

Annual Financial Report 2001

commitment

joy of life

involvement

science



# Research and development pipeline

Selected development projects at Novo Nordisk

## PHASE 1

The substance is tested in healthy human volunteers.

### NN414

An oral hypoglycaemic agent for the treatment of Type 2 diabetes. The substance will be tested for its effect on insulin secretion.

### NN344

A neutral, soluble long-acting human insulin analogue with 24-hour coverage by once daily injection. NN344 has a very flat and predictable action profile. The product is intended for basal insulin treatment of diabetes.

## PHASE 2

The first administration of the substance takes place in patients for evaluation of efficacy and tolerance in short-term treatment.

### NN1998 (AERx®iDMS)

A pulmonary delivery system for the administration of insulin by inhalation. NN1998 is being developed for the treatment of diabetes in collaboration with Aradigm Corporation. Phase 2 trials have been concluded and Phase 3 trials are expected to be initiated in 2002.

### NN2344

A very potent insulin sensitiser that increases glucose uptake in peripheral tissue. The sensitiser is licensed from Dr Reddy's Research Foundation.

### NN2211 (GLP-1)

A long-acting derivative of the natural hormone GLP-1, that glucose-dependently stimulates insulin production and lowers the level of the anti-insulin hormone glucagon. Furthermore, the potential effect of NN2211 on appetite regulation and weight control is being studied.

### NovoSeven® general haemostasis

A programme to explore the use of NovoSeven® as a general haemostatic agent, including

- Liver transplantations.
- Liver resections.
- Liver resections in chronic liver disease.
- Upper gastro-intestinal bleeds.
- Central nervous system bleeds.
- Bleedings caused by anticoagulant therapy.
- Stem cell transplantations.

## PHASE 3

The substance is tested in a large number of patients for evaluation of efficacy and adverse effects in long-term treatment.

### NN304 (insulin detemir)

Soluble, neutral, basal insulin analogue with a novel protraction principle based on albumin binding within the subcutis and bloodstream. NN304 is expected to provide an improved basal insulin profile without peak effect and with less day-to-day variation compared to conventional NPH insulin preparations. Clinical trials have shown a significantly lower frequency of hypoglycaemic events compared with NPH. NN304 can be used for treatment of Type 1 and Type 2 diabetes.

### NN622

A second-generation insulin sensitiser discovered in collaboration with Dr Reddy's Research Foundation. In addition to lowering blood glucose, NN622 is interesting due to its favourable effects on the lipid profile.

## Contents [Annual Financial Report 2001](#)

• Page 1 Management report • Page 5 Financial highlights • Page 6 Financial discussion • Page 11 Consolidated financial statements for 2001 • Page 12 Consolidated profit and loss account • Page 13 Consolidated balance sheet • Page 14 Consolidated cash flow and financial resources • Page 15 Consolidated statement of changes in shareholders' funds • Page 16 Notes • Page 32 Parent company financial statements • Page 42 Summary of the Group 1997–2001 • Page 44 Management statement and auditors' report • Page 47 Financial definitions • Page 48 Shareholder information • Page 51 Board of Directors • Page 52 Executive and Management Committees • Page 53 Novo Nordisk publications

Cover photo: Ricardo Carrerio (Type 1 diabetes), Brazil.

*To all our stakeholders,*

We can look back with satisfaction on 2001 as Novo Nordisk's first year as a focused healthcare company, after having demerged our enzyme business into a separate company, Novozymes A/S, in November 2000.

It was also a year in which the terrorist attack of 11 September made us reflect not only on the tragic loss of life, but on the threat and the promise implied in our increasingly globalised world. We must create or seize the opportunities that an interconnected world offers a responsible corporation in the knowledge that we will be caught in the harsh spotlight of growing public concern or resentment towards corporate power and wealth.

We are a company that puts people – not only our customers but also our employees and fellow citizens – at the forefront of its guiding philosophy. This is something we have always believed in and endeavoured to live by.

Listening to and letting ourselves be duly guided by those whom we serve and the people we work with is a condition for growing our business and creating long-term value. A commitment to the social, bioethical and environmental aspects of how we do business is just as vital as meeting our economic goals. This is what we call sustainable management, documented in our Triple Bottom Line reporting.

The year 2001 will also be remembered for the unprecedented focus on the role of the pharmaceutical industry in ensuring access to proper medical treatment in developing countries. The pharmaceutical industry was challenged on its belief that protection of patents and intellectual property rights benefits not only corporations, but also current and future generations who depend on the creation of life-saving drugs. That challenge gave us a valuable opportunity to reflect further on our role as a responsible healthcare company. We concluded that it is possible to balance the protection of intellectual property rights with improved access to essential medicines for patients in developing countries.

In fact, given our promise of 'being there' for our customers, we believe Novo Nordisk has an obligation to contribute to better access to proper diabetes care in the poorest nations. To that effect, in November 2001 we announced plans to establish the World Diabetes Foundation, which is part of a broader Novo Nordisk initiative known as LEAD – Leadership in Education and Access to Diabetes care.

**FINANCIAL PERFORMANCE IN 2001** We are pleased to report that Novo Nordisk performed very well in its first year as a focused healthcare company. Operating profit grew by 17% to DKK 5,614 million primarily due to sales growth of 14% to DKK 23,776 million. Measured in local currencies sales increased by 17%. Net profit grew by 25% to DKK 3,865 million.

Our overall business focus remains unchanged: we aim for world leadership in diabetes care while pursuing opportunities in three other areas: haemostasis management, growth hormone therapy and hormone replacement therapy (HRT). All four areas contributed to our growth in 2001:

- ◉ Diabetes care sales were up 14% to DKK 16,624 million.
- ◉ Sales within haemostasis management were up 36% to DKK 3,096 million.



Mads Øvlisen and Lars Rebien Sørensen.

- ◉ Sales within growth hormone therapy were up 3% to DKK 2,164 million.
- ◉ HRT sales were up 10% to DKK 1,435 million.

**ENVIRONMENTAL AND SOCIAL PERFORMANCE** In Novo Nordisk we have a long-standing commitment to the Triple Bottom Line – social and environmental responsibility and economic viability.

We strongly believe that in order to run a sustainable business, we must be able to demonstrate that we deliver not only economic value for our shareholders, but also value for our other stakeholders, be they customers, employees, neighbours or society at large.

To document our performance, we issue annual reports on the Triple Bottom Line, in which we highlight the many difficult issues confronting Novo Nordisk as a global player, as an employer and business partner, and as a representative of the pharmaceutical industry. Key issues include:

- ◉ Access to health, with particular focus on the developing world.
- ◉ Equal opportunities and diversity in the workplace.
- ◉ Extending social responsibility through the supply chain.
- ◉ Animal welfare and bioethics from idea to products.
- ◉ Eco-efficiency in the light of increasing production.
- ◉ Assessing the socio-economic impact of the company's activities in a global context.

The report accounts for our performance within each of these areas during 2001 and a range of new initiatives launched to address the issues in a long-term perspective.

**INVESTMENT IN RESEARCH AND DEVELOPMENT**

Research and development is crucial for our ability to fulfil our mission in an increasingly competitive business environment. In 2001, we spent DKK 3,970 million on new product discovery and development.

- ◉ We established a new unit, Protein Delivery Systems, to develop innovative methods of delivering insulin and other therapeutic proteins.
- ◉ Clinical proof of concept was obtained in September 2001 for NN622, a second generation insulin sensitiser with a dual action.
- ◉ Our pulmonary insulin delivery device, AERx®IDMS (NN1998), developed jointly with Aradigm Corporation, successfully completed a Phase 2b study in November 2001.
- ◉ We initiated a number of clinical trials for NovoSeven® in a range of blood disorders and bleeding conditions.



→ **INVESTMENT IN FACILITIES** In 2001, the company invested DKK 3.8 billion in new facilities. Due to the continued positive development in our business and the significant opportunities provided by our product candidates in late stage development, we expect investments to remain at this elevated level also in 2002 and 2003. Our largest investment projects are:

- The new Insulin Bulk Plant in Kalundborg, Denmark will be our primary supplier of insulin products for many years to come.
- The new NovoSeven® plant in Hillerød, Denmark will be the second factory for NovoSeven®.
- The MS-Fac2 plant in Hillerød, Denmark is designed for the production of durable insulin delivery devices.
- The device plant in Hillerød, Denmark has been extended to also produce the latest prefilled pen, FlexPen®.

**MAJOR AGREEMENTS** In January 2001 Novo Nordisk and Aventis Pharma signed an agreement, settling the lawsuit filed by Novo Nordisk in April 2000 in Germany for patent infringement relating to the long-acting insulin analogue Lantus®. This agreement increased Novo Nordisk's operating profit in 2001 by approximately DKK 250 million. Contingent on the commercial development of Lantus®, the agreement could also have a positive impact on Novo Nordisk's results in 2003 and 2004.

In July 2001 Novo Nordisk and Novartis Pharma AG announced an agreement on the commercialisation of NN622, which gave Novartis exclusive rights to commercialise the compound in the US, Canada and Mexico. However, in October 2001 Novartis decided for strategic reasons not to continue with the collaboration. The development programme for NN622 is unaffected and Phase 3 trials have been initiated.

In October 2001 Novo Nordisk invested USD 20 million in the Aradigm Corporation common shares. As part of the agreement, Novo Nordisk will retain all of the Aradigm shares held by it for at least 2 years. In addition, following the completion of a Phase 2b clinical trial with the AERx® insulin Diabetes Management System (iDMS) in November 2001, Novo Nordisk increased its commitment to further invest in the Aradigm Corporation with

a new share investment agreement of up to USD 25 million in common shares.

In December 2001 Novo Nordisk signed an agreement whereby Novo Nordisk would acquire the controlling shareholding of Biobrás SA in Brazil. The acquisition was completed on 31 January 2002 after the existing shareholders had approved implementing a demerger of certain non-core assets of Biobrás. The acquisition gives Novo Nordisk 76% of the voting shares of Biobrás and 39% of the total capital. As previously announced, Novo Nordisk plans to submit a tender offer for all the remaining shares of Biobrás, and then de-list the company from the São Paulo Stock Exchange. The acquisition is anticipated to be approved by the Brazilian competition authorities during 2002.

**CORPORATE GOVERNANCE** In December 2001 the Nørby Committee, established by the Danish government in March 2001, presented its recommendations for good Corporate Governance in Denmark. Novo Nordisk has for a number of years been in compliance with most of these recommendations.

The corporate governance guidelines include a recommendation for companies, which in their articles of association have voting rights differentiation on shares, to evaluate the expediency of such voting rights restrictions. Novo Nordisk is of the opinion that the current ownership structure has been, and continues to be appropriate and preferable for the long-term development of the company. A revocation of the current voting rights differentiation of Novo Nordisk's shares cannot be implemented, as this would require a change to the Articles of Association of the Novo Nordisk Foundation with the consent of the Danish foundation authorities.

Novo Nordisk publishes, in full, information regarding its share-based incentive programmes for members of the Executive Committee. For the Executive Committee and the Board of Directors, each defined as a group, Novo Nordisk discloses information about holding of shares. Novo Nordisk has for 2001, however, decided not to disclose information about members' individual holding of shares in the company.

## DIABETES CARE

### Growth in insulin business

Diabetes care is our largest area of interest. Insulin, insulin analogues and devices for injection of insulin constitute 91% of the sales in this area, the remainder is accounted for by NovoNorm® (Prandin® in the US), our oral treatment for Type 2 diabetes.

In 2001 diabetes care sales grew by 14%, with the insulin business growing 13%, and NovoNorm®/Prandin® growing 29%. Our insulin market share in the industrialised world is 45.0%.

The growth in insulin sales is due to volume growth and a change in product mix towards more advanced products such as our rapid-acting insulin analogue NovoRapid® (NovoLog® in the US). High

sales growth was realised in Europe, the US and in a number of developing countries. Reported sales in Japan measured in DKK were flat due to the depreciation of the JPY and increased competition.

Sales growth in the US was to a large degree driven by the co-marketing agreement with Wal-Mart effective from August 2000, under which our insulin in vials are marketed with the shared Novolin® ReliOn® brand name. In addition, Novation, the Texas-based supply chain management company, awarded a significant contract to us in September 2001 to supply its full line of diabetes products to Novation customers. Finally in the US, the leading health improvement company AdvancePCS, in October 2001 announced that it has selected our diabetes products for inclusion on its Preferred Drug List (PDL). AdvancePCS serves 75 million health plan members, managing

more than USD 21 billion annually in prescription drug spending.

We continued to roll out NovoRapid®/NovoLog®, which was launched in the US in September and in Japan in December. NovoRapid® has been very well received by the market.

We launched two new devices for insulin injection therapy: InDuo®, the world's first combined insulin injection system and blood glucose monitor, which we produce and market together with Lifescan Inc; and FlexPen® a new prefilled insulin pen, which is expected to replace our popular NovoLet® pen. We continued the roll-out of InnoLet® and Innovo®, two popular insulin dosers, targeting different segments of insulin users.

Sales of NovoNorm®/Prandin® increased by 29% to DKK 1,401 million reflecting sales growth in all major markets. Sales in the US mirrored the underlying market

## HOLDING OF OWN SHARES AND REDUCTION IN SHARE CAPITAL

As of 31 December 2001, Novo Nordisk's holding of its own shares (treasury shares) was 8,017,323 B shares, representing 2% of the total share capital. As of 7 February 2002, Novo Nordisk's holding of its own shares was 8,017,323 B shares. The total number of shares repurchased during 2001 was 87,500 B shares. A total of 1,127,337 B shares were sold as part of existing incentive programmes to management and the employee share programme during 2001.

In order to maintain capital structure flexibility, it was decided at the Annual General Meeting in March 2001 to reduce the B share capital by cancellation of nominally DKK 45 million of own B shares, which corresponds to approximately 6% of the total share capital.

**EMPLOYEE SHARE PROGRAMMES** In May 2001 the Board of Directors decided to implement a global share programme for the employees in Novo Nordisk A/S and its affiliates. Each employee was offered the possibility to buy up to 100 B shares at DKK 100 per share. In Denmark the programme has been executed in November 2001 and 991,591 B shares were sold to the employees. Outside of Denmark the shares will be offered to the employees in the first quarter of 2002.

**DIVIDEND POLICY AND SHARE PERFORMANCE** At the Annual General Meeting on 12 March 2002, the Board of Directors will propose a dividend for 2001 of DKK 3.35 per share of DKK 2, up from DKK 2.65 per share in 2000, corresponding to an increase in dividend paid of 26%. No dividend will be paid on the company's holding of own shares.

During 2001 Novo Nordisk B shares listed on Copenhagen Stock Exchange were up 20%, whereas the ADRs listed in New York were up 13%.

**LONG-TERM FINANCIAL TARGETS** We maintain the long-term financial targets we established last year, which we believe reflect competitive financial performance in our industry in the

coming years. The targets are:

- Operating profit (EBIT) growth of 15% per annum.
- Operating margin (EBIT margin) of 25%.
- Return on invested capital (ROIC) of 25% per annum.
- Cash to earnings ratio of 60% as a 3 year average.

**OUTLOOK FOR THE YEAR 2002** The roll-out of products like NovoRapid®/NovoLog®, NovoMix®, InnoLet®, InDuo®, FlexPen® and Norditropin® SimpleXx® underpins Novo Nordisk's expectations of a positive sales development in 2002.

Assuming that currency exchange rates remain at the current level for the rest of the year we expect to meet the long-term financial target of growth in operating profit of 15% in 2002. This expectation includes income of approximately DKK 240 million related to the accounting effect for Novo Nordisk of the initial public offering of ZymoGenetics. The expectation for operating profit growth excludes potential income related to the planned out-licensing of NN622 currently in Phase 3 clinical development.

The operating profit expectation for 2002, adjusted for one-off items in 2001 like the patent settlement with Aventis and the payment from Novartis on NN622 and in 2002 for income related to the initial public offering of ZymoGenetics, corresponds to an expected growth of operating profit in the underlying business of more than 15%.

The largest part of the increase in operating profit for 2002 is expected to be realised in the second half of the year, primarily due to new product launches and the continued introduction of existing products in new geographical markets.

The major part of Novo Nordisk's sales is in currencies other than DKK, whereas a significant part of costs is in DKK. Thus, exchange rate fluctuations may have a significant impact on operating profit. All other things being equal, a 5% movement on operating profit of DKK 140 million, DKK 110 million and DKK 50 million, respectively. Depreciation and amortisation for 2002 are expected to be realised at the level of DKK 1.3 billion compared to DKK 1.1 billion in 2001. →

performance, whereas sales in Europe grew significantly as NovoNorm® continues to penetrate the market.

In 2001 a number of significant late stage projects reached important milestones: NN622, a second generation insulin sensitiser with a dual action, entered Phase 3 development in November. We are currently conducting Phase 2 trials for NN2211, an analogue of the natural hormone GLP-1.

Furthermore, AERx®iDMS (also known as NN1998), a pulmonary insulin delivery system, which we are developing together with Aradigm Corporation, has obtained Proof of Concept and Phase 3 trials are expected to start in 2002.

## HAEMOSTASIS MANAGEMENT

### Increased demand for NovoSeven®

Sales of NovoSeven® increased by 36% to DKK 3,096 million, reflecting continued strong growth in the US and positive sales development in Europe. Several factors contributed to the sales growth. As confidence in the use of NovoSeven® in connection with surgical procedures in haemophilia patients increases so does the demand for NovoSeven®. Furthermore, NovoSeven® is increasingly being used for the treatment of acquired haemophilia and sales are also believed to have been positively affected by increased investigational use of NovoSeven®. Finally, sales have to a smaller degree been influenced by a shortage in the market of recombinant

FVIII products for use in certain segments of the haemophilia patient group.

A number of NovoSeven® clinical studies have been initiated this year and Novo Nordisk expects to start reporting from these trials during 2002.

Since the launch of NovoSeven® in 1996, estimating the market potential for this product has proven to be very challenging as the market consists of a narrow group of patients with very fluctuating treatment patterns. Within this patient group, consisting primarily of patients with congenital haemophilia with inhibitor and patients with acquired haemophilia, the market potential for NovoSeven® is estimated to be approximately USD 450 million.

→ To offset the exposure from foreign currency exchange rate variations on operating profit Novo Nordisk hedges its exposure in major currencies using forward exchange contracts and options. At the end of 2001 Novo Nordisk had hedged the future cash flow related to both USD and GBP 9 months ahead and JPY 14 months ahead. At the current level of exchange rates this is expected to lead to a gain on foreign exchange hedging of around DKK 100 million in 2002. Combined with positive net interest income and assuming that the current interest rates and exchange rates remain unchanged for the rest of 2002, the company expects net financial income of approximately DKK 150 million for the year.

For 2002 Novo Nordisk expects the tax rate to be 35%, 1 percentage point lower than the tax rate in 2001.

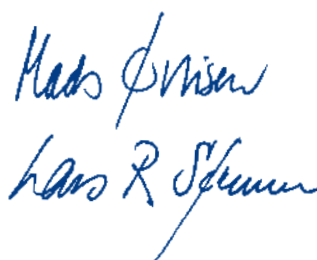
Novo Nordisk expects to invest DKK 4.5 billion in new facilities in 2002. As previously announced, the investment level will also in 2003 remain elevated, but is not expected to exceed the 2002 net investments. The investment in additional production capacity will enable Novo Nordisk to pursue significant opportunities within the core therapy areas: diabetes care and haemostasis management.

**EMPLOYEES** It is fashionable these days for companies to talk about valuing their 'intellectual capital' or 'human assets', but

for us, this simply means that we place tremendous value on the skills, commitment and enthusiasm that people working at Novo Nordisk bring to their jobs.

The number of employees in Novo Nordisk increased by 17% during 2001 to 16,141. This was primarily due to the ongoing expansions in our Product Supply organisation, with the purpose of increasing production output and establishing a workforce for our new factories. In addition we enlarged our international sales organisation, especially in the US where we have expanded our sales force to approximately 600 employees during the year.

We would like to thank everyone within Novo Nordisk and our shareholders for their commitment and support during 2001.



7 February 2002

Mads Øvlisen, chairman of the Board of Directors  
Lars Rebien Sørensen, president & CEO

#### GROWTH HORMONE THERAPY

### Continued roll-out of Norditropin® SimpleXx®

Sales of human growth hormone products rose by 3% to DKK 2,164 million. Sales in Europe have been driving the growth through the continued roll-out of Norditropin® SimpleXx®, our liquid recombinant growth hormone product. Sales in the US also contributed to the growth following the launch of Norditropin® SimpleXx® in the first quarter of 2001. Our market share in the industrialised world is 13.2%.

Sales in Japan were negatively impacted by inventory adjustments at wholesalers. In addition, the depreciation of the JPY compared to the first 9 months of 2000 has influenced reported sales negatively measured in DKK.

The registration file has been submitted in the EU for growth hormone treatment of infants who are born small for their gestational age due to growth retardation during pregnancy (SGA/IUGR), and who remain shorter than average around the age of two. New indications are being explored where the anabolic effect of human growth hormone is expected to change pathologic catabolic conditions and improve healing of tissue.

#### HORMONE REPLACEMENT THERAPY

### Approval of Novofem™

To strengthen the focus on hormone replacement therapy (HRT), we have moved management of the global business to our affiliate in the largest HRT market, Germany.

Activelle® a low-dose continuous combined HRT, has been launched in France, South Africa and Brazil. Activelle® has also entered a Phase 3b study with results showing a bleeding pattern during Activelle® treatment significantly better than sequential treatment, especially in late perimenopausal women.

Novofem™, the new low-dose sequential HRT, was approved in almost all EU countries plus Norway and Iceland in October 2001 and will be launched across Europe in 2002.

In the US, our partner Pharmacia Corporation, has launched Activelle® (Activella® in the US) and Vagifem®.

HRT sales in 2001 were DKK 1,435 million with growth of 10% compared to the previous year. Novo Nordisk's HRT market share in Europe is 13.4%.

#### LEGAL NOTICE

### Forward-looking statement

This *Annual Financial Report* contains forward-looking statements as the term is defined in the US Private Securities Litigation Reform Act of 1995. Forward-looking statements provide current expectations or forecasts of events such as new product introductions, product approvals and financial performance.

Such forward-looking statements are subject to risks, uncertainties and inaccurate assumptions. This may cause actual results to differ materially from expectations. Factors that may affect future results include interest rate and currency exchange rate fluctuations, delay or failure of development projects, production problems, unexpected contract breaches or terminations, government-mandated or market-driven price decreases for Novo Nordisk's products, introduction of competing products, Novo Nordisk's ability to successfully market both new and existing products, exposure to product liability and other lawsuits, changes in reimbursement rules and governmental laws and related interpretation thereof, unexpected growth in costs and expenses.

Risks and uncertainties are further described in reports filed by Novo Nordisk with the US Securities and Exchange Commission (SEC) including the company's Form 20-F, which was filed on 27 April 2001. Please also refer to the section 'Financial risk factors' in this *Annual Financial Report*, and to the company's Form 20-F, which will be filed no later than June 2002.

Novo Nordisk is under no duty to update any of the forward-looking statements after the date of this *Annual Financial Report* or to conform such statements to actual results, unless required by law.

## Financial highlights

Key figures	1997	1998	1999	2000	2001	Change	2000	2001
	DKK million	DKK million	DKK million	DKK million	DKK million	2000-2001	EUR million	EUR million
Diabetes care	8,889	9,818	11,777	14,578	<b>16,624</b>	14.0%	1,961	2,237
Haemostasis management (NovoSeven®)	369	576	1,313	2,270	<b>3,096</b>	36.4%	305	416
Growth hormone therapy	1,569	1,498	1,721	2,107	<b>2,164</b>	2.7%	283	291
Hormone replacement therapy	1,012	1,094	1,130	1,306	<b>1,435</b>	9.9%	176	193
Other	746	661	482	550	<b>457</b>	(16.9%)	74	61
Net turnover	12,585	13,647	16,423	20,811	<b>23,776</b>	14.2%	2,799	3,198
Operating profit (EBIT)	2,440	2,933	3,527	4,816	<b>5,614</b>	16.6%	648	755
Net financials	385	243	(178)	24	<b>416</b>	–	3	56
Profit before taxation	2,825	3,176	3,349	4,840	<b>6,030</b>	24.6%	651	811
Net profit	1,772	2,016	2,001	3,087	<b>3,865</b>	25.2%	415	520
Shareholders' funds	16,304	15,776	15,876	16,981	<b>20,137</b>	18.6%	2,284	2,708
Total assets	22,515	22,085	23,082	24,920	<b>28,905</b>	16.0%	3,351	3,887
Capital expenditure (net)	1,825	1,648	1,265	2,141	<b>3,846</b>	79.6%	288	517
Free cash flow	596	706	1,533	2,712	<b>186</b>	(93.1%)	365	25

Per share/ADR of DKK 2	1997	1998	1999	2000	2001	Change	2000	2001
	DKK	DKK	DKK	DKK	DKK	2000-2001	EUR	EUR
Earnings per share	4.76	5.43	5.60	8.84	<b>11.18</b>	26.4%	1.19	1.50
Earnings per share diluted	4.76	5.43	5.59	8.82	<b>11.10</b>	25.9%	1.19	1.49
Proposed dividend	1.15	1.55	1.95	2.65	<b>3.35</b>	26.4%	0.36	0.45
Quoted price at year-end for B shares	178	153	178	285	<b>342</b>	20.0%	38.33	45.99

Ratios	1997	1998	1999	2000	2001	Long-term financial targets
	Growth in operating profit (EBIT)	N/A	20.2%	20.3%	36.5%	<b>16.6%</b>
Operating profit margin	19.4%	21.5%	21.5%	23.1%	<b>23.6%</b>	25%
Return on invested capital (ROIC)	12.6%	14.4%	15.3%	22.0%	<b>23.1%</b>	25%
Cash to earnings	33.6%	35.0%	76.6%	87.9%	<b>4.8%</b>	
Cash to earnings, 3 year average	N/A	N/A	48.4%	66.5%	<b>56.4%</b>	60%
Net profit margin	14.1%	14.8%	12.2%	14.8%	<b>16.3%</b>	
Return on shareholders' funds	11.5%	12.6%	12.6%	18.8%	<b>20.8%</b>	
Equity ratio	72.4%	71.4%	68.8%	68.1%	<b>69.7%</b>	
Change in market capitalisation	79.9%	(16.5%)	13.7%	56.2%	<b>20.4%</b>	

The Group accounting policies have been changed in 2001 in accordance with the new Danish Company Accounts Act of 2001 and figures for 1997–2000 have been restated, see page 11 for further information on the changes.

Figures for 1997–1999 are derived from the consolidated accounts of the former Novo Nordisk Group (prior to the demerger) – all dividends are allocated to the continuing Novo Nordisk.

Key figures and per share data are translated into EUR as supplementary information – the translation is based on the currency rate at 31 December 2001 (EUR 1=DKK 7.4357).

Quoted prices for 1997–2000 are adjusted for the change in trading units for B shares from DKK 10 to DKK 2 and B shares/ADRs from 1:2 to 1:1.

Development in turnover	1997	1998	1999	2000	2001
Net turnover (in DKK million)	12,585	13,647	16,423	20,811	<b>23,776</b>
Prices and volume/mix	9%	11%	15%	16%	<b>17%</b>
Currency	4%	(3%)	5%	11%	<b>(3%)</b>
Total growth	13%	8%	20%	27%	<b>14%</b>

# Financial discussion

2001 proved to be yet another exciting year for Novo Nordisk with a solid growth in the basic business. Novo Nordisk exceeded the expectations set at the beginning of the year and thereby exceeded the long-term financial target for operating profit growth of 15%. On the currency exposure front, 2001 also proved to be a challenge with a 9% devaluation of JPY compared to DKK, which, however, to some extent has been counterbalanced by a 3% strengthening of USD compared to DKK. Adjusted for the impact from changes in currency exchange rates between 2000 and 2001, the growth in operating profit exceeded the long-term growth target convincingly.

The challenges in 2001 were many. The continued launch and roll-out of new products such as NovoRapid®/NovoLog®, NovoNorm®, Norditropin® SimpleXx® and InnoLet®, the establishment of an increased US sales force, several development projects in the late phases as well as the establishment of the new Protein Delivery Systems unit were the major cost drivers in 2001 and represent a significant investment in the future for Novo Nordisk. Additionally, Novo Nordisk has significantly increased investments in production capacity to be able to support the continued successful roll-out of products as well as to ensure sufficient capacity to support the launch of new products in the coming years. As a consequence of this, the largest investment programme in Novo Nordisk's history, the investment level in 2001 was elevated and is expected to be so in the near future.

Besides investing in activities within sales and marketing, in research and development and in production capacity, Novo Nordisk also decided to establish a foundation to fight diabetes in developing countries, the World Diabetes Foundation. Novo Nordisk will donate approximately DKK 500 million to the foundation over a 10-year period. The establishment of the founda-

tion is, however, subject to shareholder approval at the Annual General Meeting in March 2002.

The results in 2001 were achieved based on a solid growth in sales volumes and in an improved product mix, however, negatively affected by a devaluation of the JPY, which is one of Novo Nordisk's major invoicing currencies. Overall, the growth in operating profit of 17% to DKK 5,614 million from DKK 4,816 million was driven by the 14% sales increase and an improved operating margin of 23.6%, which was partly influenced by the patent settlement with Aventis in January and the upfront payment in connection with the now terminated collaboration with Novartis.

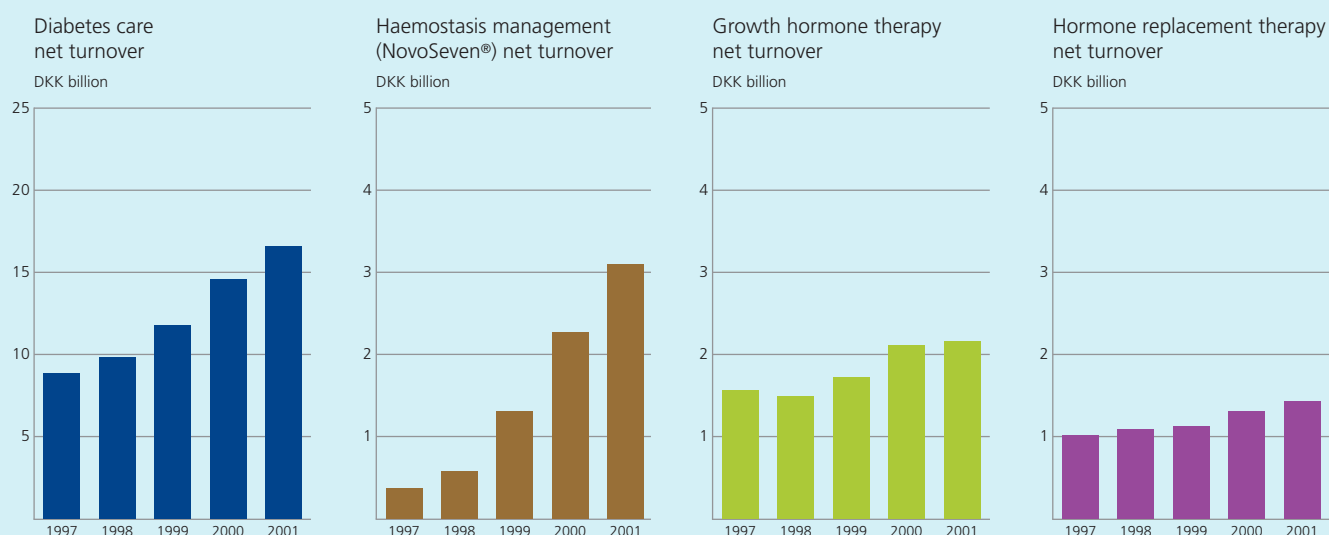
Profit before and after tax increased by 25% to DKK 6,030 million and by 25% to DKK 3,865 million, respectively. Fully diluted earnings per share increased by 26% to DKK 11.10 in 2001 from DKK 8.82 in 2000.

Operating margin increased to 23.6% from 23.1% in 2000 and the return on invested capital increased from 22.0% in 2000 to 23.1% in 2001.

The free cash flow ended at DKK 186 million compared to DKK 2,712 million in 2000, mainly as a result of the reinvestment of the cash generated from operations in an expansion of production facilities. The 3 year moving average cash to earnings ratio thus decreased to 56.4% in 2001 down from 66.5% in 2000.

**SALES DEVELOPMENT** Sales increased by 14% to DKK 23,776 million from DKK 20,811 million in 2000. Growth was primarily due to increased sales volumes and improved product mix, with diabetes care and haemostasis management (formerly labelled 'coagulation disorders') as the main drivers.

Solid growth was realised worldwide with Europe as the





largest contributor of growth in absolute terms followed by the US. Sales for Japan measured in DKK decreased by 7% primarily negatively affected by wholesalers' inventory adjustments and the depreciation of JPY versus DKK. Measured in local currency, sales in Japan increased by 2%.

In local currencies, worldwide sales increased by 17%. The average value of Novo Nordisk's invoicing currencies, measured in DKK, was 3% lower in 2001 than in 2000, primarily due to the depreciation of JPY versus DKK during 2001 of 9%.

**DIABETES CARE** Sales of diabetes care products grew by 14% to DKK 16,624 million from DKK 14,578 million in 2000. The increase reflects volume growth and positive contribution from products like Penfill® 3ml, NovoLet® 3ml, NovoRapid®/NovoLog® (rapid-acting insulin analogue), InnoLet® and NovoNorm®/Prandin®.

**Insulin and delivery systems** Excluding sales of NovoNorm®/Prandin®, diabetes care increased by 13%. High growth was primarily realised in Europe, the US and a number of developing countries.

In Europe high market growth especially in Germany and the UK contributed to growth combined with increased sales of NovoRapid®, Penfill® 3ml and NovoLet® 3ml.

Sales of diabetes care products, excluding Prandin®, in the US increased by 26% measured in DKK and 22% in local currency. US sales account for 14% of worldwide sales of diabetes care products excluding sales of NovoNorm®/Prandin®. This development has primarily been driven by growth in insulin volumes via large tender orders and sales of Novo Nordisk insulin under Wal-Mart's ReliOn® brand. Over the year, Novo Nordisk has established a US sales force of approximately 600 fully educated and trained Novo Nordisk employees. NovoLog® (the US name for NovoRapid®), our rapid-acting insulin analogue, was launched in the US at the end of September 2001. Although initial sales have been influenced by wholesaler inventory build-up, the preliminary feedback indicates a positive market response.

The key drivers of sales in the future will be continued global

insulin volume growth supported by growth derived from Novo Nordisk's range of insulin analogue preparations and innovative delivery devices.

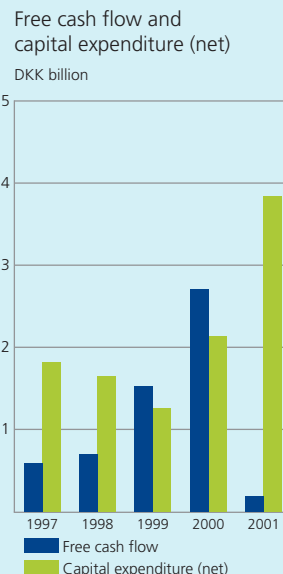
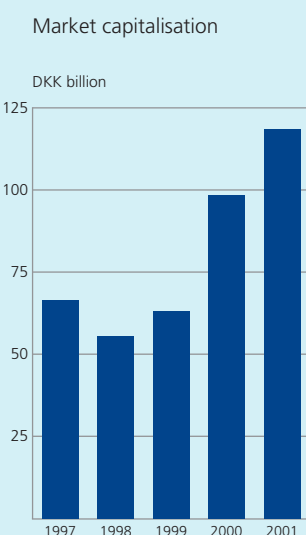
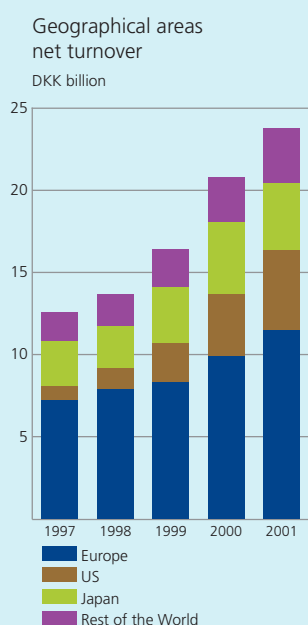
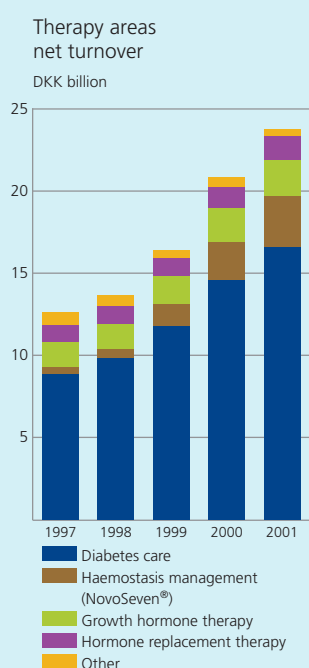
Novo Nordisk has now launched the rapid-acting analogue NovoRapid®/NovoLog® in most markets and plans during 2002 to launch NovoMix® 30, a new dual-release insulin analogue. This new insulin analogue will be available in FlexPen®, a prefilled and disposable pen which provides patients with the confidence to more easily manage their insulin injections.

InnoLet® has been launched in several European countries, in Australia and in Japan. First market feedback holds good promise for this first disposable insulin device developed for people with poor eyesight and reduced manual dexterity. In addition Novo Nordisk also introduced two new devices in 2001; InDuo®, the world's first combined insulin injection device and blood glucose monitor, which is produced and marketed together with LifeScan; and FlexPen®, the new prefilled insulin injection device. Novo Nordisk expects to roll out these products in Europe and the US during 2002.

**NovoNorm®/Prandin®** Sales of NovoNorm®/Prandin® increased to DKK 1,401 million, an increase of 29% over 2000. Sales increases were realised both in the US and in Europe in 2001, but growth was primarily driven by continued penetration in the European markets.

**Protein Delivery Systems** In October 2001, Novo Nordisk announced the establishment of a new diabetes care research and development unit, Protein Delivery Systems. The unit will combine Novo Nordisk's skills in protein formulation and delivery with glucose measurement systems and thereby develop novel ways of delivering proteins, primarily insulin.

**HAEMOSTASIS MANAGEMENT** Sales within haemostasis management (NovoSeven®) increased by 36% to DKK 3,096 million from DKK 2,270 million. Sales growth of NovoSeven® was primarily realised in the US, where the product has been very well received. Europe and countries in the rest of the world →



→ have, however, also contributed to growth.

There were several key growth drivers for NovoSeven® during 2001. One was increased confidence in using NovoSeven® in connection with surgical procedures in haemophilia patients. Another was an increased use of NovoSeven® in the treatment of acquired haemophilia. Finally, sales are also perceived to have been positively affected by increased investigational use of NovoSeven®. The above factors are expected to continue to drive sales growth of NovoSeven® in the near term.

Since the launch of NovoSeven® in 1996 it has proven to be very challenging to estimate the market potential for NovoSeven® as the current market consists of a narrow group of patients with very fluctuating treatment patterns. In addition, it has also proven to be very difficult to divide the usage of NovoSeven® between various patient groups within the area of haemophilia and congenital diseases due to the absence of valid market data. Based on this Novo Nordisk has decided to provide a market estimate for these patient groups in total. This patient group for NovoSeven® consists primarily of patients with congenital haemophilia with inhibitor and patients with acquired haemophilia, but also, to a smaller extent, of patients with FVII and FXI deficiency and other coagulation factor defects such as Glanzmann's Thrombasthenia and Bernard-Soulier syndrome. Within this patient group the market potential for NovoSeven® is estimated to be approximately USD 450 million. Outside this patient group, sales of NovoSeven® for investigational purposes are currently estimated to be limited.

**Haemostasis research and development** Several new indications for the use of NovoSeven® in connection with surgery and intensive care are being investigated. Since November 2001, a study for the use of NovoSeven® as a reversal of anticoagulant therapy has been initiated. Novo Nordisk now has seven projects in Phase 2 development and expects a study of the use of NovoSeven® as a haemostatic agent for bleedings related to traumatic injuries to be initiated in the first half of 2002. As previously announced Novo Nordisk expects to be able to communicate the conclusions from certain of these studies during 2002.

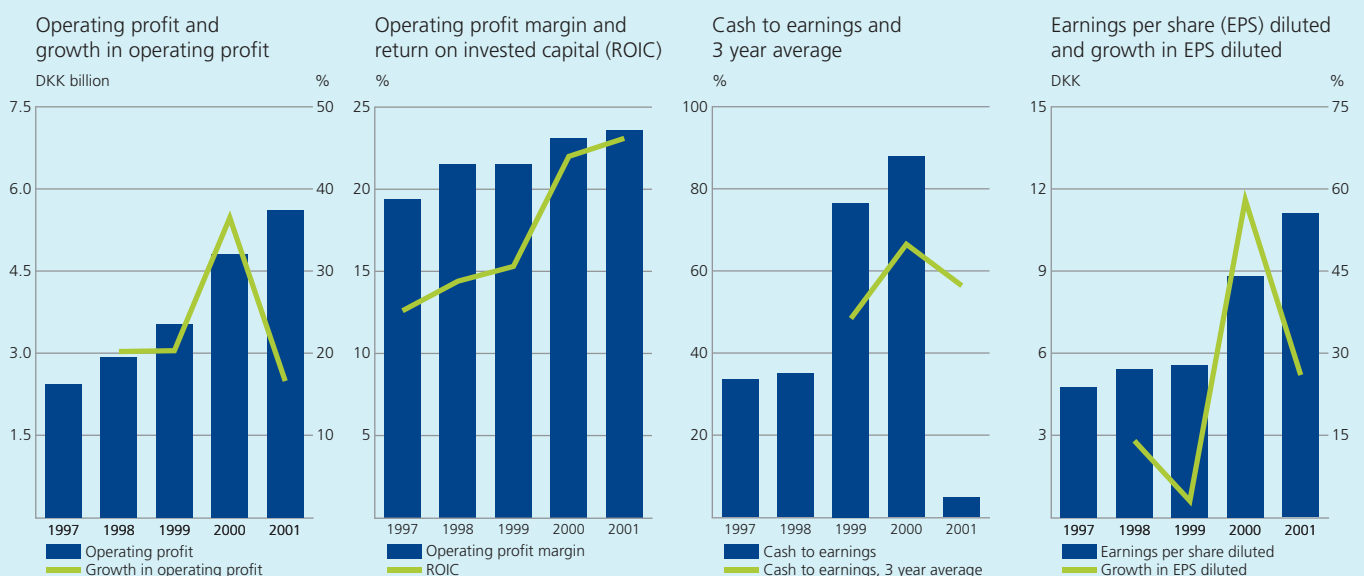
**GROWTH HORMONE THERAPY** Sales of growth hormone therapy products rose by 3% to DKK 2,164 million from DKK 2,107 million reflecting positive market development in Europe and the US and negative development in Japan. The continued successful market penetration of Norditropin® SimpleXx® (liquid Norditropin®) in a number of European countries has been the primary driver of growth. Sales in the US have also contributed to the growth following a successful launch of Norditropin® SimpleXx® in October 2000. In Japan sales measured in DKK decreased by 13%, whereas in local currency the sales only decreased by 4%. The primary reason for this was wholesalers' inventory build-up in the fourth quarter of 2000.

A registration file has been submitted in the EU for growth hormone treatment of infants who are born small due to growth retardation during pregnancy and who remain shorter than average around the age of two (small for gestational age/intra-uterine growth retardation).

**HORMONE REPLACEMENT THERAPY** Sales of hormone replacement therapy products increased by 10% to DKK 1,435 million from DKK 1,306 million. Growth was realised predominantly in Europe, primarily via the low-dose continuous combined product Activelle® and the topical product Vagifem®. The new low-dose sequential product, Novofem™, was approved in almost all European countries and is expected to be launched in Europe during 2002.

Sales to the US market also contributed to the growth following the launch of Activella® and Vagifem® by Pharmacia in the US during the second and third quarters of 2000.

**COST DEVELOPMENT** Total costs, excluding financial costs and tax, grew by 15% to DKK 19,029 million. Production costs amounted to DKK 5,979 million, corresponding to an increase of 19%. This increase includes the costs of building up skills needed for the ongoing capacity expansion. Sales and distribution costs increased in line with sales or by 15% to DKK 7,215 million. This increase mirrors the expansion of the international marketing and sales competencies and also reflects the intro-



duction of several new products such as InDuo® and FlexPen® as well as the continued launch and roll-out of innovative products such as NovoRapid®, NovoNorm®, Norditropin® SimpleXx® and InnoLet®. Research and development costs grew by 17% to DKK 3,970 million. This cost increase is primarily related to the development projects NN304 (detemir), NN622 and NN1998 (AERx®iDMS), and the cost related to the clinical trials for new indications for NovoSeven®. Administrative expenses for 2001 amounted to DKK 1,865 million, on level with expenses in 2000 in absolute terms. Included in the total costs are depreciation and amortisation of DKK 1,081 million.

**LICENCE FEES AND OTHER OPERATING INCOME** In total, licence fees and other operating income amounted to DKK 867 million in 2001 compared to DKK 571 million in 2000. This increase mainly relates to income from the settlement of a patent dispute with Aventis in January 2001 and, in addition, an upfront payment in connection with the now terminated collaboration with Novartis.

**NET FINANCIALS AND TAX** Net financials showed a net income of DKK 416 million in 2001 compared to DKK 24 million in 2000. Net interest income increased to DKK 192 million in 2001 from DKK 184 million in 2000. In 2001 Novo Nordisk has recorded a foreign exchange gain of DKK 202 million compared to a loss of DKK 195 million in 2000. The net foreign exchange gain is primarily due to realised and unrealised gains on hedging of Novo Nordisk's exposure with respect to JPY.

The effective tax rate for 2001 was 36%, leading to total taxes expensed in 2001 of DKK 2,165 million.

**CAPITAL EXPENDITURE** The total net capital expenditure for property, plant and equipment in 2001 was DKK 3.8 billion, compared with DKK 2.1 billion in 2000. The increased investment level is related to the positive underlying trend in our core businesses and the current expectations for projects in late stage development. Several large projects are ongoing: The new insulin factory in Kalundborg, Denmark, which is expected to

deliver human as well as analogue insulin to the market by 2004; the new NovoSeven® factory in Hillerød, Denmark, which is also expected to be ready by 2004, and a new device factory also in Hillerød, Denmark. The total capital expenditure recorded for 2001 was influenced by higher than anticipated prepayments to suppliers.

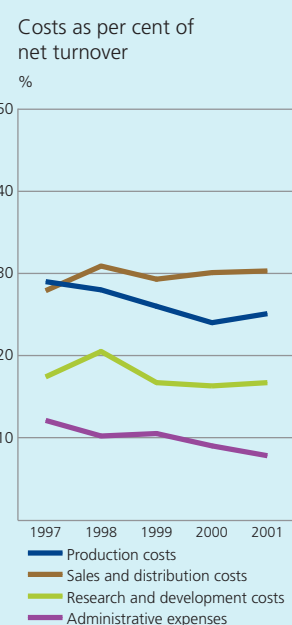
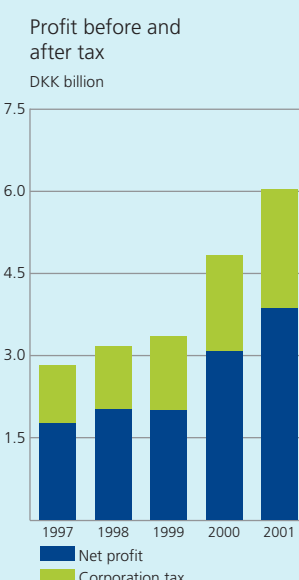
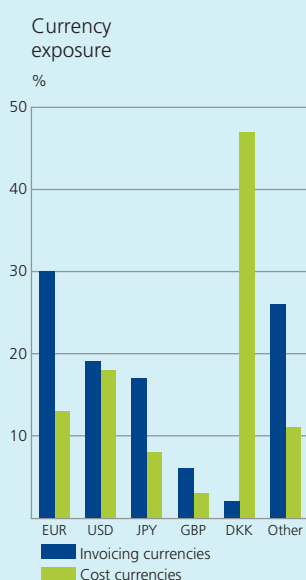
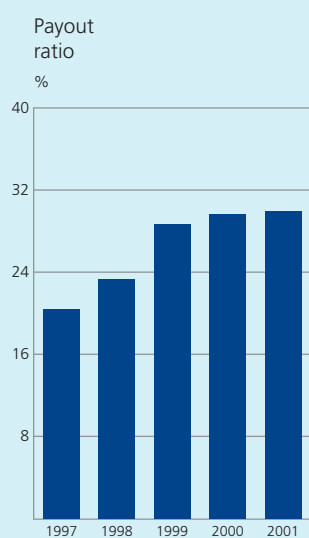
**FREE CASH FLOW AND FINANCIAL RESERVES** The free cash flow for 2001 was realised at DKK 186 million down from DKK 2,712 million in 2000. The primary reason for this decline is that the cash generated from operations has been reinvested in an expansion of production facilities.

Novo Nordisk's financial reserves at the end of 2001 were DKK 2,287 million compared to DKK 3,073 million in 2000. In addition to the financial reserves, Novo Nordisk has undrawn committed credit facilities of DKK 5,046 million.

**SHAREHOLDERS' FUNDS** Total shareholders' funds increased to DKK 20,137 million by the end of 2001, equalling 69.7% of total assets, compared with 68.1% in 2000.

Shareholders' funds in 2001 increased by net profit of DKK 3,865 million and a net proceed from sale of own shares (related to employee shares and incentive schemes) of DKK 202 million, but were reduced by repurchase of own shares of DKK 24 million and dividend paid of DKK 916 million. Other adjustments contributed DKK 29 million to shareholders' funds. In total, shareholders' funds increased by DKK 3,156 million.

**ZYMOGENETICS** Novo Nordisk is the largest shareholder of the Seattle-based biotech company ZymoGenetics, which at the beginning of February 2002 completed an initial public offering of its common stock, now listed on the US Nasdaq stock exchange under the ticker symbol 'ZGEN'. As described in the press release on 1 February 2002, the issuance of new shares in ZymoGenetics is expected to provide Novo Nordisk with income of approximately DKK 240 million related to the accounting effect for Novo Nordisk of the initial public offering of ZymoGenetics. After the completion of the offering, Novo Nordisk holds 39% →



→ of the company on a fully diluted basis. Novo Nordisk's part of the net loss at ZymoGenetics is booked as research and development costs at Novo Nordisk.

## FINANCIAL RISK FACTORS AND FINANCIAL RISK MANAGEMENT

Novo Nordisk has centralised management of the Group's financial risks. The overall objectives and policies for Novo Nordisk's financial risk management are outlined in the Novo Nordisk Treasury Policy, which is approved by the Board of Directors. The Treasury Policy consists of the Foreign Exchange Policy, the Investment Policy, the Financing Policy and the Policy regarding Credit Risk on Financial Counterparts together with a description of allowed instruments and risk limits.

Novo Nordisk hedges commercial exposure only and consequently does not enter into speculative positions.

Novo Nordisk uses a Treasury Management System to manage all financial positions including accounts payable, accounts receivable and future expected cash flows. All financial positions are marked-to-market based upon real-time quotes and market rates, while the risks arising from the financial positions are assessed within the system using generally accepted standards.

**Foreign exchange risk management** The major part of Novo Nordisk's sales is in currencies other than DKK, whereas a significant part of costs is in DKK. Thus, exchange rate fluctuations may have a significant impact on the profit and loss account (transaction risk). Further, exchange rate fluctuations may have an impact on the balance sheet through translation risk arising from the invested equity in foreign subsidiaries.

Novo Nordisk's foreign exchange risk is in decreasing order most significant in JPY, USD and GBP. Notwithstanding the considerable net income in EUR, the foreign exchange risk herein is regarded as low, due to the Danish fixed rate policy vis-à-vis EUR.

The overall objective of the foreign exchange risk management is to limit the negative impact on earnings and cash flows from exchange rate fluctuations, thereby increasing the predictability of the financial result.

Novo Nordisk hedges existing assets and liabilities in major currencies, as well as future expected cash flows up to several months forward. The hedging of transaction risk is based upon expectations of future exchange rates. Transaction risk is hedged mainly through using foreign exchange forwards and foreign exchange options matching the due date of the hedged item. Expected future cash flows are continuously assessed using historical inflows, budgets and monthly sales forecasts. Hedge effectiveness is assessed on a regular basis.

At year-end, the transaction exposure in major currencies and the corresponding hedging were as shown in the table below.

Transaction exposure in major currencies and the corresponding hedging

Currency	Effect on EBIT of 5% change* DKK million	Months cover of expected future net cash flow
USD	110	9
JPY	140	14
GBP	50	9

\*Before hedging activities

Novo Nordisk hedges the invested equity in foreign affiliates on a discretionary basis. Equity hedging is done using long-term cross-currency swaps. At year-end, 59% of the Group's JPY equity, 52% of the Group's EUR equity and 27% of the Group's USD equity was hedged.

**Interest rate risk management** Changing interest rates affect Novo Nordisk's profit and loss account as well as the balance sheet. Novo Nordisk is mainly exposed to interest rate risk through interest bearing assets and liabilities, as shown in the table below.

The overall objective of the interest rate risk management is to limit the negative impact on earnings and on the balance sheet from interest rate fluctuations.

With the aim of achieving a competitive return subject to defined risk limits, excess liquidity is primarily invested in high-rated, liquid instruments denominated in DKK or EUR. Follow-up on the investment of excess liquidity is based upon predefined benchmarks. The interest rate risk is assessed through standard interest rate risk measures.

Novo Nordisk ensures availability of required liquidity through a combination of cash management, highly liquid investment portfolios and uncommitted and committed facilities. Further, Novo Nordisk's operational performance and high equity ratio ensures access to attractive short- and long-term funding.

**Counter-party risk management** The use of money market deposits and financial instruments gives rise to counter-party exposure. To manage and limit this exposure, Novo Nordisk only enters into financial instruments with financial counterparts having a satisfactory long-term credit rating. Money market deposits are only entered into with financial counterparts having a satisfactory short-term credit rating.

The counter-party exposure is calculated based upon the net market values of off-balance sheet instruments, and the notional amounts of short-term on-balance sheet instruments.

**Equity price risk management** Novo Nordisk has to a limited extent strategic minority investments in both listed and non-listed companies and is consequently exposed to equity risk. Compared to the foreign exchange and interest rate risk, the equity price risk is of minor importance. At year-end, a 10% adverse price effect would result in a loss of DKK 7 million.

Interest rate portfolios

	Notional amount DKK million	Market value DKK million	Duration years
Money market	919	919	0.06
Bond	1,345	1,367	1.52
Total interest bearing assets	2,264	2,286	0.93
Short-term debt	817	817	0.01
Long-term debt	863	865	2.45
Total interest bearing liabilities	1,680	1,682	1.26

## Consolidated financial statements for 2001

The Consolidated financial statements have been prepared in accordance with the new Danish Company Accounts Act of 7 June 2001 and the accounting regulations for companies listed on the Copenhagen Stock Exchange. The Consolidated financial statements have been prepared in accordance with the accounting policies described in Note 1 to the Consolidated financial statements.

As of 1 January 2001, the accounting policies have been changed to comply with the new Danish Company Accounts Act of 7 June 2001 and the following areas have been changed:

- ◉ Dividends are recorded in the accounts when they are declared at the Annual General Meeting. Proposed dividends are no longer recognised as a liability, but are disclosed in connection with the Consolidated statement of changes in shareholders' funds.
- ◉ All financial instruments are measured at market value at the balance sheet date. Unrealised foreign exchange rate adjustments of financial instruments hedging future transactions are deferred via shareholders' funds.
- ◉ Other securities and participating interests are stated at market value at the balance sheet date. Realised and unrealised gains and losses (net) are included in financial income/financial expenses.
- ◉ The revaluation reserve concerning current asset investments has been dissolved.

The changes in accounting policies only have a minor effect on the Consolidated financial statements, and all comparative figures have been adjusted to comply with the new accounting policies. For 2001 the changes have the following effect:

- ◉ Profit before tax and net profit have not been affected.
- ◉ Total assets at 31 December 2001 have increased by DKK 188 million.
- ◉ Shareholders' funds at 31 December 2001 have been increased by DKK 1,349 million.

In November 2000 Novo Nordisk A/S demerged Novozymes A/S (the former enzymes business) with effect from 1 January 2000. As mentioned in the Annual Report for 2000 the comparative figures for 1999 of Novo Nordisk are derived from the financial statements of the former Novo Nordisk and are presented as if Novo Nordisk had existed without the enzymes business.

### Effect of changes in accounting policies for the Group

DKK million	2001	2000	1999
Debtors before changes in accounting policies	<b>5,854</b>	4,711	5,481
Financial instruments	<b>188</b>	327	–
Debtors after changes in accounting policies	<b>6,042</b>	5,038	5,481
Short-term liabilities before changes in accounting policies	<b>7,167</b>	6,412	5,632
Proposed dividends	<b>(1,161)</b>	(916)	(691)
Short-term liabilities after changes in accounting policies	<b>6,006</b>	5,496	4,941
Shareholders' funds before changes in accounting policies	<b>18,788</b>	15,738	15,185
Financial instruments	<b>188</b>	327	–
Proposed dividends	<b>1,161</b>	916	691
Shareholders' funds after changes in accounting policies	<b>20,137</b>	16,981	15,876

## Consolidated profit and loss account The Novo Nordisk Group

DKK million	Note	2001	2000	1999
Net turnover	2	<b>23,776</b>	20,811	16,423
Production costs	3, 4	<b>5,979</b>	5,044	4,227
Gross profit		<b>17,797</b>	15,767	12,196
Sales and distribution costs	3, 4	<b>7,215</b>	6,254	4,812
Research and development costs	3, 4	<b>3,970</b>	3,390	2,748
Administrative expenses	3, 4, 5	<b>1,865</b>	1,878	1,721
Restructuring expenses		–	–	350
Licence fees and other operating income (net)	6	<b>867</b>	571	962
Operating profit		<b>5,614</b>	4,816	3,527
Share of profit in associated companies	4	<b>49</b>	3	2
Financial income	7	<b>499</b>	382	218
Financial expenses	8	<b>132</b>	361	398
Profit before taxation		<b>6,030</b>	4,840	3,349
Corporation tax	9	<b>2,165</b>	1,753	1,348
<b>Net profit</b>		<b>3,865</b>	3,087	2,001
Earnings per share (DKK)	10	<b>11.18</b>	8.84	5.60
Earnings per share diluted (DKK)	10	<b>11.10</b>	8.82	5.59

# The Novo Nordisk Group Consolidated balance sheet

DKK million	Note	31 Dec 2001	31 Dec 2000
<b>ASSETS</b>			
<b>Intangible fixed assets</b>	11	<b>14</b>	32
Land and buildings		<b>5,353</b>	5,354
Plant and machinery		<b>3,072</b>	2,690
Other equipment		<b>1,073</b>	995
Fixed assets in course of construction and payments on account		<b>4,128</b>	1,860
<b>Tangible fixed assets</b>	12	<b>13,626</b>	10,899
Amounts owed by affiliated companies		–	25
Participating interests in associated companies		<b>1,307</b>	1,019
Other securities and participating interests		<b>94</b>	90
<b>Fixed asset investments</b>	13	<b>1,401</b>	1,134
<b>Total fixed assets</b>		<b>15,041</b>	12,065
<b>Stocks</b>	14	<b>4,760</b>	3,972
Trade debtors	15	<b>3,882</b>	3,396
Amounts owed by affiliated companies		<b>76</b>	175
Tax receivable		<b>399</b>	234
Other debtors	16	<b>1,685</b>	1,233
<b>Debtors</b>		<b>6,042</b>	5,038
<b>Current asset investments</b>	17	<b>1,402</b>	2,567
<b>Cash at bank and in hand</b>		<b>1,660</b>	1,278
<b>Total current assets</b>		<b>13,864</b>	12,855
<b>Total assets</b>		<b>28,905</b>	24,920
<b>SHAREHOLDERS' FUNDS AND LIABILITIES</b>			
Share capital	18	<b>709</b>	754
Share premium account		<b>2,565</b>	2,565
Retained earnings		<b>16,461</b>	13,289
Other comprehensive income		<b>402</b>	373
<b>Total shareholders' funds</b>		<b>20,137</b>	16,981
Provision for deferred tax (net)	19	<b>1,358</b>	970
Other provisions	20	<b>541</b>	523
<b>Provisions</b>		<b>1,899</b>	1,493
Banks and other credit institutions	21	<b>863</b>	950
<b>Long-term debt</b>		<b>863</b>	950
Bank loans	22	<b>817</b>	821
Trade creditors		<b>970</b>	977
Amounts owed to affiliated companies		<b>16</b>	39
Tax payable		<b>62</b>	138
Other short-term liabilities	23	<b>4,141</b>	3,521
<b>Short-term liabilities</b>		<b>6,006</b>	5,496
<b>Total long-term debt and short-term liabilities</b>		<b>6,869</b>	6,446
<b>Total shareholders' funds and liabilities</b>		<b>28,905</b>	24,920

## Consolidated cash flow and financial resources The Novo Nordisk Group

DKK million	Note	2001	2000	1999
<b>Net profit</b>		<b>3,865</b>	3,087	2,001
<b>Reversals with no effect on cash flow:</b>				
Corporation tax		<b>2,165</b>	1,753	1,348
Depreciation and amortisation		<b>1,081</b>	1,038	943
Interest receivable and interest payable		<b>(192)</b>	(184)	(117)
Other reversals with no effect on cash flow	24	<b>477</b>	240	64
Corporation tax paid		<b>(1,900)</b>	(1,739)	(1,283)
Interest received and interest paid (net)		<b>280</b>	154	89
<b>Cash flow before change in working capital</b>		<b>5,776</b>	4,349	3,045
<b>Change in working capital:</b>				
(Increase)/decrease in trade debtors and other debtors		<b>(1,247)</b>	664	(616)
(Increase)/decrease in amounts owed by/to affiliated companies		<b>76</b>	(131)	32
(Increase)/decrease in stocks		<b>(847)</b>	(377)	(321)
Increase/(decrease) in trade creditors and other creditors		<b>562</b>	753	687
<b>Cash flow from operating activities</b>		<b>4,320</b>	5,258	2,827
<b>Investments:</b>				
Sale of fixed asset investments		<b>17</b>	85	–
Purchase of intangible fixed assets and fixed asset investments		<b>(305)</b>	(63)	(29)
Effect of ZymoGenetics Inc's deconsolidation in 2000	25	–	(427)	–
Sale of tangible fixed assets		<b>97</b>	225	96
Purchase of tangible fixed assets		<b>(3,943)</b>	(2,366)	(1,361)
<b>Cash flow from investing activities</b>		<b>(4,134)</b>	(2,546)	(1,294)
<b>Free cash flow</b>		<b>186</b>	2,712	1,533
<b>Financing:</b>				
New long-term loans		–	–	93
Repayment of long-term loans		<b>(64)</b>	(36)	(247)
Loan repaid from Novozymes		<b>25</b>	40	2,398
Purchase of own shares		<b>(24)</b>	(2,472)	(1,448)
Sale of own shares		<b>34</b>	189	10
Value adjustment of Novozymes shares		–	818	–
Dividends paid		<b>(916)</b>	(691)	(562)
<b>Cash flow from financing activities</b>		<b>(945)</b>	(2,152)	244
<b>Net cash flow</b>		<b>(759)</b>	560	1,777
Unrealised gain/(loss) on exchange rates and current asset investments included in cash and cash equivalents		<b>(27)</b>	18	14
<b>Net change in cash and cash equivalents</b>		<b>(786)</b>	578	1,791
Cash and cash equivalents at the beginning of the year		<b>3,073</b>	2,495	704
<b>Cash and cash equivalents at the end of the year</b>	26	<b>2,287</b>	3,073	2,495
Undrawn committed credit facilities	22	<b>5,046</b>	4,812	4,439
<b>Financial resources at the end of the year</b>		<b>7,333</b>	7,885	6,934



## Consolidated statement of changes in shareholders' funds

DKK million	Share capital	Share premium account	Retained earnings	Other comprehensive income	Total
<b>1999</b>					
Balance at the beginning of the year	754	2,565	11,850	118	15,287
Effect of change in accounting policies			562	(73)	489
Restated balance at the beginning of the year	754	2,565	12,412	45	15,776
Net profit for the year			2,001		2,001
Purchase of own shares			(1,448)		(1,448)
Dividends declared			(562)		(562)
Exchange rate adjustment of participating interests in subsidiaries				7	7
Reversal of deferred (gain)/loss on future cash flow hedges at the beginning of the year				73	73
Other adjustments				29	29
Balance at the end of the year	754	2,565	12,403	154	15,876

At the beginning of the year a revaluation reserve of DKK 17 million has been dissolved and transferred to retained earnings.

At the end of the year proposed dividends of DKK 691 million is included in retained earnings.

DKK million	Share capital	Share premium account	Retained earnings	Other comprehensive income	Total
<b>2000</b>					
Balance at the beginning of the year	754	2,565	12,403	154	15,876
Net profit for the year			3,087		3,087
Purchase of own shares			(2,472)		(2,472)
Sale of own shares to Novozymes			189		189
Value adjustment of Novozymes shares (net)			773		773
Dividends declared			(691)		(691)
Exchange rate adjustment of participating interests in subsidiaries				(108)	(108)
Deferred gain/(loss) on future cash flow hedges at the end of the year				327	327
Balance at the end of the year	754	2,565	13,289	373	16,981

At the end of the year proposed dividends of DKK 916 million is included in retained earnings.

DKK million	Share capital	Share premium account	Retained earnings	Other comprehensive income	Total
<b>2001</b>					
Balance at the beginning of the year	754	2,565	13,289	373	16,981
Net profit for the year			3,865		3,865
Write-down of B share capital during the year	(45)		45		-
Purchase of own shares			(24)		(24)
Sale of own shares			34		34
Employee shares sold			168		168
Dividends declared			(916)		(916)
Exchange rate adjustment of participating interests in subsidiaries				112	112
Reversal of deferred (gain)/loss on future cash flow hedges at the beginning of the year				(327)	(327)
Deferred gain/(loss) on future cash flow hedges at the end of the year				188	188
Other adjustments				56	56
Balance at the end of the year	709	2,565	16,461	402	20,137

At the end of the year proposed dividends of DKK 1,161 million is included in retained earnings.

## Contents of notes

### Notes – Accounting policies

#### 1 Accounting policies

### Notes to Consolidated profit and loss account

- 2 Therapy and geographical information
- 3 Employee costs
- 4 Depreciation and amortization
- 5 Fees to statutory auditors
- 6 Licence fees and other operating income (net)
- 7 Financial income
- 8 Financial expenses
- 9 Corporation tax
- 10 Earnings per share

### Notes to Consolidated balance sheet

- 11 Intangible fixed assets
- 12 Tangible fixed assets
- 13 Fixed asset investments
- 14 Stocks
- 15 Trade debtors
- 16 Other debtors
- 17 Current asset investments
- 18 Share capital
- 19 Provision for deferred tax (net)
- 20 Other provisions
- 21 Bank and other credit institutions
- 22 Bank loans
- 23 Other short-term liabilities

### Notes to Consolidated cash flow and financial resources

- 24 Other reversals with no effect on cash flow
- 25 Effect of ZymoGenetics Inc's deconsolidation in 2000
- 26 Cash and cash equivalents

### Notes – Additional information

- 27 Employee shares and Management's share options etc
- 28 Hedging activities
- 29 Financial instruments
- 30 Contingent assets, liabilities and pending litigation
- 31 Shareholders' funds and net profit for 1999 including the Novozymes Group
- 32 Related party transactions
- 33 Reconciliation to US GAAP

## 1 Accounting policies

The Consolidated financial statements have been prepared in accordance with the new Danish Company Accounts Act of 7 June 2001 and the accounting regulations for companies listed on the Copenhagen Stock Exchange.

At 1 January 2001, the accounting policies have been changed to comply with the new Danish Company Accounts Act of 7 June 2001 – please see the section 'Consolidated financial statements for 2001'.

**BASIS OF CONSOLIDATION** The Consolidated financial statements include the financial statements of Novo Nordisk A/S and all the companies in which the Group owns more than 50% of the voting rights or in some other way has a controlling influence (subsidiaries).

Companies which are not subsidiaries, but in which the Group holds 20% or more of the voting rights or in some other way has a significant influence on the operational and financial management, are treated as associated companies.

The Consolidated financial statements are based on the financial statements of the parent company and of the subsidiaries and are prepared by combining items of a uniform nature and eliminating intercompany transactions, shareholdings, balances and unrealised intercompany profits. The Consolidated financial statements are based on financial statements prepared by applying Group accounting policies.

On acquisition of new companies, the purchase method is applied. Thus, the new company's assets and liabilities are restated at fair values at the time of acquisition. Cost of shares in excess of net assets after revaluation is capitalised as goodwill and amortised over the expected economic life.

Newly acquired and divested companies are included in the profit and loss account for the period of ownership. Comparative figures are not adjusted for disposed or newly acquired businesses.

**TRANSLATION OF FOREIGN CURRENCIES** Assets and liabilities in foreign currencies are translated into Danish kroner at the exchange rates ruling at the balance sheet date.

Financial statements of foreign subsidiaries are translated into Danish kroner at exchange rates ruling at the balance sheet date for assets and liabilities and average exchange rates for profit and loss items.

- All exchange rate adjustments are recognised in the profit and loss account with the exception of exchange gains and losses arising from:
- The translation of foreign subsidiaries' net assets at 1 January at closing rates at 31 December of the same year.
  - The translation of foreign subsidiaries' profit and loss accounts at average exchange rates and balance sheets at exchange rates ruling at the balance sheet date.
  - The translation of long-term intercompany loans which are considered to be an addition to the net assets in the subsidiaries.
  - The translation of currency swaps contracted to hedge investments in subsidiaries.
  - The translation of participating interests in associated companies.

The above exchange gains and losses are taken directly to other comprehensive income under shareholders' funds.

The financial statements of subsidiaries in countries with high inflation are adjusted in order to eliminate the effect of the high inflation.

**INCOME RECOGNITION** Sales are recorded as income at the time of risk transfer related to the goods sold.

Sale of rights etc is as a principal rule recorded as income at the time of the sale. Where the Novo Nordisk Group assumes an obligation in connection with a sale of rights, etc the income is recognised in accordance with the term of the obligation. On the sale of rights, etc where the final acquisition of the right is conditional on future events, the amount is recorded as income at the occurrence of such future events.

**NET TURNOVER** Net turnover represents amounts invoiced excluding value added tax and after deduction of goods returned, trade discounts and allowances.

**RESEARCH AND DEVELOPMENT COSTS** All research and development costs are taken to the profit and loss account as incurred. Significant uncertainties regarding regulatory approval, a long development phase and other inherent risks prevent capitalisation of development costs on new products.

Research and development costs include the Group's share of profit or loss in research and development companies, which are not consolidated if the activities in these companies are considered to be within Novo Nordisk's focus areas. Minor investments in such research and development companies in which the Novo Nordisk Group does not obtain significant or controlling influence are taken to the profit and loss account as research and development costs on acquisition.

**LICENCE FEES AND OTHER OPERATING INCOME (NET)** Licence fees and other operating income (net) comprise licence fees and income (net) of a secondary nature in relation to the main activities of the Group. The item also includes one-off income items (net) in respect of sale of rights etc, and capital gain from dilution or sale of interests in research and development companies with activities within Novo Nordisk's focus areas.

**INTANGIBLE FIXED ASSETS** Intangible fixed assets are stated at cost less accumulated amortization and write-downs. Amortization is provided under the straight-line method over the expected useful life of the asset as follows:

- Acquired patents and licences are amortized over periods up to 10 years.
- Goodwill is amortized over a period not exceeding 20 years.

If the carrying amount of patent, licence or goodwill is higher than the recoverable value the asset is written down to the higher of value in use or net selling price.

Goodwill represents any cost in excess of identifiable net assets, measured at fair value, in the acquired company. Goodwill relating to subsidiaries is recorded under 'Intangible fixed assets' and goodwill relating to associated companies is recorded under 'Fixed assets investments'.

**TANGIBLE FIXED ASSETS** Tangible fixed assets are stated at cost less accumulated depreciation and write-downs. Cost includes direct costs for engineering work carried out by group companies. Interests on loans financing construction of major investments are also included in the cost of the assets. Costs of major IT projects regarding development of software for intercompany use are capitalised under 'Other equipment'.

Depreciation is provided under the straight-line method over the estimated useful lives of the assets as follows:

- Buildings; 12–50 years.
- Plant and machinery; 5–16 years.
- Other equipment; 3–16 years.
- Minor fixed assets below DKK 50,000 and fixed assets with limited expected useful lives are charged to the profit and loss account in the year of acquisition.

If the carrying amount of tangible fixed assets is higher than the recoverable value the asset is written down to the higher of value in use or net selling price.

**LEASES AND RENTAL AGREEMENTS** Leases of assets whereby the group assumes substantially all the benefits and risks of ownership are capitalised as financial leases under 'Tangible fixed assets' and depreciated over the estimated useful life of the assets, according to the rates listed above.

Operational lease costs are expensed on a current basis in the profit and loss account over the lease period.

**FIXED ASSET INVESTMENTS** Participating interests in associated companies are recorded under the equity method, ie at the respective share of the associated companies' net assets applying the Group accounting policies.

Other securities and participating interests are stated at market value at the balance sheet date. Realised and unrealised gains and losses (net) are included in financial income/financial expenses.

The Group holds a limited amount of Novozymes shares as hedge for share options to current Novo Nordisk employees granted before the demerger of Novozymes in 2000. These shares are valued at the average exercise price.

**STOCKS** Raw materials and consumables are stated at cost determined according to the first-in first-out principle.

Work in progress and finished goods are stated at cost determined according to the first-in first-out principle. Cost comprises direct production costs such as raw materials and consumables including energy and labour, and indirect production costs such as employee costs, depreciation, maintenance etc.

Goods, where the expected sales price less completion costs and costs to execute the sales (net realisable value) is lower than cost, are written down to net realisable value.

**DEBTORS** Debtors are stated at amortised cost less write-downs for potential losses on doubtful debts. The write-downs are based on individual assessments of each debtor, which also include an evaluation of payment risk associated with individual countries.

**CURRENT ASSET INVESTMENTS** Current asset investments are stated at market value at the balance sheet date. Realised and unrealised gains and losses (net) are recorded as financial income/financial expenses.

**TAX** Deferred tax is provided under the liability method and covers all temporary differences between the accounting and tax values of the assets and liabilities except for goodwill in cases where amortization of goodwill is not allowed for tax purposes. Further deferred tax is provided for re-taxation of losses realised in foreign companies, if the re-taxation is expected to be realised by the company's departure from the joint taxation. The tax value of tax loss carryforwards will be set off against deferred tax liabilities to the extent that the tax losses are expected to be utilised in the future. Deferred tax is provided at the tax rate expected to be in force at the time when the temporary difference is expected to be offset.

Tax payable/receivable includes tax payable computed on the basis of the expected taxable income for the year and adjustments to tax payable for previous years.

Corporation tax in the profit and loss account includes tax payable for the year with addition of the change in deferred tax for the year.

The parent company has chosen to be assessed jointly for Danish tax purposes with certain of its foreign and domestic subsidiaries. The domestic jointly taxed companies are included in the Danish on-account tax scheme.

**PROVISIONS FOR RETURNED PRODUCTS** Provisions for returned products include expected lost contribution because of expected future returns. The provisions have been calculated based on historic statistical calculations.

**PENSIONS** Costs related to the Group's various defined benefit plans are accrued over the expected working life of the employee. Provisions are made on unfunded pensions plans based on the present value of the pension commitment. The change in the provisions for the year is expensed in the profit and loss account.

Costs related to defined contribution plans are expensed in the profit and loss account as incurred and deferred pension costs are carried under other debt.

**LONG-TERM DEBT AND SHORT-TERM LIABILITIES** Long-term debt and other liabilities are stated at amortised cost.

**FINANCIAL INSTRUMENTS** Forward exchange contracts and currency options hedging receivables and debt in foreign currencies are recorded at market value at the balance sheet date and value adjustments are recognised in the profit and loss account under financial income or financial expenses.

Exchange rate adjustments of forward exchange contracts and currency options hedging future income and expenses are measured at market value in the balance sheet, and deferred from the profit and loss account via other comprehensive income, under shareholder's funds, until the hedged income or expenses are realised.

Forward Rate Agreements (FRAs) are used to hedge the interest risks on financial assets and liabilities and are recorded at market value. All value adjustments are recorded in the profit and loss account under financial income or financial expenses.

Currency swaps are used to hedge net investments in subsidiaries.

Currency swaps are recorded based on the difference between the swap rate and the exchange rate at the balance sheet date and the value adjustment is taken directly to shareholders' funds.

**OWN SHARES** Own shares are considered as a de facto capital write-down, and therefore the cost of acquisition is deducted directly from shareholders' funds. A part of the Groups own shares is held as hedge for share options granted.

**SHARE OPTIONS** Share options granted have an exercise price corresponding to the market price of the shares at the date of grant or issuance, and all share options granted have been hedged by the Group's holding of own shares and shares in Novozymes. Consequently, no cost or obligation at the date of grant or in connection with any subsequent value adjustment is recognised.

**DIVIDENDS** Dividends are recorded in the period in which they are declared at the Annual General Meeting.

**SEGMENT INFORMATION** Novo Nordisk considers the business activities as the primary segment. Novo Nordisk is engaged in discovery, development, manufacturing and marketing of pharmaceutical products and has only one business segment – healthcare. Within the healthcare segment Novo Nordisk has four main therapy areas.

Net turnover by therapy areas and geographical areas and tangible assets by geographical areas are disclosed in Note 2.

**CONSOLIDATED STATEMENT OF CASH FLOWS AND FINANCIAL RESOURCES** The Consolidated statement of cash flows and financial resources is presented in accordance with the indirect method commencing with net profit. The statement shows cash flows for the year, the net change in cash and cash equivalents for the year and the cash and cash equivalents at the beginning and the end of the year.

Cash flow from operating activities comprises net profit adjusted for non-cash operating items, interest received, interest paid, income taxes paid, and changes in working capital. Working capital consists of current assets less current liabilities, excluding those items that are included in cash and cash equivalents.

Cash flow from investing activities comprises the acquisition and sale of intangible and tangible fixed assets and fixed asset investments.

On the acquisition or sale of companies and activities, cash flow is adjusted for additions and disposals of assets and liabilities. The purchase price is recorded as the value of the assets acquired including any goodwill and acquisition costs. The sales price is recorded after deduction of trade costs.

Cash flow from financing activities comprises the proceeds from and the repayment of principal on mortgage loans, other long-term debt, dividends, the proceeds from share issues, as well as the purchase and sale of own shares.

Cash and cash equivalents comprise cash at bank and in hand and current asset investments less short-term bank loans due on demand. Besides cash and cash equivalents undrawn committed credit facilities expiring after more than 1 year are included in financial resources.

**UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (US GAAP)** The Group prepares a reconciliation of the effect on shareholders' funds and the profit and loss account of the application of US Generally Accepted Accounting Principles (US GAAP) in lieu of Danish principles. Note 33 to the Consolidated financial statements discloses US GAAP reconciliation.

## 2 Therapy and geographical information

DKK million	2001	2000	1999
<b>Net turnover by therapy areas:</b>			
Diabetes care	<b>16,624</b>	14,578	11,777
Haemostasis management (NovoSeven®)	<b>3,096</b>	2,270	1,313
Growth hormone therapy	<b>2,164</b>	2,107	1,721
Hormone replacement therapy	<b>1,435</b>	1,306	1,130
Other	<b>457</b>	550	482
	<b>23,776</b>	20,811	16,423

<b>Net turnover by geographical areas:</b>			
Europe	<b>11,502</b>	9,905	8,286
US	<b>4,853</b>	3,747	2,427
Japan	<b>4,079</b>	4,385	3,404
Rest of the world	<b>3,342</b>	2,774	2,306
	<b>23,776</b>	20,811	16,423

Net turnover is attributed to geographical areas based on the location of the customer.

<b>Tangible fixed assets by geographical areas:</b>			
Denmark	<b>11,789</b>	9,016	
US	<b>481</b>	486	
Japan	<b>401</b>	446	
Rest of the world	<b>955</b>	951	
	<b>13,626</b>	10,899	

### 3 Employee costs

DKK million	2001	2000	1999
Wages and salaries	<b>6,218</b>	5,312	4,450
Pensions	<b>329</b>	271	235
Other contributions to social security	<b>379</b>	368	322
Other employee costs	<b>509</b>	401	259
	<b>7,435</b>	6,352	5,266
Included in the profit and loss account under the following headings:			
Production costs	<b>2,233</b>	1,782	1,605
Sales and distribution costs	<b>2,256</b>	1,843	1,439
Research and development costs	<b>1,253</b>	1,215	1,096
Administrative expenses	<b>1,209</b>	1,178	913
	<b>6,951</b>	6,018	5,053
Included in the balance sheet as:			
Capitalised employee costs related to assets in course of construction etc	<b>387</b>	278	205
Change in employee costs included in stocks	<b>97</b>	56	8
	<b>7,435</b>	6,352	5,266
Remuneration to the Executive Committee excl share options	<b>20</b>	22	20
Total remuneration to the Board of Directors	<b>3</b>	4	4
In addition a severance pay amounting to DKK 4 million was paid to the Management in connection with the demerger of Novozymes in 2000. For information on employee shares and Management's share options etc please refer to Note 27.			
	<b>2001</b>	2000	1999
Average number of full-time employees in the Novo Nordisk Group	<b>14,771</b>	12,698	11,822

### 4 Depreciation and amortization

DKK million	2001	2000	1999
Included in the profit and loss account under the following headings:			
Production costs	<b>751</b>	665	598
Sales and distribution costs	<b>83</b>	64	64
Research and development costs	<b>150</b>	165	161
Administrative expenses	<b>93</b>	140	116
Goodwill related to associated companies	<b>4</b>	4	4
	<b>1,081</b>	1,038	943

### 5 Fees to statutory auditors

DKK million	2001	2000	1999
Fees to:			
PricewaterhouseCoopers	<b>52</b>	42	29
Ernst & Young	<b>3</b>	3	1
of which statutory audit fee to			
PricewaterhouseCoopers	<b>14</b>	12	11
of which statutory audit fee to Ernst & Young	<b>1</b>	1	1

### 6 Licence fees and other operating income (net)

For 2001, this item primarily includes one-off income from settlement of a patent dispute with Aventis and a non-refundable upfront payment in connection with the now discontinued collaboration with Novartis regarding NN622.

For 2000, this item primarily includes one-off income from settlement of patent disputes with Eli Lilly and sale of product rights in the US of hormone replacement therapy products, and to a limited extent licence fees related to Seroxat®.

For 1999, this item primarily includes licence fees related to Seroxat®.

### 7 Financial income

DKK million	2001	2000	1999
Interest receivable	<b>297</b>	326	197
Capital gain on investments etc (net)	<b>-</b>	56	21
Foreign exchange gain (net)	<b>202</b>	-	-
Total financial income	<b>499</b>	382	218

### 8 Financial expenses

DKK million	2001	2000	1999
Interest payable	<b>105</b>	142	80
Capital loss on investments etc (net)	<b>18</b>	-	-
Foreign exchange loss (net)	<b>-</b>	195	300
Other financial expenses	<b>9</b>	24	18
Total financial expenses	<b>132</b>	361	398
Additional interest expenses capitalised as financing interest under tangible fixed assets:			
	<b>17</b>	18	50

**9 Corporation tax**

DKK million	2001	2000	1999
Current tax on profit for the year	<b>1,852</b>	1,660	1,319
Deferred tax on profit for the year	<b>408</b>	113	31
Tax on profit for the year	<b>2,260</b>	1,773	1,350
Adjustments related to previous years (net)	<b>(95)</b>	(20)	(2)
Corporation tax in profit and loss account	<b>2,165</b>	1,753	1,348
Tax on entries on shareholders' funds related to current tax	<b>(64)</b>	(26)	(99)
Tax on entries on shareholders' funds related to deferred tax	<b>(57)</b>	141	–
Tax on entries on shareholders' funds	<b>(121)</b>	115	(99)
<b>Computation of effective tax rate:</b>			
Statutory corporation tax rate in Denmark	<b>30.0%</b>	32.0%	32.0%
Non-tax deductible expenses less non-taxable income	<b>0.8%</b>	(0.6%)	0.6%
Effect of Danish tax relief for foreign income	–	–	(0.3%)
Deviation in foreign subsidiaries' tax rates compared to Danish tax rate (net)	<b>6.0%</b>	6.1%	5.6%
Other	<b>(0.9%)</b>	0.3%	(0.1%)
Effective tax rate (before special items)	<b>35.9%</b>	37.8%	37.8%
Effect on deferred taxes of change in Danish tax rate in 2000	–	(1.6%)	–
Effect of corporation taxes outside Denmark in relation to restructuring	–	–	2.5%
Effective tax rate	<b>35.9%</b>	36.2%	40.3%

**10 Earnings per share**

Earnings per share of a nominal value of DKK 2 is calculated based on an average number of shares outstanding (total number of shares excluding Novo Nordisk's holding of own shares). Diluted earnings per share is calculated based on the average number of shares outstanding, including outstanding options on Novo Nordisk's own shares with an exercise price below market value (options in the money).

	2001	2000	1999
Net profit (DKK million)	<b>3,865</b>	3,087	2,001
Average number of shares outstanding	<b>345,712,994</b>	349,193,370	357,543,286
Average number of options in the money outstanding	<b>2,447,906</b>	979,348	355,000
Average number of shares outstanding including options in the money	<b>348,160,900</b>	350,172,718	357,898,286
Earnings per share (DKK)	<b>11.18</b>	8.84	5.60
Earnings per share diluted (DKK)	<b>11.10</b>	8.82	5.59

## 11 Intangible fixed assets

DKK million	Goodwill	Patents and licences	Total
Cost at the beginning of the year	169	21	190
Disposals during the year	–	(2)	(2)
Cost at the end of the year	169	19	188
Amortisation at the beginning of the year	141	17	158
Amortisation for the year	16	1	17
Amortisation reversed on disposals during the year	–	(1)	(1)
Amortisation at the end of the year	157	17	174
Carrying amount at the end of the year	12	2	14

At the end of 2000 Goodwill amounted to DKK 28 million and Patents and licences amounted to DKK 4 million.

## 12 Tangible fixed assets

DKK million	Land and buildings	Plant and machinery	Other equipment	Payments on account and assets in course of construction	Total
Cost at the beginning of the year	6,982	5,396	2,528	1,860	16,766
Exchange rate adjustments	(18)	(13)	(14)	(1)	(46)
Additions during the year	172	487	388	2,896	3,943
Disposals during the year	(64)	(117)	(403)	–	(584)
Transfer from/(to) other items	107	440	80	(627)	–
Cost at the end of the year	7,179	6,193	2,579	4,128	20,079
Depreciation at the beginning of the year	1,628	2,706	1,533	–	5,867
Exchange rate adjustments	(5)	(7)	(8)	–	(20)
Depreciation for the year	243	533	284	–	1,060
Depreciation reversed on disposals during the year	(40)	(111)	(303)	–	(454)
Depreciation at the end of the year	1,826	3,121	1,506	–	6,453
Carrying amount at the end of the year	5,353	3,072	1,073	4,128	13,626

**13 Fixed asset investments**

DKK million	Amounts owed by affiliated companies	Participating interests in associated companies	Other securities and participating interests	Total
Cost at the beginning of the year	25	993	183	1,201
Additions during the year	–	199	59	258
Disposals during the year	(25)	(3)	(18)	(46)
Transfer from other items	–	18	–	18
Cost at the end of the year	–	1,207	224	1,431
Revaluation reserve at the beginning of the year	–	26	(93)	(67)
Net profit/(loss)	–	(107)	–	(107)
Other adjustments	–	145	(37)	108
Transfer from other items	–	36	–	36
Revaluation reserve at the end of the year	–	100	(130)	(30)
Carrying amount at the end of the year	–	1,307	94	1,401

Carrying amount of participating interests in associated companies includes net capitalised goodwill, DKK 82 million at the end of the year.

Amortisation of goodwill for the year was DKK 4 million. Additions to goodwill during 2001 amounted to DKK 60 million.

At the end of 2000, goodwill amounted to DKK 26 million.

Of net loss of participating interests in associated companies, DKK 156 million related to ZymoGenetics Inc and Aradigm Corporation, is included in research and development costs.

**14 Stocks**

DKK million	2001	2000
Raw materials and consumables	<b>733</b>	613
Work in progress	<b>2,681</b>	2,035
Finished goods	<b>1,346</b>	1,324
Stocks	<b>4,760</b>	3,972
Indirect production costs included in work in progress and finished goods	<b>1,888</b>	1,611

**15 Trade debtors**

DKK million	2001	2000
Trade debtors (gross)	<b>4,411</b>	3,977
Write-down for doubtful debtors:		
Balance at the beginning of the year	<b>581</b>	549
Write-down charged to the profit and loss accounts	<b>63</b>	43
Used/reversed during the year	<b>(115)</b>	(11)
Balance at the end of the year	<b>529</b>	581
Trade debtors	<b>3,882</b>	3,396
Trade debtors (gross) are equal to an average credit period of (days)	<b>68</b>	70

**16 Other debtors**

DKK million	2001	2000
Prepayments to public authorities	<b>555</b>	–
Prepayments and accrued income	<b>436</b>	329
Interest receivable	<b>47</b>	77
Market value of financial instruments	<b>243</b>	426
Other receivables	<b>404</b>	401
Total other debtors	<b>1,685</b>	1,233

**17 Current asset investments**

DKK million	2001	2000
Bonds	<b>1,373</b>	2,449
Trust units and shares	<b>29</b>	118
Total current asset investments	<b>1,402</b>	2,567
At original acquisition cost	<b>1,450</b>	2,545
Duration of the Group's bond portfolio (years)	<b>1.5</b>	1.0
Redemption yield of interest on the Group's bond portfolio	<b>4.3%</b>	5.1%



## 18 Share capital

Share capital at the end of the year	DKK	Equal to number of shares of DKK 2 each
A share capital	107,487,200	53,743,600
B share capital	601,901,120	300,950,560
<b>Total share capital</b>	<b>709,388,320</b>	<b>354,694,160</b>

Development in share capital	2001 DKK million	2000 DKK million	1999 DKK million	1998 DKK million	1997 DKK million
A share capital	107	107	107	107	107
B share capital at the beginning of the year	647	647	647	643	643
Additions to B share capital during the year	–	–	–	4	–
Reduction of B share capital during the year	(45)	–	–	–	–
<b>At the end of the year</b>	<b>709</b>	<b>754</b>	<b>754</b>	<b>754</b>	<b>750</b>

Own shares	No of shares of DKK 2	In % of share capital before cancellation	In % of share capital after cancellation	Market value DKK million
Holding at the beginning of the year	31,557,160	8.37%		8,994
Cancellation of own shares	(22,500,000)	(5.97%)		(6,413)
Holding of own shares, adjusted for the cancellation	9,057,160	2.40%	2.55%	2,581
Purchase during the year	87,500		0.03%	24
Sale during the year	(1,127,337)		(0.32%)	(133)
Value adjustment				270
<b>Holding at the end of the year</b>	<b>8,017,323</b>		<b>2.26%</b>	<b>2,742</b>

In order to maintain capital structure flexibility, it was decided at the General Meeting in March 2001 to reduce the B share capital by cancellation of nominally DKK 45 million of own B shares, which corresponded to 5.97% of the total share capital.

Acquisition of own shares during the year are the final part of the share buy-back programme announced in 1999, which was initiated in order to create added shareholder value and to manage cash flow and capital structure.

Sale of own shares mainly relates to the employee share programme, exercised share options and management's purchase of shares at fair value under an incentive programme related to the demerger of Novozymes in 2000.

Of own shares 3,125,094 shares are regarded as hedge for the share options issued, please refer to Note 27.

## 19 Provision for deferred tax (net)

DKK million	2001	2000
At the beginning of the year	970	802
Deferred tax on profit for the year	408	113
Adjustment relating to previous years	40	(136)
Tax on entries on shareholders' funds	(57)	141
Exchange rate adjustments	(3)	50
	<b>1,358</b>	970
Specification		
Tangible fixed assets	1,318	1,316
Indirect production costs	566	483
Unrealised profit on intercompany sales	(708)	(656)
Write-down for doubtful debtors	(128)	(139)
Other	310	(34)
	<b>1,358</b>	970

Calculation of deferred taxes in Denmark is based on a tax rate of 30%, while deferred tax in other countries is based on current local tax rates.

**20 Other provisions**

DKK million	Provisions for pension commitments and similar obligations	Provisions for returned products	Other provisions	Total
At the beginning of the year	186	249	88	523
Exchange rate adjustments	(5)	–	–	(5)
	181	249	88	518
Additional provisions	80	160	1	241
Reversed during the year	(1)	(16)	(20)	(37)
Charged to profit and loss account	79	144	(19)	204
Used during the year	(19)	(103)	(59)	(181)
At the end of the year	241	290	10	541
Specification of provisions:				
Long-term	238	160	7	405
Short-term	3	130	3	136
	241	290	10	541

**21 Banks and other credit institutions**

DKK million	2001	2000
Mortgage debt and other secured loans with terms between 2006–2016 and interest rates at 4.2% -10.0%, excl amounts falling due within 1 year (DKK 1 million in 2001 and DKK 1 million in 2000)	160	161
Unsecured loans and other long-term loans with terms between 2004–2007 and interest rates at 0.5% -3.4%, excl amounts falling due within 1 year (DKK 41 million in 2001 and DKK 48 million in 2000)	703	789
At the end of the year	863	950
The debt is payable within the following periods as from the balance sheet date:		
Between 1 and 2 years	42	49
Between 2 and 3 years	576	46
Between 3 and 4 years	43	602
Between 4 and 5 years	31	46
After 5 years	171	207
	863	950
The debt is denominated in the following currencies:		
DKK	6	10
EUR	436	438
JPY	421	502
	863	950

Adjustment of the above loans to market value at year-end 2001 would mean a cost of DKK 2 million.

## 22 Bank loans

DKK million	2001	2000
Bank loans and overdrafts	<b>775</b>	772
Long-term debt, amounts falling due within 1 year	<b>42</b>	49
	<b>817</b>	821
The debt is denominated in the following currencies:		
DKK	<b>112</b>	51
EUR	<b>306</b>	616
USD	<b>284</b>	6
JPY	<b>42</b>	52
Other currencies	<b>73</b>	96
	<b>817</b>	821

At year-end the Group had undrawn committed credit facilities amounting to DKK 5,046 million. All of these were in foreign currencies. The current maturities of the undrawn committed credit facilities exceeds 1 year.

## 23 Other short-term liabilities

DKK million	2001	2000
Employee costs payable	<b>1,075</b>	843
Taxes and duties payable	<b>111</b>	252
Accruals and deferred income	<b>1,275</b>	524
Other creditors	<b>1,680</b>	1,902
	<b>4,141</b>	3,521

## 26 Cash and cash equivalents

DKK million	2001	2000	1999
Cash and cash equivalents consist of cash, current asset investments less short-term bank loans.			
Total current asset investments at the beginning of the year	<b>2,567</b>	2,172	1,148
Receipts from current assets investments	<b>(6,337)</b>	(2,732)	(6,358)
Outlays for current assets investments	<b>5,232</b>	3,098	7,344
Unrealised gain/(loss) on current assets investments	<b>(60)</b>	29	43
Unrealised foreign exchange gain/(loss)	<b>-</b>	-	(5)
Current asset investments at the end of the year	<b>1,402</b>	2,567	2,172
Cash at the end of the year	<b>1,660</b>	1,278	1,270
Cash and current asset investments at the end of the year	<b>3,062</b>	3,845	3,442
Short-term bank loans at the end of the year	<b>(775)</b>	(772)	(947)
Cash and cash equivalents at the end of the year	<b>2,287</b>	3,073	2,495
Current asset investments with remaining term to maturity exceeding 3 months at the end of the year	<b>1,402</b>	1,352	2,156
Cash and current asset investments with remaining term to maturity not exceeding 3 months at the end of the year	<b>1,660</b>	2,493	1,286
Cash and current assets investments at the end of the year	<b>3,062</b>	3,845	3,442

## 24 Other reversals with no effect on cash flow

DKK million	2001	2000	1999
Loss from sale of tangible fixed assets	<b>33</b>	105	75
Write-down for doubtful debtors	<b>63</b>	43	109
Unrealised (gain)/loss on shares and bonds etc	<b>60</b>	(29)	(21)
Unrealised foreign exchange (gain)/loss	<b>106</b>	58	(292)
Share of (profit)/loss in associated companies	<b>107</b>	4	2
Other	<b>108</b>	59	191
Other reversals with no effect on cash flow	<b>477</b>	240	64

## 25 Effect of ZymoGenetics Inc's deconsolidation in 2000

In connection with a private placement of new shares in ZymoGenetics Inc in 2000, the company became an associated company and was consequently no longer included in the consolidation. This reduced the Group's cash and cash equivalents by DKK 427 million corresponding to the cash at 9 November 2000 in ZymoGenetics Inc.

**27 Employee shares and Management's share options etc****Employee shares**

In December 2001, 991,591 B-shares were sold to employees of Novo Nordisk A/S and its Danish subsidiaries. The shares were sold at a favourable price of DKK 100 per share compared to a market price on the allotment date of DKK 314 per share. A similar employee share program will be offered to employees of foreign subsidiaries in 2002. The total number of shares sold amounts to 0.28% of the total number of shares in Novo Nordisk A/S and was sold from Novo Nordisk's holding of own shares. The proceeds from the sale of the shares was taken directly to shareholders' funds.

**Share options**

As from 1998 Novo Nordisk has established share option schemes for the Executive Committee and other management employees. Each option gives the right to purchase one Novo Nordisk share and the granting of share options is subject to the achievement of certain performance and shareholder value goals based on the long-term financial targets.

The options are exercisable 3 years after the issue date and will expire 6 to 8 years from that date. For options granted up to and including the Financial Statements for 1999, the options were issued at an exercise price corresponding to the market price of the shares at the time of issuance of the options. Options as from 2000 are issued at an exercise price corresponding to the market price of the shares at the time when the share option scheme was established.

Share options in Novo Nordisk	BoD *) and Executive Committee No	Other management employees No	Total No	Exercise price per option in DKK	Market value per option in DKK **)	Market value in DKK million **)
Outstanding at the beginning of 1999	74,250	385,250	459,500	140	50	23
Granted in respect of 1999 (issued on 23 March 2000)	49,500	638,000	687,500	198	55	38
Value adjustment						(2)
Outstanding at the end of 1999	123,750	1,023,250	1,147,000	175	51	59
Granted in respect of 2000 (issued on 22 February 2001)	78,000	685,000	763,000	198	124	95
Granted in connection with the demerger (issued on 31 January 2001)	279,040	422,540	701,580	198	172	120
Assigned to Novo A/S in 2000	(22,500)	(112,750)	(135,250)	188	81	(11)
Expired/cancelled in 2000	–	(18,000)	(18,000)	188	81	(1)
Value adjustment						59
Outstanding at the end of 2000	458,290	2,000,040	2,458,330	188	131	321
Granted in respect of 2001 (issued on 8 February 2002)	43,500	652,244	695,744	332	111	77
Assigned from Novo A/S in 2001		29,520	29,520	194	169	5
Exercised in 2001	(35,500)	(20,500)	(56,000)	188	131	(7)
Expired/cancelled in 2001		(2,500)	(2,500)	131	131	–
Value adjustment						113
Outstanding at the end of the year	466,290	2,658,804	3,125,094	220	163	509
Number of share options exercisable at the end of the year	10,500	12,500	23,000	190	158	4

\*) Retired members of the former Corporate Management (Mads Øvlisen and Kurt Anker Nielsen) are Board members in Novo Nordisk today. The share options outstanding to Board members were issued to these Board members, when they were part of Corporate Management.

\*\*) Calculation of market values at issuance and at year-end have been based on the Black-Scholes option pricing model. The following assumptions have been used for the calculation in 2001: a dividend per share of DKK 3.35, a volatility of 36%; the risk-free interest rate has been computed at 4.5% and the expected option life has been fixed at 1 year after the expiry of the vesting period.

Options granted prior to the demerger of Novozymes in 2000 have been split into one Novo Nordisk option and one Novozymes option.

At the end of the year the Group's outstanding Novozymes options amount to 381,606 with an average exercise price of DKK 95 per share of DKK 10 and a market value of DKK 33 million. These options are hedged by the Group's holding of Novozymes shares, which are recorded at the average exercise price.

**Management's holding of Novo Nordisk shares and share options**

The internal rules on trading in Novo Nordisk securities by members of the Board of Directors and the Executive Committee permit trading in the 15 calendar days' period following each quarterly announcement.

The holding and trading of this group's shares appears from the following table:

No of shares in Novo Nordisk	Board of Directors	Executive Committee	Total
Holding of shares at the beginning of the year	60,995	29,495	90,490
Shares purchased during 2001	42,025	18,150	60,175
Shares sold during 2001	(10,850)	–	(10,850)
Holding of shares at the end of the year	92,170	47,645	139,815

Total holding of shares at the beginning of the year had a market value of DKK 26 million whereas the market value at year-end 2001 amounts to DKK 48 million, based on the quoted share price at year-ends 2000 and 2001.

The purchase of shares in 2001 for the Executive Committee primarily relates to the purchase of shares under an incentive scheme in connection with the demerger of Novozymes in 2000 and the shares were purchased at fair value.

## 27 Employee shares and Management's share options etc (continued)

No of share options in Novo Nordisk	At the beginning of the year	Exercised during the year	Granted during the year	At the end of the year	Market value *) DKK million
<b>Board of Directors:</b>					
Mads Øvlisen	127,830	(19,500)	–	108,330	18
Kurt Anker Nielsen **)	37,840	–	–	37,840	6
	165,670	(19,500)	–	146,170	24
<b>Executive Committee:</b>					
Lars Rebie Sørensøn	84,000	(3,000)	14,500	95,500	16
Jesper Brandgaard	48,030	–	7,250	55,280	9
Lars Almbloom Jørgensen	53,530	(4,000)	7,250	56,780	9
Kåre Schultz	53,530	(3,500)	7,250	57,280	9
Mads Krosgaard Thomsen	53,530	(5,500)	7,250	55,280	9
	292,620	(16,000)	43,500	320,120	52
<b>Total</b>	<b>458,290</b>	<b>(35,500)</b>	<b>43,500</b>	<b>466,290</b>	<b>76</b>

\*) Calculation of market values at issuance and at year-end have been based on the Black-Scholes option pricing model. The following assumptions have been used for the calculation in 2001: a dividend per share of DKK 3.35, a volatility of 36%; the risk-free interest rate has been computed at 4.5% and the expected option life has been fixed at one year after the expiry of the vesting period.  
\*\*) In addition, Kurt Anker Nielsen has share options in Novo Nordisk, which were transferred to Novo A/S in 2000. During the year, 10,000 of these options were exercised, and 26,000 options were outstanding at the end of the year.

### Redundancy schemes

The members of the Executive Committee are, in the event of termination by the Company or by the member due to a merger, acquisition or takeover by another company, entitled to a severance payment of 36 months salary plus pension contribution.

## 28 Hedging activities

The major part of Novo Nordisk's sales is in currencies other than DKK, whereas a significant part of the costs are in DKK. Thus, exchange rate fluctuations may have a significant impact on both the profit and loss account and on the balance sheet in the form of transaction risk and translation risk.

Novo Nordisk hedges existing balances and future expected cash flows up to several months forward in the major currencies.

Recognised assets and liabilities in foreign currency and the hedging hereof are shown in the table below. The table include assets and liabilities in currencies other than basis currency in each entity within the Group.

Gains and losses on the assets and liabilities (hedged items) and the hedging of financial instruments (derivatives) are included in the profit and loss account.

### Hedging of assets and liabilities in foreign currency

DKK million	Assets	Liabilities	Net assets	Hedged via financial instruments	Net assets with transaction risk	Exchange rate at 31 Dec 2001 (for 100 units)
EUR	976	754	222	–	222	743.57
USD	1,938	649	1,289	(1,289)	–	840.95
JPY	463	269	194	(194)	–	6.41
GBP	322	66	256	(256)	–	1,218.57
Other	1,439	438	1,001	(365)	636	–
	5,138	2,176	2,962	(2,104)	858	

The translation risk illustrated in the table below is the risk arising from translation of net investments in foreign subsidiaries into DKK.

The gains/losses are taken directly to 'other comprehensive income' under shareholders' funds.

### Hedging of net investments in foreign subsidiaries

DKK million	Net investment in foreign subsidiaries	Hedged via currency swaps	Net assets with translation risk	Exchange rate at 31 Dec 2001 (for 100 units)
EUR	572	(300)	272	743.57
USD	931	(252)	679	840.95
JPY	543	(320)	223	6.41
GBP	132	–	132	1,218.57
Other	937	–	937	–
	3,115	(872)	2,243	

**29 Financial instruments**

Novo Nordisk hedges commercial exposure only and consequently does not enter into speculative positions. Currency forwards and options hedging transaction risk are recorded at market value in the balance sheet, and value adjustments are recognised in the profit and loss account. Unrealised gains and losses on financial contracts hedging future expected cash flows (cash flow hedges) are deferred from the profit and loss account via 'Other comprehensive income' under shareholders' funds, until the hedged item is recognised.

The following table illustrates financial contracts and deferred gains and losses at the balance sheet date.

DKK million	Contract amount based on agreed rates	Gain/(loss) in revaluation to market value at 31 Dec 2001	Gain/(loss) included in 2001 profit and loss account	Gain/(loss) taken directly to shareholders' funds 31 Dec 2001	Deferred gain/(loss) via shareholders' funds	Interest margin p a	Maturity periods mth year
<b>Forward exchange contracts, net sales</b>							
USD	3,797	(38)	(12)	–	(26)		Jan 02–Jan 03
JPY	1,993	147	–	–	147		Jan 02–Jan 03
GBP	718	(12)	(5)	–	(7)		Jan 02–Dec 02
CAD	370	3	1	–	2		Jan 02–Feb 03
	6,878	100	(16)	–	116		
<b>Options</b>							
EUR/USD (purchased USD put)	543	4	–	–	4		Jan 02–Nov 02
EUR/JPY (purchased JPY put)	1,048	68	–	–	68		Jan 02–Dec 02
	1,591	72	–	–	72		
<b>Currency and interest rate swaps</b>							
JPY/DKK	314	–	–	–	–	4.05%	Dec 11
Hedging of transaction risk	8,783	172	(16)	–	188		
<b>Currency and interest rate swaps</b>							
EUR/DKK	302	6	1	1	4	0.78%	May 06
USD/DKK	252	–	–	–	–	0.73%	Nov 03
JPY/DKK	390	84	9	70	5	5.35%/4.85%	Sep 02/May 05
Hedging of translation risk	944	90	10	71	9		

The financial contracts existing at the end of the year cover expected future cash flow of key currencies in the following periods:

USD	9 months
JPY	14 months
GBP	9 months

The Group is not considered to have significant credit risk on financial counter parties. For further information on financial risk factors, please refer to 'Financial discussion'.

### 30 Contingent assets, liabilities and pending litigation

DKK million	2001	2000
Contingent liabilities		
Rental and lease commitments expiring within the following periods as from the balance sheet date:		
Within 1 year	229	188
Between 1 and 2 years	195	177
Between 2 and 3 years	143	90
Between 3 and 4 years	118	68
Between 4 and 5 years	108	61
After 5 years	340	207
	<b>1,133</b>	791

The above rental and lease commitments are related to non-cancellable operating lease contracts. Approximately 60% of the commitments are related to contracts outside Denmark. The rental/lease costs for 2001 and 2000 were DKK 428 million and DKK 404 million respectively.

Contractual obligations relating to investments in tangible fixed assets	1,347	742
Contractual obligations related to research and development projects	1,583	775
Other guarantees and commitments	1,281	1,071

#### Biobrás

In December 2001 Novo Nordisk announced an agreement whereby Novo Nordisk given certain conditions will become the controlling shareholder of the Brazilian diabetes care company, Biobrás. In total Novo Nordisk will pay an amount equal to DKK 262 million for shares representing 76% of the voting shares of Biobrás and 39% of the total share capital in the company. Following the expected completion of the acquisition in 2002 Novo Nordisk plan to launch a de-listing tender offer for all of the remaining shares in Biobrás.

#### Security for debt

Land, buildings and equipment etc at carrying amount	798	824
--	-----	-----

### 30 Contingent assets, liabilities and pending litigation (continued)

#### Pending litigation

In Poland the authorities have charged a number of international pharmaceutical companies with mis-statement of customs value. No legal action has been brought against Novo Nordisk. The risk of legal actions against Novo Nordisk and the outcome of possible legal actions from the Polish authorities is uncertain.

In addition the Novo Nordisk Group is engaged in certain litigation proceedings. In the opinion of the Management, settlement or continuation of these proceedings will not have a material effect on the financial position of the Group.

#### Liability for the debts and obligations of Novozymes following the demerger of Novozymes in 2000

Novo Nordisk A/S and Novozymes A/S are subject to joint and several liability for any obligation which existed at the time of the announcement of the demerger in 2000. At the end of the year the remaining part of the joint and several liability in Novozymes A/S amounted to 596 million.

Debts and obligations pertaining to the period before 1 January 2000, which is recognised after 1 January 2000 and which cannot be clearly attributed to either Novo Nordisk A/S or Novozymes A/S will be distributed proportionally between the two.

### 31 Shareholders' funds and net profit for 1999 including the Novozymes Group

As a result of the demerger in 2000 of the former Novo Nordisk A/S into the new Novo Nordisk A/S and Novozymes A/S, the comparative figures for 1999 of Novo Nordisk are derived from the accounts of the former Novo Nordisk and are presented as if Novo Nordisk has existed without the enzymes business (discontinued operations).

Shareholders' funds for 1999, including discontinued operations, is equal to shareholders' funds of the new Novo Nordisk Group as a healthcare company, DKK 15,876 million, plus shareholders' funds of discontinued operations (the Novozymes Group), DKK 3,350 million – in total DKK 19,226 million.

Net profit for 1999, including discontinued operations, is equal to net profit of the Novo Nordisk Group as a healthcare company, DKK 2,001 million, plus net profit of discontinued operations (the Novozymes Group), DKK 410 million – in total DKK 2,411 million.

## 32 Related party transactions

Related parties are considered to be the Novo Nordisk Foundation, Novo A/S, the Novozymes Group due to joint ownership, associated companies, and the directors and officers of these entities and the Management of Novo Nordisk.

Following the demerger, Novo Nordisk has access to certain assets of and can purchase certain services from Novo A/S and the Novozymes Group and vice versa. All agreements relating to such assets and services have been negotiated at arm's length, and most of these agreements are for 1 year.

During 2001 and 2000 the Novo Nordisk Group had the following material transactions with related parties:

DKK million	2001 Purchase/ (sale)	2000 Purchase/ (sale)
<b>Novo A/S</b>		
Facilitation and stakeholder relation services etc	<b>60</b>	99
Services provided by the Novo Nordisk Group	<b>(23)</b>	(23)
Sale of NN Invest 5 A/S	–	(28)
<b>The Novozymes Group</b>		
Sales of B-shares in the former Novo Nordisk A/S	–	(189)
Services provided by the Novo Nordisk Group	<b>(438)</b>	(365)
Services provided by the Novozymes Group	<b>93</b>	68
<b>Associated companies</b>		
Sales to associated companies	<b>(103)</b>	(83)
Fees and royalties etc paid to associated companies	<b>351</b>	7
Equity contribution to associated companies	<b>210</b>	–

There have not been any material transactions with the Novo Nordisk Foundation or with any director or officer of Novo Nordisk A/S, the Novozymes Group, Novo A/S, the Novo Nordisk Foundation or associated companies. For information on remuneration to the Management of Novo Nordisk A/S, please refer to Notes 3 and 27.

Apart from the balances included in the balance sheet under 'Amounts owed to affiliated companies' there are no unsettled transactions with related parties at the end of the year.

## 33 Reconciliation to US GAAP

A description of the Group's accounting policies is set out in Note 1. The accounting principles generally accepted in the United States (US GAAP) differ within certain areas from the Group's policies. The principal areas for which US GAAP differ can be summarised as follows:

- a) **Employee shares** – according to Danish GAAP employee shares issued or sold at a favourable price is recorded under shareholders' funds irrespective of the discount. According to US GAAP the difference between market price and the sales price should be recorded under employee costs in the profit and loss account.
- b) **Options and share-based awards** – under Danish GAAP, no expense is recorded because these schemes are hedged by own shares. Under US GAAP, for fixed plans the intrinsic value of the option is recorded as an expense at the date of grant. If the plan is variable, the intrinsic value of the option is adjusted in subsequent reporting periods until the time when the terms of the award can be determined.
- c) **Financial instruments** – according to Danish GAAP foreign exchange contracts and options hedging future cash flow are measured at market value and unrealised value adjustments are deferred via shareholders' funds. Under US GAAP such contracts and options are recognised at marked value, and the value adjustments are recorded in the profit and loss account.
- d) **Restructuring costs** – under Danish GAAP costs in connection with the restructuring were taken to the profit and loss account in 1999. Under US GAAP such costs can only be charged to the profit and loss account when the costs have been incurred.
- e) **Unrealised capital gain on investments in research and development companies** – according to Danish GAAP the gain on a capital injection where the shareholding of Novo Nordisk is diluted is recognised in the profit and loss account. Under US GAAP the gain is taken directly to shareholders' funds when the issued securities are not common stock or the main activity of the investee is research and development.
- f) **Goodwill on investments in research and development companies** – according to Danish GAAP goodwill is capitalised and amortized over the expected useful life of the asset. Under US GAAP costs in excess of net assets is considered to be in process research and development costs which are charged to the profit and loss account immediately.
- g) **Discontinued operations (Novozymes)** – under US GAAP the results of discontinued operations have been included until the date of the demerger. Consequently the results of Novozymes have been included until 13 November 2000. The income recorded during 2000 becomes part of the net assets which are distributed in the form of dividend to shareholders in connection with the demerger.
- h) **In the Statement of cash flow and financial resources** – financial resources comprise current assets investments, cash and short-term bank loans. According to US GAAP, cash and cash equivalents consist solely of cash and current asset investments only with a remaining term to maturity of less than 3 months. Current asset investments with remaining term to maturity exceeding 3 months are presented as investing activities, and short-term bank loans are recorded as financing activities.



### 33 Reconciliation to US GAAP (continued)

DKK million	2001	2000	1999
<b>The application of the US GAAP described would have resulted in the following adjustments to the Group's net profit:</b>			
Net profit in accordance with Danish GAAP	<b>3,865</b>	3,087	2,001
Employee shares	<b>(213)</b>	–	(90)
Options and share-based awards	<b>(27)</b>	(93)	–
Financial instruments	<b>(139)</b>	327	73
Restructuring costs	–	(125)	125
Unrealised capital gain on investments in research and development companies	<b>(48)</b>	(19)	–
Goodwill on investments in research and development companies	<b>(60)</b>	–	–
Tax on the above mentioned differences between Danish GAAP and US GAAP	<b>114</b>	(29)	(43)
Net profit from continuing operations in accordance with US GAAP	<b>3,492</b>	3,148	2,066
Net profit from discontinued operations (Novozymes)	–	408	392
Net profit in accordance with US GAAP	<b>3,492</b>	3,556	2,458
Earnings per share from continued operations in accordance with US GAAP in DKK	<b>10.10</b>	9.01	5.78
Earnings per share diluted from continued operations in accordance with US GAAP in DKK	<b>10.03</b>	8.98	5.69
Earnings per share in accordance with US GAAP in DKK	<b>10.10</b>	10.18	6.87
Earnings per share diluted in accordance with US GAAP in DKK	<b>10.03</b>	10.14	6.76

**The application of the described US GAAP would have resulted in the following adjustments to shareholders' funds:**

Shareholders' funds in accordance with Danish GAAP	<b>20,137</b>	16,981	15,876
Restructuring costs	–	–	125
Net assets of discontinued operations according to US GAAP	–	3,758	3,350
Net assets of discontinued operations – dividend to shareholders	–	(3,758)	–
Goodwill on investments in research and development companies	<b>(60)</b>	–	–
Tax arising from the difference between Danish GAAP and US GAAP	–	(105)	(40)
Shareholders' funds in accordance with US GAAP	<b>20,077</b>	16,876	19,311

**The application of the described US GAAP would have resulted in the following adjustments to balance sheet items:**

According to Danish GAAP:			
Fixed assets investments	<b>1,401</b>	1,134	292
Current liabilities	<b>(6,006)</b>	(5,496)	(4,941)
In accordance with US GAAP:			
Fixed assets investments	<b>1,341</b>	1,134	292
Current liabilities	<b>(6,006)</b>	(5,496)	(4,856)
Net assets of discontinued operations	–	–	3,350

## Profit and loss account Novo Nordisk A/S

DKK million	Note	2001	2000	1999
Net turnover	2	<b>18,347</b>	15,725	12,250
Production costs	3	<b>7,149</b>	5,429	4,177
Gross profit		<b>11,198</b>	10,296	8,073
Sales and distribution costs	3	<b>3,348</b>	3,137	2,556
Research and development costs	3	<b>3,347</b>	2,544	2,099
Administrative expenses	3,4	<b>789</b>	1,096	840
Restructuring expenses		–	–	350
Licence fees and other operating income (net)	5	<b>795</b>	880	972
Operating profit		<b>4,509</b>	4,399	3,200
Profit before tax in subsidiaries		<b>1,131</b>	441	287
Share of profit in associated companies		<b>48</b>	(2)	2
Financial income	6	<b>457</b>	322	189
Financial expenses	7	<b>115</b>	320	329
Profit before taxation		<b>6,030</b>	4,840	3,349
Corporation tax	8	<b>2,165</b>	1,753	1,348
<b>Net profit</b>		<b>3,865</b>	3,087	2,001
Proposed appropriation of net profit:				
Dividends		<b>1,161</b>	916	691
Net revaluation reserve		<b>190</b>	–	–
Retained earnings		<b>2,514</b>	2,171	1,310
		<b>3,865</b>	3,087	2,001

## Novo Nordisk A/S Balance sheet

DKK million	Note	31 Dec 2001	31 Dec 2000
<b>ASSETS</b>			
<b>Intangible fixed assets</b>	9	<b>10</b>	15
Land and buildings		<b>4,420</b>	4,431
Plant and machinery		<b>2,647</b>	2,187
Other equipment		<b>633</b>	568
Fixed assets in course of construction and payments on account		<b>4,031</b>	1,812
<b>Tangible fixed assets</b>	10	<b>11,731</b>	8,998
Participating interests in subsidiaries		<b>1,313</b>	1,848
Amounts owed by affiliated companies		<b>317</b>	27
Participating interests in associated companies		<b>236</b>	136
Other securities and participating interests		<b>87</b>	90
<b>Fixed asset investments</b>	11	<b>1,953</b>	2,101
<b>Total fixed assets</b>		<b>13,694</b>	11,114
<b>Stocks</b>	12	<b>3,921</b>	3,186
Trade debtors		<b>1,155</b>	947
Amounts owed by affiliated companies		<b>3,360</b>	3,256
Tax receivable		<b>391</b>	–
Other debtors	13	<b>1,344</b>	805
<b>Debtors</b>		<b>6,250</b>	5,008
<b>Current asset investments</b>	14	<b>1,387</b>	2,505
<b>Cash at bank and in hand</b>		<b>1,393</b>	994
<b>Total current assets</b>		<b>12,951</b>	11,693
<b>Total assets</b>		<b>26,645</b>	22,807
<b>SHAREHOLDERS' FUNDS AND LIABILITIES</b>			
Share capital	15	<b>709</b>	754
Share premium account		<b>2,565</b>	2,565
Net revaluation reserve according to the equity method		<b>344</b>	154
Retained earnings		<b>16,519</b>	13,508
<b>Total shareholders' funds</b>		<b>20,137</b>	16,981
Provision for deferred tax (net)		<b>1,033</b>	945
Other provisions	16	<b>309</b>	342
<b>Total provisions</b>		<b>1,342</b>	1,287
Banks and other credit institutions	17	<b>160</b>	161
Amounts owed to affiliated companies		<b>533</b>	556
<b>Long-term debt</b>		<b>693</b>	717
Bank loans		<b>8</b>	47
Trade creditors		<b>594</b>	588
Amounts owed to affiliated companies		<b>1,519</b>	1,398
Tax payable		<b>–</b>	48
Other short-term liabilities	18	<b>2,352</b>	1,741
<b>Short-term liabilities</b>		<b>4,473</b>	3,822
<b>Total long-term debt and short-term liabilities</b>		<b>5,166</b>	4,539
<b>Total shareholders' funds and liabilities</b>		<b>26,645</b>	22,807

## Statement of changes in shareholders' funds Novo Nordisk A/S

DKK million	Share capital	Share premium account	Net revaluation reserve 1)	Retained earnings	Total
<b>1999</b>					
Balance at the beginning of the year	754	2,565	633	11,335	15,287
Effect of change in accounting policies				489	489
Restated balance at the beginning of the year	754	2,565	633	11,824	15,776
Appropriated from net profit for the year				1,310	1,310
Proposed dividends				691	691
Transfer from net revaluation reserve according to the equity method			(260)	260	–
Purchase of own shares				(1,448)	(1,448)
Dividends declared				(562)	(562)
Exchange rate adjustment of participating interests in subsidiaries				7	7
Reversal of deferred (gain)/loss on future cash flow hedges at the beginning of the year				73	73
Other adjustments				29	29
Balance at the end of the year	754	2,565	373	12,184	15,876

At the beginning of the year a revaluation reserve of DKK 12 million has been dissolved and transferred to retained earnings.

DKK million	Share capital	Share premium account	Net revaluation reserve 1)	Retained earnings	Total
<b>2000</b>					
Balance at the beginning of the year	754	2,565	373	12,184	15,876
Appropriated from net profit for the year				2,171	2,171
Proposed dividends				916	916
Transfer from net revaluation reserve according to the equity method			(219)	219	–
Purchase of own shares				(2,472)	(2,472)
Sale of own shares to Novozymes				189	189
Value adjustment of Novozymes shares (net)				773	773
Dividends declared				(691)	(691)
Exchange rate adjustment of participating interests in subsidiaries				(108)	(108)
Deferred gain/(loss) on future cash flow hedges at the end of the year				327	327
Balance at the end of the year	754	2,565	154	13,508	16,981

DKK million	Share capital	Share premium account	Net revaluation reserve 1)	Retained earnings	Total
<b>2001</b>					
Balance at the beginning of the year	754	2,565	154	13,508	16,981
Appropriated from net profit for the year				2,514	2,514
Proposed dividends				1,161	1,161
Appropriated from net profit for the year to net revaluation reserve according to the equity method			190		190
Write-down of B share capital during the year	(45)			45	–
Purchase of own shares				(24)	(24)
Sale of own shares				34	34
Employee shares sold				168	168
Dividends declared				(916)	(916)
Exchange rate adjustment of participating interests in subsidiaries				112	112
Reversal of deferred (gain)/loss on future cash flow hedges at the beginning of the year				(327)	(327)
Deferred gain/(loss) on future cash flow hedges at the end of the year				188	188
Other adjustments				56	56
Balance at the end of the year	709	2,565	344	16,519	20,137

1) Net revaluation reserve according to the equity method.

## Contents of notes

### Notes – Accounting policies

#### 1 Accounting policies

### Notes to Profit and loss account

- 2 Therapy and geographical information
- 3 Employee costs
- 4 Fees to statutory auditors
- 5 Licence fees and other operating income (net)
- 6 Financial income
- 7 Financial expenses
- 8 Corporation tax

### Notes to Balance sheet

- 9 Intangible fixed assets
- 10 Tangible fixed assets
- 11 Fixed asset investments
- 12 Stocks
- 13 Other debtors
- 14 Current asset investments
- 15 Share capital
- 16 Other provisions
- 17 Bank and other credit institutions
- 18 Other short-term liabilities

### Notes – Additional information

- 19 Contingent assets, liabilities and pending litigation
- 20 Related party transactions

## 1 Accounting policies

The Parent company financial statements have been prepared in accordance with the new Danish Company Accounts Act of 7 June 2001 and the accounting regulations for companies listed on the Copenhagen Stock Exchange.

At 1 January 2001 the accounting policies have been changed to comply with the new Danish Company Accounts Act of 7 June 2001 – please see section 'Consolidated financial statements for 2001' and the table below.

The accounting policies for the Parent company are the same as for the Group with the following additions. For a description of the accounting policies of the Group please see Note 1 in the Consolidated financial statements.

### SUPPLEMENTARY ACCOUNTING POLICIES FOR THE PARENT COMPANY

**FIXED ASSET INVESTMENTS** In the Parent company financial statements participating interests in subsidiaries and associated companies are recorded under the equity method, ie at the respective share of the net assets in subsidiaries or associated companies. Any cost in excess of net assets in the acquired company is capitalised in the Parent company under 'Fixed asset investments' as part of participating interests in subsidiaries ('Goodwill'). For amortisation of goodwill, see 'Intangible fixed assets' in Note 1 to the Consolidated financial statements.

Net profit of subsidiaries less unrealised intercompany profits on stocks is recorded in the profit and loss account of the Parent company.

To the extent it exceeds declared dividends from such companies, net revaluation of participating interests in subsidiaries and associated companies is transferred to net revaluation reserve according to the equity method under shareholders' funds.

**CASH FLOW STATEMENT** No separate cash flow statement has been prepared for the parent company – please see the Consolidated cash flow statement.

### Effect of change in accounting policies for Novo Nordisk A/S

DKK million	2001	2000	1999
Debtors before changes in accounting policies	<b>6,062</b>	4,681	5,755
Financial instruments	<b>188</b>	327	–
Debtors after changes in accounting policies	<b>6,250</b>	5,008	5,755
Short-term liabilities before changes in accounting policies	<b>5,634</b>	4,738	4,139
Proposed dividends	<b>(1,161)</b>	(916)	(691)
Short-term liabilities after changes in accounting policies	<b>4,473</b>	3,822	3,448
Shareholders' funds before changes in accounting policies	<b>18,788</b>	15,738	15,185
Financial instruments	<b>188</b>	327	–
Proposed dividends	<b>1,161</b>	916	691
Shareholders' funds after changes in accounting policies	<b>20,137</b>	16,981	15,876

## 2 Therapy and geographical information

DKK million	2001	2000	1999
Net turnover by therapy areas:			
Diabetes care	<b>12,985</b>	10,822	8,778
Haemostasis management (NovoSeven®)	<b>2,335</b>	2,010	1,179
Growth hormone therapy	<b>1,549</b>	1,519	1,085
Hormone replacement therapy	<b>1,065</b>	978	867
Other	<b>413</b>	396	341
	<b>18,347</b>	15,725	12,250
Net turnover by geographical areas:			
Europe	<b>9,582</b>	8,493	6,829
US	<b>3,465</b>	2,693	1,401
Japan	<b>2,647</b>	2,584	2,183
Rest of the world	<b>2,653</b>	1,955	1,837
	<b>18,347</b>	15,725	12,250

Net turnover is attributed to geographical areas based on the location of the customer.

## 3 Employee costs

DKK million	2001	2000	1999
Wages and salaries	<b>3,121</b>	2,599	2,240
Pensions	<b>140</b>	119	105
Other contributions to social security	<b>72</b>	55	54
Other employee costs	<b>148</b>	141	100
	<b>3,481</b>	2,914	2,499

Included in the balance sheet as:

Change in employee costs included in stocks	<b>30</b>	60	50
---	-----------	----	----

For information regarding remuneration to the Board of Directors and the Executive Committee and share options please refer to Notes 3 and 27 in the Consolidated financial statements.

	2001	2000	1999
Average number of full-time employees in Novo Nordisk A/S	<b>7,136</b>	6,025	6,181

## 4 Fees to statutory auditors

DKK million	2001	2000	1999
Fees to:			
PricewaterhouseCoopers	<b>11</b>	33	20
Ernst & Young	<b>3</b>	3	1
of which statutory audit fee to PricewaterhouseCoopers	<b>4</b>	3	2
of which statutory audit fee to Ernst & Young	<b>1</b>	1	1

## 5 Licence fees and other operating income (net)

For informations regarding Licence fees and other operating income (net) please refer to Note 6 in the Consolidated financial statements.

## 6 Financial income

DKK million	2001	2000	1999
Interest receivable	<b>243</b>	298	169
Capital gain on investments etc (net)	<b>-</b>	24	20
Foreign exchange gain (net)	<b>214</b>	-	-
Total financial income	<b>457</b>	322	189
of this interest relating to subsidiaries	<b>27</b>	23	-

## 7 Financial expenses

DKK million	2001	2000	1999
Interest payable	<b>83</b>	103	47
Capital loss on investments ect (net)	<b>18</b>	-	-
Foreign exchange loss (net)	<b>-</b>	209	274
Other financial expenses	<b>14</b>	8	8
Total financial expenses	<b>115</b>	320	329
of these interest expenses relating to subsidiaries	<b>64</b>	76	45
Additional interest expenses capitalised as financing interest under tangible fixed assets	<b>17</b>	18	48

## 8 Corporation tax

For specification of corporation tax please refer to Notes 9 and 19 of the Consolidated financial statements.

## 9 Intangible fixed assets

DKK million	Goodwill
Cost at the beginning of the year	51
Cost at the end of the year	51
Amortisation at the beginning of the year	36
Amortisation during the year	5
Amortisation at the end of the year	41
Carrying amount at the end of the year	10

At the end of 2000 goodwill amounted to DKK 15 million.

## 10 Tangible fixed assets

DKK million	Land and buildings	Plant and machinery	Other equipment	Payments on account and assets in course of construction	Total
Cost at the beginning of the year	5,785	4,531	1,560	1,812	13,688
Additions during the year	87	472	141	2,824	3,524
Disposals during the year	(48)	(102)	(121)	–	(271)
Transfer from/(to) other items	107	432	66	(605)	–
Cost at the end of the year	5,931	5,333	1,646	4,031	16,941
Depreciation at the beginning of the year	1,354	2,344	992	–	4,690
Depreciation for the year	187	439	129	–	755
Depreciation reversed on disposals during the year	(30)	(97)	(108)	–	(235)
Depreciation at the end of the year	1,511	2,686	1,013	–	5,210
Carrying amount at the end of the year	4,420	2,647	633	4,031	11,731

The latest official valuation of properties of the Company for property tax purposes amounts to a total of DKK 2,737 million.  
Cost of property not officially valued amounts to DKK 214 million.

## 11 Fixed asset investments

DKK million	Participating interests in subsidiaries	Amounts owed by affiliated companies	Participating interests in associated companies	Other securities and participating interests	Total
Cost at the beginning of the year	3,354	28	111	183	3,676
Additions during the year	97	317	5	52	471
Disposals during the year	(527)	(27)	(3)	(18)	(575)
Transfer from other items	–	–	18	–	18
Cost at the end of the year	2,924	318	131	217	3,590
Revaluation reserve at the beginning of the year	643	(1)	25	(93)	574
Profit/(loss) before tax (net)	1,400	–	48	–	1,452
Corporation tax on profit for the year	(857)	–	–	–	(857)
Dividends received	(357)	–	(3)	–	(360)
Exchange rate adjustments	5	–	–	–	5
Other adjustments	(95)	–	(1)	(37)	(137)
Transfer from other items	–	–	36	–	36
Revaluation at the end of the year	739	(1)	105	(130)	713
Offset against amounts owed by subsidiaries at the beginning of the year	1	–	–	–	1
Additions during the year	9	–	–	–	9
At the end of the year	10	–	–	–	10
Unrealised profit at the beginning of the year	(2,150)	–	–	–	(2,150)
Exchange rate adjustments	59	–	–	–	59
Change for the year	(269)	–	–	–	(269)
At the end of the year	(2,360)	–	–	–	(2,360)
Carrying amount at the end of the year	1,313	317	236	87	1,953

Carrying amount of participating interests in subsidiaries includes net capitalised goodwill DKK 3 million at the end of the year.

Amortization for the year was DKK 10 million. No additions or disposals were made during the year.

At the end of 2000 goodwill amounted to DKK 13 million.

Carrying amount of participating interests in associated companies includes net capitalised goodwill of DKK 22 million at the end of the year.

Amortization of goodwill for the year was DKK 4 million. No additions or disposals were made during the year.

At the end of 2000 the amount was DKK 26 million.

Participating interests in subsidiaries and associated companies are detailed on pages 40–41.

## 12 Stocks

DKK million	2001	2000
Raw materials and consumables	676	561
Work in progress	2,465	1,919
Finished goods	780	706
	<b>3,921</b>	3,186
Indirect production costs included in work in progress and finished goods	1,491	1,244

## 13 Other debtors

DKK million	2001	2000
Prepayments to public authorities	555	–
Prepayments and accrued income	297	202
Interest receivable	46	76
Market value of financial instruments	243	426
Other debtors	203	101
	<b>1,344</b>	805



## 14 Current asset investments

DKK million	2001	2000
Market value at the end of the year	<b>1,387</b>	2,505
Original acquisition cost	<b>1,436</b>	2,483

## 15 Share capital

Regarding average number of shares please refer to Note 10 in the Consolidated financial statements.

Regarding total number of A and B shares in Novo Nordisk A/S and own shares please refer to Note 18 in the Consolidated financial statements.

## 16 Other provisions

DKK million	Provisions for returned products	Other provisions	Total
At the beginning of the year	247	95	342
Additional provisions	160	–	160
Reversed during the year	(16)	(19)	(35)
Charged to the profit and loss account	144	(19)	125
Used during the year	(101)	(57)	(158)
At the end of the year	290	19	309
Specification of provisions:			
Long-term	160	16	176
Short-term	130	3	133
	290	19	309

## 17 Banks and other credit institutions

DKK million	2001	2000
Mortgage debt	<b>161</b>	162
Of which mortgage debt falling due within 1 year	<b>1</b>	1
	<b>160</b>	161
Long-term debt falling due after more than 5 years from the balance sheet date amounts to	<b>156</b>	157

## 18 Other short-term liabilities

DKK million	2001	2000
Employee costs payable	<b>525</b>	444
Other taxes and duties payable	<b>66</b>	210
Accruals and deferred income	<b>827</b>	128
Other creditors	<b>934</b>	959
	<b>2,352</b>	1,741

## 19 Contingent assets, liabilities and pending litigation

DKK million	2001	2000
<b>Contingent liabilities</b>		
Rental and lease commitments	<b>336</b>	134
Contractual obligations relating to investments in tangible fixed assets	<b>1,341</b>	742
Guarantees given for subsidiaries	<b>3,512</b>	3,391
Other guarantees and commitments	<b>1,233</b>	1,023
Contractual obligations related to research and development projects	<b>1,583</b>	775

### Security for debt

Land, buildings and equipment etc at net book value	<b>726</b>	731
---	------------	-----

### Biobrás

For information on the agreement with Biobrás, please refer to Note 30 in the Consolidated financial statements.

### Pending litigation and liability for debts and obligations of Novozymes following the demerger

For information on pending litigation and liability for debts and obligations of Novozymes following the demerger please refer to Note 30 in the Consolidated financial statements.

## 20 Related party transactions

For information on transactions with related parties please refer to Note 32 in the Consolidated financial statements.

## Subsidiaries of Novo Nordisk A/S

	Country	Year of incorporation / acquisition	Issued share capital / paid-in capital	Percentage of shares owned	Activity
					<span style="color: #e67e22;">●</span> Production <span style="color: #3498db;">●</span> Sales and Marketing <span style="color: #2ecc71;">●</span> Research and Development <span style="color: #9b59b6;">●</span> Services/Finance
<b>Subsidiaries</b>					
Novo Nordisk Pharma Argentina S.A.	Argentina	1997	ARS 7,465,150	100	<span style="color: #3498db;">●</span>
Novo Nordisk Pharmaceuticals Pty. Ltd.	Australia	1985	AUD 500,001	100	<span style="color: #3498db;">●</span>
Novo Nordisk Pharma GmbH	Austria	1974	EUR 36,336	100	<span style="color: #3498db;">●</span>
Novo Nordisk Europe N.V.	Belgium	1998	EUR 500,000	100	<span style="color: #3498db;">●</span>
S.A. Novo Nordisk Pharma N.V.	Belgium	1974	EUR 2,559,501	100	<span style="color: #3498db;">●</span>
Novo Nordisk Farmacêutica do Brasil Ltda.	Brazil	1990	BRL 29,915,093	100	<span style="color: #3498db;">●</span>
Novo Nordisk Canada Inc.	Canada	1983	CAD 200	100	<span style="color: #3498db;">●</span>
Novo Nordisk Engineering Tianjin Co.	China	1995	CNY 1,662,940	100	<span style="color: #9b59b6;">●</span>
Novo Nordisk Tianjin Biotechnology Co. Ltd.	China	1994	CNY 165,781,758	100	<span style="color: #e67e22;">●</span> <span style="color: #3498db;">●</span>
Novo Nordisk s.r.o.	Czech Republic	1997	CZK 14,500,000	100	<span style="color: #3498db;">●</span>
FeF Chemicals A/S	Denmark	1989	DKK 10,000,000	100	<span style="color: #e67e22;">●</span> <span style="color: #3498db;">●</span>
Novo Nordisk Engineering A/S	Denmark	1989	DKK 500,000	100	<span style="color: #9b59b6;">●</span>
Novo Nordisk Farmaka A/S	Denmark	1985	DKK 500,000	100	<span style="color: #3498db;">●</span>
Novo Nordisk Invest 1 A/S	Denmark	1984	DKK 36,000,000	100	<span style="color: #9b59b6;">●</span>
Novo Nordisk IT A/S	Denmark	1998	DKK 1,000,000	100	<span style="color: #9b59b6;">●</span>
Novo Nordisk Pharmaceuticals A/S	Denmark	1974	DKK 1,001,000	100	<span style="color: #9b59b6;">●</span>
Novo Nordisk Servicepartner A/S	Denmark	1998	DKK 1,000,000	100	<span style="color: #9b59b6;">●</span>
Novo Nordisk Servicepartner Sikring A/S	Denmark	1998	DKK 1,000,000	100	<span style="color: #9b59b6;">●</span>
Novo Nordisk Farma OY	Finland	1972	EUR 420,470	100	<span style="color: #3498db;">●</span>
Novo Nordisk Pharmaceutique S.A.	France	1959	EUR 37,949,925	100	<span style="color: #e67e22;">●</span> <span style="color: #3498db;">●</span>
Hermedico GmbH	Germany	1995	EUR 25,565	100	<span style="color: #9b59b6;">●</span>
Novo Nordisk Pharma GmbH	Germany	1973	EUR 614,062	100	<span style="color: #3498db;">●</span>
Novo Nordisk Hellas Ltd.	Greece	1979	EUR 1,027,146	100	<span style="color: #3498db;">●</span>
Novo Nordisk Hungary Ltd.	Hungary	1996	HUF 371,000,000	100	<span style="color: #3498db;">●</span>
Novo Nordisk Pharma India Ltd.	India	1994	INR 130,000,000	100	<span style="color: #3498db;">●</span>
Novo Nordisk Limited	Ireland	1978	EUR 635	100	<span style="color: #3498db;">●</span>
Novo Nordisk Ltd.	Israel	1997	ILS 100	100	<span style="color: #3498db;">●</span>
Home Care s.r.l.	Italy	1995	EUR 10,400	100	<span style="color: #3498db;">●</span>
Novo Nordisk Farmaceutici S.p.A.	Italy	1980	EUR 516,500	100	<span style="color: #3498db;">●</span>
Nippon Novo Ltd.	Japan	1979	JPY 10,000,000	100	<span style="color: #9b59b6;">●</span>
Novo Nordisk Pharma Ltd.	Japan	1980	JPY 2,104,000,000	100	<span style="color: #e67e22;">●</span> <span style="color: #3498db;">●</span>
Novo Nordisk Pharma (Malaysia) Sdn. Bhd.	Malaysia	1992	MYR 200,000	100	<span style="color: #3498db;">●</span>

## Subsidiaries of Novo Nordisk A/S

	Country	Year of incorporation / acquisition	Issued share capital / paid-in capital	Percentage of shares owned	Activity
					<span style="color: orange;">●</span> Production <span style="color: blue;">●</span> Sales and Marketing <span style="color: green;">●</span> Research and Development <span style="color: purple;">●</span> Services/Finance
<b>Subsidiaries</b>					
Hermedico B.V.	Netherlands	1986	EUR 18,151	100	<span style="color: blue;">●</span> <span style="color: purple;">●</span>
Novo Nordisk Farma B.V.	Netherlands	1983	EUR 61,260	100	<span style="color: blue;">●</span>
Novo Nordisk Pharmaceuticals Ltd.	New Zealand	1990	NZD 1,000,000	100	<span style="color: blue;">●</span>
Novo Nordisk Scandinavia AS	Norway	1965	NOK 250,000	100	<span style="color: blue;">●</span>
Novo Nordisk Pharmaceuticals (Philippines) Inc.	Philippines	1999	PHP 50,000,000	100	<span style="color: blue;">●</span>
Novo Nordisk Pharma Sp. z.o.o.	Poland	1996	PLN 29,021,000	100	<span style="color: blue;">●</span>
Novo Nordisk Comércio Produtos Farmacêuticos, Ltda.	Portugal	1984	EUR 250,000	100	<span style="color: blue;">●</span>
Novo Investment Pte. Ltd.	Singapore	1994	SGD 7,000,000	100	<span style="color: purple;">●</span>
Novo Nordisk Asia Pacific Pte. Ltd.	Singapore	1997	SGD 2,000,000	100	<span style="color: blue;">●</span>
Novo Nordisk Pharma (Singapore) Pte. Ltd.	Singapore	1997	SGD 200,000	100	<span style="color: blue;">●</span>
Novo Nordisk (Pty) Ltd.	South Africa	1959	ZAR 8,000	100	<span style="color: orange;">●</span> <span style="color: blue;">●</span>
Novo Nordisk Pharma Korea Ltd.	South Korea	1994	KRW 6,108,400,000	100	<span style="color: blue;">●</span>
Novo Nordisk Pharma S.A.	Spain	1978	EUR 1,502,500	100	<span style="color: blue;">●</span>
Novo Nordisk Scandinavia AB	Sweden	1971	SEK 100,000	100	<span style="color: blue;">●</span>
Novo Nordisk Pharma AG	Switzerland	1968	CHF 50,000	100	<span style="color: blue;">●</span>
Novo Nordisk Health Care AG	Switzerland	2000	CHF 155,325,000	100	<span style="color: purple;">●</span>
Novo Nordisk Pharma (Taiwan) Ltd.	Taiwan	1990	TWD 9,000,000	100	<span style="color: blue;">●</span>
Novo Nordisk Pharma (Thailand) Ltd.	Thailand	1983	THB 15,500,000	49	<span style="color: blue;">●</span>
Novo Nordisk Sağlık Ürünleri Ticaret Ltd. Sti.	Turkey	1993	TRL T1,275,300,000	100	<span style="color: blue;">●</span>
Novo Nordisk Holding Ltd.	United Kingdom	1977	GBP 2,802,132	100	<span style="color: purple;">●</span>
Novo Nordisk Limited	United Kingdom	1978	GBP 2,350,000	100	<span style="color: blue;">●</span>
Novo Nordisk of North America Inc.	United States	1988	USD 283,835,600	100	<span style="color: purple;">●</span>
Novo Nordisk Pharmaceutical Industries Inc.	United States	1991	USD 55,000,000	100	<span style="color: orange;">●</span>
Novo Nordisk Pharmaceuticals Inc.	United States	1982	USD 2,000	100	<span style="color: blue;">●</span>
<b>Associated companies *)</b>					
Aldaph SpA	Algeria	1994	DZD 42,900,000	45	<span style="color: orange;">●</span>
DAKO A/S	Denmark	1992	DKK 48,135,000	29	<span style="color: orange;">●</span> <span style="color: blue;">●</span> <span style="color: green;">●</span>
Ferrosan A/S	Denmark	1986	DKK 18,000,000	30	<span style="color: orange;">●</span> <span style="color: blue;">●</span> <span style="color: green;">●</span>
ZymoGenetics Inc.	United States	1988	USD 5,803,700	49	<span style="color: green;">●</span>
Aradigm Corporation	United States	2001	USD 30,000,000	17	<span style="color: green;">●</span>

\*) Percentage of shares owned is diluted with outstanding share options 'in the money'

## Summary of the Group 1997–2001

Key figures in DKK (million)	1997	1998	1999	2000	2001
Net turnover	12,585	13,647	16,423	20,811	<b>23,776</b>
Net turnover by therapy areas:					
Diabetes care	8,889	9,818	11,777	14,578	<b>16,624</b>
Haemostasis management (NovoSeven®)	369	576	1,313	2,270	<b>3,096</b>
Growth hormone therapy	1,569	1,498	1,721	2,107	<b>2,164</b>
Hormone replacement therapy	1,012	1,094	1,130	1,306	<b>1,435</b>
Other	746	661	482	550	<b>457</b>
Net turnover by geographical area:					
Europe	7,191	7,880	8,286	9,905	<b>11,502</b>
US	892	1,310	2,427	3,747	<b>4,853</b>
Japan	2,716	2,546	3,404	4,385	<b>4,079</b>
Rest of the world	1,786	1,911	2,306	2,774	<b>3,342</b>
Licence fees and other operating income (net)	708	1,441	962	571	<b>867</b>
Operating profit (EBIT)	2,440	2,933	3,527	4,816	<b>5,614</b>
Net financials	385	243	(178)	24	<b>416</b>
Profit before taxation	2,825	3,176	3,349	4,840	<b>6,030</b>
Corporation tax	1,053	1,160	1,348	1,753	<b>2,165</b>
Net profit	1,772	2,016	2,001	3,087	<b>3,865</b>
Cash and current asset investments	2,928	1,476	3,442	3,845	<b>3,062</b>
Total assets	22,515	22,085	23,082	24,920	<b>28,905</b>
Total short-term liabilities	4,313	4,191	4,941	5,496	<b>6,006</b>
Long-term debt	900	997	1,007	950	<b>863</b>
Shareholders' funds	16,304	15,776	15,876	16,981	<b>20,137</b>
Investments in tangible fixed assets (net)	1,825	1,648	1,265	2,141	<b>3,846</b>
Investments in intangible assets and fixed asset investments (net)	(5)	91	29	(22)	<b>288</b>
Free cash flow	596	706	1,533	2,712	<b>186</b>
Net cash flow	760	(1,021)	1,777	560	<b>(759)</b>
<b>Ratios:</b>					
Turnover in per cent:					
Diabetes care	70.6%	71.9%	71.7%	70.0%	<b>70.0%</b>
Haemostasis management (NovoSeven®)	2.9%	4.2%	8.0%	10.9%	<b>13.0%</b>
Growth hormone therapy	12.5%	11.0%	10.5%	10.1%	<b>9.1%</b>
Hormone replacement therapy	8.0%	8.0%	6.9%	6.3%	<b>6.0%</b>
Other	6.0%	4.9%	2.9%	2.7%	<b>1.9%</b>
Sales outside Denmark in per cent of net turnover	97.9%	98.5%	98.8%	98.8%	<b>99.2%</b>
Sales and distribution costs in per cent of net turnover	27.9%	30.9%	29.3%	30.1%	<b>30.3%</b>
Research and development costs in per cent of net turnover	17.4%	20.5%	16.7%	16.3%	<b>16.7%</b>
Administrative expenses in per cent of net turnover	12.1%	10.2%	10.5%	9.0%	<b>7.8%</b>
Gross profit in per cent of net turnover	71.1%	72.5%	74.3%	75.8%	<b>74.9%</b>
Operating profit margin *	19.4%	21.5%	21.5%	23.1%	<b>23.6%</b>
Growth in operating profit *	N/A	20.2%	20.3%	36.5%	<b>16.6%</b>
Pre-tax ordinary profit margin *	22.4%	23.3%	20.4%	23.3%	<b>25.4%</b>
Net profit margin *	14.1%	14.8%	12.2%	14.8%	<b>16.3%</b>
Effective tax rate *	37.3%	36.5%	40.3%	36.2%	<b>35.9%</b>
Equity ratio *	72.4%	71.4%	68.8%	68.1%	<b>69.7%</b>
Payout ratio *	20.4%	23.3%	28.7%	29.7%	<b>30.0%</b>
Return on shareholders' funds *	11.5%	12.6%	12.6%	18.8%	<b>20.8%</b>
Change in market capitalisation	79.9%	(16.5%)	13.7%	56.2%	<b>20.4%</b>
ROIC *	12.6%	14.4%	15.3%	22.0%	<b>23.1%</b>
Cash to earnings	33.6%	35.0%	76.6%	87.9%	<b>4.8%</b>
Cash to earnings 3-year average	N/A	N/A	48.4%	66.5%	<b>56.4%</b>

## Summary of the Group 1997–2001

Key figures in EUR (million)	1997	1998	1999	2000	2001
Net turnover	1,693	1,835	2,209	2,799	<b>3,198</b>
Net turnover by therapy areas:					
Diabetes care	1,196	1,321	1,584	1,961	<b>2,237</b>
Haemostasis management (NovoSeven®)	50	77	177	305	<b>416</b>
Growth hormone therapy	211	201	231	283	<b>291</b>
Hormone replacement therapy	136	147	152	176	<b>193</b>
Other	100	89	65	74	<b>61</b>
Net turnover by geographical area:					
Europe	968	1,060	1,115	1,332	<b>1,547</b>
US	120	176	326	504	<b>653</b>
Japan	365	342	458	590	<b>549</b>
Rest of the world	240	257	310	373	<b>449</b>
Licence fees and other operating income (net)	95	194	129	77	<b>117</b>
Operating profit	328	394	474	648	<b>755</b>
Net financials	52	33	(24)	3	<b>56</b>
Profit before taxation	380	427	450	651	<b>811</b>
Corporation tax	142	156	181	236	<b>291</b>
Net profit	238	271	269	415	<b>520</b>
Cash and current asset investments	394	199	463	517	<b>412</b>
Total assets	3,028	2,970	3,104	3,351	<b>3,887</b>
Current liabilities	580	564	664	739	<b>808</b>
Long-term debt	121	134	135	128	<b>116</b>
Shareholders' funds	2,193	2,122	2,135	2,284	<b>2,708</b>
Investments in tangible fixed assets (net)	245	222	170	288	<b>517</b>
Investments in intangible assets and fixed asset investments (net)	(1)	12	4	(3)	<b>39</b>
Free cash flow	80	95	206	365	<b>25</b>
Net cash flow	102	(137)	239	75	<b>(102)</b>
<b>Share data:</b>					
Earnings per share in DKK *	4.76	5.43	5.60	8.84	<b>11.18</b>
Earnings per share diluted in DKK *	4.76	5.43	5.59	8.82	<b>11.10</b>
Cash flow per share in DKK *	6.49	6.59	7.91	15.06	<b>12.50</b>
Shareholders' funds per share in DKK *	43.83	42.52	44.40	48.63	<b>58.08</b>
Dividend per share in DKK	1.15	1.55	1.95	2.65	<b>3.35</b>
Number of shares at year-end (million)	375	377	377	377	<b>355</b>
Number of shares outstanding at year-end (million)	372.0	362.5	354.5	345.5	<b>346.7</b>
Average number of shares outstanding (million) *	372.0	371.0	357.5	349.0	<b>345.7</b>
Average number of shares outstanding incl share options in the money (million)	372.0	371.0	357.9	350.2	<b>348.2</b>
Quoted price at year-end for B shares in DKK *	178	153	178	285	<b>342</b>
Quoted price (high) for B shares during the year in DKK	181	218	182	368	<b>393</b>
Quoted price (low) for B shares during the year in DKK	95	122	120	168	<b>277</b>
Quoted price at year-end for ADRs in USD *	26.17	24.13	23.45	35.40	<b>40.10</b>
Market capitalisation in DKK million *	66,398	55,452	63,052	98,507	<b>118,563</b>
Price/earnings *	37.46	28.16	31.77	32.24	<b>30.59</b>
Price/cash flow *	27.48	23.21	22.49	18.93	<b>27.36</b>
Price/shareholders' funds *	4.06	3.60	4.00	5.86	<b>5.87</b>
Earnings per share adjusted to US GAAP in DKK	5.13	5.12	6.87	10.18	<b>10.10</b>
Earnings per share diluted adjusted to US GAAP in DKK	5.11	5.09	6.76	10.14	<b>10.03</b>
<b>Employees (number at year-end):</b>					
Denmark	7,005	7,338	7,409	8,766	<b>10,131</b>
Rest of Europe	1,673	1,753	1,999	2,122	<b>2,407</b>
US	899	927	988	895	<b>1,333</b>
Japan	775	787	740	676	<b>696</b>
Rest of the world	697	844	858	1,293	<b>1,574</b>
<b>Total</b>	<b>11,049</b>	<b>11,649</b>	<b>11,994</b>	<b>13,752</b>	<b>16,141</b>

\* For definitions, please refer to page 47.

The Groups accounting policies have been changed in 2001 in accordance with the new Danish Company Accounts Act of 2001 and figures for 1997–2000 have been restated, see page 11 for further explanation of the changes.

Figures for 1997–1999 are derived from the consolidated accounts of the former Novo Nordisk Group (prior to the demerger) – all dividends are allocated to the continuing Novo Nordisk.

Key figures are translated into EUR as supplementary information – the translation is based on currency rate at the end of the year (EUR 1 = DKK 7.4357).

Quoted prices for 1997–2000 are adjusted for the change in trading units for B shares from DKK 10 to DKK 2 and B shares/ADR from 1:2 to 1:1.

# Management Statement

**STATEMENT FROM THE BOARD OF DIRECTORS AND THE EXECUTIVE COMMITTEE** Today the Board of Directors and the Executive Committee approved the Annual Financial Report of Novo Nordisk A/S for the year 2001. The Annual Financial Report has been prepared in accordance with the new Danish Company Accounts Act of 2001 and accounting regulation for companies listed on the Copenhagen Stock Exchange. In our opinion, the accounting policies applied are appropriate and the Annual Financial Report gives a true and fair view of the Group's and the Company's assets, liabilities, financial position, results and cash flows.

Gladsaxe, 7 February 2002

**EXECUTIVE COMMITTEE:** Lars Rebien Sørensen                      Jesper Brandgaard                      Lars Almbloom Jørgensen  
President and CEO

Kåre Schultz                      Mads Krogsgaard Thomsen

**BOARD OF DIRECTORS:** Mads Øvlisen                      Kurt Anker Nielsen                      Kurt Briner  
Chairman                      Vice chairman

Tove Funder-Nielsen                      Niels Jacobsen                      Ulf J Johansson

Anne Marie Kverneland                      Stig Strøbæk                      Jørgen Wedel

# Auditors' Report

We have audited the Annual Financial Report of Novo Nordisk A/S for 2001.

This Annual Financial Report is the responsibility of the Company's Board of Directors and Executive Committee. Our responsibility is to express an opinion on the Annual Financial Report based on our audit.

**BASIS OF OPINION** We conducted our audit in accordance with international and Danish auditing standards. These standards require that we plan and perform our audit to obtain reasonable assurance that the Annual Financial Report gives a true and fair view in all material respects. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Annual Financial Report. An audit also includes assessing the accounting policies applied and significant estimates made by the Board of Directors and the Executive Committee, as well as evaluating the overall Annual Financial Report presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit did not give rise to any qualifications.

**OPINION** In our opinion, the Annual Financial Report gives a true and fair view of the Group's and the Company's assets, liabilities, financial position and of the results of its operations and cash flows in accordance with the new Danish Company Accounts Act of 2001 and the accounting regulations for companies listed on the Copenhagen Stock Exchange.

Gladsaxe, 7 February 2002

PricewaterhouseCoopers

Ernst & Young  
Statsautoriseret Revisionsaktieselskab

Morten Iversen  
Danish State-Authorised Public Accountant

Ole B Neerup  
Danish State-Authorised Public Accountant

Lars Holtug  
Danish State-Authorised Public Accountant

## Quarterly figures 2000 and 2001 (unaudited) The Novo Nordisk Group

Key figures in DKK (million)	2000				2001			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net turnover	4,426	5,243	5,267	5,875	5,350	6,001	5,965	6,460
Net turnover by therapy area:								
Diabetes care	3,153	3,681	3,700	4,044	3,754	4,184	4,210	4,476
Haemostasis management (NovoSeven®)	449	585	556	680	730	769	754	843
Growth hormone therapy	440	512	541	614	457	554	527	626
Hormone replacement therapy	280	323	329	374	327	365	350	393
Other	104	142	141	163	82	129	124	122
Net turnover by geographical area:								
Europe	2,225	2,459	2,409	2,812	2,669	2,879	2,800	3,154
US	795	941	947	1,064	1,120	1,268	1,250	1,215
Japan	829	1,097	1,101	1,358	818	1,065	1,004	1,192
Rest of the World	577	746	810	641	743	789	911	899
Licence fees and other operating income (net)	328	132	71	40	321	136	231	179
Operating profit	994	1,277	1,186	1,359	1,358	1,382	1,390	1,484
Net financials	(34)	40	(33)	51	237	4	93	82
Profit before taxation	960	1,317	1,153	1,410	1,595	1,386	1,483	1,566
Corporation tax	(360)	(497)	(437)	(459)	(574)	(499)	(534)	(558)
Net profit	600	820	716	951	1,021	887	949	1,008
Total shareholders' funds	15,023	15,296	15,231	16,981	16,942	17,727	18,788	20,137
Total assets	23,486	23,382	24,795	24,920	26,228	27,321	28,774	28,905
Share data in DKK								
Earnings per share	1.70	2.35	2.06	2.74	2.95	2.57	2.75	2.91
Earnings per share diluted	1.70	2.34	2.05	2.73	2.93	2.55	2.73	2.89
Ratios								
Operating profit margin	22.5%	24.4%	22.5%	23.1%	25.4%	23.0%	23.3%	23.0%
Equity ratio	64.0%	65.4%	61.4%	68.1%	64.4%	64.9%	65.3%	69.7%
Employees								
No of employees at the end of the period	12,503	13,017	13,460	13,752	14,473	15,410	16,074	16,141



**ADRs**

American Depositary Receipts

**Average number of shares outstanding**

The average number of shares outstanding during the year (excluding the holding of own shares).

**Cash flow per share**

Cash flow from operating activities divided by the average number of shares outstanding.

**Cash/earnings**

Free cash flow as a percentage of net profit.

**Earnings per share (EPS)**

Net profit divided by the average number of shares outstanding.

**Earnings per share diluted**

Net profit divided by the sum of average number of shares outstanding and number of share options 'in the money'.

**Effective tax rate**

Corporation tax as a percentage of profit before taxation.

**Equity ratio**

Shareholders' funds at year-end as a percentage of the sum of total liabilities and shareholders' funds at year-end.

**Market capitalisation**

Total number of shares outstanding at year-end multiplied by the quoted (closing) price at year-end for Novo Nordisk's B shares on the Copenhagen Stock Exchange.

**Net profit margin**

Net profit as a percentage of net turnover.

**Number of shares outstanding at year-end**

Number of shares at year-end excluding the number of own shares.

**Operating profit (EBIT)**

Earnings before interest and tax.

**Operating profit margin**

Operating profit (EBIT) as a percentage of net turnover.

**Payout ratio**

Total dividends for the year as a percentage of net profit.

**Pre-tax ordinary profit margin**

Profit before tax as a percentage of net turnover.

**Price/cash flow**

The quoted (closing) price at year-end for Novo Nordisk's B shares on the Copenhagen Stock Exchange divided by cash flow per share.

**Price/earnings**

The quoted (closing) price at year-end for Novo Nordisk's B shares on the Copenhagen Stock Exchange divided by earnings per share.

**Price/shareholders' funds**

The quoted (closing) price at year-end for Novo Nordisk's B shares on the Copenhagen Stock Exchange divided by shareholders' funds per share.

**Quoted price at year-end for ADRs**

The quoted (closing) price at year-end for Novo Nordisk's ADRs on the New York Stock Exchange.

**Quoted price at year-end for B shares**

The quoted (closing) price at year-end for Novo Nordisk's B shares on the Copenhagen Stock Exchange.

**Return on shareholders' funds**

Net profit as a percentage of average shareholders' funds (the sum of shareholders' funds at the beginning of the year and at year-end divided by two).

**ROIC (return on invested capital)**

Operating profit after tax (using the effective tax rate) as a percentage of average stocks, debtors, tangible & intangible assets less non-interest bearing liabilities including provisions (the sum of above assets and liabilities at the beginning of the year and at year-end divided by two).

**Shareholders' funds per share**

Shareholders' funds at year-end divided by the total number of shares outstanding at year-end.

# Novo Nordisk shareholder update

Following the split on 13 November 2000 into Novo Nordisk A/S and Novozymes A/S, 2001 was the first full year where Novo Nordisk traded as a pure pharmaceutical company.

The turnover of Novo Nordisk's B shares on the Copenhagen Stock Exchange amounted to DKK 83.2 billion in 2001. The share price ended the year at DKK 342 compared with a price at year-end 2000 of DKK 285. The market value of Novo Nordisk's outstanding share capital increased by DKK 20 billion to DKK 119 billion.

**SHARE INFORMATION** Novo Nordisk's B shares are quoted on the stock exchanges in Copenhagen and London and on the New York Stock Exchange in the form of American Depositary Receipts (ADRs) with the ticker code 'NVO'. The B shares are traded in units of DKK 2. The ratio of Novo Nordisk B shares to ADRs is 1:1 (one B share to one ADR). The B shares are issued to the bearer but may upon request be registered in the holder's name in Novo Nordisk's register of shareholders. Each holding of DKK 2 of the A share capital carries 20 votes. Each holding of DKK 2 of the B share capital carries 2 votes.

Effective from 4 April 2001 the trading unit of Novo Nordisk B shares was changed from DKK 10 to DKK 2, and the ratio of B shares to ADRs from 1:2 to 1:1.

At Novo Nordisk's ordinary General Meeting on 20 March 2001 it was decided to reduce the company's B share capital from nominally DKK 646,901,120 to nominally DKK 601,901,120 by cancellation of nominally DKK 45 million of the company's holding of own B shares. The reduction of the share capital has been registered with the Danish Commerce and Companies Agency, and as such the shares can be considered cancelled. After the reduction of the capital, the company's share capital is nominally DKK 709,388,320, which is divided into an A share capital of nominally DKK 107,487,200 and a B share capital of nominally DKK 601,901,120.

**SHARE OWNERSHIP** Novo Nordisk's A share capital of nominally DKK 107,487,200 is held by Novo A/S (based in Gladsaxe, Denmark), a private limited Danish company which is 100% owned by the Novo Nordisk Foundation (based in Gentofte, Denmark). In addition, Novo A/S holds 40,973,900 B shares of nominally DKK 2. Holding 27% of the total share capital, Novo A/S controls 70% of the total number of votes. The accounts for Novo Nordisk are included in the accounts for the Novo Nordisk Foundation.

As Novo Nordisk B shares are in bearer form, no official record of shareholders exists. Based on the available sources of infor-

## INVESTOR RELATIONS

### Questions from investors

Shareholders, analysts, representatives from the financial community, brokers and other stakeholders are asked to communicate via Novo Nordisk's Investor Relations service in questions concerning Novo Nordisk and the company's business areas:

Outside North America:  
Novo Nordisk A/S  
Novo Allé  
2880 Bagsværd  
Denmark

Peter Haahr  
Phone: +45 4442 1207  
Fax: +45 4444 2314  
E-mail: pehr@novonordisk.com

Palle Holm Olesen  
Phone: +45 4442 6175  
Fax: +45 4444 2314  
E-mail: phoo@novonordisk.com

In North America:  
Novo Nordisk of North America  
405 Lexington Avenue, Suite 6400  
New York, NY 10017  
USA

Rasmus Jorgensen  
Phone: +1 212 878 9607  
Fax: +1 212 867 0298  
E-mail: rrhj@novonordisk.com

## PAYMENT OF DIVIDENDS

### Dividend tax deduction

Shareholders living in the US or Canada will receive their dividend in USD with the statutory deduction of 28% Danish tax. Shareholders in other countries will receive their dividend in DKK, also with a deduction of 28% Danish tax. Shareholders resident in other countries are eligible for a refund of dividend tax deducted in Denmark subject to the double taxation conventions in force between Denmark and the countries concerned.

Shareholders' enquiries concerning dividend payments, transfer of share certificates, consolidation of shareholder accounts and tracing of lost shares should be addressed to Novo Nordisk's transfer agents:

Outside North America:  
Danske Bank  
Holmens Kanal 2-12  
1092 Copenhagen K  
Denmark  
Phone +45 3344 0000

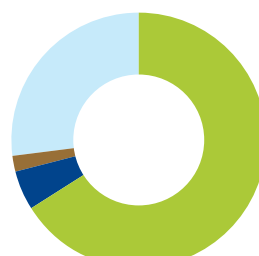
mation at the end of 2001 on the company's shareholders, it is estimated that Novo Nordisk's shares were distributed as shown in the pie chart opposite. At the end of 2001 almost 80% of the total share capital was included in Novo Nordisk's register of shareholders.

Today, Novo Nordisk A/S' entire A share capital, held by Novo A/S, carries the right to cast 1,074,872,000 votes on all matters brought before shareholders. Each Novo Nordisk B share of DKK 2 carries the right to cast two votes on all matters brought before shareholders.

**FORM 20-F** The Form 20-F Report for the year 2000 was filed on 27 April 2001 with the US Securities and Exchange Commission and can be obtained upon request from Novo Nordisk of North America, Inc. The form 20-F for the year 2001 will be filed before the end of June 2002.

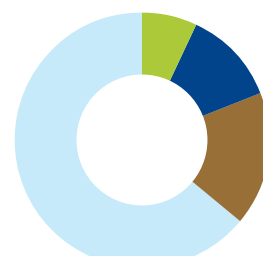
**INTERNET** Novo Nordisk's homepage for investors can be found at [www.novonordisk.com](http://www.novonordisk.com). It includes historic and updated information about our activities: press releases from 1995 and onwards, financial results, investor presentations, background information, annual reports and accounts, and environmental and social reports.

Breakdown of shareholders  
In %



Novo A/S 27%  
Novo Nordisk A/S 2%  
Danish ATP pension fund 5%  
Other 66%

Geographical distribution of shareholders  
In %



Denmark 64%  
North America 17%  
UK 12%  
Other 7%

In North America:  
JPMorgan Chase Bank  
JPMorgan Service Center  
PO Box 43013  
Providence, RI 02940-3013  
USA  
Phone: +1 781 575 4328  
Fax: +1 781 575 4082

**DIVIDEND REINVESTMENT**

**Reinvestment plan for ADRs**

The Automatic Dividend Reinvestment Plan for holders of American Depositary Receipts (ADRs) in Novo Nordisk A/S provides shareholders with a simple and convenient way to reinvest dividends. Enquiries concerning the plan should be addressed to:

JPMorgan Chase Bank  
JPMorgan Service Center  
(re Novo Nordisk A/S)  
PO Box 43013  
Providence, RI 02940-3013  
USA  
Phone: +1 781 575 4328  
Phone: +1 800 428 4237  
Fax: +1 781 575 4082

**THE YEAR AHEAD**

**Financial calendar for 2002**

12 March	Annual General Meeting
<b>Dividend</b>	
13 March	Ex-dividend B shares and ADRs
15 March	Record date B shares and ADRs
18 March	Payment B shares
25 April	Payment ADRs

**Announcement of financial results**

30 April	First 3 months
6 August	Half year
29 October	9 months
6 February 2003	Full year

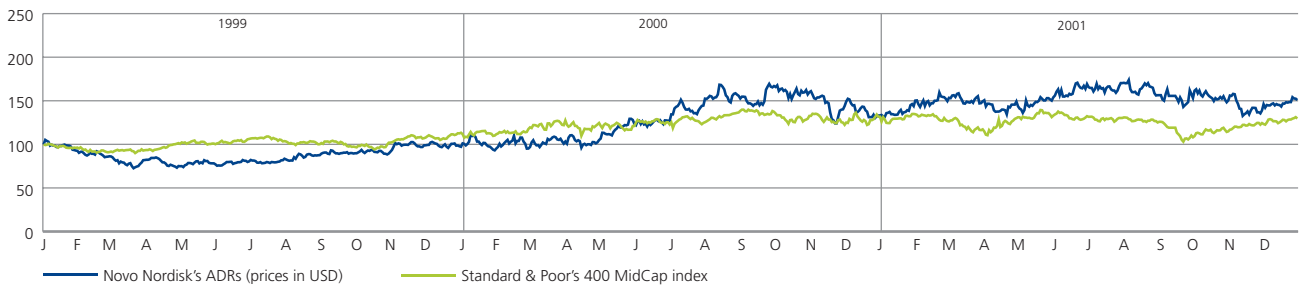
**Shareholder magazine available**

Mid-May	First 3 months
Mid-August	Half year
Mid-November	9 months

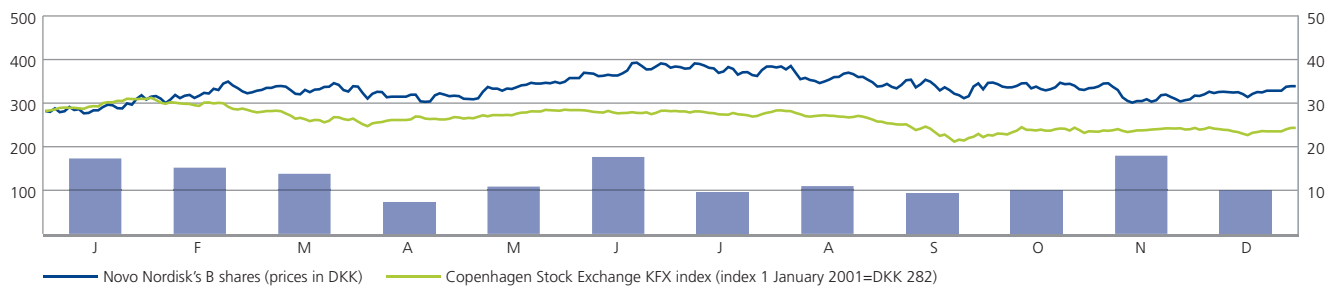
Price development of Novo Nordisk's B shares on the Copenhagen Stock Exchange relative to the KFX index  
Index 1 January 1999=100



Price development of Novo Nordisk's ADRs on the New York Stock Exchange relative to Standard and Poor's 400 MidCap index  
Index 1 January 1999=100



Price development and monthly turnover of Novo Nordisk's B shares on the Copenhagen Stock Exchange, year 2001  
DKK



## ANNOUNCEMENTS

### Selected stock exchange announcements in 2001

#### 31 January

Aventis and Novo Nordisk sign licence agreement

#### 20 February

Financial results 2000

#### 20 March

Annual General Meeting

#### 8 May

Financial statement for the first quarter of 2001

#### 19 July

Novo Nordisk and Novartis partner to commercialise novel insulin sensitiser (NN622) in North America

#### 7 August

Financial statement for the first half of 2001

#### 7 September

Novo Nordisk announces clinical proof of concept for NN622

#### 10 September

ZymoGenetics Inc files registration statement for an initial public offering of common stock

#### 25 October

Novo Nordisk invests USD 20 million in Aradigm Corporation

#### 29 October

Novo Nordisk continues development of NN622 without Novartis

#### 6 November

Financial statement for the first 9 months of 2001

#### 13 November

Novo Nordisk launches international foundation to help combat diabetes in developing countries

#### 20 November

Novo Nordisk completes Phase 2b trial of NN1998 (AERx®iDMS) and increases its investment commitment to Aradigm Corporation

## Board of Directors



**MADS ØVLISEN**



**KURT BRINER**



**TOVE FUNDER-NIELSEN**



**NIELS JACOBSEN**



**ULF J JOHANSSON**



**ANNE MARIE KVERNELAND**



**KURT ANKER NIELSEN**



**STIG STRØBÆK**



**JØRGEN WEDEL**

**MADS ØVLISEN** Chairman. Chairman of the Boards of LEGO A/S and The Royal Theatre • **KURT BRINER** Director. Member of the Boards of CBax SA, Equity4Life AG, OM Pharma, Progenics Pharmaceuticals Inc, Institut des Vaisseaux et du Sang (IVS), and the Supervisory Board of Byk Gulden • **TOVE FUNDER-NIELSEN** Specialist laboratory technician, Novo Nordisk A/S • **NIELS JACOBSEN** President & CEO, Oticon A/S and William Demant Holding A/S. Chairman of the Board of Hearing Instrument Manufacturers Patent Partnership A/S; member of the Boards of Højgaard Holding A/S and Micro Matic Holding A/S • **ULF J JOHANSSON** Dr Tech. Chairman of the Boards of Europolitan Holdings AB, Kungliga Tekniska Högskolan in Stockholm, Frontec AB and Zodiak Venture Capital AB; member of the Boards of Novo A/S, and Trimble Navigation Ltd • **ANNE MARIE KVERNELAND** Laboratory technician, shop steward, Novo Nordisk A/S • **KURT ANKER NIELSEN** Vice chairman. As part of Kurt Anker Nielsen's position as co-president of Novo A/S he serves as vice chairman of Novo Nordisk A/S and Novozymes A/S and as a Board member of DAKO A/S, ZymoGenetics Inc and Medicon Valley Capital AB. Further, Kurt Anker Nielsen serves as chairman of the Board of Incentive A/S and as a Board member of Coloplast A/S. • **STIG STRØBÆK** Electrician, shop steward, Novo Nordisk A/S • **JØRGEN WEDEL** Former executive vice president, the Gillette Company

**BOARD MEETINGS CALENDAR 2002:** The Board of Directors ordinarily meet seven times a year, including the meetings held at the announcements of financial results and the Annual General Meeting.

## Executive Committee



(From left to right)

**JESPER BRANDGAARD** Chief financial officer ◉ **MADS KROGSGAARD THOMSEN** Chief science officer  
◉ **LARS REBIEN SØRENSEN** President and chief executive officer, member of the Board of Scandinavian Airlines System AB and ZymoGenetics Inc ◉ **LARS ALMBLOM JØRGENSEN** Chief operating officer ◉ **KÅRE SCHULTZ** Chief of staffs and quality

## Management Committee

**MARIANN STRID CHRISTENSEN**  
Quality

**KLAUS EHRLICH**  
Germany, Austria, Switzerland

**PETER BONNE ERIKSEN**  
Project Management & Regulatory Affairs

**TORBEN SKRIVER FRANDSEN**  
Novo Nordisk IT

**PÅL HELMICH**  
Europe (excl Germany, Austria, Switzerland)

**JESPER HØILAND**  
International Marketing

**PER JANSEN**  
Novo Nordisk Servicepartner

**LARS GULDBÆK KARLSEN**  
Protein Delivery Systems

**LISE KINGO**  
Stakeholder Relations

**PETER KURTZHALS**  
Discovery

**ROGER MOORE**  
Japan and Oceania

**OLE RAMSBY**  
Legal Affairs

**WITTE RIJNBERG**  
International Operations

**MARTIN SOETERS**  
North America

**PER VALSTORP**  
Product Supply

**HANS OLE VOIGT**  
Novo Nordisk Engineering

**SUSTAINABLE MANAGEMENT**

## Reporting on the Triple Bottom Line

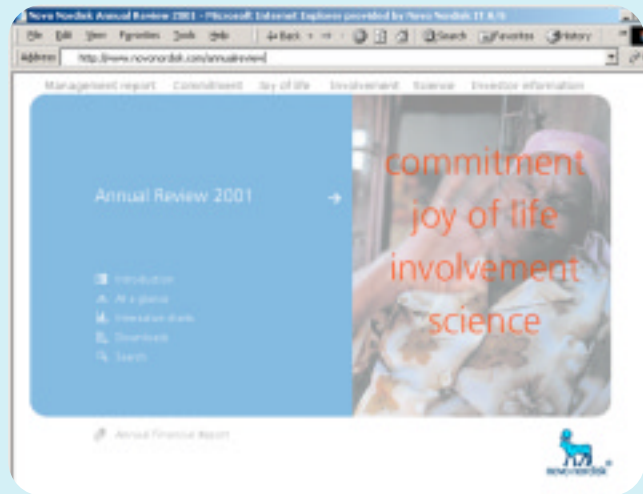
Novo Nordisk has been pursuing a consistent approach to implementing the Triple Bottom Line – social and environmental responsibility and economic viability – for more than a decade, and we report annually on our performance. Reporting is one of the methods for ensuring that the company meets the commitments made in the Novo Group’s Charter. It demonstrates how we put our values into action.

Issued in March 2002, the report covers the company’s activities on social and environmental responsibility and economic viability within 2001. It also establishes new targets that will guide our future direction. As such, it complements the *Annual Review* and *Annual Financial Report*.

Over the years, we have developed our reporting to reflect the changing agendas in society and in our company. This year, a major theme in the section on social responsibility is global access to health, addressing the need to facilitate better access to proper diabetes care in the poorest nations.

Our activities are in areas where values and ethics are put to the test on a daily basis. We did not create the dilemmas but we need to face them. In this report, we present some of the key issues for Novo Nordisk as a pharmaceutical company, as a global business, as a corporate citizen and as an employer of choice.

The report is available at [www.novonordisk.com/sustainability](http://www.novonordisk.com/sustainability). Hard copies of the report in both English and Danish can be ordered from the same address.



**ONLINE ANNUAL REVIEW**

## Novo Nordisk is just a click away!

Our *Annual Review 2001* is now available on the Internet at [www.novonordisk.com/annualreview](http://www.novonordisk.com/annualreview) featuring interactive charts and links to a host of resources, including a downloadable version of the *Annual Financial Report*.

Take the opportunity to visit us online and explore the universe of Novo Nordisk websites. From our corporate website at [www.novonordisk.com](http://www.novonordisk.com) you can access a wide range of services, from country websites to patient communities; from professional forums to children’s educational materials.

You can also register for investor services including e-mail updates and shareholder newsletters, and follow our share price.



The Swan mark is a Scandinavian standard ensuring an environmentally-responsible production of printed material.

This year, for the first time, we have produced two publications – an *Annual Review* and *Annual Financial Report* – instead of the single publication produced in the past, called the annual report. The content of the single publication has been divided into two publications so that readers can more easily locate the information of interest to them. In the future shareholders will have the opportunity to select which publication they wish to receive, or indeed can select to receive both publications.

The *Annual Review* is a consumer-style review of the last year's activities and events, including feature articles on significant topics. This year the *Annual Review* has been split into four main sections called commitment, joy of life, involvement and science. These four areas are the cornerstones of our promise of 'being there'. For only by being committed to taking the cause of our customers personally, by enabling people to experience the joy of life, by continuing to be involved with partners from, for example, the healthcare system, and by investing in scientific discovery, can we continue to be successful in our chosen therapy areas.

The *Annual Financial Report* is the document that fulfils the legal criteria for an annual report, and includes the full set of accounts and notes from the Novo Nordisk Group and the parent company, Novo Nordisk A/S. The *Annual Financial Report* complies with the new Danish Company Accounts Act and accordingly the accounting policies have been changed in a few areas. The changes, which are described in detail on page 11 in the *Annual Financial Report*, have limited effect on the figures for 2001 and on comparative figures.

**NOVO NORDISK A/S**

Novo Allé  
2880 Bagsværd  
Denmark

Telephone: +45 4444 8888  
Fax: +45 4449 0555  
Telex 37173  
[www.novonordisk.com](http://www.novonordisk.com)  
CVR No 24256790

