IAS 34 'Interim Financial Reporting' and additional Danish disclosure requirements for listed companies. The accounting policies adopted in the preparation are consistent with those applied in the Annual Report 2020 of Novo Nordisk.

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COMMERCIAL EXECUTION

SALES DEVELOPMENT ACROSS THERAPEUTIC AREAS

Sales grew by 5% measured in Danish kroner and by 12% at CER the first six months of 2021, driven by growth across all therapy areas with Diabetes care sales growth of 11% (CER), Obesity care sales growth of 34% (CER) and Biopharm sales growth of 7% (CER). Sales growth is positively impacted by inventory changes and timing of shipments in 2021. Sales growth in the first six months of 2020 was positively impacted by COVID-19-related stocking, largely offset by fewer patients initiating treatment.

Sales split per therapy	Sales H1 2021 DKK million	Sales H1 2020 DKK million	Growth as reported	Growth at CER	Share of growth at CER
Diabetes and Obesity care segment					
Rybelsus [®]	1,674	584	187%	213%	17%
Ozempic [®]	14,097	9,591	47%	58%	75%
Victoza [®]	7,606	9,225	(18%)	(12%)	(15%)
Total GLP-1	23,377	19,400	21%	30%	77%
Long-acting insulin	8,971	9,378	(4%)	2%	2%
- Tresiba [®]	4,557	4,618	(1%)	5%	3%
- Xultophy [®]	1,326	1,238	7%	12%	2%
- Levemir [®]	3,088	3,522	(12%)	(6%)	(3%)
Premix insulin	5,668	5,648	0%	5%	4%
- Ryzodeg [®]	841	671	25%	34%	3%
- NovoMix [®]	4,827	4,977	(3%)	2%	1%
Fast-acting insulin	8,808	9,493	(7%)	(1%)	(2%)
- Fiasp [®]	837	676	24%	30%	2%
- NovoRapid [®]	7,971	8,817	(10%)	(4%)	(4%)
Human insulin	4,576	5,001	(8%)	(3%)	(2%)
Total insulin	28,023	29,520	(5%)	1%	2%
Other Diabetes care ¹	1,919	2,102	(9%)	(5%)	(1%)
Total Diabetes care	53,319	51,022	5%	11%	78%
Obesity care (Saxenda [®] and Wegovy [™])	3,543	2,885	23%	34%	13%
Diabetes and Obesity care total	56,862	53,907	5%	13%	91%
Biopharm segment					
Rare blood disorders ²	5,401	5,211	4%	11%	7%
- Haemophilia A	1,120	845	33%	39%	4%
- Haemophilia B	309	247	25%	30%	1%
- NovoSeven [®]	3,855	4,009	(4%)	3%	2%
Rare endocrine disorders ³	3,779	3,983	(5%)	2%	1%
Other Biopharm ⁴	803	780	3%	5%	1%
Biopharm total	9,983	9,974	0%	7%	9%
Total sales	66,845	63,881	5%	12%	100%

¹ Primarily NovoNorm[®], needles and GlucaGen[®] HypoKit[®].

² Comprises NovoSeven[®], NovoEight[®], Esperoct[®], Refixia[®] and NovoThirteen[®].

³ Primarily Norditropin[®].

⁴ Primarily Vagifem[®] and Activelle[®].

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DIABETES AND OBESITY CARE

Diabetes care, sales and market share development

Sales in Diabetes care increased by 5% measured in Danish kroner and by 11% at CER to DKK 53,319 million driven by GLP-1 growth. Novo Nordisk has improved the global diabetes value market share over the last 12 months from 29.1% to 29.6% in line with the aspiration of strengthening the Diabetes care leadership, aiming at reaching a global value market share of more than one third in 2025. The market share increase was driven by market share gains in both International Operations and North America Operations.

In the following sections, unless otherwise noted, market data are based on moving annual total (MAT) from May 2021 and May 2020 provided by the independent data provider IQVIA. EMEA covers Europe, the Middle East and Africa, Region China covers mainland China, Hong Kong and Taiwan, and Rest of World covers all other countries except for North America.

Diabetes care, development per geographical area	Novo Nordisk's share of the total diabetes market (value, MAT)		Diabetes care, sales development	
	May 2021	May 2020	Sales H1 2021 DKK million	Growth at CER
Global	29.6%	29.1%	53,319	11%
International Operations	24.0%	22.5%	29,294	13%
- EMEA *	28.1%	27.3%	14,676	11%
- Region China **	32.4%	27.8%	7,866	13%
- Rest of World ***	14.0%	13.2%	6,752	19%
North America Operations	31.6%	31.5%	24,025	9%
- The US	31.6%	31.6%	22,534	9%

Source: IQVIA, May 2021 data. *Data for EMEA available for European markets and seven markets outside Europe representing approximately 90% of Novo Nordisk Diabetes care sales in the area. **Data for mainland China, excluding Hong Kong and Taiwan. *** Data for Rest of World available for seven markets representing approximately 70% of total Novo Nordisk's Diabetes care sales in the area.

GLP-1 therapy for type 2 diabetes

Sales of GLP-1 products for type 2 diabetes (Rybelsus[®], Ozempic[®] and Victoza[®]) increased by 21% measured in Danish kroner and by 30% at CER to DKK 23,377 million. The GLP-1 segment's value share of the total diabetes market has increased to 24.0% compared with 20.0% 12 months ago. Novo Nordisk continues to be the global market leader in the GLP-1 segment with a 51.5% value market share, an increase of 2.4 percentage points compared to 12 months ago.

GLP-1, development per geographical area	Novo Nordisk's share of the diabetes GLP-1 market (value, MAT)		GLP-1, sales development	
	May 2021	May 2020	Sales H1 2021 DKK million	Growth at CER
Global	51.5%	49.1%	23,377	30%
International Operations	56.1%	52.1%	7,527	46%
- EMEA *	56.8%	53.8%	4,961	36%
- Region China **	84.9%	92.9%	833	68%
- Rest of World ***	48.0%	41.4%	1,733	69%
North America Operations	50.8%	48.6%	15,850	24%
- The US	50.1%	48.1%	14,958	23%

Source: IQVIA, May 2021 data. *Data for EMEA available for European markets and seven markets outside Europe representing approximately 90% of Novo Nordisk GLP-1 sales in the area. **Data for mainland China, excluding Hong Kong and Taiwan. ***Data for Rest of World available for seven markets representing approximately 70% of total Novo Nordisk Diabetes care sales in the area.

Rybelsus[®] sales increased by 187% measured in Danish kroner and by 213% at CER to DKK 1,674 million. Sales growth was driven by North America Operations as well as EMEA and Rest of World. Rybelsus[®] has now been launched in 18 countries.

Ozempic[®] sales increased by 47% measured in Danish kroner and by 58% at CER to DKK 14,097 million. Sales growth was driven by both North America Operations and International Operations. Ozempic[®] has now been launched in 62 countries.

Victoza[®] sales decreased by 18% measured in Danish kroner and by 12% at CER to DKK 7,606 million. The sales decline was driven by North America Operations and EMEA, partially offset by higher sales in Region China and Rest of World.

Strategic aspirations	Performance highlights	Commercial execution	Financials	Cash flow and capital allocation	Outlook	Innovation and therapeutic focus	Purpose and sustainability	Financial Information
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