

Financial report for the period 1 January 2021 to 31 December 2021

2 February 2022

Novo Nordisk's sales increased by 11% in Danish kroner and by 14% at constant exchange rates to DKK 140.8 billion in 2021

- Operating profit increased by 8% in Danish kroner and by 13% at constant exchange rates (CER) to DKK 58.6 billion.
- Sales in International Operations increased by 12% in Danish kroner (14% at CER), and sales in North America Operations increased by 10% in Danish kroner (14% at CER).
- Sales within Diabetes and Obesity care increased by 13% in Danish kroner to DKK 121.6 billion (15% at CER), driven by GLP-1 sales growth of 28% in Danish kroner (32% at CER) reflecting the uptake of Ozempic® and Rybelsus®. Obesity care sales grew by 50% in Danish kroner (55% at CER), and Biopharm sales increased by 1% measured in Danish kroner (4% at CER).
- Within R&D, Novo Nordisk in November 2021 successfully completed the first cohorts from the ongoing phase 1/2 clinical trial with Mim8, and in December 2021 the acquisition of Dicerna Pharmaceuticals was completed.
- In December 2021, a contract manufacturer filling syringes for Wegovy® temporarily stopped deliveries and manufacturing following issues with current Good Manufacturing Practices. Consequently, fewer new weekly patient initiations are expected in the first half of 2022 compared to fourth quarter of 2021. Novo Nordisk still expects to be able to meet demand in the US in the second half of 2022.
- For the 2022 outlook, sales growth is expected to be 6-10% at CER and operating profit growth is expected to be 4-8% at CER. Sales and operating profit growth reported in Danish kroner is expected to be 5 and 7 percentage points higher than at CER, respectively.
- At the Annual General Meeting on 24 March 2022, the Board of Directors will propose a final dividend of DKK 6.90 for 2021 per share of DKK 0.20. The expected total dividend for 2021 is DKK 10.40 per share, of which DKK 3.50 was paid as interim dividend in August 2021. The Board of Directors intends to initiate a new 12-month share repurchase programme of up to DKK 22 billion.

PROFIT AND LOSS	2021	2020	Growth as reported	Growth at CER*
DKK million				
Net sales	140,800	126,946	11%	14%
Operating profit	58,644	54,126	8%	13%
Net profit	47,757	42,138	13%	N/A
Diluted earnings per share (in DKK)	20.74	18.01	15%	N/A

* CER: Constant exchange rates (average 2020).

Lars Fruergaard Jørgensen, president and CEO: "We are very pleased with the double-digit sales growth in 2021 and the progress we have made on our Strategic Aspirations. The results reflect that almost 35 million people with diabetes are now benefiting from our treatments worldwide. In obesity, we are making progress in resolving the Wegovy® supply issue and we expect to be able to meet demand from people living with obesity in the US in the second half of 2022".

On 2 February 2022 at 13.00 CET, corresponding to 07.00 am EST, 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 2021 (fourth-quarter developments):

Purpose and sustainability

Adding value to society:

- Progress on 'Defeat Diabetes' strategy:
 - Medical treatment provided to 34.6 million people living with diabetes in 2021
 - 46 new vulnerability assessments conducted enabling access to insulin to around 82,000 people with diabetes
 - Reaching 18 countries and around 32,000 children in Changing Diabetes[®] in Children

Progress towards zero environmental impact:

- 43% reduction in CO₂ emissions compared to 2019

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 Xulthopy[®] and Ozempic[®] in China for the treatment of type 2 diabetes
- Resubmission of semaglutide 2.0 mg in the US and approval in the EU in January 2022
- Phase 1 trial completed with a glucose-sensitive insulin

Develop superior treatment solutions for obesity:

- Approval of Wegovy[®], semaglutide 2.4 mg, in the US and approval in the EU in January 2022
- Phase 3a development initiated with 50 mg oral semaglutide in obesity

Strengthen and progress Biopharm pipeline:

- Sogroya[®] phase 3 programme in children with growth hormone deficiency successfully completed
- First Mim8 phase 1/2 trial cohorts successfully completed

Establish presence in Other serious chronic diseases:

- Phase 3a development initiated with ziltivekimab in cardiovascular disease and semaglutide in NASH and Alzheimer's disease

Acquisition of Dicerna Pharmaceuticals and its RNAi platform to be applied across therapy areas

Commercial execution

Strengthen diabetes leadership to more than one-third

- Diabetes value market share increased by 0.8 percentage point to 30.1% (MAT)

Strengthen obesity leadership and double sales:

- Obesity care sales increased by 55% (CER) to DKK 8.4 billion

Secure a sustained growth outlook for Biopharm:

- Biopharm sales increased by 4% (CER) to DKK 19.2 billion

Financials

Deliver solid sales and operating profit growth:

- Sales growth at 14% (CER)
- International Operations sales growth of 14% (CER)
- US sales growth of 13% (CER) with 60% of sales coming from products launched since 2015
- Operating profit growth of 13% (CER)

Drive operational efficiencies:

- Continued productivity gains in Product Supply

Enable attractive capital allocation to shareholders:

- Free cash flow of DKK 29.3 billion
- Share buyback of DKK 20 billion
- Total dividend of DKK 10.40 per share and payout ratio of 49.6%

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PERFORMANCE HIGHLIGHTS
FINANCIAL HIGHLIGHTS FOR 2021

	2021	2020	2019	2018	2017	% change 2021 to 2020	% change 2021 to 2020 at CER
PROFIT AND LOSS							
<small>(Amounts are in DKK million, except for earnings per share and dividend per share)</small>							
Net sales	140,800	126,946	122,021	111,831	111,696	11%	14%
Gross profit	117,142	106,014	101,933	94,214	94,064	10%	14%
Gross margin	83.2%	83.5%	83.5%	84.2%	84.2%		
Sales and distribution costs	(37,008)	(32,928)	(31,823)	(29,397)	(28,340)	12%	15%
<i>Percentage of sales</i>	26.3%	25.9%	26.1%	26.3%	25.4%		
Research and development costs	(17,772)	(15,462)	(14,220)	(14,805)	(14,014)	15%	16%
<i>Percentage of sales</i>	12.6%	12.2%	11.7%	13.2%	12.5%		
Administrative costs	(4,050)	(3,958)	(4,007)	(3,916)	(3,784)	2%	4%
<i>Percentage of sales</i>	2.9%	3.1%	3.3%	3.5%	3.4%		
Other operating income and expenses	332	460	600	1,152	1,041	(28%)	(27%)
Operating profit	58,644	54,126	52,483	47,248	48,967	8%	13%
Operating margin	41.7%	42.6%	43.0%	42.2%	43.8%		
Financial items (net)	436	(996)	(3,930)	367	(287)	(144%)	N/A
Profit before income taxes	59,080	53,130	48,553	47,615	48,680	11%	N/A
Income taxes	(11,323)	(10,992)	(9,602)	(8,987)	(10,550)	3%	N/A
<i>Effective tax rate</i>	19.2%	20.7%	19.8%	18.9%	21.7%		
Net profit	47,757	42,138	38,951	38,628	38,130	13%	N/A
Net profit margin	33.9%	33.2%	31.9%	34.5%	34.1%		
OTHER KEY NUMBERS							
Depreciation, amortisation and impairment losses	6,025	5,753	5,661	3,925	3,182	5%	N/A
Purchase of intangible assets	1,050	16,256	2,299	2,774	1,022	(94%)	
Capital expenditure	6,335	5,825	8,932	9,636	7,626	9%	N/A
Net cash generated from operating activities	55,000	51,951	46,782	44,616	41,168	6%	N/A
Free cash flow	29,319	28,565	34,451	32,536	32,588	3%	N/A
Total assets	194,508	144,922	125,612	110,769	102,355	34%	N/A
Equity	70,746	63,325	57,593	51,839	49,815	12%	N/A
<i>Equity ratio</i>	36.4%	43.7%	45.8%	46.8%	48.7%		
Diluted earnings per share / ADR (in DKK)	20.74	18.01	16.38	15.93	15.39	15%	N/A
Total dividend per share ¹⁾	10.40	9.10	8.35	8.15	7.85	14%	
Payout ratio ²⁾	49.6%	50.0%	50.5%	50.6%	50.4%		

¹⁾ Total dividend for the financial year 2021 including proposed final dividend of DKK 6.90 per share and interim dividend paid in August 2021 of DKK 3.50 per share.

²⁾ Total dividend for the year as a percentage of net profit.

The Board of Directors and Executive Management have approved the *Annual Report 2021* of Novo Nordisk A/S including the audited consolidated financial statements. The Board of Directors and Executive Management also approved this unaudited financial statement containing condensed financial information for 2021. This financial statement is prepared in accordance with the recognition and measurement requirements of the International Financial Reporting Standards (IFRS) as issued by IASB and IFRS as endorsed by the EU.

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COMMERCIAL EXECUTION

SALES DEVELOPMENT ACROSS THERAPEUTIC AREAS

Sales grew by 11% measured in Danish kroner and by 14% at CER 2021, driven by growth across all therapy areas with Diabetes care sales growth of 13% (CER), Obesity care sales growth of 55% (CER) and Biopharm sales growth of 4% (CER).

Sales split per therapy	Sales 2021 DKK million	Sales 2020 DKK million	Growth as reported	Growth at CER	Share of growth at CER
Diabetes and Obesity care segment					
Rybelsus®	4,838	1,873	158%	168%	18%
Ozempic®	33,705	21,211	59%	64%	77%
Victoza®	15,054	18,747	(20%)	(18%)	(19%)
Total GLP-1	53,597	41,831	28%	32%	76%
Long-acting insulin	18,064	18,439	(2%)	0%	0%
- Tresiba®	9,729	8,968	8%	11%	6%
- Xultophy®	2,657	2,444	9%	11%	1%
- Levemir®	5,678	7,027	(19%)	(17%)	(7%)
Premix insulin	11,203	10,925	3%	4%	2%
- Ryzodeg®	1,711	1,291	33%	37%	3%
- NovoMix®	9,492	9,634	(1%)	(1%)	(1%)
Fast-acting insulin	17,687	18,313	(3%)	(1%)	(1%)
- Fiasp®	1,748	1,385	26%	29%	2%
- NovoRapid®	15,939	16,928	(6%)	(3%)	(3%)
Human insulin	9,052	8,873	2%	4%	2%
Total insulin	56,006	56,550	(1%)	1%	3%
Other Diabetes care ¹	3,594	4,031	(11%)	(10%)	(2%)
Total Diabetes care	113,197	102,412	11%	13%	77%
Obesity care (Saxenda® and Wegovy®)	8,400	5,608	50%	55%	18%
Diabetes and Obesity care total	121,597	108,020	13%	15%	95%
Biopharm segment					
Rare blood disorders ²	10,217	9,662	6%	9%	5%
- Haemophilia A	2,112	1,713	23%	25%	2%
- Haemophilia B	637	518	23%	25%	1%
- NovoSeven®	7,221	7,203	0%	4%	1%
Rare endocrine disorders ³	7,303	7,707	(5%)	(2%)	(1%)
Other Biopharm ⁴	1,683	1,557	8%	8%	1%
Biopharm total	19,203	18,926	1%	4%	5%
Total sales	140,800	126,946	11%	14%	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 11% measured in Danish kroner and by 13% at CER to DKK 113,197 million driven by GLP-1 growth. Novo Nordisk has improved the global diabetes value market share over the last 12 months from 29.3% to 30.1% 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 November 2021 and November 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	
	November 2021	November 2020	Sales 2021 DKK million	Growth at CER
Global	30.1%	29.3%	113,197	13%
International Operations	24.9%	23.2%	58,692	14%
- EMEA *	28.7%	27.7%	29,136	12%
- Region China **	33.0%	30.0%	15,563	11%
- Rest of World ***	15.5%	13.5%	13,993	24%
North America Operations	31.9%	31.5%	54,505	12%
- The US	31.9%	31.6%	51,197	11%

Source: IQVIA, November 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 28% measured in Danish kroner and by 32% at CER to DKK 53,597 million. The GLP-1 segment's value share of the total diabetes market has increased to 26.5% compared with 21.9% 12 months ago. Novo Nordisk continues to be the global market leader in the GLP-1 segment with a 52.7% value market share, an increase of 2.3 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	
	November 2021	November 2020	Sales 2021 DKK million	Growth at CER
Global	52.7%	50.4%	53,597	32%
International Operations	58.9%	53.7%	16,106	52%
- EMEA *	58.3%	55.1%	10,209	38%
- Region China **	74.0%	90.2%	1,847	73%
- Rest of World ***	56.9%	43.6%	4,050	85%
North America Operations	51.8%	50.0%	37,491	25%
- The US	51.0%	49.3%	35,442	24%

Source: IQVIA, November 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 158% measured in Danish kroner and by 168% at CER to DKK 4,838 million. Sales growth was driven by North America Operations as well as EMEA and Rest of World. Rybelsus[®] has now been launched in 29 countries.

Ozempic[®] sales increased by 59% measured in Danish kroner and by 64% at CER to DKK 33,705 million. Sales growth was driven by both North America Operations and International Operations. Ozempic[®] has now been launched in 72 countries.

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